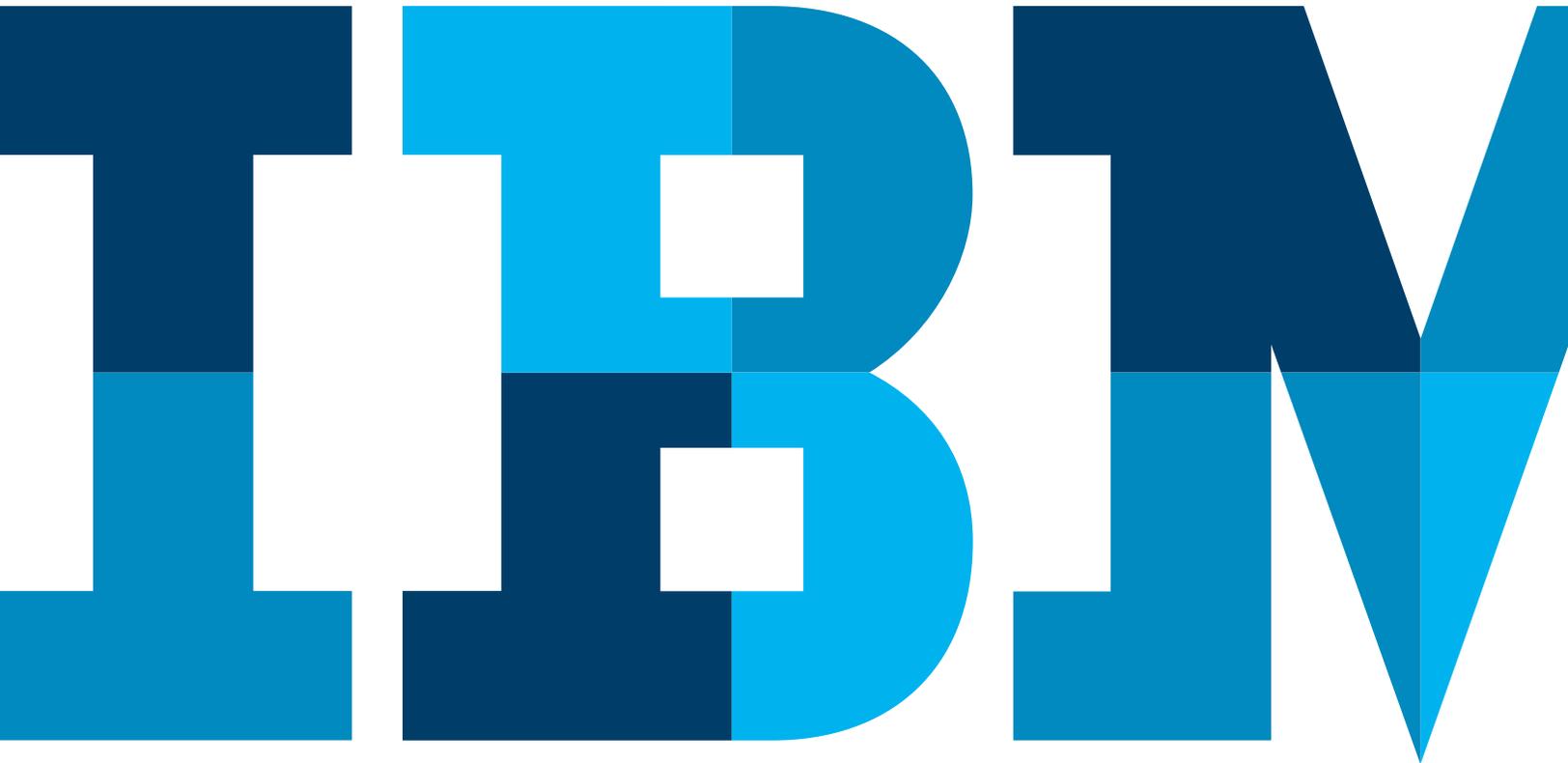


# Five ways to create and optimize your personalization programs



## Contents

- 2 Why use personalization
- 2 Five steps for creating, implementing and optimizing personalization programs
  - Set campaign goals
  - Put yourself in your customers' shoes
  - Keep it simple
  - Measure, test and optimize your performance
  - Expand your programs beyond the fundamentals
- 5 Program evaluation and reassessment: Three questions to ask yourself
  - How well do you know your customer?
  - Are you engaging with customers at the right touchpoints?
  - Can you effectively scale your programs?
- 6 Curate meaningful customer interactions with real-time personalization
  - IBM Real-time Personalization
  - IBM Product Recommendations
- 7 About IBM Marketing Solutions

