



2017 Personalization Development Study

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2017 Personalization Development Study

Marketers acknowledge that personalizing communications is a worthy goal. We know personalization* increases loyalty, drives higher conversions and grows revenue. Yet when it comes to executing against this vision, the journey to personalization is deemed a challenging one – and for good reason. Data integration, gathering buyer insights and connecting systems is hard work and fear of the unknown has led marketers to segmentation strategies rather than creating truly personal experiences.

At Monetate we believe the journey to personalization should be accelerated because we've seen its power in action at companies like Amazon, Newegg and JD Williams when they go beyond segmentation. To help better understand the factors involved, we wanted to go beyond the metrics and dig into the organizational challenges these companies addressed to turn personalization into an attainable mission. Towards that end, in November 2016 Monetate kicked off a research study to understand what it takes to turn personalization goals into measurable ROI.

**For the purpose of this study personalization was defined as: The ability to interact with each individual, at any moment, across all touch points, based on everything known about them. Examples would be cross-channel triggered messaging or emails, targeting based on individual behaviors or attributes, segmented or individualized product recommendations, chatbots, etc.*

In this report you'll read the lessons learned by studying the practices of the 131 senior marketers who shared their challenges and successes with us in that study. We studied companies that reported they exceeded revenue expectations over the last 12 months against those that met and missed their revenue goals. By comparing their practices, a clear road map surfaces on how to structure your organization for maximum results. Some of our key findings include:

- **Personalization winners are profitability winners.** 95% of those that get 3x+ ROI from their personalization efforts increased profitability last year, vs. 77% of those that got 2x and 63% of those that got 1x.
- **Documenting a personalization strategy impacts your ROI.** 79% of those that exceeded revenue goals have a documented personalization strategy, compared to only 31% of those that meet goals and 8% of those that miss revenue goals.
- **Dedicated investment is a must.** Those that exceed revenue goals have a dedicated budget for personalization 83% of the time.

We invite you to read the full report to learn more critical practices that will turn your personalization efforts into solid ROI.

