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RIGHT MESSAGE, RIGHT TIME, RIGHT TARGET ROUNDUP

With advanced marketing technologies comes a slew of data, a ground floor of insights that marketers and advertisers can use to grab the attention of their consumers at the most key moment in their path to purchase. eMarketer has curated this Roundup of articles, insights and interviews to help you understand how personalized messaging delivered at the right time is crucial in today's fragmented customer journey.

presented by

IBM

Overview

Marketers know that personalization is a must when it comes to engaging with consumers, but they just don't have it down yet. That's likely why 65% of executives worldwide polled by Forbes Insights and Gap International in October 2016 said they are implementing personalized marketing strategies as part of technology-driven actions to meet customers' needs.
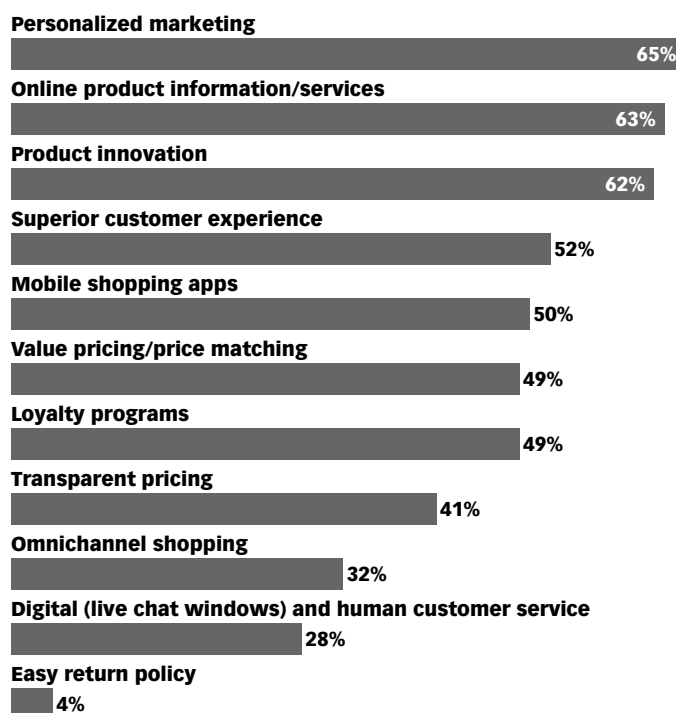
While most marketers have some degree of personalization in place, it's not yet at a level that satisfies consumers. According to February 2017 data from Adobe Digital Insights, roughly one-third of internet users under 50 said they like personalized ads, but nearly as many said they weren't good enough. Fortunately for this group, the Forbes/Gap International data suggests marketers are improving personalized marketing efforts.

Companies do appear to be further along in other marketing efforts, such as loyalty programs and omnichannel retail, considering that fewer executives surveyed by Forbes/Gap International said they are taking actions in these areas. Though less than a third of executives said they're working on omnichannel shopping, for example, that doesn't mean it's not a priority for them. Rather, they've likely already taken steps to implement omnichannel shopping experiences for consumers.

"Omnichannel is now so fundamental that for most companies, it goes without saying. Most advanced companies already have engrained it in their overall strategy," eMarketer analyst Yory Wurmser said.

According to the Forbes/Gap International poll, implementing an easy return policy was the lowest on the list of executives' actions—by now, most companies have figured out how to make the return process simple.

Technology-Driven Actions that Executives Worldwide Are Taking to Meet Their Customers' Needs, Oct 2016
% of respondents

Personalized marketing
65%

Online product information/services
63%

Product innovation
62%

Superior customer experience
52%

Mobile shopping apps
50%

Value pricing/price matching
49%

Loyalty programs
49%

Transparent pricing
41%

Omnichannel shopping
32%

Digital (live chat windows) and human customer service
28%

Easy return policy
4%

Source: Forbes Insights, "Challenge or Be Challenged" in association with Gap International, Jan 24, 2017

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Few are advanced users, but strong ROI beckons

Customers have come to expect personalized marketing experiences across devices and channels. The good news is most marketers are in some phase of implementing a strategy to personalize campaigns and experiences—and this is happening worldwide.

