

# PULSE CHECK



A DIVE INTO THE  
KEY FINDINGS  
FOR **CREATING**  
**EXCEPTIONAL**  
**PERSONALIZED**  
**EXPERIENCES**

# PERSONALIZATION PULSE CHECK 2016

**Businesses continue to expand offerings to meet the needs of individual consumers at every touchpoint. But while the digital landscape allows for unprecedented options for products, configurations, and promotions, it also presents a new challenge: how to uniquely serve everyone without overwhelming anyone.**

The key is using customer data and insights to help customers navigate the endless ecommerce real estate to help them find what they want, without overstepping the fine line of data privacy.

To learn more about consumer expectations in the age of hyper-personalization, we surveyed more than 1,500 consumers between the ages of 18 and 60 across the United States and United Kingdom about their online shopping behavior and preferences. Specifically, the study sought to identify the extent to which consumers value certain personalization tactics and the caveats they demand when it comes to data collection.

The findings highlight what is required to replicate the best offline personalized experience in a digital environment. Additionally, they reveal best practices for data usage in order to deliver an exceptional personalized experience at every customer touchpoint. Brands can use this information as they design their unique personalization strategies both in-store and online.

# THE BURDEN OF CHOICE

**It's the responsibility of brands to help their customers navigate the endless number of options as they search for the right product, content, and services. And failing to do so can be disastrous.**

Netflix reports subscribers lose interest and abandon ship in as little as 60 seconds if they aren't presented with relevant and engaging recommendations. The company estimates it would lose more than \$1 billion in revenue every year if it weren't for its sophisticated personalized recommendation engine.<sup>1</sup>

In fact, the ability to curate marketing and experiences unique to each individual has become table stakes for organizations in the digital age. **Nearly 40 percent** of consumers said they have left a business's website and made a purchase on another site or in store because they were overwhelmed by too many options when trying to make a decision. Flooding consumers with options — even options that are relevant and interesting — can overwhelm them and instill a lack of confidence in purchase decisions. This can drive consumers away from the site, often for good.

So what is the answer? While there's no one-stop shop, the findings reveal four key components to a personalized experience that can ease the burden of choice and empower consumers to confidently make purchase decisions.





# THE FOUR Rs OF PERSONALIZATION

Every business wants to achieve personalization. But what does that really mean? We've identified the four key components of a best-in-class personalized experience. We call them The Four Rs of Personalization.

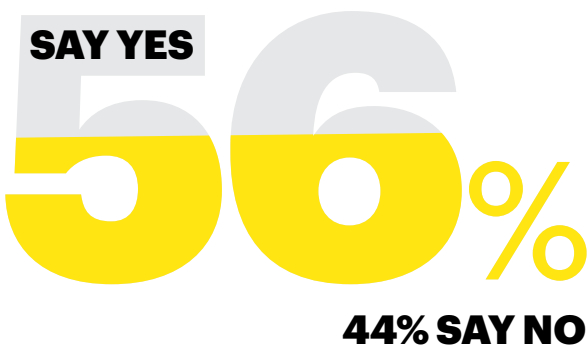
## RECOGNIZE

There are an unprecedented number of tools available today for businesses to not only interact with customers, but also gather and consume data about them. When that data is used to recognize and better serve customers as they interact across digital touchpoints, those customers can feel valued and – perhaps most importantly – understood.

More than **half of consumers** (56 percent) are more likely to shop at a retailer in store or online that recognizes them by name. Think about replicating the experience you receive from your favorite small business, such as your favorite coffee shop, restaurant, or hair salon.

These businesses make you feel valued by recognizing you when you walk through the door and remembering your preferences without you having to remind them.

Consumers more likely to shop at a retailer in-store or online that recognizes them by name:

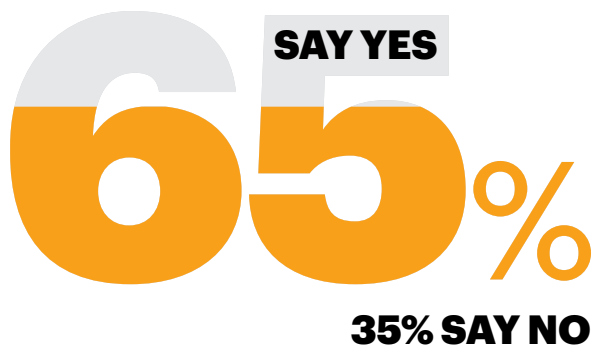


## REMEMBER

With **two-thirds of consumers** (65 percent) more likely to shop at a retailer in store or online that remembers their previous purchases, retailers should both remember customer interactions as well as share them across all touchpoints to ensure a consistent personalized experience.