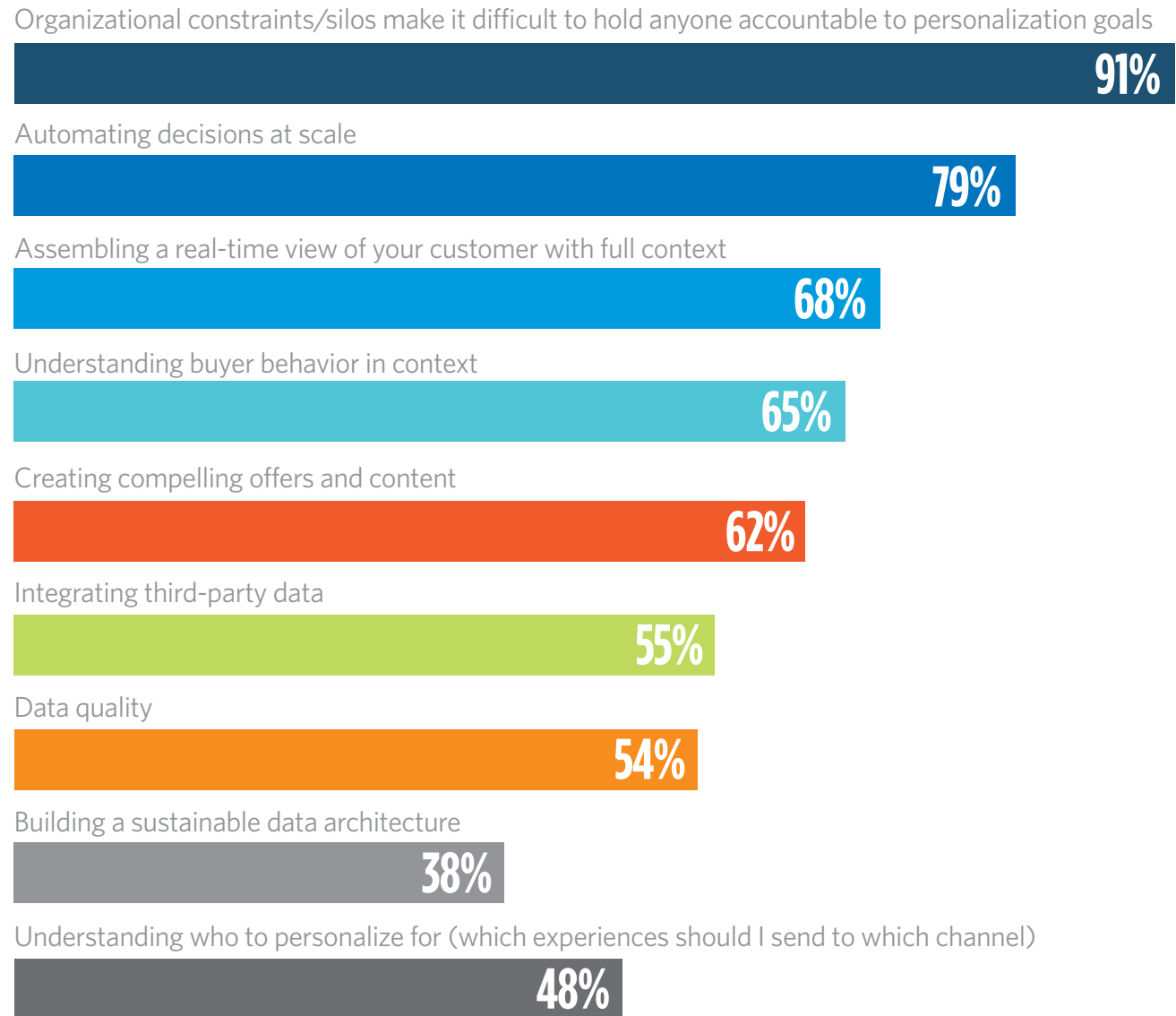
Challenges

Before jumping into what works, let's get a clear picture of the challenges marketers face when implementing personalization.

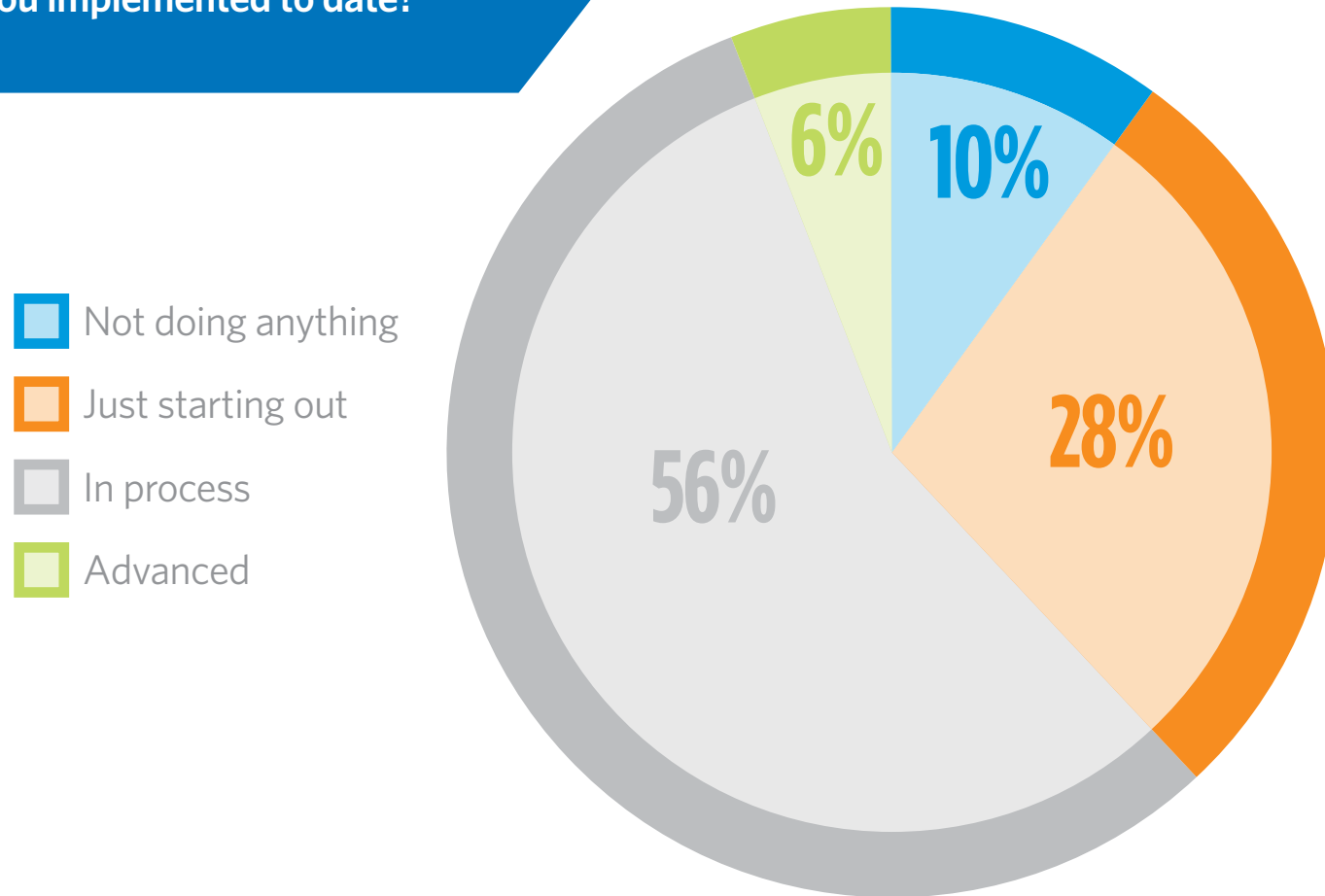
Participants were asked to rank which challenges had the largest impact on their business. While there are a number of challenging factors from data integration to automating at scale, the number one constraint is organizational in nature. This is something that those that exceed revenue goals have managed to overcome with dedicated budgets and financial incentives as we'll see later in the report.