A December 2016 study from Monetate, which surveyed senior marketers from companies headquartered in Asia-Pacific, Europe, the Middle East and Africa, North America and South America, found that 56% of respondents are in the process of implementing a personalization strategy, while 28% are just starting out.

Only 6% are in the advanced stages of implementation, meaning most marketers still have a way to go.

Among those senior marketers who were implementing personalization strategies, nearly nine in 10 used a lookalike advertising platform, while about eight in 10 engaged in relationship building based on clients' digital data to optimize in-store experiences. Two-thirds used dynamic content generation, and 73% used real-time chat.

Research shows that personalizing experiences pays off. In an October 2016 study from OneSpot and Marketing Insider Group, 59% of US internet users agreed that content customized for them increases their purchase intent somewhat, while another 19% said it significantly increases their intent to buy.

Additionally, Monetate found that 79% of senior marketers worldwide who reported exceeding revenue goals had a documented personalization strategy in place, compared to only 8% of those who missed their revenue goals.

Despite the value that personalization may offer marketers, implementing these strategies is often easier said than done.

According to Monetate's research, marketers who want to implement personalization strategies face challenges such as organizational constraints; automating decisions at scale; and building a contextualized, real-time view of customers.

Implementation of Personalization Strategy According to Senior Marketers Worldwide, Dec 2016
% of respondents

Not doing anything 10%
Advanced 6%
Just starting out 28%
In process 56%
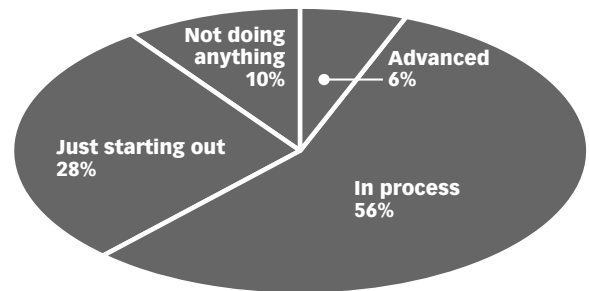
Source: Monetate, "2017 Personalization Development Study," Feb 15, 2017
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Personalized Ads? Consumers Tell Marketers to Up Their Game

Consumers don't mind the idea of personalization

Consumers say they like personalized ads—just not the personalized ads they're seeing today.

According to a February 2017 survey from Adobe Digital Insights, less than one-third of respondents said they did not prefer personalized ads. By contrast, more than a third—and more than half of those under 50—preferred personalized messages.

But the ads need work. Roughly a third of respondents ages 18 to 49 said that while they like them, they're not good enough. Older people were even more negative about the quality of personalized ads these days.

The outlook may be improving somewhat for those impatient consumers: Advertisers say they are getting better at personalization.

A December 2016 survey by Monetate found that over half of senior marketers worldwide said they were in the process of implementing a personalization strategy. And roughly three in 10 respondents said they were just starting out.

Why Retailers Are Racing to Crack the Code on Personalization

Study suggests $800 billion is at stake

Brands that use technology and data to offer customers personalized experiences are seeing revenue increase by 6% to 10%, two to three times faster than those that don't, according to a Boston Consulting Group survey of VPs and C-level executives at more than 50 companies with sales of at least $500 million each.

What's at stake? For retail, healthcare and financial services alone, the study found personalization is a game-changer that will push a revenue shift of some $800 billion over the next five years to the 15% of companies that get it right. Three-fifths of the companies surveyed were in the retail, food and consumer product sector. Most of the companies surveyed have some sort of brick-and-mortar presence.

"With the rise of digital natives like Amazon and Alibaba and smaller startups reshaping experience, consumers' expectations have been completely reset," said Mark Abraham, who heads BCG's global personalization business, in an interview. "The ones that are going

to win are going to be those that personalize the consumer experience."

