

COLUMNS

Why marketers struggle with personalization

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Personalization is no longer simply a nice-to-have tactic for marketers, especially as companies face tremendous pressure to keep up with changing consumer and market demands.

The good news is that most companies are now taking a serious look at personalization.

Getting personal

A recent survey we did found that more than 60 percent of marketing professionals surveyed considered personalization to actually be a broader business strategy, not just another optimization tactic.

That said, though retailers and publishers may recognize the importance of personalization, they are still struggling to operationalize it beyond simple audience groups.

Seventy-five percent of survey respondents cited tactics such as audience segmentation and product recommendations as the lowest bars to meet for personalization.

While segmentation is undoubtedly effective, it is indeed just that: one low bar early in the journey to more exhaustive, more sophisticated personalization.

To develop a mature and sophisticated personalization strategy, marketers must acknowledge that segmentation is just one step in the path to true one-to-one personalization, and that the true Holy Grail of personalization extends far beyond segmentation and includes inputs such as multichannel data, behavioral data and even predictive insights.

These more mature approaches also require more significant resources and organizational support to get off the ground a time and capital investment that must bear more fruit for a business than just a few extra clickthroughs.

Segmentation versus one-to-one personalization

Segmentation is grouping customers together according to identifiable characteristics, whether those are demographic characteristics such as age, geography or gender or even learned characteristics such as repeat customer versus one-time customer.

Segmentation is a proven marketing strategy, outperforming one-size-fits-all, batch-and-blast tactics, but it is not game-changing in terms of driving truly differentiated customer experiences.

Consider the myriad differences in mid-30s women living in Manhattan who have all purchased from the same big box retailer.

True one-to-one personalization is focused on optimizing customer experience for individuals, not simply groups to which they belong. It is the idea of segment of one, and with advances in machine learning and marketing automation, it is not only achievable, it is very much a scalable workstream for marketers.

Nevertheless, segmentation yields results.

As we consider our personalization maturity curve, we find this approach beyond more a simplistic tactic such as field insertion. The more we move up and to the right of this curve, the metrics we affect move further down-funnel.

In other words, field insertion may drive incremental opens, whereas segmentation will likely drive more clicks and perhaps even more conversions and pageviews.

As we move further up the curve, we see approaches such as behavioral recommendations (e.g. browse abandonment, interest-based product recommendations), omnichannel optimization (e.g. leveraging in-store purchases in the digital customer experience) and, ultimately, predictive personalization (e.g. suppressing customers from receiving discounts if you know they have a very high propensity to buy today).

These more mature tactics are the ones that move the needle well beyond just clicks and conversions.

Commanding resources and support

If the potential return is so obvious, what is holding marketers back from elevating their strategies and achieving true one-to-one personalization?

According to a recent study we did, 42 percent of respondents cited a lack of resources such as time, people and budget as the primary barrier to achieving a mature personalization strategy.

While advancements such as machine learning and artificial intelligence have improved marketers' abilities to automate many of the processes that previously required extensive human intervention, marketers are still often hampered by legacy marketing clouds and tech stacks.

More specifically, because each product in a legacy stack stores customer data independently and differently, customer experiences become disjointed as consumers interact with brands across different channels. The databases are not integrated, making omnichannel personalization nearly impossible.

Perhaps even more concerning than data silos are organizational silos that challenge personalization momentum.

It is also deeply concerning to see how often marketing teams are siloed amongst themselves. For example, acquisition and retention teams do not share information.

Beyond their own teams, though, marketers need to make personalization a cross-team effort and bring in the requisite cross-functional stakeholders such as data science teams, marketing, and IT.

What was particularly striking about our survey was that only 16 percent of respondents thought C-suite executives needed to be involved or aligned in the process to achieve personalization. How will marketing teams ever command the resources they require if the C-suite is not informed and aligned?

Smarter business strategies call for smarter metrics

With any new business strategy of course comes an expectation for a supporting business case and success metrics, which is typically much easier said than done.

When it comes to one-to-one personalization and the metrics at play are those along the lines of customer lifetime value, marketers have a particularly delicate challenge on their hands. They are constantly being pressured to drive quick results and near-term revenue, and not recognized or rewarded for thinking about longer-term customer value, which is what ultimately yields sustainable growth and profitability.

While most businesses can talk about lifetime value and how to measure it, very few businesses are actively focused on how to manage it.

It is no secret that retailers and media companies continue to operate in an increasingly competitive environment,

nor is it a secret that today's consumers expect highly relevant experiences with the brands with which they engage. TO WIN in the longer term, marketers must corral the resources and support they require from their organizations to implement more mature personalization tactics and to truly play the marketing long game. That all starts with thoughtful discussions with the C-suite around personalization as an overarching business strategy versus a near-term conversion optimization tactic.

Even in the unlikely case that the incrementality of a one-to-one personalization approach is immaterial, what brand has ever suffered by providing more relevant customer experiences?

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