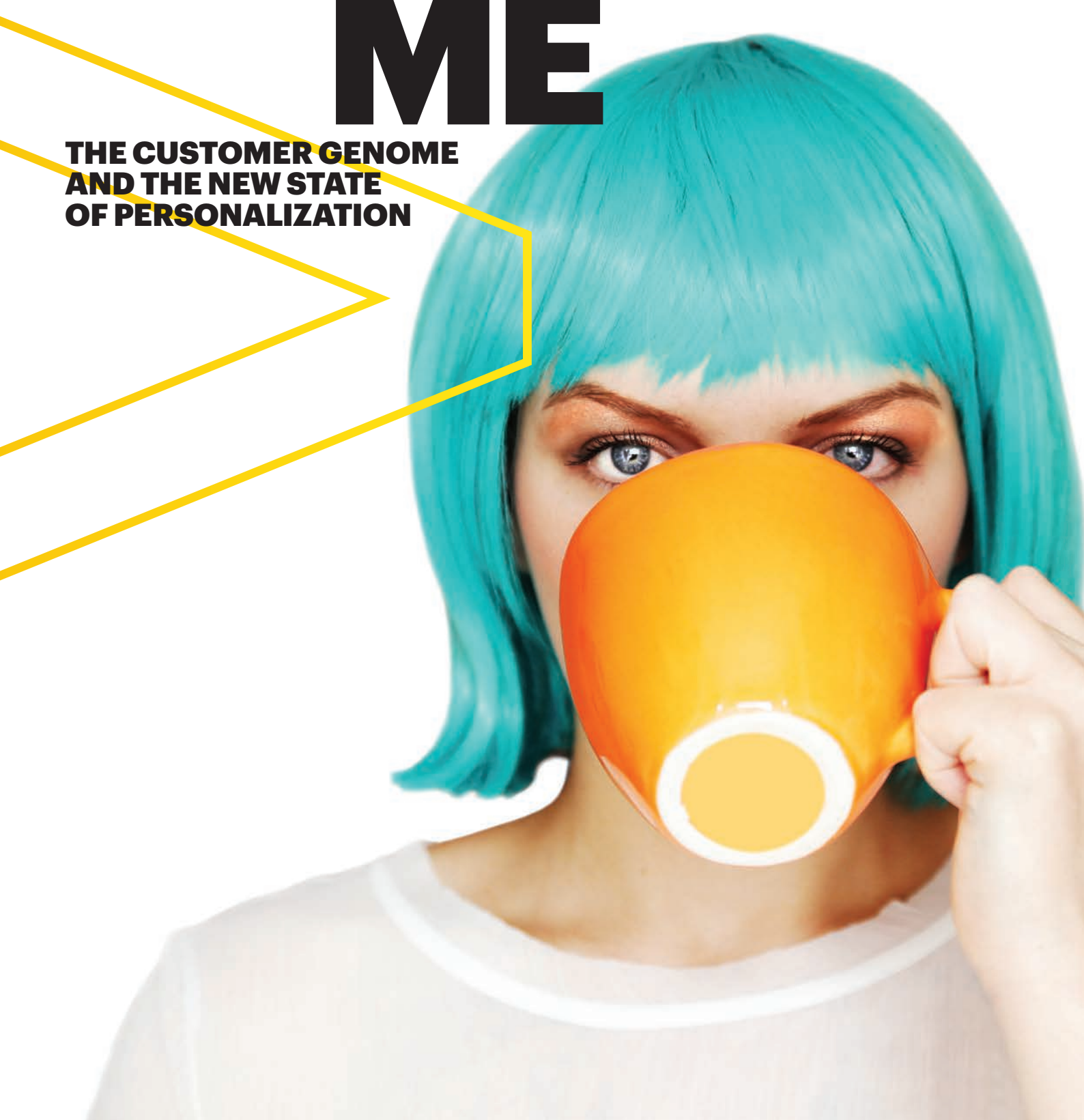


THE ART OF KNOWING ME

**THE CUSTOMER GENOME
AND THE NEW STATE
OF PERSONALIZATION**



THE DIGI TIZATION OF EVERY THING

has led to customers having an overwhelming number of choices in everything they do. We've moved from walking among 100,000 products in a 50,000 square foot store to having access to more than 10 million products on a 4-inch screen. This multitude of choices takes a toll on decision making.

