Contextual Personalization
The next frontier in customer engagement.

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About Webtrends Inc.

Webtrends helps companies make sense of their customer data to drive digital marketing success. By combining innovative technology with our team of trusted and creative advisors, our solutions are designed to provide actionable insights, increase customer engagement and boost revenue.

We partner with companies at all levels of digital maturity and offer solutions in analytics, audience segmentation, streaming data delivery, remarketing, online testing and targeting, as well as search and social marketing. We work closely with approximately 2,000 global brands including Microsoft, KLM Royal Dutch Airlines, Kimberly-Clark, HSBC, Marks & Spencer, npower, BMW, Toyota, The Telegraph, Lastminute.com, Mindjet and many more.
Introduction

If 2012 was billed as the year of big data, 2013 was without a doubt the year in which marketers tried to fully understand the huge potential it offers. In the past 12 months, we’ve seen big data get real. Brands have realized it’s not just about the amount of data you have, it’s what you do with it that counts.

Big data offers marketers one of those once-in-a-decade opportunities to engage with customers in ways brands have only previously dreamed of. With widespread adoption of smartphones and tablets, brands can accumulate ‘in-the-moment data’ that can help to develop truly personalized, relevant connections with target audiences in ways that were once unimaginable.

This whitepaper looks at how brands can harness this and other data for personalized marketing communications, and even more importantly (and excitingly) the next frontier – contextual personalization.
Personalization isn’t what it used to be

Many marketers will claim that they have been using personalization for years and all their communications contain some element of it. However, don’t stop reading yet. Things have changed and they continue to change – contextual personalization is a far cry from simply adding someone’s name to the subject line of an email.

Personalization matters: what British consumers think

To truly understand the importance of personalization even as it stands today, we commissioned a research project around how British consumers prefer to interact with brands. This research was conducted across 2,000 people aged 18 and over from across the UK.

One of the key findings is that a staggering 84 percent of Britons say irrelevant marketing communications drives them mad – in fact, it’s the single most annoying thing a brand can do when it comes to communicating with them online. What irrelevant marketing actually is can be more difficult to define, but to many it is perceived as spam.

If that wasn’t enough, our research also reveals that an incredible 14 billion emails are sitting unread in Britain’s inboxes – and more than half of these are from brands. That equates to more than 260 unread emails in the average consumer’s inbox. This phenomenon, which we call self-selecting, is the ability to ignore emails that are often signed up for but are not relevant at the time the person gets the email.
Personal example

My wife, a primary school teacher, loves to shop and signs up with an enormous number of brands. Why does she do this? Her reasoning is simple and two-fold: she wants to know about offers as soon as they happen and she also collects loyalty points, which leads to free gifts and prizes.

Much like the typical British consumer in our research, she has on average 300+ unread emails in her inbox. All of them are from brands she has signed up for. So why hasn’t she opened them?

It’s simple

She generally looks at her email once a day (her personal email account) and there are 15-20 emails from brands along with others from friends, etc. A promotional email may catch her eye if the subject line reflects what she is interested in, and that will take her to the website. Here she browses not just the promotion item but often spends time perusing other items too. The others emails are ignored. Multiply this behavior every day and you can see that the unopened items soon stack up.

Of the 65 percent of people who say they open emails from brands, 82 percent are more likely to do so if the subject line contains information personalized to them. Just as significantly, of the one in five (20 percent) who say they never open any emails from brands, 60 percent say they would be more likely to open them if they were personalized.
Personalization is not just email

Although many marketers would argue that one-to-one personalized email is the ‘Holy Grail,’ there are other areas where you can engage on a different level with your customers.

Your website is a prime example. Do you provide a different experience to registered users vs. unknown users? Many will show a small banner saying ‘welcome back’ to those who have visited before, but few are using the range of technologies available to truly personalize the customer experience.

Website optimization drives a more enriched experience for the user. Based on their behavior, and the cumulative behavior of others, you can change what people see, even on-the-fly and even if you don’t know who they are.

Social interaction is the chance to get even closer to your customers as here the boundaries are less formal and brands can be a little more relaxed in how they approach people. An understanding of customer preferences can be utilized in future marketing suggesting special offers and early-bird viewings of new products.

Example

Let’s say your site is an online fashion retail store. If Jane, a fashion-loving consumer, comes to your website as a first-time visitor, a simple welcome message, even if anonymous, sets the right tone. Once Jane starts to look around, you can start to collect interesting data about her to create a persona.

For example, if she chooses to look at the women’s section, it’s likely that she is female. When she selects a particular item, you can further define her demographic or type (is she young, middle aged, older; fashion conscious, practical?), and when she selects a size, you have a more detailed picture of who she is. Many retailers both online and offline already have defined personas which they use to market to.

You can use this recently acquired data to provide a more personalized shopping experience by following the ‘personality’ that you have built. This could include only showing items that match her size and styles that are in stock.

The main reason British consumers unsubscribe from Brand Communications

11% I had a bad ‘real-life’ experience with the brand
48% I get too many emails
36% They are not relevant to me
5% Some other issue
Introducing the next level

Until now, personalization has usually involved using a combination of known profile information and historical data. What’s been missing is the ability to combine these factors with real-time information such as the device a customer is using, their specific location and their stage in the purchase cycle.

Contextual personalization does just this – it takes personalization to the next level.