However, while pure-play online retailers have been able to track consumers through their digital footprint and online purchase and browsing behavior, the "next wave of personalization" is coming on the brick-and-mortar side, Abraham said.

"Having the human connection can trump the online experience," he said. "A lot of people will research online, but in higher spend categories, they will want to touch and see the product."

Starbucks President and CEO Kevin Johnson said in a recent earnings call that "one-to-one personalization" will count among the company's top investment priorities. Starbucks sees "a significant opportunity" in returns on investments it makes around personalization, a company executive said on the call. Starbucks, which has begun sending personalized food and drink recommendations to its mobile app users, said the personalization initiative "is

the single biggest driver" of improved spend per customer that it has seen.

How to target consumers one on one is also one of the key target areas behind Walmart's new technology incubator called Store No. 8, where Walmart will invest in emerging technologies including machine learning and artificial intelligence, key toolsets for personalization.

"We are aligning all of our firepower against the consumer experience," said Nike CEO Mark Parker on the company's March earnings call. He said Nike is doubling its direct connections with consumers through personalization and digital membership.

The BCG study showed that half of its survey respondents have more than 25 employees dedicated to personalization programs and are spending more than $5 million a year on them. At half of the top performing companies, CEOs and the boards oversee those efforts.

The fervor of activity also can be demonstrated by the birth of over 500 startups that were created the past two years to help companies crack the personalization code, Abraham said, adding his group has doubled in both revenue and team size each year the past few years.

In another example of why personalization is gripping the industry by storm: Abraham said "high-value" customers drive 70% or more of the value for companies.

Despite the promise, many companies still face challenges, including figuring out how to aggregate various consumer data points to form one universal view of each customer. Meanwhile, almost 60% of companies struggle to effectively measure and attribute the impact of those campaigns. But when it comes to the most often cited challenge, nearly three-quarters of the BCG respondents said there are too few people at their companies dedicated to this area.

And perhaps because of those challenges, not all companies necessarily are ready to tackle personalization. A survey by BlueVenn found that less than 40% of the marketers said they planned to "embrace" real-time personalization in the relative near term.

There's also another challenge: Consumers are feeling "restless" about the personal data collected on them and are torn between the benefits of giving up their personal data and worries about what appears as invasive and "creepy" marketing, according to the BlueVenn report.

Still, personalization is a high priority in the retail sector. In a February survey of retail executives by RIS News and Gartner, 49% of the respondents identified "developing personalized marketing capabilities" as a leading strategy/objective.

Data-Driven Marketing Trends that US B2C Marketers Plan to Embrace, Feb 2017
% of respondents

Real-time personalization	39%
App-based marketing	38%
Location-based marketing	34%
Virtual assistants	33%
Using big data to predict trends	32%

Note: in the next 5 years
Source: BlueVenn, "Data Deadlock," April 26, 2017
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The tactics that really pay off

Personalization can be complex or simple, but it seems to pay off. According to a May 2016 Evergage survey of marketers conducted by Researchscape, one-quarter of respondents reported a lift of between 11% and 20% thanks to personalization on their website or app. What follows is a list of five personalization tactics from retailers and the services that support them, along with examples.

No. 1: Predict the Context of Their Shopping Trip

Understanding the context of the customer should be at the core of retailers' personalization strategy, according to Meyar Sheik, co-founder and CEO of personalization software provider Certona.

"One thing that hasn't changed is that consumer behavior is a powerful and accurate indicator of their intent and interest, but understanding consumer behavior has gotten more complex because almost no one is a single-channel shopper."

At eBay, there are two factors that play into predicting a customer's context: the moment the customer is in, and their progression in the customer life cycle. "If a new customer is buying a garden hose, that may warrant a different treatment than someone who is a loyal eBay shopper and is in the market for a garden hose," said David Doctorow, eBay's head of global growth. "The more we can do to understand where the customer is in their life cycle, the more we can personalize at an ever-increasing degree of granularity."