## Why use personalization

Personalization is a highly effective strategy to engage, acquire and retain site visitors. Marketers leverage website behavioral data to tailor offers and content to visitors relevant to their known interests and browsing history. The most effective vehicles for personalization are personalized emails and personalized product recommendations.

## Five steps for creating, implementing and optimizing personalization programs

Often, the biggest challenge of a personalization program is getting started and creating a framework that can continuously manage, measure and optimize your initiative. Without a proper framework, the scope of personalization programs can become vast and even overwhelming. Consider these five simple suggestions to create, implement and optimize personalization programs for email marketing and product recommendations:

- Set campaign goals
- Put yourself in your customers' shoes
- Keep it simple
- Measure, test and optimize your performance
- Expand beyond the fundamentals

### 1. Set campaign goals

Marketing success is measured using quantitative and tangible results. Management is more likely to support and fund programs that visibly and positively affect the bottom line; therefore, set campaign goals and metrics that illustrate your business objectives and forecast the success of your program. It's important to first benchmark the performance of past non-personalized programs for comparison against your personalized campaigns. A digital analytics tool can help marketers measure the performance of past campaigns.

For example, an email marketing manager could use historical open and clickthrough rates from previous generic email programs and adjust the rates upwards for personalized email programs. Without historical granular performance analytics, the marketer can find it difficult to create benchmarks for success. Ideally, your marketing optimization solution provides quick access to historical performance metrics and provides a dashboard to monitor campaigns.

## 2. Put yourself in your customers' shoes

The mindset and motivation of your visitors are different at different shopping conversion points. Thus, you must plan your strategy to support your shoppers' decisions at key conversion points.

From an email perspective, personalized emails with relevant messages, promotions or content drive open rates and clickthroughs and help you avoid deletions and reduce opt-out rates. From a product recommendations perspective, it is important to display product offers and recommendations that align with your site visitors' interests throughout their shopping experience. For example, on a product page, visitors may respond to relevant, high-quality recommendations for similar products; however, when on a shopping cart page, shoppers may prefer to view complementary items that round out their purchases.

The key is to provide relevant product recommendations so that visitors continue to engage with you. Meeting increased customer expectations for a personalized experience across all channels is essential to cultivating strong relationships and driving sales.

## 3. Keep it simple

When planning your strategy, start with the fundamentals. Personalization is a broad strategy that you can apply across multiple channels and touchpoints. Marketers may want to employ many programs to maximize return on investment (ROI). However, implementing too many programs at the same time can create disorder and may lead to mixed results.

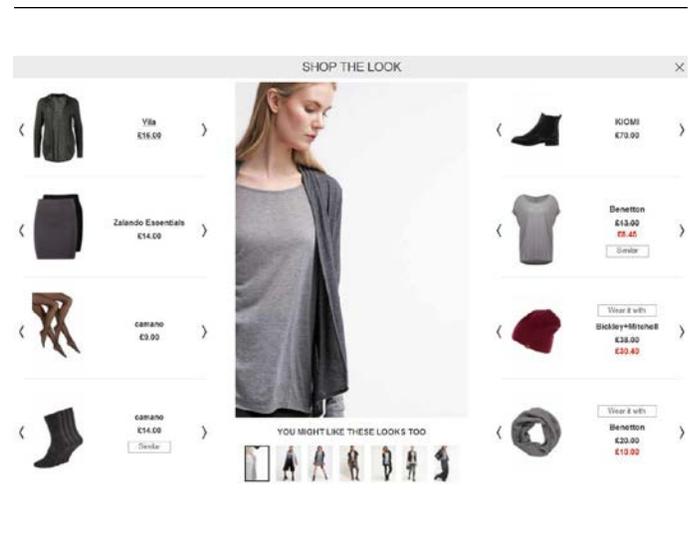


Figure 1: German retailer Zalando uses IBM technologies to provide personalized recommendations alongside each product page.