What are your biggest obstacles to moving beyond segmentation to true 1-to-1?

Given these constraints it's no wonder only 6% of organizations are advanced in implementing their personalization strategy.



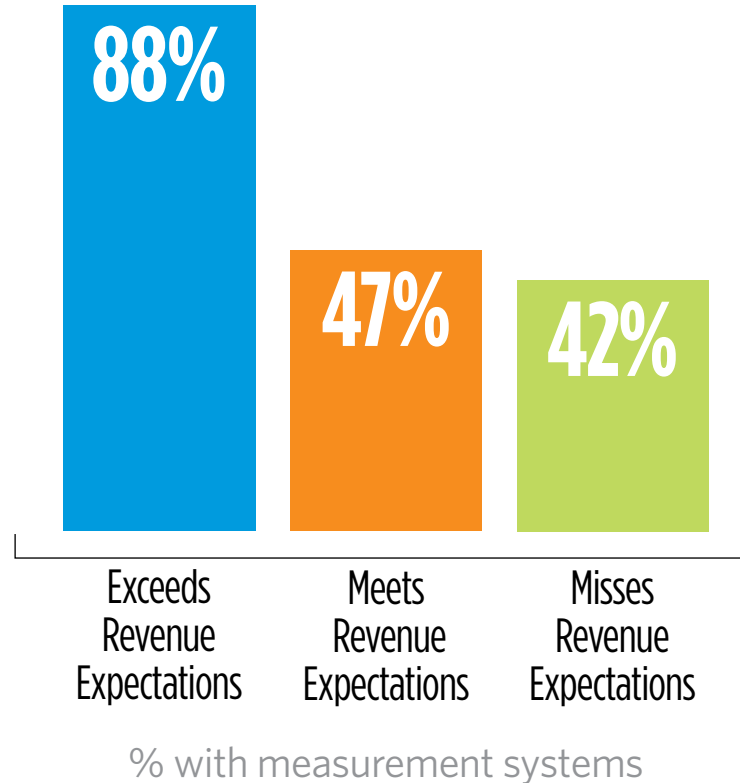
How much of your personalization strategy have you implemented to date?



Measurement

Not surprising, those that are most effective have invested in tools specifically to measure personalization efforts. In fact, 88% of those that exceeded revenue expectations have personalization measurement systems in place (this is compared to only 42% that missed goals and 47% that met them).

Measuring pays off not just in revenue, but in profitability. Those who receive the most return on investment (ROI) from their personalization efforts, are also the biggest profitability winners. 95% of those that get 3x+ ROI from their personalization efforts increased profitability last year, vs. 77% of those that got 2x and 63% of those that got 1x. And, based on these stats about measurement, those same organizations could prove it.

