

Taking Personalization to New Levels: Overcoming Common Personalization Misconceptions

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Recent studies show that ninety-six percent of organizations believe that personalization can improve marketing performance, yet very few organizations are tapping into the full potential that personalization can provide. Today's personalization capabilities go far beyond the simple insertion of <name>, <city> or other readily available contact details into marketing templates. Companies that have learned to apply marketing personalization have already achieved new levels of responses and profitability.

Personalization is all about delivering the appropriate offer to the proper customer through the right channel(s) at the right time. By understanding and predicting customer behavior and attitudinal attributes, and marketing down to the personal level, companies can consistently realize stronger and more profitable customer relationships, and create a competitive advantage.

The concept of personalized marketing is not new. However, the level of personalization and the depth of the execution have evolved dramatically over the past several years. This creates a unique opportunity for companies to leverage technology and information to generate higher performing marketing campaigns.

Today, smart marketing organizations use personalized communications that speak to the individual needs, interests and preferences of customers and prospects. In fact, customers have come to expect you to apply the information you know about them and are often eager to provide additional information in order to further enhance the relationship. They don't want to waste their time reviewing irrelevant or inappropriate offers, and today's marketers can't afford to waste precious marketing dollars on campaigns destined to miss the mark.

To be successful, high-performance personalization requires the incorporation of transactional data along with consumer behavioral and attitudinal information. Companies must be able to effectively learn from each customer interaction and record the results of that learning. In addition, by gaining a better understanding of each customer's needs and preferences, a company can determine how to best serve each customer over his or her lifetime.

Common Personalization Misconceptions

For personalized marketing campaigns to be effective, companies must overcome commonly perceived misconceptions. The top four misconceptions about personalization are detailed below.

Misconception #1: Personalized marketing is solely based on a consumer's purchase history.

Traditionally, companies relied on purchase history to create a segmented, product-centric offering. And, although using past history data is important, there is more to be gained when adding behavioral and attitudinal consumer data to personalized campaigns. In fact, companies report lifts of up to 80% in response and purchase rates when transactional information is complemented with consumer behavioral and attitudinal data.

Obviously, past purchases are very relevant for the analysis and projection of future purchases. However, studies indicate that over 30% of online product purchases are for gift giving or are purchased on behalf of someone else in the household. Relying on purchase history alone can be risky. The husband who purchased a nice dress for his wife's birthday does not want to be bombarded all year long with offers for women's clothes. However, when purchase history data is complemented with the consumer's demographics, attitudinal and behavioral data, the marketer can apply the appropriate logic to create a relevant gift offer for the person's wife.

Don't make the mistake of basing your personalized campaigns solely on past purchase history data. A consumer will be far more likely to respond to a message that includes personal recognition, while consumers who receive what appears to be a mass communication piece are less likely to respond.

Misconception #2: Personalization is only used to customize text fields.

Consumer-based personalization has the ability to go way beyond inserting customized text fields to match product offers to customer preferences. It can also help optimize the message, the timing, the promotion and the creative to build a truly personalized product or service offer. Marketers realize that

consumers respond at a different rate to different messages even for the same product. People have different tastes, styles, and preferences.

Marketers can achieve over 50% higher response rates to the same campaign offer just by optimizing the message with customer preference data. Some customers respond better to free shipping, while others would prefer to receive a gift certificate or a percentage discount. By leveraging transactional and behavioral data, a marketing campaign piece can be customized to offer several personalized promotions to different consumers even for the same product.

The next time you create a personalized marketing campaign consider using customized graphics, offers, or messaging that will best resonate with the recipient.

Misconception #3: Personalization only supports marketing communications with existing customers.

According a recent Aberdeen Research report, *Get Personal with Your Customers*, 51-percent of best-in-class companies that applied personalization experienced an annual increase in open rates on email campaigns. The ability to increase open and click-through rates translates into higher interest and ultimately a higher rate of purchase. However, personalized marketing campaigns are no longer just for customer-based programs. Today's marketers have access to extensive lifestyle and attitudinal consumer data and are starting to apply personalization to their prospecting campaigns. In fact, prospect-to-customer conversion can be increased by up to 80-percent by using profile and demographic information to optimize the message at the segment *and* the individual level.

Personalization can be a valuable tool for enhancing prospect-to-consumer conversions. Once models of best-performing customers are established, companies can search across comprehensive consumer repositories to identify other prospects that match the modeled criteria. These new prospects are also most likely to respond to personalized offers and become new customers.

When launching your campaigns targeting prospects, increase your response and closure rates by leveraging the wealth of available demographic, attitudinal,

and behavioral data. Personalized marketing campaigns can be a key vehicle for converting prospects to customers.

Misconception #4: Personalization is too difficult and costly to apply to direct mail and email campaigns.

Most marketers agree that personalization is an excellent tool for increasing the success of direct mail and email campaigns, but all too often they avoid using personalization due to the misconception that personalization is too costly or difficult to implement.

It's true that when offset printing was the primary output method for direct marketing campaigns, creating multiple versions of the same piece was often cost prohibitive. With the advances in digital printing, marketers are now able to cost effectively create innovative, high-response personalized direct mail campaigns.

Unlike traditional printing methods, digital printing makes it possible to modify every facet of the printed piece—text and graphics. You no longer have to print and send several hundred or thousand copies of the same document to every individual. With digital print capabilities you truly can economically customize each piece to speak directly to the individual recipient. Inserting appropriate text and graphics can be data-driven. If the recipient's last car purchased was red, you can insert a red car in your graphic box. Or, if you know the recipient's purchase history includes multiple children's items, you can insert an age appropriate toy graphic in one of the graphic boxes. Subtle changes in text or graphics can make a piece more relevant and welcomed by the recipient.

Although the cost-per-printed piece when outputting personalized direct mail using digital print capabilities is still somewhat higher than traditional print methods, digitally personalized pieces consistently pull higher response rates – meaning companies marketing high margin products or services can realize a good ROI when using digital print methods. Experts predict that digital printing costs will continue to decline, creating an opportunity for more companies to use digital printing as a means to advance the level of personalization used in their direct mail campaigns.

Digital printing actually enables companies to create truly personalized offers that can then be sent only to those most likely to respond. As a result, companies can print less, yet sell more, since more targeted pieces can result in higher response rates and higher sales.

Whether your next campaign is a multi-channel, email or direct mail campaign, don't be trapped into thinking personalization is too costly or difficult. Leveraging the power of personalization is within your reach and can undeniably help you make each customer or prospect feel like you know and care about them.

Conclusion

Personalization is a valuable CRM component that provides the ability to recognize customers or prospects in real time and vary the content or services presented based on previous interactions and additional consumer data. Personalization best practices enable customers to receive personalized content whenever they call the company's contact center, visit the company's Web site or receive an e-mail or a direct mail campaign. But historically, personalization has been the most challenging CRM component to implement. It is an enterprise-level initiative that needs to reach across all sales and service channels of the organization to achieve the greatest benefit. By incorporating a personalization strategy into their CRM initiative, companies stand a better chance of realizing the promise of CRM. Taking a more comprehensive approach to personalization delivers clear benefits – increased customer loyalty and more profitable marketing.

Most marketing professionals and executives recognize the importance of personalization and its dramatic impact on acquisition and retention campaigns. But amazingly, Aberdeen reports that only 17-percent of surveyed companies are using personalization. Many companies shy away from embracing marketing personalization because they believe it is too hard or too costly to implement. Don't be fooled. Personalization is within your reach and can help you significantly improve the success of your marketing campaigns by improving existing customer relationships and converting existing prospects to sales.