Personalization's Golden Rule:
Know Thy Customer

A look at what it takes to create great experiences and where brands still struggle

MERKLE | MARKETING**DIVE**

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The relationship between customers and businesses has always been personal. And while the way those relationships develop has changed with the advent of digital channels, the sentiment hasn't. Customers still look to brands to replicate the feel of that in-store experience of the past, where they knew you by name and personalized offerings based on your past behaviors in the store. Today, that expectation extends outside the store setting and into digital channels. Consumers expect marketers to anticipate their needs, know them, use their data to not only tailor the experience, but to make it easy to engage.

"Interactions should be personal and oriented toward meeting a customer's needs, emotionally and logically. The experience, in many ways, is a byproduct of meeting this personal need," said Ethan Hanson, Director, Digital Marketing and CX strategy at Merkle.

In a world where consumers spend 6½ hours every day on digital channels, the face-to-face relationship may be waning, but the opportunity for connection isn't.[1] In fact, more than half (63%) of consumers expect personalization as a standard of service.[2] For brands to meet these expectations and deliver top-notch experiences to their customers, they have to provide relevant and useful solutions to their customers' needs. To do this, they need to know who each customer is at an individual level — not just at an audience level. But, because customers switch between channels and devices, online and offline, actually knowing who a customer is online isn't so simple.

To better understand where brands are on the path to delivering these kinds of hyper-personalized experiences that customers clearly say they want, Merkle partnered with Marketing Dive's Brand Studio to survey 195 marketing executives, directors, and managers. We asked them about their successes and challenges with identifying who their customers are online and delivering consistent, personalized experiences to them.
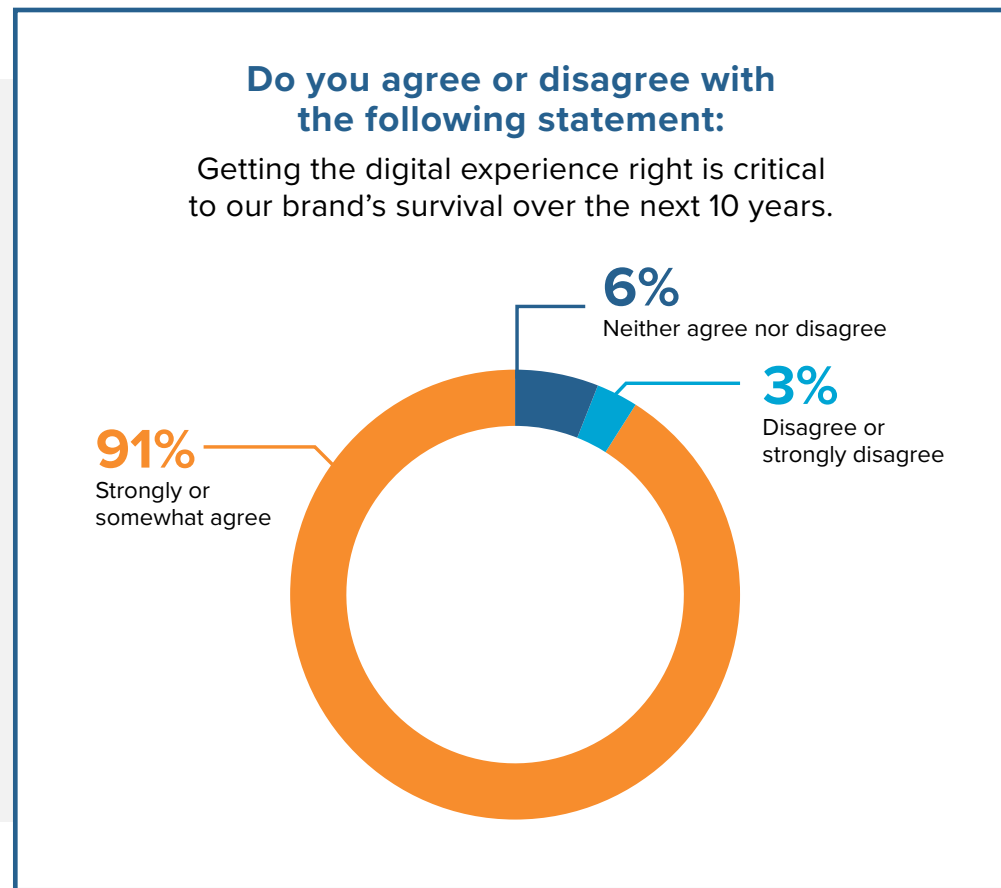
Here's what we uncovered.