Creating realistic goals and programs also enables you to launch your initiative sooner. Begin by creating personalization programs at key customer touchpoints that align with your business goals and are consistent across channels. For example, if you want to capitalize on cross-sell opportunities, place product recommendations with the shopping cart and on the confirmation pages on your site. Then, send an email to retarget site visitors who browsed your site and who placed an item in a cart without finalizing a purchase.

Next, create a segment for cart abandoners. Follow up by creating email content with a promotion that can persuade these shoppers to return to your site. As you create more personalized email programs and measure results, you gain experience and learn what technologies, techniques and tactics work for you.

#### 4. Measure, test and optimize your performance

One of the advantages of personalized product recommendations and email programs is that you can quickly measure their success. Product recommendations will begin to affect revenues shortly after a campaign launches, while open rates and clickthroughs happen shortly after emails land in your target audience's inbox. The best marketers continuously track and analyze their marketing campaign results and compare the results to previously set goals (which marketers established in the first step).

Marketers can use dashboards to immediately present results to management. In addition, marketers can leverage advanced analytics to view results and identify future programs to optimize and enhance the visitor experience.

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**500friends, Inc. offers retailers a comprehensive suite of software as a service (SaaS) offerings for lifecycle marketing. Approximately 50 retailers with a combined 35 million loyalty members use 500friends solutions to cost-effectively implement omni-channel loyalty programs and personalized marketing campaigns.**

**The challenge:** 500friends, Inc. sought to help retailers to launch high-impact, cost-effective loyalty programs.

**The solution:** The Company teamed with IBM to streamline integration of the 500friends LoyaltyPlus Enterprise platform with IBM Commerce and IBM Marketing Solutions to help cross-channel retailers achieve faster time to value.

**The benefits:** Retailers using the joint solution can maximize customer lifetime value by driving retention and increasing frequency of purchases. One large retailer in the United States increased its per-member spending by an average of 20 percent, repurchase rate by 14 percent and enrollment rate by 45 percent.

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#### 5. Expand your programs beyond the fundamentals

After you begin to optimize your fundamental personalization programs, you can analyze the data and identify other opportunities to replicate your personalization marketing success. Creating programs that address other specific touchpoints in the customer lifecycle can result in an optimized site user experience for both first-time and return customers.

Two additional areas of focus to consider for enhanced personalization programs are personalized search landing pages and personalized product recommendations in emails.

- **Personalized search landing pages:** Create a strong customer experience by personalizing landing pages with relevant product recommendations based on customer-specified search terms. If visitors are landing on your page from search engine pages or using your on-site search engine, they would like to land on a page related to their search. Creating relevance for visitors can keep them engaged and increase conversions.
- **Personalized recommendations in emails:** Relevant emails have a higher open rate and stimulate higher engagement, which leads to higher conversions. Sending emails with personalized recommendations continues the sales conversation with the visitor after the site visit. Emails that contain relevant content result in higher open and clickthrough rates.

These five suggestions can help you develop the necessary framework to create effective personalization programs. Here are several key questions that can help guide your efforts, especially as you evaluate strategies and success to optimize your programs and expand the scope and depth of your personalization programs.

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**OCBC Bank is one of the largest banks in the Singapore-Malaysia market.**

**The challenge:** OCBC Bank was realizing sub-optimal results from its generic mass-marketing campaigns, losing out on revenue opportunities and compromising its position in the highly competitive Southeast Asia banking market.

**The solution:** With a sophisticated analytics platform and the IBM Marketing Operations suite, OCBC has transitioned to a personalized event-based marketing system that is achieving customer-centric goals of greater relevance and timeliness.

**The benefits:** OCBC's revenue driven by marketing has seen a triple-digit increase since implementing IBM; the bank has increased its number of campaigns 12-fold and its cross-sell conversion by a double-digit percentage.

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## **Program evaluation and reassessment: Three questions to ask yourself**

### **1. How well do you know your customer?**

Effective personalization requires that you leverage granular details about how your customers interact with your brand online. Without this data, it is difficult to create context and relevant messaging to your customers. The key to effective personalized emails is identifying and creating segments to target with personalized content. By leveraging rich data profiles about your customers you can deliver the most relevant product recommendations and personalized emails to your defined segments.