Because there is a lot of noise in the ecommerce space, retailers that focus on context will likely get to a higher degree of relevancy with personalization, said Jake Swenson, vice president of product marketing at user-generated content marketing solution Bazaarvoice. "People are rewarding marketers with their attention and dollars if they can position the right thing to them when they want it."

Percent Lift Attributable to Website or In-App Personalization Efforts According to US* Marketers, May 2016
% of respondents

1%-10%	42%
11%-20%	25%
21%-30%	15%
31%-50%	4%
50%-75%	3%
76%-100%	1%
None	11%
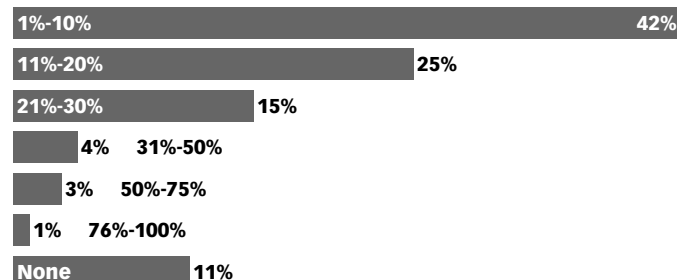
Note: n=113; numbers may not add up to 100% due to rounding; *85% of respondents were from the US
Source: Evergage, "2016 Trends in Personalization" conducted by Researchscape, June 14, 2016
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No. 2: Know What the Customer Purchased at the Store

"[Retailers think] there are different ways to reach consumers—the store, desktop, mobile—but consumers have never seen it that way," said Phil Granof, CMO of shopping platform NewStore. Instead, consumers view it as a brand interacting in whatever way is most convenient for them, the customer.

Achieving the same level of personalization across channels starts with one missing link—the store. Oftentimes retailers use online purchase data, but neglect to bring store purchases into the equation. "Retailers that operate physical stores can get huge value from the data and information going through their POS systems and store loyalty programs," Certona's Sheik said. "Relying just on digital information for personalization is not a holistic way of looking at it and leveraging all of their assets."

Clothing and accessories brand Bow & Drape found a way to gather in-store purchase data directly from shoppers when customizing an item in the company's shops in department stores: Ask for their email or number to alert them when their item is ready. "We integrated technology into that experience so it's quick and seamless, and it creates an organic way for them to give us their contact

information so we can track their purchases," said co-founder, CEO and creative director Aubrie Pagano. "If someone isn't customizing in-store and they're just browsing, it's so much harder to understand [them]."

No. 3: Personalize in Real Time

eBay's Doctorow called out the industry trend of conducting personalization tactics in real time. "For example, to help customers find what they're looking for, we need to make them aware of items as they become available," he said. "If prices change, we need to make them aware of that, because it may cause them to make a different buying decision."

According to Sheik, one of the most valuable customer data points to personalize against is their behavior in real time. "Think about the store: A sales associate can observe shoppers in the store," he said. "What aisles are they going down? What are they looking at? What do they have in their shopping cart? That gives an idea of what else to recommend to them."

No. 4: Think Beyond Merchandising

Tailored product recommendations have become the norm for online personalization and can be very effective at driving purchases. However, shoppers will soon expect more than a list of products they might like to add to their cart.

"Retailers will continue to embrace personalization and look at different ways to personalize the experience that are not just merchandise-centric," Sheik said. "In addition to a product focus, they'll also look at the experiential aspect of the shopping journey." He added, "Personalization is not a feature—it's a strategy."

Online lingerie shop True&Co. is going as far as using customer data it gathers through a quiz on its site to influence new product development. "Other retailers regard [personalization] as a marketing and lead generation mechanism—that's not a double-sided handshake with your customer," said co-founder and CEO Michelle Lam. "We use the data to not only provide a personalized shopping experience, but we also collect data in aggregate to inform our physical product development process." She added that this is an industry trend that will grow as more retailers use data to identify trends.