ABOUT THE RESEARCH

In February 2020, Merkle partnered with Marketing Dive's Brand Studio to survey 195 marketing executives, directors, and managers on the topic of delivering customers personalized experiences.

There's no doubt about it —
getting the digital experience right is vital.

When we asked participants if getting the digital experience right is critical to their brand's survival over the next 10 years, we got a resounding, "Yes!" Ninety-one percent of respondents strongly or somewhat agreed that if they don't get the customer experience right online, they may not be around in 10 years.

It's a sobering thought for the many brands still struggling to deliver the type of personalization customers expect, but it also brings home the urgency of focusing on improving the customer experience. In a previous survey by Merkle, 66% of consumers said they cared more about the experience than price when making a brand decision, and more than half (52%) of online shoppers reported having stopped shopping on a brand website because of poor site experience.[3]

Do you agree or disagree with the following statement:

Getting the digital experience right is critical to our brand's survival over the next 10 years.

6%
Neither agree nor disagree

3%
Disagree or strongly disagree

91%
Strongly or somewhat agree

> **"Customer experience doesn't end at acquisition, so that data must be available to teams outside of marketing, including sales and service, to provide the right experience across those touchpoints."**
>
> *Evan Nicholson, Senior Director of Digital Experience Strategy Group at Merkle*

"What's hard about delivering a personal experience at scale is that it requires the interpretation of many different sets of data, all describing some state of the customer journey — by different platforms," said Evan Nicholson, Senior Director of Digital Experience Strategy Group at Merkle. "Customer experience doesn't end at acquisition, so that data must be available to teams outside of marketing, including sales and service, to provide the right experience across those touchpoints."

Departmental and technology silos make getting this holistic view of the customer journey a real challenge. As your company starts to focus more on driving customer-first experiences, you will also need to develop new ways to incentivize data sharing across the company. Ensure that the data you collect and the technologies you use allow you to drill down and identify customers at the individual level so that you can improve the overall customer experience.
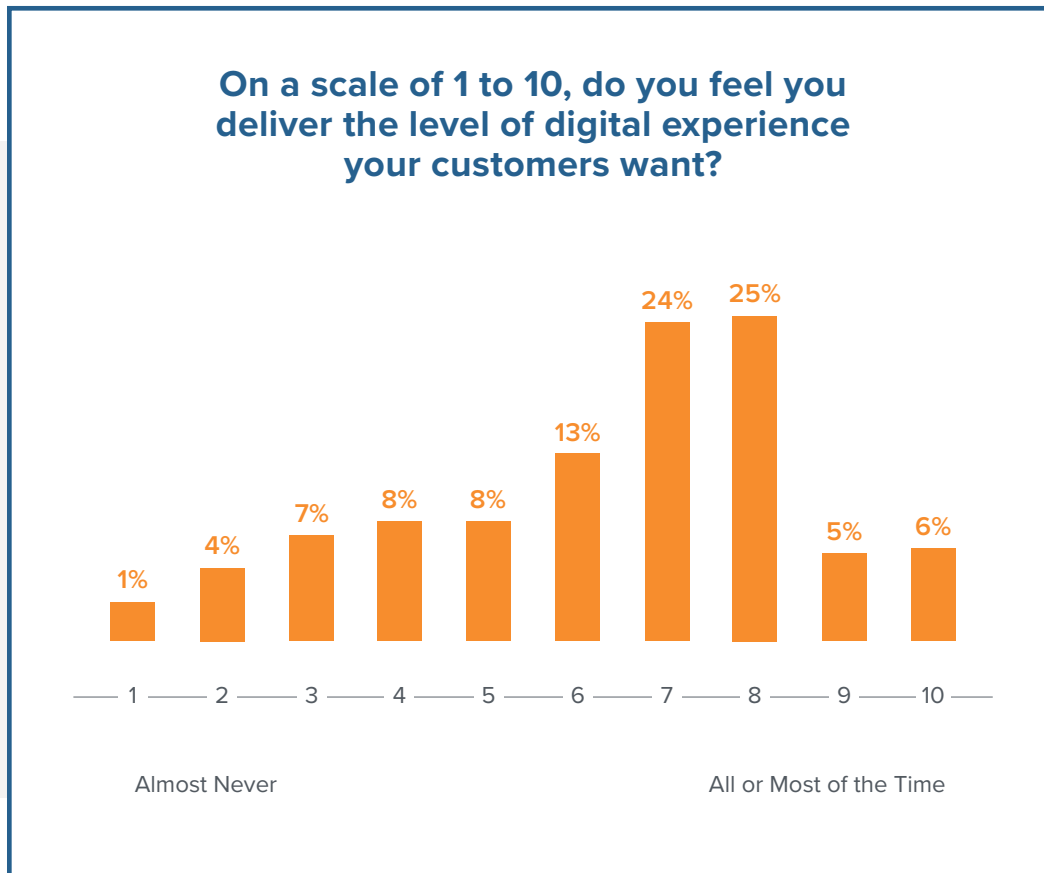
You've got to know your customer to know you're getting the experience right.