Data points don't have to end with SKUs, either. The qualities embedded in each product, along with contextual information surrounding the sale can be even more useful in providing recommendations in the future. Knowing your customer's history means not just knowing what they buy, view and consume, but also why they made those decisions.

Consumers more likely to shop at a retailer in-store or online that knows their purchase history:



## RECOMMEND

Consumers are showing a desire for better recommendations. The retailers that can use customer data to suggest products and services can make life easier for their customers and win scores of brand advocates and loyalists in the process.

About **three in five consumers** (58 percent) said they are more likely to make a purchase in store or online when a retailer recommends options for them based on their past purchases or preferences. That said, **only 50 percent** reported ever making a purchase recommended to them on a retailer's website, which indicates consumers would be willing to make more recommended purchases if they prove to actually be relevant and interesting. The key is to provide your customers with the right marketing, offer, content or product recommendations based on their actions, preferences and interests.

Interestingly, UK respondents are less likely to have made purchases based on personal recommendations. In fact, **the majority** (57 percent) have never purchased a product or service online because it was featured on the website as a personal recommendation, compared to 46 percent of US respondents. These low figures highlight the importance of relevance when making recommendations.

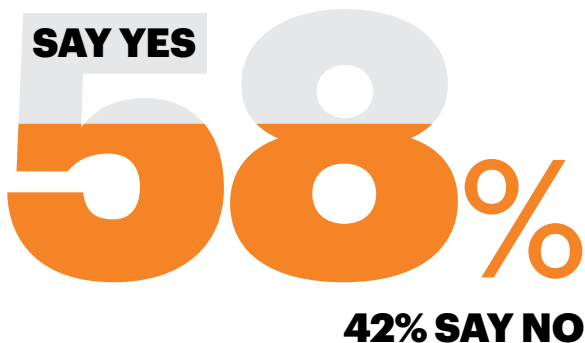
**Using The Four Rs of Personalization, businesses can transcend the limitations of singular tactics to pursue a larger strategy focused on serving each individual customer's needs. But as companies design their own competitive strategy to differentiate their personalized marketing and experiences, they need to dig deeper than ever before into the data available from each customer interaction.**

## RELEVANCE

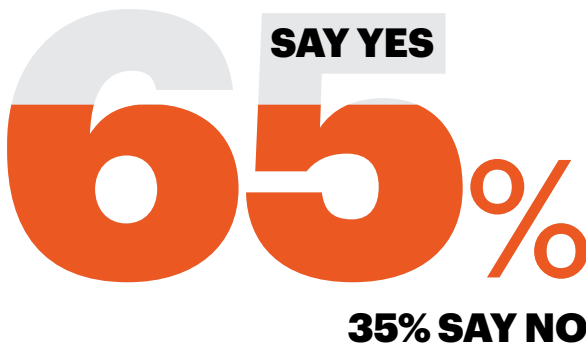
Data indicates that when pursuing a personalization strategy, relevance is of the utmost importance. **Two-thirds of consumers** (65 percent) said they are more likely to make a purchase in store or online from a retailer that sends them relevant and personalized promotions. Using customer data to offer relevant promotions is critical to personalized marketing performance.

Relevance in today's digital commerce ecosystem needs to go far beyond basic demographic data and purchase history to genuinely understand customer preferences, needs, and passions. Only then will retailers truly help their customers find, buy, and consume what they truly want.

Consumers more likely to buy when a retailer recommends options for them based on their past purchases or preferences:



Consumers more likely to shop at a retailer in-store or online that sends them relevant and personalized promotions:



# THE 3 CONDITIONS FOR EFFECTIVE USE OF PERSONAL DATA

The increasing importance of data privacy for consumers has forced brands to take a hard look at their data collection and sharing practices in an effort to earn consumer trust. To do that, brands must heed the following three conditions consumers demand for the effective use of personal data.

## 1. "BE TRANSPARENT WITH MY DATA."

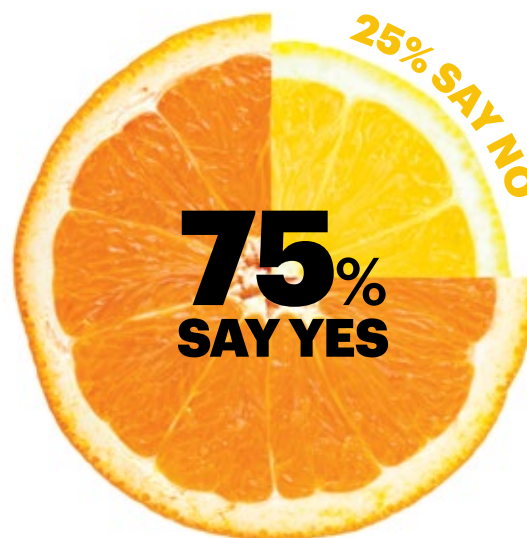
The survey found **70 percent** of consumers are generally comfortable with retailers, news sites, streaming services, and service providers collecting personal data if the retailer is transparent about how they use it. The key is to clearly explain how and why the customer's data is handled.