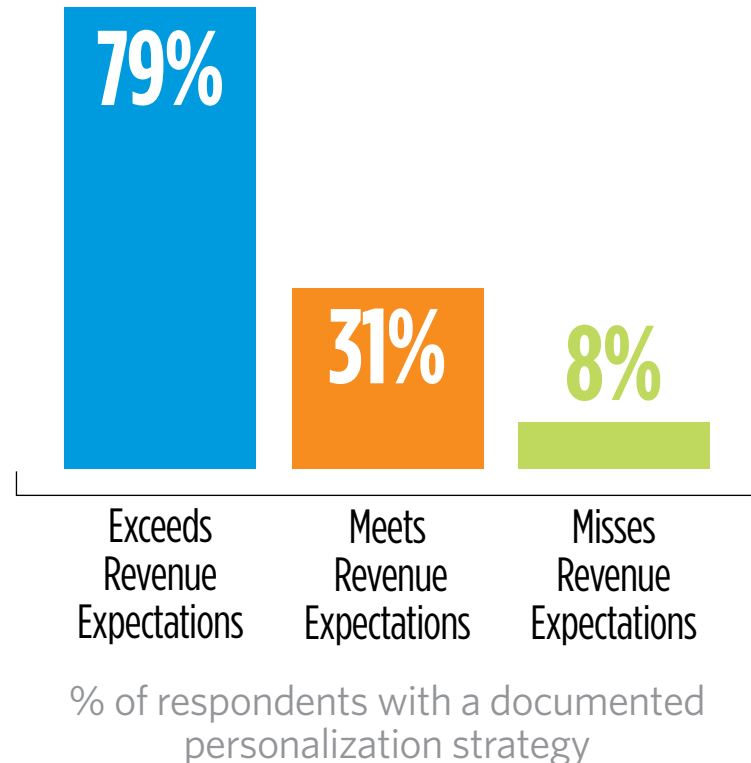


Documented strategy

The planning process appears to have influence over results as well. Our study showed that 79% of those that exceeded revenue goals have a documented personalization strategy, compared to only 31% of those that met goals and 8% of those that missed revenue goals.

While segmentation strategies bring early gains, it is not scalable, leading to a ceiling on results.

Read here to learn how to break down the wall by rethinking your approach to personalization.



Further documenting a plan has direct correlation on the organization's commitment to executing against it. Those that exceed revenue goals are more advanced in the actual implementation of their personalization strategy - 80% of their strategy is implemented or advanced vs. 44% for those that met and 33% for those that missed revenue goals.

Dedicated resource

When considering personalization, you might expect that those that are most successful would have the highest percent of people dedicated to personalization. If so, you'll be surprised to learn that, in fact, the most successful organizations had the lowest percent of dedicated resources.

Nearly half, 48%, of those that exceeded revenue goals don't have a dedicated person on personalization compared to 23% for those that met and 17% for those that missed their revenue goals.

At first this sounds shocking, but it is, in fact, a reflection of their maturity. Those organizations that have moved away from experimenting with personalization and instead have ingrained the practice throughout the operation as a normal course of business, see the best results. This is because the most successful businesses view personalization not a side project, but as an integrated part of their overall operation and it is a charter for everyone, not just someone.

Tip: If you are just starting on your personalization journey you may want to assign a dedicated resource. In the early days it can be helpful to have an internal champion. As your program matures, the goal will be to incorporate personalization into every marketer's day-to-day responsibilities.