Many companies may have some pieces of data about their customers — such as their geographic region based on their IP address — but they still don't know if the customers are male or female, what they bought (or didn't buy) last time they were on the site, or their names and email addresses. So, the question is, if you don't truly know who your customer is, can you still deliver an exceptional customer experience?

While only 11% of respondents felt they excelled at delivering a digital experience their customers wanted, surprisingly, those who "don't try to identify customers online" were also the most likely (18%) to say they excelled at delivering digital experiences that met customers' expectations. Of those who were "right most of the time" when it came to identifying customers, only 16% felt they excelled at delivering digital experiences, and of those who were "wrong most of the time," only 5% said they excelled.
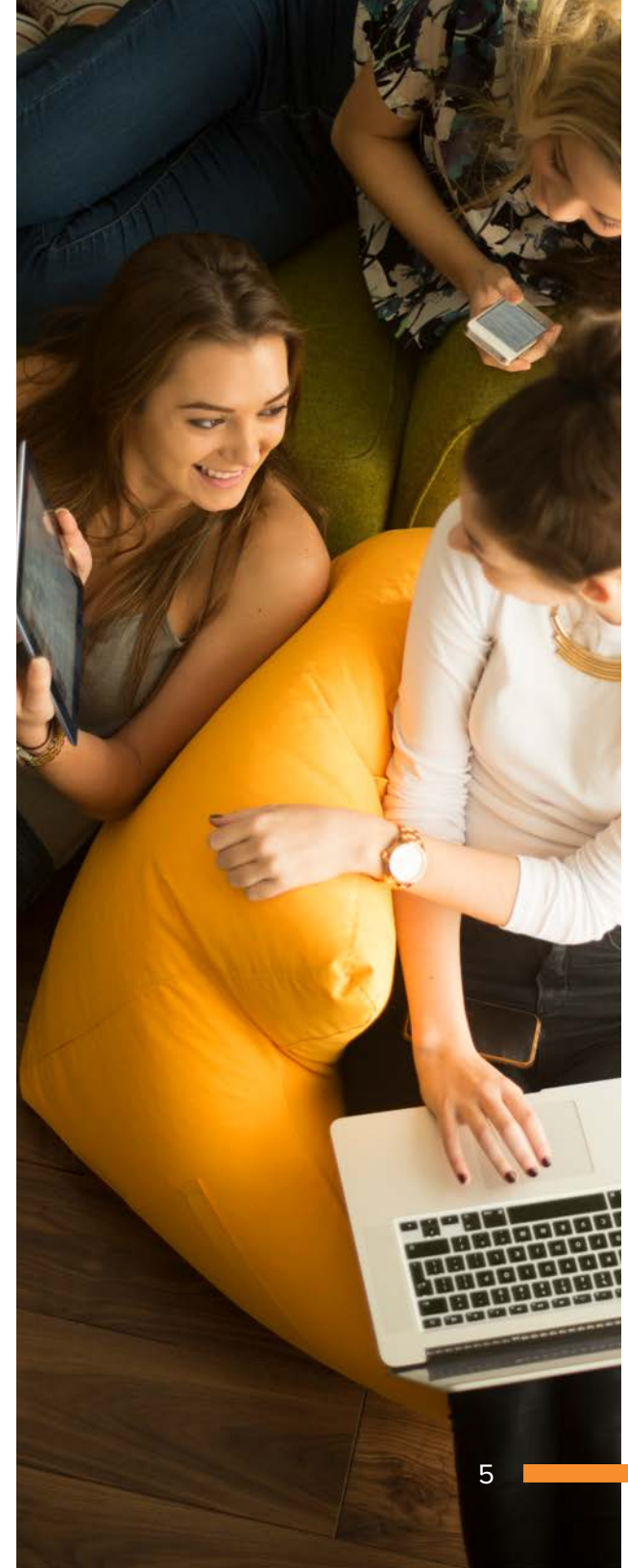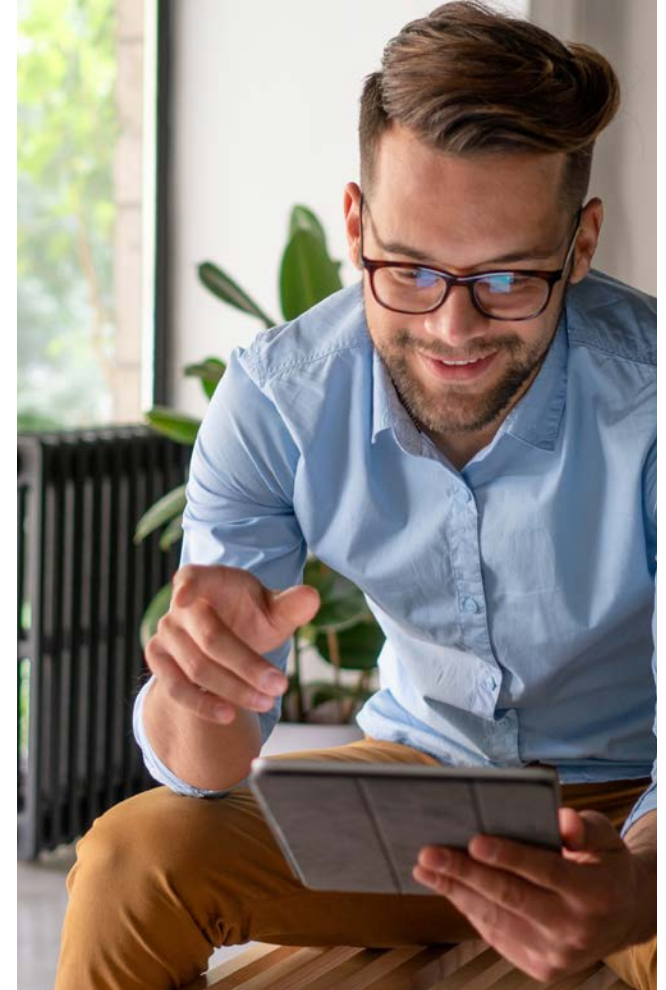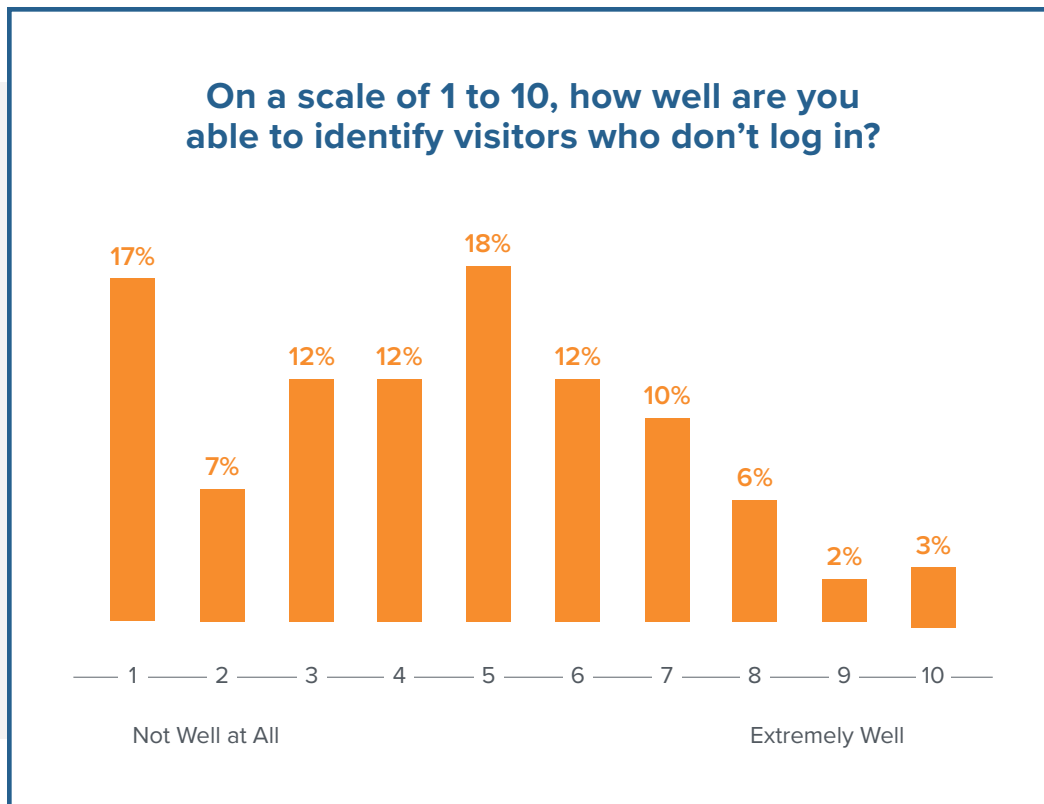
Overall, almost half (49%) felt they were average at delivering digital experiences, rating themselves a 7 or 8 on a scale of 10 regarding their ability to deliver the digital experiences their customers want.