One of the more startling revelations of recent years is that people are more likely to make poor decisions, be less satisfied, and switch entirely when confronted by too many options. According to Accenture's recent Personalization Pulse Check, 2016, **two in five** (40%) consumers have left a business's website and made a purchase on another site or in store because they were overwhelmed by too many options.¹ Companies recognize that simplicity wins in an era of all-you-can-choose. As a result, Fjord, part of Accenture Interactive, has identified 'taking things off the thinking list',² as a top trend impacting businesses today.

65%

OF CONSUMERS ARE MORE LIKELY TO BUY FROM A RETAILER IF THEY ARE RECOGNIZED, REMEMBERED AND RECEIVE RELEVANT RECOMMENDATIONS.³

As we move to the digital world, which offers an explosive number of options, many companies have lost the personalization that customers appreciate in their off-line world; personalization where a merchant recognizes them by name, remembers their preferences, and uses that understanding to help them make decisions. Personalization succeeds when companies make it easier for customers to engage, buy, and consume what they want versus the outdated concept of trying to predict the right product, place, and time. The former offers actively listening and serving similar to the benefits of having a personal shopper, as opposed to the old school salesperson approach of simply pushing products on customers.

To get to this level of customer understanding and service, companies must move beyond simply knowing what customers purchase or consume and begin to understand why they made those choices. Are they a brand fanatic? Do they prefer certain colors, styles, or features? Do they have unique needs for allergies or accessibility?



INTERACTION DNA AND THE **CUSTOMER GENOME**

Through what Accenture calls the customer genome, companies can build a living profile of the customer's unique preferences, passions, and needs, and lay the foundation for a future where personalization platforms can architect previously unimagined experiences.

Customers vote with their dollars when they make a purchase. This is often based on a variety of aspects, such as features, ratings and reviews, and brand name, among others. The various product attributes that customers have access to make up the product's DNA. The collection of these product attributes across the full set of merchandise can provide an extensive and descriptive data library to uncover why people chose what they chose. As an example, the DNA of a hotel is comprised of ratings and reviews, location, packages, amenities and brand characteristics (see Figure 1).

In fact, all interactions (such as mobile app usage, email responses, social interactions, poll submissions, in-person events attended, etc.) are comprised of descriptive attributes that shed light on each customer's unique preferences, motivations and passions. Combining attributes across all interactions creates the customer genome, which is a living profile of the most unique aspects of each individual as they evolve in real time. For example, as a customer books a hotel room we may see from his or her living profile that he or she has a preference for hotels with live music, centrally located, is a fanatic of a specific brand, loves pillow-top beds and prefers a variety of international restaurant options.

As one would expect, the development of a customer genome results in an explosion of rich and unprecedented information. This dramatic increase of knowledge requires more advanced methods, such as artificial intelligence, to determine the most relevant aspects of the customer genome to drive personalized recommendations, content, messaging, offers, and other subsequent interactions. There are many tools currently available that use techniques such as artificial intelligence, but most are failing to reach their potential due to a lack of the rich and comprehensive data needed for their algorithms.

The marrying of the genome and artificial intelligence should help companies achieve the expected return on investment that many have been promised or are currently evaluating.

Figure 1



HOTEL CUSTOMER'S LIVING PROFILE

WHAT?

The customer genome allows companies to capture all digital interactions that are comprised of descriptive and insightful attributes while purchasing or browsing products.

