

PERSONALISATION



Building customer loyalty through personalisation sounds simple in principle. **Ben Cooper** explores how businesses are achieving it

Making personalisation pay

Personalisation is the watchword for retailers wanting a closer customer relationship. But how do you measure ROI? For many, the personalisation business case is simple: find the product and content each customer loves, serve it to them and win repeat custom and spend loyalty – something that is becoming hard to garner.

While in-store personalisation is less advanced, retailers have been experimenting online for some years in order to bring a more human touch to the world of retail.

Mike Harris, EMEA vice-president of personalisation provider Monetate, says retailers that invest in providing a personal online shopping operation will “significantly enhance the consumer experience”.

Personalisation generates loyalty and can deliver a “significant lift in average order values and conversion rates – often by at least 20% on both,” he points out.

Outdoor sportswear retailer Ellis Brigham marketing director Mark Brigham says there are a host of tools available to boost sales through personalisation.

“Personalisation from a website perspective is about displaying relevant, tailored information usually based on browsing behaviour, in real time,” he says. “This could be through product recommendations, banner adverts, merchandised page results, overlay adverts or page content changes.”

It requires good data and IT systems to back it up – and investment up front.

OC&C Strategy Consultants partner Fergus Jarvis notes that many retailers get nervous about the costs involved.

“The thing that people find most difficult is the ground work you have to do to have proper personalisation,” he says. “It requires a lot of work to get yourself properly set up. It’s hard for people to get their heads around and it requires some investment, but if you do that it will deliver value very quickly, and it will be measurable.”

Measure of success

Measuring the returns is vital. One method is to employ a third party to customise a site and provide the data on sales and conversion.

Brigham explains: “Typically the platform proprietor will charge a set-up fee and a monthly statistical analysis system fee, and reports will be provided that show how many people interacted with the personalised messages or content, and then how much they went on to spend.

“From this, perhaps with some A/B tests, you can get a good idea of which campaigns and initiatives are helping to drive sales, and start to work out your return on investment.”

Mels Wolf, who runs personalisation operations across Europe for Office Depot, says: “Our online revenue of personalisation is measured using a so-called global control, which gives an overall view on incremental

revenue created by personalising the experience for our customers. We track the performance of the experiences we are creating and anticipate a 15 times ROI in the next 12 months.”

Cultural change

Another challenge retailers face is structuring their businesses for personalisation. Office Depot put in place a full team dedicated to personalisation. “The personalisation team I head focuses across all channels to make sure we’re not losing any consistency in our messaging and promotions,” says Wolf.

But getting the whole business behind it has not been easy, he adds. “We’ve adopted personalisation across all channels. Doing this in an enterprise-size company requires a lot of lobbying and internal education about what personalisation is and what it can bring to us as a company, therefore regular meetings making sure this is top of mind helps us there creating that cultural change.”

Brigham says getting Ellis Brigham store staff on side has been critical to success.

“Engaging colleagues across the business is highly relevant if you’re running campaigns that bridge online and offline, for example, through a loyalty scheme that offers personalised rewards,” he says.

“You need the help of sales assistants and store staff to engage customers and promote the benefits of signing up, and this is the responsibility of supervisors and managers in all departments.”