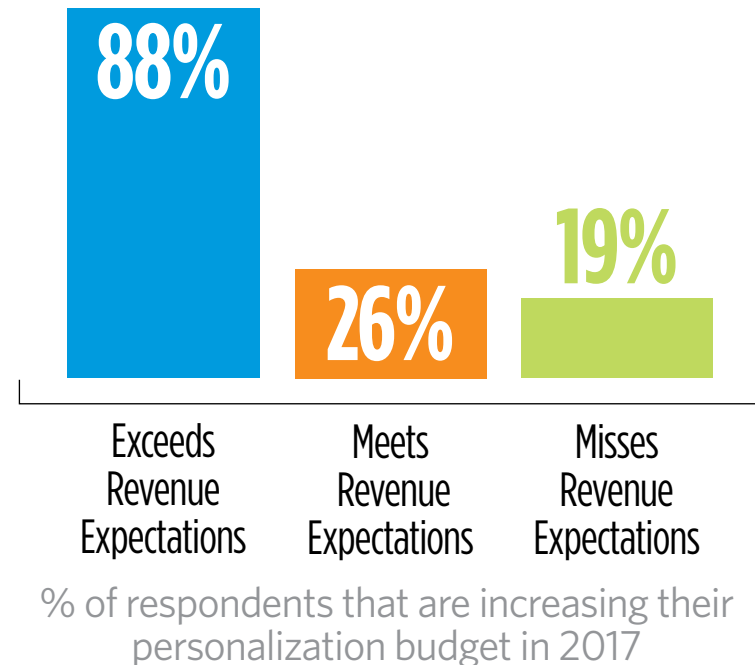
Personalization In Action

Office Depot, office supply mega store, has put a premium on developing exceptional customer experiences that save busy patrons time. By ingraining personalization in their larger customer experience initiative, the team was quickly able to test their hypotheses. Results were remarkable. Customers spent less time looking for what they wanted and more time buying. Those shoppers that received personalized widgets and targeted offers had 2x conversion, compared to those that were served a non-personalized page. [Read the full story here.](#)

Financial incentives & budget allocation

The structure put around the personalization effort also has an impact on the outcome. Those that exceeded revenue goals have financial incentives for personalization in place 83% of the time, compared to 23% for those that met and 17% for those that missed revenue goals.

Along with financial incentives, the most successful revenue generators also have a dedicated budget for personalization. Those that exceeded revenue goals have a dedicated budget for personalization 83% of the time, compared to 28% for those that met and 33% for those that missed revenue goals. And that budget is increasing at a higher rate than for under-performing peers. 88% of those that exceeded revenue goals are increasing budget for personalization in 2017 compared to 21% of those that met and 33% of those that missed revenue goals. By budgeting and creating financial incentives related to personalization, these brands are making it clear to their teams that personalization is a priority.

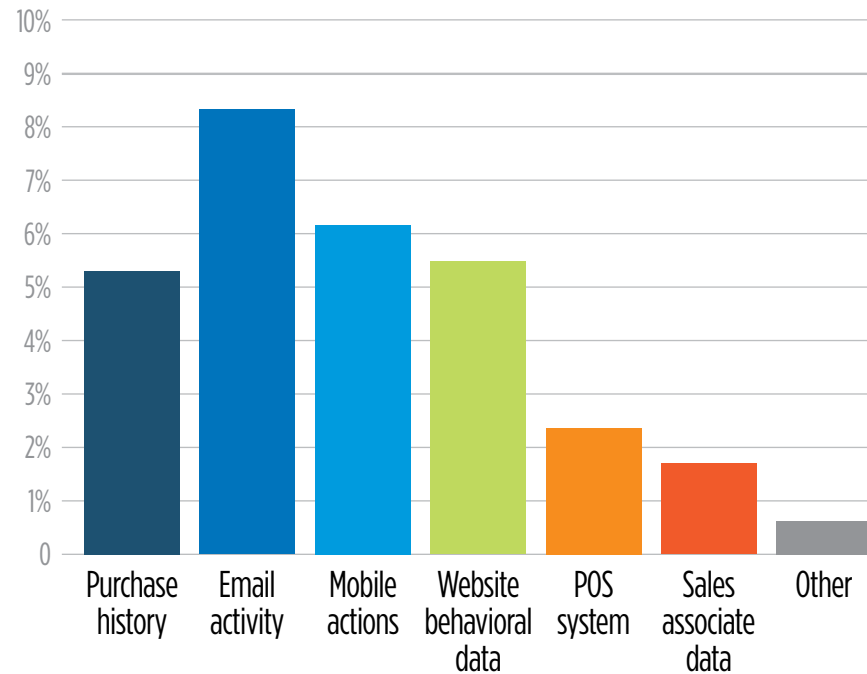


Contextual inputs

Organizations across all levels of maturity reported using an array of different data sources to personalize communications. Few organizations are fully integrating offline & online data insights today which is a reflection of the challenges of integrating data sources.

Which data sources are used to support personalization efforts?