On a scale of 1 to 10, do you feel you deliver the level of digital experience your customers want?

Rating	Percentage
1	1%
2	4%
3	7%
4	8%
5	8%
6	13%
7	24%
8	25%
9	5%
10	6%

Almost Never — All or Most of the Time

Of those who were "right most of the time" when it came to identifying customers, only 16% felt they excelled at delivering digital experiences, and of those who were "wrong most of the time," only 5% said they excelled.

"I think what this shows is that while people think they might be doing some personalization, they're missing the fundamentals," said Barry Latimer, vice president of marketing technology at Merkle. "Brands think they're doing some personalization, so they're ticking that box on a personalized customer experience, even though they don't know who they delivered it to. But if you don't know who it's delivered to, how can it be correct?"

Our survey also found that understanding customer identity becomes even more challenging when customers don't log in. Only 5% of respondents felt extremely confident in their ability to identify visitors who don't log in. On a scale of 1 to 10, 66% scored themselves a 5 or lower in their ability to identify users who don't log in.

On a scale of 1 to 10, how well are you able to identify visitors who don't log in?

Score	Percentage
1	17%
2	7%
3	12%
4	12%
5	18%
6	12%
7	10%
8	6%
9	2%
10	3%

Not Well at All — Extremely Well

While reconciling a customer's identity can be difficult, it is essential. Identity needs to be at the core of every marketing touchpoint to see patterns of behavior at an individual level that can then lead to more personal experiences.