### **2. Are you engaging with customers at the right touchpoints?**

Personalized marketing programs can have varying levels of effectiveness based on where your customers are in the buying process. For example, customers are likely to delete promotional emails for products they have already purchased. In addition, product recommendations based on items that customers previously viewed and ultimately purchased may create confusion for the customers and affect their overall experience.

Using granular analytics can help you understand the performance of your programs and pinpoint both low performing areas of engagement and areas of high return. In addition, you can use techniques such as A/B testing to test page zones for product recommendations and identify optimal placement for personalized messages and recommendations.

### **3. Can you effectively scale your programs?**

As you continue to build a successful personalization program, continue to implement innovative solutions that increase your program effectiveness and automate manual processes. For example, implementing solutions that dynamically serve product recommendations based on visitor behavior compared to manual data analysis and reconciliation of large volumes of data can increase your productivity and enable you to focus on other strategic initiatives. In addition, you can create emails based on digital analytics, using advanced segmentation to automatically target and email select customers based on specific customer behaviors.

To be effective, automation solutions must feature capabilities that enable the marketer to fully customize and control the application. If the marketer cannot customize controls and define business rules, product recommendation and email programs may not directly align to certain business needs. The ideal solution offers users visibility, flexibility and control so that the marketer can create market segments, tailor product recommendations and reinforce personalized messages based on affinities, margins or other attributes, and preview and adjust the underlying logic of algorithms.

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**Telefonica | Vivo is the largest mobile telecommunications provider in Brazil, offering voice, text and web to nearly 60 million customers.**

**The challenge:** The Company generates approximately two billion call records per day. Manual list-generating processes performed by 30-plus marketing vendors created a nightmare of ineffective campaigns that didn't offer customers the services specific to their needs and created contact fatigue that devalued the brand.

**The solution:** Telefonica | Vivo is using IBM Marketing Solutions for call data, demographics and predictive modeling to deliver personalized offers at just the right time.

**The benefits:** Since implementing the IBM solutions, Telefonica | Vivo has:

- Increased the revenue generated from direct marketing efforts by 30 percent
  - Increased sales by five times on days that campaigns are launched
  - Increased the opt-in rate for customers who receive marketing messages through improved segmentation and targeting by 70 percent
  - Reduced marketing campaign operating costs by 80 percent
- 

## Curate meaningful customer interactions with real-time personalization

Your visitors and customers leave you a wealth of information as they browse your website. With the right tools and a strategic approach, you can put rich data to work to deliver product recommendations and personalize your site and emails with highly relevant recommendations and communications based on the visitor's interest. IBM's real-time personalization solution is used by marketers across a range of industries to deepen customer engagement and drive conversion and revenue.

### IBM Real-time Personalization

The IBM Real-time Personalization allows marketers to take better advantage of moments when customers and prospects choose to interact with a company. During these "inbound" contacts, IBM can determine in real-time, the most relevant product recommendations to deliver to an individual given who they are, their responses to previous recommendations, and the context of the current interaction. Unlike other personalization solutions, IBM offers a true omni-channel marketing approach, integrating inbound marketing interactions with your other outbound marketing efforts to ensure a consistent and relevant customer experience.

### **IBM Product Recommendations**

With IBM Product Recommendations, it is easy to optimize your marketing efforts and engage your customers with recommendations across multiple channels that are behavior-based, relevant and timely. Because recommendations from IBM Product Recommendations are driven by your customers' current interests, recommendations are received more positively and can lift revenues by as much as 20 percent.

The recommendation algorithms and personalization components of IBM Product Recommendations are 100 percent automated and continually learn from new crowd and individual data to optimize returns. In addition, IBM Product Recommendations provides users with the visibility, flexibility and control to quickly optimize product recommendations to maximize business results.

IBM Product Recommendations also makes it easy to demonstrate results by including impact reports that quantify the increase in revenue, conversion rate and average order value that are directly attributable to the recommendations.

### **About IBM Marketing Solutions**

IBM Marketing Solutions make it easier to design meaningful customer experiences across applications, devices and time, accelerating today's results and tomorrow's ambitions.

### **For more information**

To learn more about the IBM Marketing solution visit [ibm.com/marketing](https://ibm.com/marketing) or contact your IBM representative or IBM business partner.



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