Check all that apply

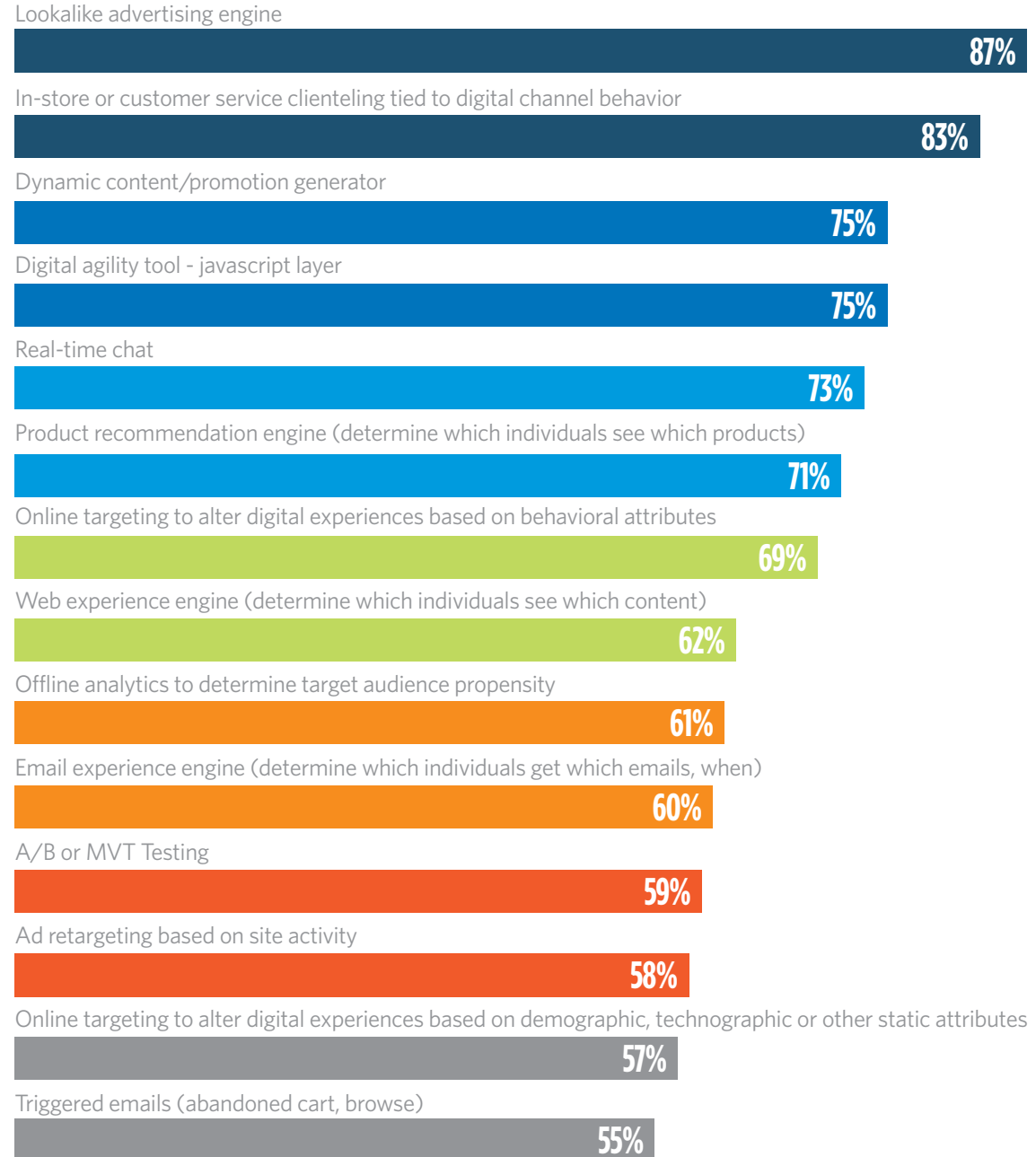


Note: Other had a host of responses, the most common of which was CRM system intelligence.

Triggered actions

Please identify which of the following applies to your business:

In addition to data sources, we asked participants how they were using the data to surface personalized experiences.



When we dive into the data by revenue success, there are some interesting trends.

- **Those that missed revenue goals** were heavily depending on A/B/N testing techniques. 89% of those that missed revenue goals were actively using A/B/N testing vs. 46% for those that exceeded and 74% for those that met revenue goals.
- **Those that exceeded revenue goals** use personalization in triggered emails 78% of the time, compared to 57% of those that met and 62% of those that missed revenue goals.
- **Those that exceeded revenue goals** used personalization for ad retargeting 79% of the time compared to 59% of those that met and 33% of those that missed revenue goals.
- **Those that exceeded revenue goals** use outputs of personalization insights for mobile apps 65% of the time compared to 16% for those that met and 33% for those that missed revenue goals.