No. 5: Simply Ask Shoppers What They Want

Though it may seem obvious, customers will tell you what they want—retailers just have to ask. In fact, consumers are used to being at the wheel, thanks to Amazon's business model. "The retailer used to lead the customer journey, but after Amazon turned the retail world on its head, now it's about putting the power in the hands of the consumer," said Diane Kegley, CMO of omnichannel personalization platform RichRelevance. "If you do that well and with the right amount of transparency—as in, explain why they see what they see in each channel—they'll feel more empowered, and they'll come back for more of the experience."

True&Co., for example, fosters a shopping environment in which for every piece of personal information shoppers share, they get something in return. "We demonstrate that it's a conversation between us and our customers," Lam said. "For everything they tell us, we give them a response, whether it's a recommendation from their personal shop, a fitting tip or a tailored marketing message. We avoid spamming customers with the wrong types of bras."

One way is to leverage data to target buyers

With more data about their target audience and a maturing marketing technology stack in place, it's more possible than ever before for B2B companies to deliver custom communications for both an individual buyer and specific accounts. But executing these strategies is rarely simple.

Research shows that B2Bs are starting to adopt data and analytics more widely.

A March 2016 survey of B2B marketers worldwide conducted by Dimensional Research for Progress found that 70% of respondents use big data, historical information and predictive analytics to improve their marketing effectiveness. Furthermore, April 2016 polling by Regalix found nearly four in 10 B2B marketers said a key benefit of marketing analytics is identifying precise customer needs.

In order to deliver an accurate personalized experience, B2Bs must use multiple sources to gather information about their buyers.

An August 2016 survey from the Content Marketing Institute and MarketingProfs found that about half of B2B marketers in North America used website analysis, keyword search, employee feedback and competitive analysis to learn about their target audiences. Less frequently used data sources included database analysis (31%) and auditing existing buyer data (24%).

April 2016 research from Altimeter also shows the importance of having a variety of data sources to create personalized and targeted content. At 65% and 63%, respectively, social media metrics and website analytics were the top two data sources used by content strategists surveyed in North America and Western Europe. About half also said they used data from customer service records and customer surveys for personalization.

Whitney Powell, media director at B2B marketing agency DWA media, uses multiple data sources to get the right audience for targeted programmatic campaigns that her agency runs in a one-to-one scenario for clients.

"It is a combination [of data] from their CRM [customer relationship management], lead generation, data management platform or from a core niche site that must be brought together," she said. "We use analytics to validate the audience to ensure that the audience is right."

Methods Used by Their Company to Learn About Target Audiences* According to B2B Marketers in North America, Aug 2016
% of respondents

Website analysis	58%
Keyword search	57%
Employee feedback	50%
Competitive analysis	47%
Social listening	44%
Customer feedback/panels	42%
A/B testing	40%
Secondary data analysis	37%
Database analysis	31%
Qualitative primary research	28%
Quantitative primary research	27%
Auditing existing buyer data	24%
Expert advisory boards	11%
Usability testing	11%
Other	1%
Don't use	3%

Note: *for content marketing purposes
Source: Content Marketing Institute (CMI) and MarketingProfs, "B2B Content Marketing: 2017 Benchmarks, Budgets, and Trends—North America" sponsored by Brightcove, Sep 28, 2016

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Data Sources Used by Content Strategists in North America and Western Europe* to Create Personalized/Targeted Content, April 2016
% of respondents

Social media metrics	65%
Website analytics	63%
Customer service/call center records	49%
Customer surveys/research	48%
CRM systems	43%
Third-party databases	27%
Don't use data to create content	1%

Note: respondents chose their top 3; *France, Germany and the UK
Source: Altimeter, "The 2016 State of Digital Content," Oct 25, 2016

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Peapod Customers Are Buying More, and More Often, than Ever—Here's Why

Carrie Bienkowski

CMO

Peapod

According to Carrie Bienkowski, CMO of online grocery delivery service Peapod, basket size and purchase frequency are the leading factors that can make or break a grocery ecommerce company. "The only way to have a financially viable business that will survive for the long haul is to have a robust, larger basket and high purchase frequency," she told eMarketer's Tricia Carr. Bienkowski went on to discuss the Peapod features and industry trends that cause its customers to spend more.

eMarketer: What factors are driving the growth of grocery ecommerce this year?