"When companies get identity management correct, we've seen results of 30% plus increases in revenue from digital experience channels," Latimer noted. As an example, he cites a leader in professional and consumer imaging equipment and information systems. By shifting its mindset from product-centric to customer-centric, the company saw significant results in an email campaign that focused on one-to-one personalization for abandoned cart and abandoned browse, including:

39%
LIFT IN REVENUE PER CUSTOMER (ABANDONED BROWSE)

315%
LIFT IN REVENUE PER CUSTOMER (ABANDONED CART)

187%
LIFT IN CONVERSION RATE POST ABANDON

Genuinely thinking customer first means recognizing that every customer is on a unique journey in the life cycle with your business — whether that's discovering your brand, making that first purchase, staying a loyal customer, or starting to re-engage with you after having fallen off. And to connect with them, you need to communicate with them in ways that are relevant to them personally, not simply to a broader audience segment.

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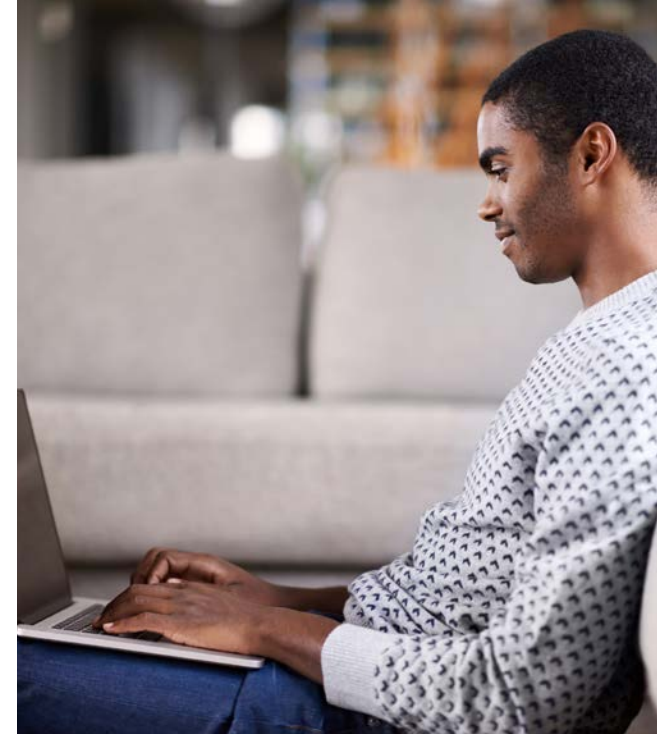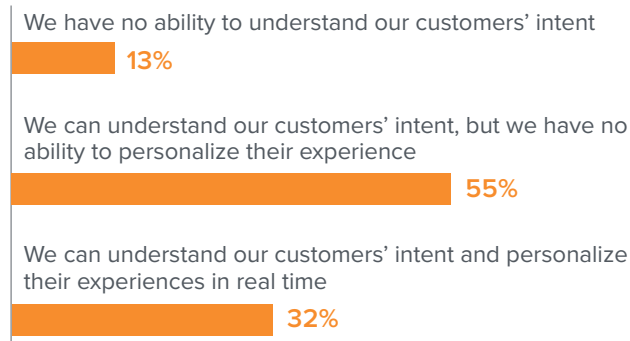> *Barry Latimer, Vice President of Marketing Technology at Merkle*
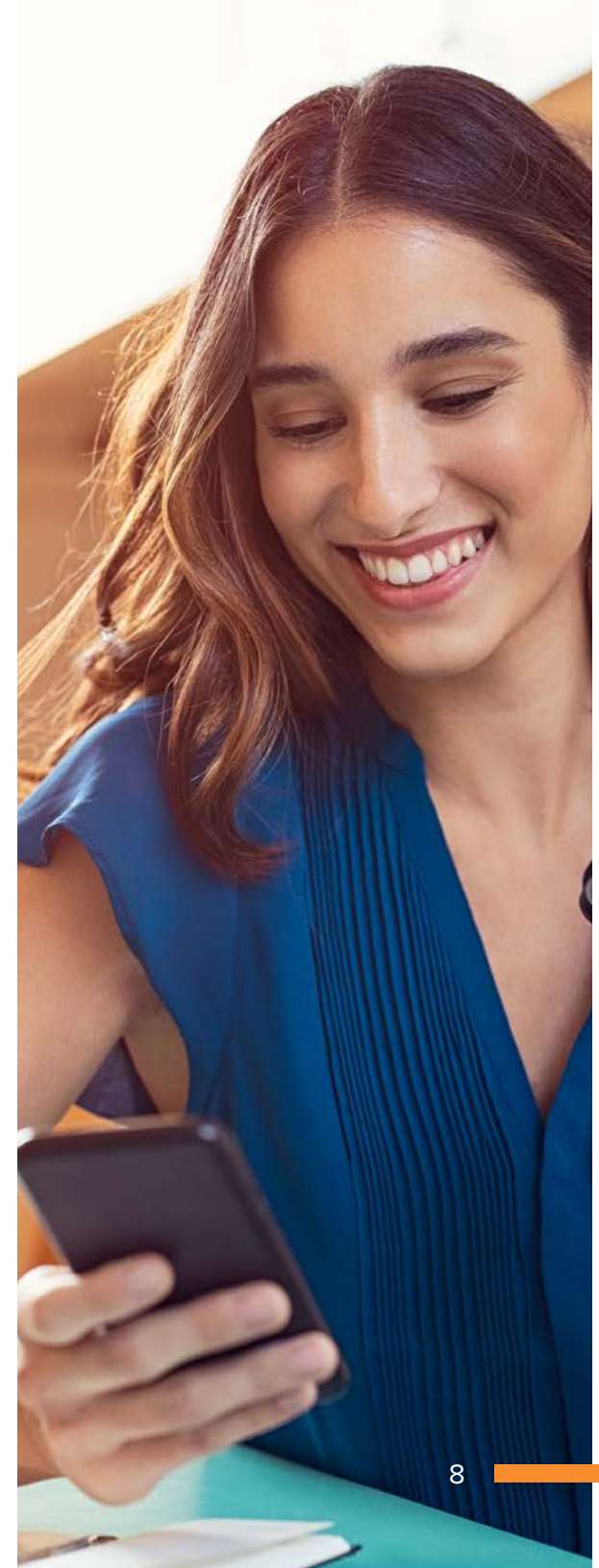
Understanding intent is useful,
but intent alone doesn't provide a complete picture.