Mobile accounted for 22% of retailer's U.S. revenue during Cyber Week 2016 (up from 8% last year)

Personalization Development Framework

Personalization is a complex journey that can feel overwhelming. As such, most organizations take a phased approach to implementing their personalization strategy. Below you will find the critical attributes that impact success. **Stage 1** represents experimentation in personalization. By **stage 2** the organization has started to see results and **stage 3** organizations are extremely mature in their personalization efforts and as a result reap the largest rewards.

Characteristic	Experimenting	Emerging	Advanced
Planning	Small experiments are conducted	Project-oriented plan documented	Documented strategy with milestones incorporated across the marketing operation
Staffing	On a list of priority initiatives with a person responsible to report on experiments	Dedicated person to champion across the organization	Personalization has become an integral part of all marketing operations and no longer requires a dedicated resource but, rather, employs an integrated approach
Measurement	No ability to measure or ad hoc process	Ability to measure impact of personalization on digital channels	Structured process to measure ROI from personalization across channels
Financial Incentives	None	Project-driven	Extended across functions
Budget	None	Funded out of overall ecommerce funds	Significant budget dedicated to personalization
Data Inputs	Some batch driven data inputs such as demographic data, used to personalize digital experience	Previous + purchase history & real-time website behavioral data	Previous + at least two of the following: email activity, mobile actions, POS system and sales associate data
Triggered Actions	1 or 2 channels typically email & website	3 or more digital channels	Omni-channel – digital and physical (Sales associate, call center, mobile app, website, email, etc.
Technology	Manual Testing & Segmentation	Automated Testing & Segmentation analysis & action	Artificial intelligence driven automated

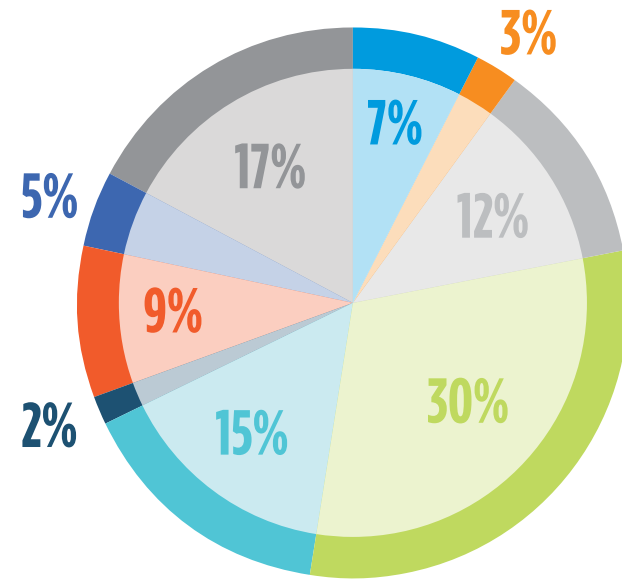
About Survey Participants

131 marketers participated in the research study which was promoted via email and social media.

Participants represented a range of consumer-facing industries.

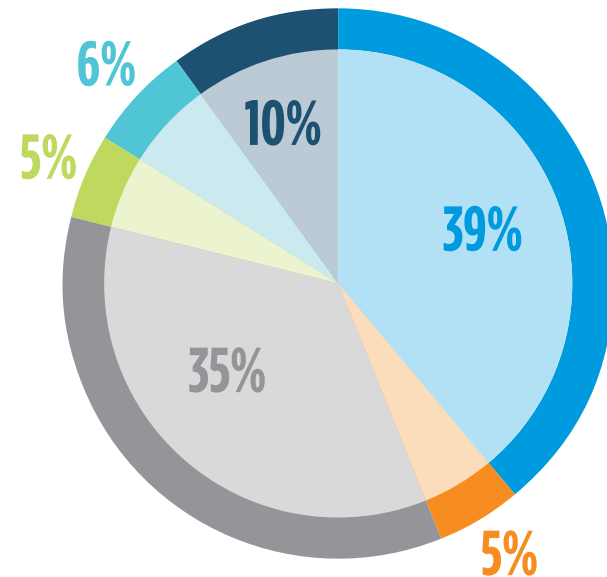
What is your role?

