EARN FAN LOYALTY WITH PERSONALIZA- TION 2.0

Powered by big data, AI, and ML

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The days of, "It's business, not personal," are over. In today's rapidly evolving marketplace, if it's not personal, there is no business. Tailored experiences are rightfully given attention by marketing experts and industry leaders alike, however, the discussion is still often predicated on "business as usual" marketing practices. It's time to make marketing personal.

Consumer insistence on personalization is rising quickly. According to Forrester, 89 percent of digital businesses are investing in personalization, but over one third of U.S. online shoppers agree that retailers should do more to offer personalized experiences. So why the disconnect between brand intent and customer reality?

Today's consumer is attention deficient. More than ever it's imperative that a message captures her attention in three seconds or less. To accomplish that while delivering a truly personal experience a brand must know the individual, proactively anticipate her wants and needs, and then deliver on-demand service in real time. That's personalization at scale. Companies must analyze and address this challenge differently while moving from legacy processes and technology, to current and future leaning capabilities.

Ultimately, it's about thinking, planning, and preparing for the moments of truth when a consumer decides if a marketing message is relevant. If not, there's no guarantee a brand will get another chance.

In this white paper we'll look at how personalization has changed and why big data, artificial intelligence (AI), and machine learning (ML) should be driving Personalization 2.0 efforts.
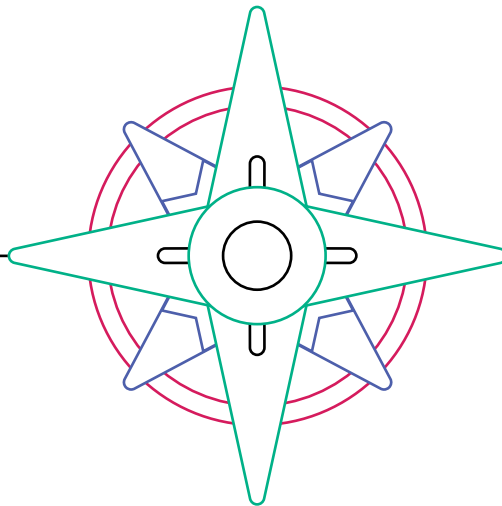
Looking back before moving forward

In the past personalization meant including a customer's name on mass-mailed form letters, each with the recipient's name inserted in the salutation. For its time, this methodology was a positive step forward in marketing automation as indicated by the increased response rates generated.

Segmentation was a foundational tool for the mass marketing that was meant to personalize by dividing the populace into demographically-, psychographically-, and geographically-defined groups appearing to share commonalities. There was a time when this was the most effective approach, but segmentation's efficacy has been perpetually diminished by consumers who resist labels, define what a brand is or isn't, and dictate relevance like never before.

Despite ongoing reliance on bulk mail and segmentation-centric marketing, the use of past tense is intentional as these techniques are remnants of the past, quickly losing viability as technology leaves them behind. Fortunately, wasted dollars due to inefficient engagement (related to impersonal experiences) is more preventable than ever thanks to evolving consumer understanding. Today's data sources provide unique insights into individual consumers that eliminate the need to assume that one person within a segment looks, thinks, and purchases like another. This ideal isn't revelatory, but reliance on legacy segmentation and personalization persists, most often due to a lack of technical expertise, capacity, or combination of both.

"Individualization is the new North Star for personalization." (Forrester)

What is Personalization 2.0?

Coined by Forrester's Brendan Witcher, the term refers to the migration away from a segmentation-driven strategy in favor of real-time preferences across multiple channels and devices. For example, consider an expectant mother—as identified by her recent app, social, and shopping history. It is far more personal to deliver an in-the-moment mobile offer inside the store and in close proximity to a nursery item, than if that same offer was sent to all women who have made baby-related purchases within a designated marketing area—regardless of location, expressed interest, or current activity.

Examples of the Personalization 2.0 evolution include:

- Amazon sets the standard for proactive recommendations based on historical data
- Starbucks gamified its mobile app offering loyalty rewards and custom ordering
- Coca-Cola increased sales for the first time in over a decade with #shareacoke
- Virgin Hotels created a synergistic app and guest program for hyper-customized stays
- **<u>Sephora was voted #1</u>** on Sailthru's first annual Retail Personalization Index