When asked if they could understand their customers' intent, 87% of respondents said they could. While on the surface, it may seem that understanding intent is enough to allow for personalization — it's not.

What is your organization's ability to understand what an individual wants to accomplish online and to personalize the experience accordingly?

We have no ability to understand our customers' intent
13%

We can understand our customers' intent, but we have no ability to personalize their experience
55%

We can understand our customers' intent and personalize their experiences in real time
32%

"The ability to recognize a user without understanding his or her intent may mean you can optimize a short-term outcome well, but at what long-term cost?" Nicholson said.

The point here is that without knowing who a user is as a specific person, even if you understand intent, you may be overlooking important aspects that could affect the experience. You may waste a lot of effort and revenue reacquiring existing customers who are already loyal.

"About 80% of people will buy without logging in. So even though you know there are many repeat visitors, you're not necessarily able to directly market to them regularly," Latimer said.

Thus, even if you understand that a customer's intent is to make a purchase online, you may be incentivizing those customers more aggressively than you need to — spending money on reacquiring customers you already have.

Another consideration around intent is whether you can recognize intent across the customer life cycle, not just on a single channel. Can you do it with engagement and research, as well as service and human channels?

"Your execution should be based on known points of friction for your customers. Do they have enough information to make a decision? Do they have the information on where and how to engage with you?" Hanson said. "You can't just put dynamic content on the site and let it run. You need the overall experience to be dynamic. You need to allow interactions in one place to drive how you communicate back to the customers in all channels."