Carrie Bienkowski: More consumers are choosing to cook at home instead of eating out. There are a lot of industry reports that reinforce this. We also did research of our own and found that in 2017, over one-third of US consumers are planning to cook dinner at home more often. Interestingly, this trend is driven by millennials. While they may not have grown up learning how to cook at home, they're very interested in home cooking and meal preparation.

Also, online grocery shopping is quickly becoming the norm. It's not a niche service for the urban millennial anymore. Based on our infrastructure and our association with our parent company Ahold USA, we're not limited to those dense urban ZIP codes. In fact, our business is about equally split between suburban ZIP codes and urban ZIP codes.

eMarketer: Are Peapod customers buying more of their weekly groceries online?

Bienkowski: Our customer base is increasing their basket size. Most Peapod customers use our service for their weekly or biweekly stock-ups and weekly grocery trips. Our average basket is over $150.

We're also reducing our customer churn rate. Our existing customers are ordering more frequently. That's critical because unlike other categories, grocery is not a discretionary spend. People buy groceries every single week. In theory, there's a lot of headroom with frequency.

"Customers who add meal kits to their purchase still buy the same amount of items they normally do for their refrigerator and pantry."

eMarketer: What types of personalization does Peapod use to offer the most relevant products to customers and increase basket size?

Bienkowski: We have personalization tactics built into pretty much everything that we do. If you're an existing customer, you essentially get a custom homepage every time you log in to Peapod. Over half our emails are personalized in some way based on transaction behavior. We want to make almost all of our emails personalized, because we see higher engagement.

We're also focused on identifying customer segments. By looking at transaction behavior, we can understand what's important to customers, what motivates them and what unites them. For example, we have a segment of customers that are in search of natural and organic products, and we [can show them items from] our brand of organic products, Nature's Promise.

eMarketer: What else has driven basket growth recently?

Bienkowski: One of the biggest basket builders over the last year has been the launch of our meal kits [in select markets]. We see individual customers add one, if not two or three, meal kits to their cart.

Meal kits tend to be 90% incremental. Customers who add meal kits to their purchase still buy the same amount of items they normally do for their refrigerator and pantry. Meal kits are a perfect example of how we're changing our product assortment to meet the trend [that more people plan to cook at home].

"The pure online shopper is rare. Most people use online shopping in addition to the physical store."

eMarketer: What's the breakdown between desktop and mobile? Where do your customers spend the most?

Bienkowski: About one-third of our orders are mobile-only [which includes smartphones and tablets], and over half are touched by a mobile device [at some point]. That said, it's critical to have a consistent, multidevice user experience for online grocery.

Grocery ecommerce has a unique dynamic, because it's not based on a single transaction. Customers edit their order multiple times. The average order has six sessions, meaning, people come back to update their order six times before they actually buy.

Mobile plays a big role in solving for that use case. But interestingly, when we look at the value of each session, desktop is the workhorse. Dollars per session on desktop are 50% higher than smartphones, and 20% higher than tablets. You need to be device agnostic—you can't choose mobile vs. desktop. That always-on accessibility is critical.

eMarketer: Do your customers still shop for groceries at the brick-and-mortar level, too?

Bienkowski: Because we are part of Ahold USA, we can see how a customer shops online and in the brick-and-mortar store. The pure online shopper is rare. Most people use online shopping in addition to the physical store, and I don't think that will change dramatically.