Brand loyalty comes from true fans—a coveted group whose loyalty has moved beyond a simple like, follow, or reoccurring order. To capture, retain, and grow a fanbase requires genuine personalization based on the individual and driven by digital innovation.
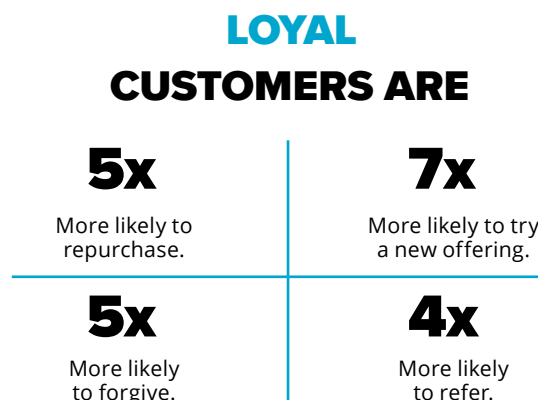
Start with quality data

Data is the fuel for AI-driven technology, so regardless of how "big" a data set is, a company's initial emphasis must begin with quality over quantity. Silo removal and the consolidation of disparate data should be a focus from the outset, and quality should be measured by contextual compliance with user- or statistic-defined rules that are based on corporate knowledge, business processes, and other conditions. For example: a company could have multiple rules across divisions, languages, etc.

Issues with data quality typically stem from system-level processes failure, poor software implementation, or changes in data format that adversely impact source and/or target data stores. For a system to be AI-ready, it must be designed to anticipate data feed and quality issues, with the proper responses already in place.

What does that look like? An optimized system properly managing data input/output will instantly identify quality threats and prevent cross-contamination with poor data, while notifying appropriate users and denying access if necessary.

Once the foundations for quality data management are in place, proper data accumulation can be achieved through optimized first-party data management, strategic second-party data acquisition (purchased or shared), and properly vetted third-party data purchasing.

LOYAL
CUSTOMERS ARE

5x	**7x**
More likely to repurchase.	More likely to try a new offering.
5x	**4x**
More likely to forgive.	More likely to refer.

Use AI to unlock potential

Without quality data, personalization accuracy is compromised. There aren't enough hours in a day to manually track the perpetually changing location, behavior, and context data that consumers generate on a daily basis. Without these insights, however, companies are limited to delivering experiences and content based on personas and segmentation—not the individual and her personal profile.

Artificial intelligence empowers a company to automate:

• Complex data tracking
• Creation of unique customer profiles that update in real time
• Profile data analysis for relevant content delivery and personalization

AI can also alleviate corporate "paralysis from analysis." The quest for bigger data may delay or even prevent action at times due to the time and resources required to accumulate, sort, and scrub it. But with the speed at which today's marketplace is moving, there's no time to waste. Artificial intelligence powers a growing list of technologies that optimize operations and processes allowing teams to focus talent and effort elsewhere.

Machine learning is an excellent example of this.

Personalize at scale with machine learning

Why? Because it is impossible to personalize at scale without ML.

Imagine sending a unique tweet to each follower, crafting a Facebook ad for an audience of one, or sending a custom mobile offer to every fan across the country—one at a time. That's the effort required for an individualistic, personalized approach and clearly, it's not feasible.

ML has largely untapped potential to identify value points, empower rapid response, and inform every tactical and creative aspect of genuine personalization. This fact is not lost on the corporate majority according to MemSql as **61% of all companies**, regardless of size, see AI and ML as the most significant data initiatives for 2019. Meanwhile, industry leaders like Amazon, Google, and Microsoft already have a **wide-margin lead** in AI and ML technology investment that will only grow the longer a company waits to commit.

Next steps

Custom headlines and copy are no longer viable personalization for earning customer engagement in our content-saturated, attention-deficient society. As **adblocking statistics** clearly demonstrate, users dictate relevance—or if marketing will be seen at all. The goal must be to deliver content that is so compelling, it can't be ignored.

At SoftServe, we are passionate advisors and providers of personalization strategy through big data, AI, and ML. With our help, clients overcome a lack of technical expertise, limited manpower availability, and challenges with agile innovation. We empower clients to understand evolving consumer behavior and how to most effectively deliver fan-centric, personalized experiences anywhere, any place, and at any time—regardless of what device its delivered on.

SoftServe has 25 years of proven experience in financial services, healthcare, media, retail, and especially software development—usually with little or no disruption to current operations. And our solutions are flexible, scalable, and customized to ensure that your experience is uniquely personalized as well.

To learn how SoftServe can help your company personalize future consumer/customer experiences through big data, artificial intelligence, and machine learning—contact us today.

ABOUT US

SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across healthcare, retail, media, financial services, software, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation—from generating compelling new ideas, to developing and implementing transformational products and services. Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy. No matter where you are in your journey.

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