Facilities

- ✓ City center location
- ✓ Breakfast buffet
- ✓ Meeting rooms
- ✓ Parking with security
- ✓ Fully equipped gym
- ✓ Free Wi-Fi
- ✓ Mini-bar
- ✓ Satellite channels

Spa

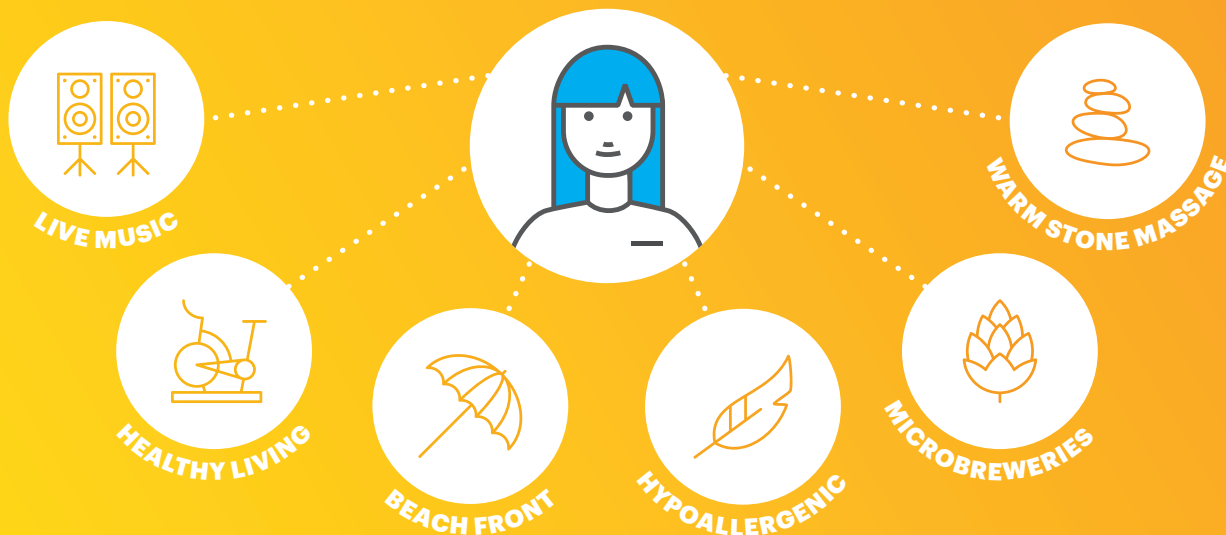
- ✓ Vegan product line
- ✓ 50 available fragrances
- ✓ Sugar or salt scrubs
- ✓ Warm stone massage
- ✓ Manicure & pedicure
- ✓ Aromatherapy facials
- ✓ Teas
- ✓ Sparkling water

Restaurant

- ✓ Foreign Cinema restaurant
- ✓ Indoor/outdoor dining
- ✓ Locally sourced Cal-Med
- ✓ 'Top 100 Restaurant'
- ✓ Best chef: Pacific
- ✓ Outdoor movie screenings
- ✓ Microbrews
- ✓ Specialty cocktails

WHY?

The collection of attributes provide an extensive data library that show signs of a customer's personality and preference on things that matter and starts to uncover **why** people chose what they chose.



IN SUMMARY

The living profile means more than personalization. It will help drive all forms of business decisions and will serve as the centralized customer intelligence to deliver an orchestrated experience across all channels and touchpoints.

RADICALLY MORE PERSONAL

The customer genome is significantly more personal than the simple tracking of customers' product purchases.

This can raise the question of whether this level of information is more creepy than cool, however, the real issue is one of ownership and benefit. Experience shows that the majority of people are willing to share their data through online purchases, store credit card purchases, loyalty programs and more, as long as three guiding principles are upheld.

80%

**OF CONSUMERS
COMFORTABLE WITH
DATA BEING COLLECTED⁴**

WHAT TO CONSIDER

1

TRANSPARENCY

The customer is aware that the data is being collected

2

CONTROL

The customer has control over editing, deleting or sharing information on his or her terms

3

SERVICE

The data is being used on behalf of the customer to enhance or improve his or her experience

These guidelines are something we see on a daily basis with many online transactions. Our credit cards, family's addresses, and transactional history are all very personal. Yet most people are comfortable with this type of data sharing given the benefits of receiving discounts, not having to repeatedly retype information or obtaining personalized assistance when shopping.