When we look at our data, the omnichannel shopper spends three times more across Ahold and Peapod brands than a pure brick-and-mortar or online shopper. We know that the average customer shops from five different retailers. Ecommerce will continue to grow, but I think it will always be part of the broader retail set that a customer uses.

Some Tips on Personalization from eBay

David Doctorow
Head of Global Growth
eBay

Personalization has been a focal point at eBay for quite some time, but 2017 could be a game-changer. David Doctorow, eBay's head of global growth, spoke with eMarketer's Tricia Carr about the work the company is doing this year to create a more personalized 360-degree shopping experience, and discusses the trends and challenges that are most prevalent in the industry.

eMarketer: What do you consider the top trends in personalization right now?

David Doctorow: The first is the trend of identifying customers better. There has been device proliferation in natural consumer shopping behavior. To serve customers well, we have to identify them no matter the device they're interacting with us on. It's far from a perfect science, but it's certainly a theme in the industry.

The second is a move toward granularity. In the past, it might have been sufficient to understand who a customer is, but now it's important to also understand what moment they're in. You can imagine someone buying a garden hose is in a different shopping mode than someone buying an automobile.

The next trend is the drive toward doing things in real time. For example, to help customers find what they're looking for, we need to make them aware of items as they become available. If prices change, we need to make them aware of that, because it may cause them to make a different buying decision.

The last trend is being more holistic. A lot of personalization discussions relate to emails, but we have to be relevant and consistent across all of the touchpoints we have with customers. It's not just about email anymore.

"In the past, it might have been sufficient to understand who a customer is, but now it's important to also understand what moment they're in."

eMarketer: How big of a priority is personalization at eBay?

Doctorow: Personalization has been a priority for a while at eBay. We are making big investments in-house to build these capabilities. It's something we believe we must be great at. Now we're trying for a much higher degree of granularity than we have ever conceived in the past.

On one hand, it's understanding the moments that customers may be in, but on the other, it's understanding the customer life cycle. If a new customer is buying a garden hose, that may warrant a different treatment than someone who is a loyal eBay shopper and is in the market for a garden hose. The more we can do to understand where the customer is in their life cycle, the more we can personalize at an ever-increasing degree of granularity.

eMarketer: What are the top personalization initiatives right now at eBay?

Doctorow: There has been a drive for structured data in our marketplace for some time, and to build a site experience on top of that structured data. This enables customers to find items in typical categories that they might want to browse, or search and be able to discover items in the marketplace.

We're also trying to understand first, how to identify what stage in their life cycle customers are in, and second, what kinds of marketing programs are appropriate at different moments in their life cycle.

"The more we can do to understand where the customer is in their life cycle, the more we can personalize at an ever-increasing degree of granularity."

eMarketer: What personalization tactics get the most ROI [return on investment]?

Doctorow: The theme here is time is money. When you're in the market to buy a new dress, it's a moment—you might have a special occasion. You won't be in the market to buy that dress for the next 90 days. The channels that allow us to reach people in that moment tend to be most effective when it comes to personalization.

eMarketer: What are the biggest challenges in achieving your goals for personalization?

Doctorow: The challenges line up with the industry trends I outlined. How can we honor customers by identifying them—following all permissions and privacy rules, of course—and knowing what they told us they care about? We have to take that seriously and serve it back to them. This becomes a bigger challenge as devices proliferate, people clear cookies more, etc.

The second challenge relates to the drive toward doing things in real time. In our marketplace, there's a lot of movement. How do we make sure we get the right information out of that moving river and present it to the customer at the right moment in real time?

Imagine an email we send with a curated set of listings personalized for the recipient. What if some of the content in that email becomes outdated in 5 minutes? We're thinking differently about not only what we put in that email, but what marketing channels we choose, the technical architecture we use to deliver that email and even how we measure our results.

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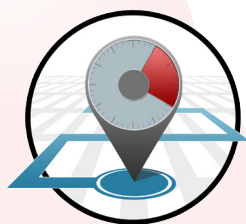
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