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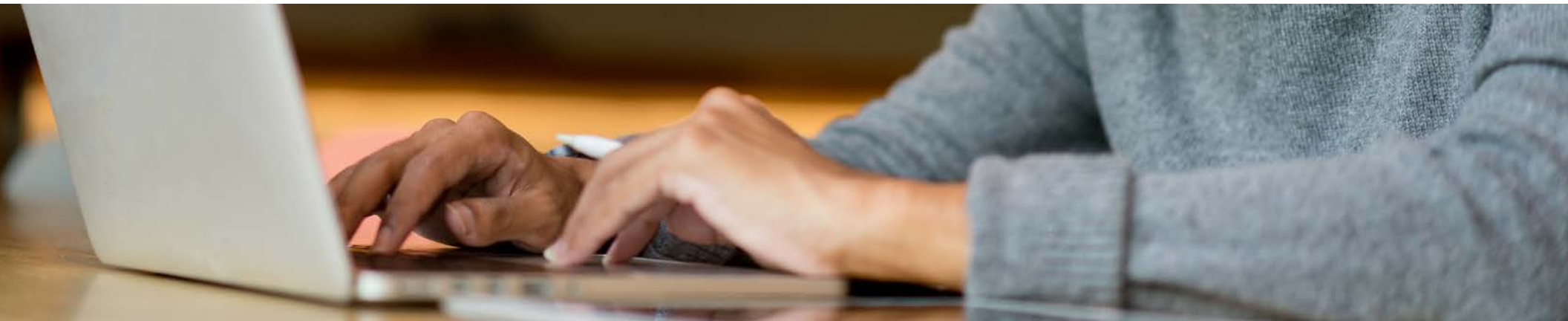
Delivery of personalization remains **the elusive North Star for most brands.**

Even once you've checked the other personalization boxes — you know who your customers are and their intentions — you still have to create and deliver experiences that will delight them and motivate them to act. However, this is another area where many marketers and brands acknowledge they still struggle.

In our survey,
68%
of respondents said they had "no ability" to personalize the customer experience.

"The last mile of delivery is challenging, because it requires having all your data, technology, and teams in sync and then being able to orchestrate that across all channels," Nicholson said.

As you begin to think about how to better deliver a personal experience across the journey, your website should be foundational. Not only is your website often the point of purchase, it is also one of the best places to learn more about your customers and their interests. Your website is where your customers often meet your brand for the first time, where you persuade them to provide their information to you for the first time, where they will likely spend the majority of their time with you, and where you'll often advance to

the next step in the journey by sending customers emails. How data flows to and from your website and the digital experience that it evokes are critical to delivering the total customer experience promise.

Given the number of customer interactions your website facilitates, it should also be the first channel you look to for delivering a personalized experience. From there, it is recommended you start small — with your website plus one channel. Then, as you master one channel, you can add another, until you slowly build up to achieve your North Star — a consistent and relevant experience across the customer journey on every channel.

To know thy customers is
to convert thy customers.

When you know who your customers are, you can truly create experiences that are at the right time, in the right place, and to the right person. And when you get these three aspects of the experience aligned, you'll not only be able to create the types of meaningful and personal relationships customers seek, but you'll also be able to capitalize on that closer, more personal relationship to build long-term loyalty and revenue.

Sources

1. Mark Dolliver, "US Time Spent with Media 2019," eMarketer, May 30, 2019.

2. "Consumers expect personalization, reveals report," Retail Customer Experience, April 8, 2019.

3. "The Experience Impact," Merkle, March 22, 2019.

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Merkle is a leading data-driven, technology-enabled, global performance marketing agency that specializes in the delivery of unique, personalized customer experiences across platforms and devices. For more than 30 years, Fortune 1000 companies and leading nonprofit organizations have partnered with Merkle to maximize the value of their customer portfolios. The agency's heritage in data, technology, and analytics forms the foundation for its unmatched skills in understanding consumer insights that drive people-based marketing strategies. Its combined strengths in performance media, customer experience, customer relationship management, loyalty, and enterprise marketing technology drive improved marketing results and competitive advantage. With 9,600+ employees, Merkle is headquartered in Columbia, Maryland, with 50+ additional offices throughout the US, EMEA, and APAC. In 2016, the agency joined the Dentsu Aegis Network.

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