THE NEW STATE FOR **CUSTOMERS**

Uncovering why people choose versus what they choose enables companies to build an understanding of preferences, motivations, and passions, which goes far beyond the limitations of current merchandise, offers, and services.

For example, traditional wisdom-of-the-crowd techniques, like 'people who bought X, also bought Y', are tied to current merchandise and biased to fast-moving products. A new or infrequently bought product will generally not be recommended as it is impossible for a new product to satisfy 'people who bought' criteria. By focusing on the product DNA instead of the product itself, one can recommend new and infrequent products that more accurately reflect a customer's unique tastes.

These living profiles from the customer genome will serve as the centralized customer intelligence to help drive an orchestrated experience across all personalization platforms, such as recommendation engines, data management platforms (DMPs), rules engines, campaign management platforms, and experience optimization tools. This is naturally of greatest benefit to a company's most valuable customers, who are generally also the most active. It's important to recall

the Pareto principle, which says that only 20% of customers generally represent 80% of profits. That also means that your best customers are outnumbered 4-to-1 in your data, meaning their voices are often drowned out in white noise when combined with other customers. Trying to understand customers' preferences from panels or market research is not customer centric, but is instead segment centric. Only through the customer genome can companies ensure that each individual's voice is fully captured, which is especially important for one's most valuable customers.

**YOUR BEST CUSTOMERS
ARE OUTNUMBERED**

4 to 1

IN YOUR DATA



As powerful as the genome can be as a source of centralized intelligence for various personalization technologies, its real value will come as it is exposed to customers. Through intelligent service design the genome can be the backbone for a customer's personal assistant, personal concierge, or personal shopper. Another top trend identified by Fjord is the 'flattening of privilege'⁵ where highly tailored experiences were historically reserved for the very wealthy, with costs and scale being the main barrier to entry. Thanks to the low cost of digital experiences, the customer genome can enable highly scalable yet personalized experiences for the masses across both online and offline interactions. The exposure of the genome not only reinforces the transparency, control, and service-to-me factors important to its usage, but directly engages consumers in the personalization they receive and enables them to share this insight and experiences with others in an ever-growing social world.

NEW STATE FOR BUSINESS

The impact of the customer genome spreads far beyond personalization. It may be a subtle shift in the data that is captured by companies, but it represents a foundational shift in how companies interact with customers and compete in the market.

This is possible because the collection of voices that the customer genomes create becomes intellectual property (IP) from which to drive all forms of business innovation. This may include the creation of new products and services, evolution of merchandising and brand sourcing, and even online and offline transformations, all driven by rich and comprehensive customer preferences and dramatically improving the probability of their market success.

Everything from marketing, merchandising, personalization, and service design will change as the company embraces the customer genome IP and makes the shift to incorporate its use. This is especially critical for markets regularly under attack by digital pure plays that are more agile and less encumbered by legacy systems and cultures, and therefore able to rapidly adapt to customer needs.

THE CULTURE OF CREATION

Netflix has successfully moved from being a content distributor to a content creator, even though 'House of Cards' was initially seen as a big financial bet.

The success of this transformation was in large part due to its reliance on data and analytics, which has paid off enormously. Although Netflix does not rely on the customer genome as described here, it demonstrates the power that intellectual property built from customer preferences can provide to drive effective business decision making. This is a company that is listening intently to its customers and is now armed with the precise and accessible data it needs to pivot in new directions quickly.⁶

SHIFT FROM WHAT TO WHY

Certainly data is the critical fuel to all personalization platforms. But, not all data is equally important. Uncovering why people chose versus what they chose builds an understanding of customer preferences, motivations, and passions, which provides breakthrough and proprietary IP to help drive decision making across the organization.

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