Wearable tech companies such as Fitbit provide a good example of achieving transparency and gaining consumer trust as a result. Because consumers can see exactly what is being tracked, they aren't surprised when they receive recommendations for improving their health.

Consumers who are generally comfortable with retailers, news sites, streaming services, and service providers collecting personal data if the retailer is transparent about how they use it:



Consumers who are generally comfortable with retailers, news sites, streaming services, and service providers collecting personal data if they can control how it is used:



## 2. "GIVE ME CONTROL OF MY DATA."

If customers believe a brand gives them control of their data, they will likely be happy to entrust the brand with it. **Three-fourths** of consumers (75 percent) are generally comfortable with retailers, news sites, streaming services, and service providers collecting personal data if they can control how it is used. Retailers and service providers that allow customers to dictate what personal data is collected and how it's used are much more likely to earn each customer's trust and loyalty.

### 3. “USE MY DATA TO SERVE ME BETTER.”

#### Netflix’s Unique Value Proposition

The video streaming industry also has a particularly high rate of satisfaction when it comes to the use of personal data for a better personalized experience. Over **two-thirds** of respondents reported they were satisfied with the way streaming services such as Netflix and Hulu (68 percent) use their data because it helps them find more products and videos they like. Netflix’s unique listening capabilities allow the company to create original content based solely on customer data analysis, which sends a strong message that the voice of the customer is being heard.<sup>2</sup> Retailers and service providers that can develop this same reputation will likely see marked competitive gains in the long run.

That said, a clear line has formed between helpful and invasive personalization strategies. The goal of personalization should be to use data to make it easier for customers to buy and consume what they want. If the objective is to simply make a sale, companies risk tarnishing that long-term relationship.

A brand’s most valuable customers typically aren’t the ones looking for the greatest discount. They are the loyalists who love the experience of being that brand’s customer. Therefore, every piece of data collected from customers should be carefully and strategically used to improve that experience through The Four Rs.

Consumers who are satisfied with the way streaming services such as Netflix and Hulu use their data because it helps them find more products and videos they like:







# AMAZON'S **CUSTOMER LOYALTY STRATEGY**

**Amazon is one of the largest online marketplaces that exists today, with more than 350 million products<sup>3</sup> and more than 240 million active customers.<sup>4</sup>**

The ecommerce behemoth has built a level of trust with its customers that many retailers have been unable to replicate at such a scale. Consumers happily opt in to sharing personal information because they feel their data is being protected and are seeing the direct benefits through an engaging, personalized shopping experience.

Many marketers believe that Amazon has been so successful because the platform continually shows customers their trust is valued by remembering the information they share, such as purchase history, family's addresses for shipping, credit cards, shopping carts, favorited and rated items, and view history, and applying that information to provide relevant personalized recommendations at every touchpoint. The lesson here is that consumers would willingly share personal data if they feel they can control how it is used, that it will be protected and remembered, and that they will benefit in return.





# THE WAY FORWARD

**In an effort to engage with consumers who feel overwhelmed by choice, retailers are more motivated than ever to offer them personalized shopping experiences.**

But too often, their goal of personalization lacks a cohesive strategy and instead relies on one or two tactics that ultimately fall short of customer expectations.

Companies that take a disciplined, customer-first approach to personalization will slowly unravel the burden of choice paradox, enabling their customers to buy and consume what they want, how and when they want it. To help fully achieve that goal they will also need a transparent, trustworthy, and service oriented mindset when working with customer data. The result will be critical market differentiation and an increase in loyal customers, which will generate sustainable benefits for years to come.

# CONTACT

To learn more about how to achieve personalization @ scale, make life easier for your customers and deliver high performance to your organization visit [accenture.com/personalization](http://accenture.com/personalization) or contact:

## **Jeriad Zoghby, PhD**

Managing Director  
Global Lead Personalization  
Accenture Interactive

✉ [jeriad.zoghby@accenture.com](mailto:jeriad.zoghby@accenture.com)

🐦 [@jeriad](https://twitter.com/jeriad)

## **Scott Tieman**

Managing Director  
North American Lead Personalization  
Accenture Interactive

✉ [scott.w.tieman@accenture.com](mailto:scott.w.tieman@accenture.com)

## **Xavier Cimino**

Managing Director  
EALA Lead Personalization  
Accenture Interactive

✉ [xavier.cimino@accenture.com](mailto:xavier.cimino@accenture.com)

🐦 [@XCimino](https://twitter.com/XCimino)

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