By combining deep analysis of customer behavior with real-time data, brands are able to deliver interesting, relevant experiences based on the customer’s needs at that specific time, giving the customer what they want, when they want it and importantly, where they want it.

Context can be extended to the time of day too. People who browse websites on their way to work on the train may make low-cost purchases, but they are unlikely to make expensive purchases such as TVs or furniture. This means sending a text to someone at lunchtime offering free delivery may work for someone who browsed a pair of headphones during their commute but will not work for a higher value product. Providing the right message at the correct time in the evening when they are likely to be home may stimulate these expensive purchases, especially if they revisit your website. A simple banner asking if they would like to see the last page they visited provides a short cut which may encourage the sale.

Example

Let’s take our consumer Jane who enjoys shopping for shoes, both online and in-store, where she uses her loyalty card.

When she is on her favorite shoe website she is probably ‘in the market’ for purchasing. Modern technology allows you to align what she has looked at previously with her current online behavior and external data such as geo-location and weather. You can then tailor her experience by providing pages that reflect the sunny weather where she is in Brighton and recommend summer sandals. Likewise if she was in Manchester, where it’s raining, you could highlight some of the latest styles in wellies.

Even if she does not put anything in her basket at that time, you can use the historical and real-time data you’ve collected to send her an email within minutes around a deal based on the products she has looked at, perhaps offering a time-sensitive incentive to purchase.

The following graphic shows that the flow of information captured from multiple sources, including web, social, big data and in-store, can be used to help create visitor profiles. Adding this to behavioral scoring allows for segmentation where recent big data such as social media sentiment and demographic data can be inserted and used to deliver online personalization, as well as driving action systems to mobile apps, email or in-store tills.

When visitors convert into customers, this data is then added back into the visitor profiles, further refining the ability to personalize.
Contextual personalization is the catalyst for new beacon-based technology

Even more exciting, contextual personalization helps marketers marry the online world with the ‘real’ offline world in hugely engaging ways.

We’re already seeing these two worlds come together in myriad forms – be it in the form of simple ‘click and collect’ services that are delivering powerful results for the likes of Argos, through to more technically advanced examples such as Burberry’s flagship London store. Here, customers trying on garments fitted with RFID microchips can see how the garment would look on the catwalk simply by looking into the store’s hi-tech mirrors.

But imagine, as a retailer, if you knew what your customers wanted before they even entered the store – everything from their name, their shopping habits, likes, dislikes, previous purchases and so on. This is what contextual personalization, combined with new technologies such as Apple’s iBeacon, enables. Marketers can close the online and offline loop, using consumers’ known online behavior data to drive offline sales.

Example

Extending the earlier example of Jane and her purchase of shoes, using beacon technology alongside contextual personalization, an ‘offer’ can be triggered when Jane is in the proximity of her selected retail store. This could be designed in such a way as to entice Jane to visit the store because the products in her recent browsing history are in stock, in her size.
Could contextual personalization and beacon technology be the end of ‘showrooming’?

With the increase in smart phone usage and 3G/4G data services, showrooming (where consumers look at products in a retail store, knowing they will make the purchase online) is rife. This practice is causing untold harm to bricks and mortar retailers, who cannot compete with lower cost online-only stores.

Using contextually personalized data and beacon technology enables retailers to know if a person has previously visited their website as soon as they pass an entry beacon in-store. Additional beacons can be located throughout the store to track if the visitor stands in front of a display that shows the products that they have viewed online. If the visitor goes to the checkout and makes the purchase that’s great, but if they go to exit the store, another beacon is triggered to stimulate a special offer to them if they purchase in-store today.

Information overload?

Marketers are excited by what the new frontier of contextual personalization and location marketing offers, but what about consumers? To many, the idea sounds intimidating and invasive. Isn’t this Big Brother for the 21st century? Don’t brands risk annoying the very people they want to entice and engage?

As always, it’s all about the implementation. Our research reveals that just 19 percent of consumers say they don’t respond more positively when they receive personalized content from brands. Almost half (44 percent) find personalized recommendations useful.
Forrester says:

"Customer analytics technologies, like recommendations engines, behavioral targeting, and predictive analytics, should serve as the foundation for personalization efforts across channels. For example, behavioral targeting can match marketing messages to customers whose online behavior implies an interest in a particular product or service. Predictive analytics takes this idea farther and uses advanced statistics, data mining and machine-learning algorithms to dig even deeper for behavioral patterns and deliver even more contextual experiences."

It will be imperative that brands communicate with consumers in a way that doesn’t simply bombard them with annoying or unwanted messages, but instead proposes recommendations, offers and experiences tailored to their wants and likes. If you blast a message to everyone who walks past your store about a sale on jeans, there’s a high chance it will irritate, rather than stimulate recipients.

**Conclusion**

Underpinning these new frontiers of technology are data, analytics and optimization. The ability to enhance the customer experience in whatever area of business is not new. Banks, retailers and ‘people-facing’ companies have always prospered with the personal approach. With today’s ‘always connected but rarely engaged’ consumer, the challenge remains: to attract, stimulate and retain your customer, but now they follow a more fragmented and distracted customer journey.

Now more than ever companies need to keep the customer at the core of their business – we are entering a future where context is everything. Technological advances will help open the doors to a world of experiential marketing that’s highly tuned to the individual’s wants and needs.