- Chief Marketing Officer
- Chief Customer Officer
- VP/Director Digital Marketing
- VP/Director Ecommerce
- Marketing Manager
- Marketing Operations
- Data Analyst/Business Intelligence
- Customer Marketing
- Other

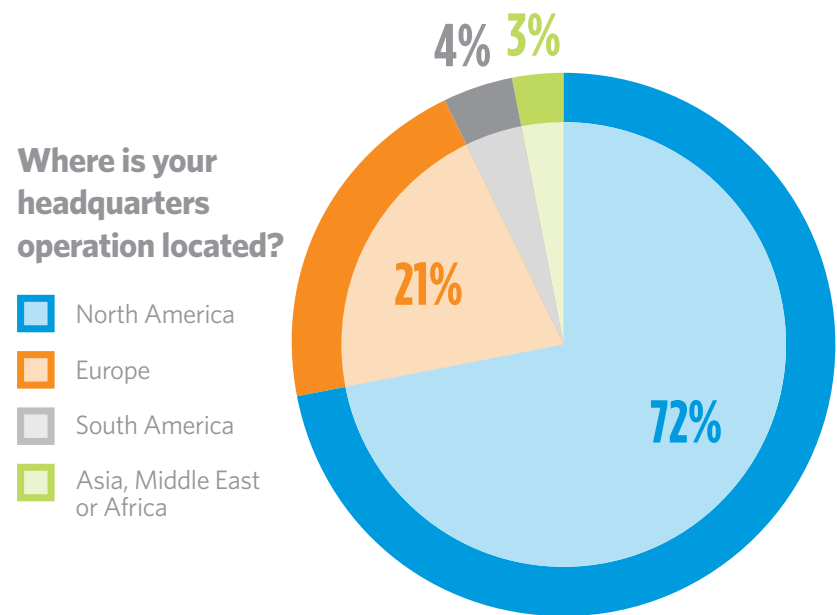
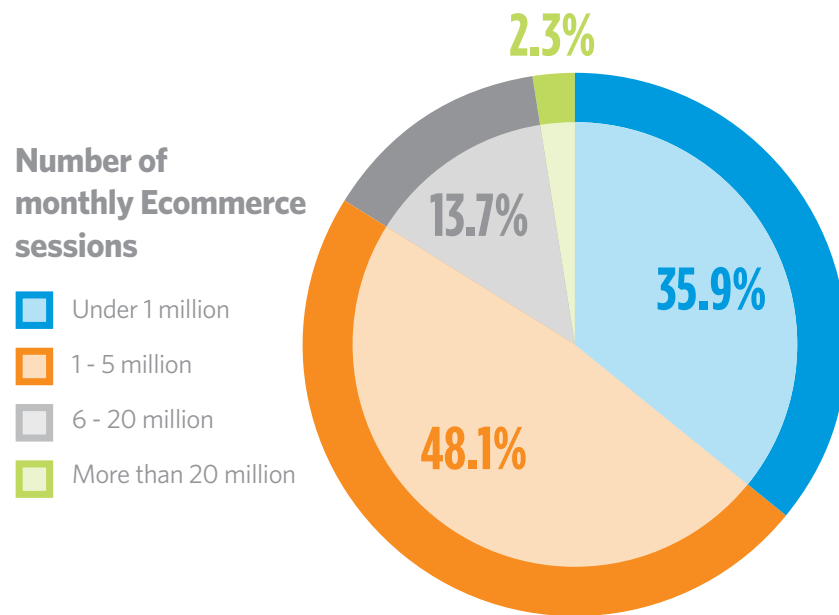


What is the primary industry of your company?

- Retail
- Financial Services
- Travel & Hospitality
- Media & Telecommunications
- Business to Business
- Other



Most respondents (more than 60%) have 1 million+ monthly ecommerce site sessions. 72% are headquartered in North America, 21% in Europe; the balance have headquarter operations in Asia, Middle East, Africa or South America.



About Monetate

Monetate is the leader in personalization software for consumer-facing brands. Our approach starts with the understanding that each individual is unique. We enable brands to create individualized experiences that surprise and delight customers, improving engagement and business performance.

The Monetate platform is open and independent, working seamlessly across your marketing stack. Monetate is real-time too, combining marketer-driven instincts with machine learning to deliver 1-to-1 personalization at scale.

Founded in 2008, Monetate influences billions of dollars in annual revenue for QVC, Newegg Inc., J. Crew Group Inc., The North Face, and hundreds of other market leaders.

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