Infosys® | CONSULTING

Next generation personalization

How to personalize and connect at scale with your consumers.

An Infosys Consulting Perspective
By Manu Tyagi and Paresh Kulkarni

Consulting@Infosys.com | InfosysConsultingInsights.com

Introduction

Today's consumers are totally different and more empowered than consumers in any other period of history: they have constant access to the breadth of human knowledge, they are hyper-connected with the rest of the world, and they have high expectations from the products and services that they buy.

Chief among the expectations universal to today's consumers is that of personalization. Gone are the days when consumers at large would accept mass production or pushy marketing and sales messages with token personalization measures. Today's consumers are socially connected and influenced constantly on their choices for any product or service.

At a time when consumers can access product and price information instantly and across multiple channels, overtly intrusive digital marketing is no longer effective, and can make things worse for a brand. It is time to change and adapt to the current realities *now*.
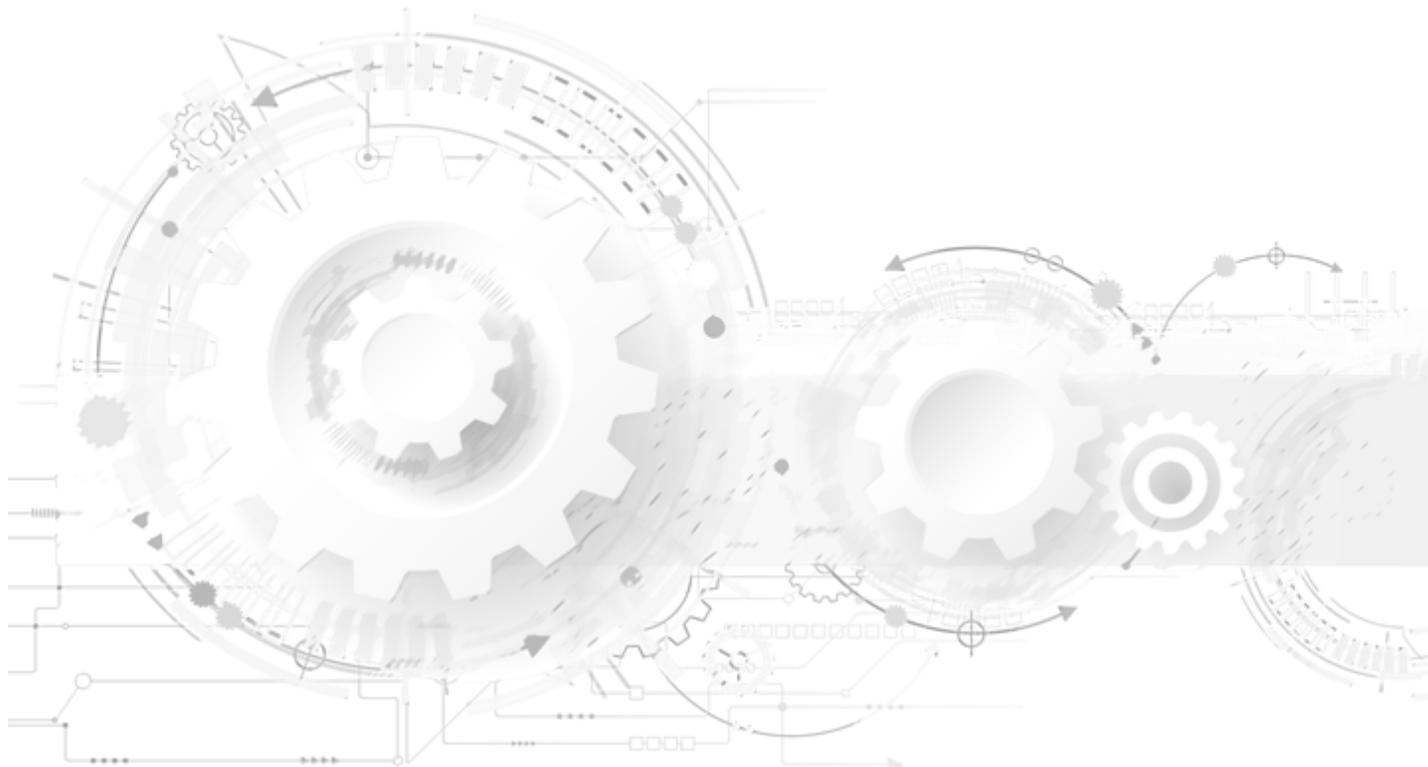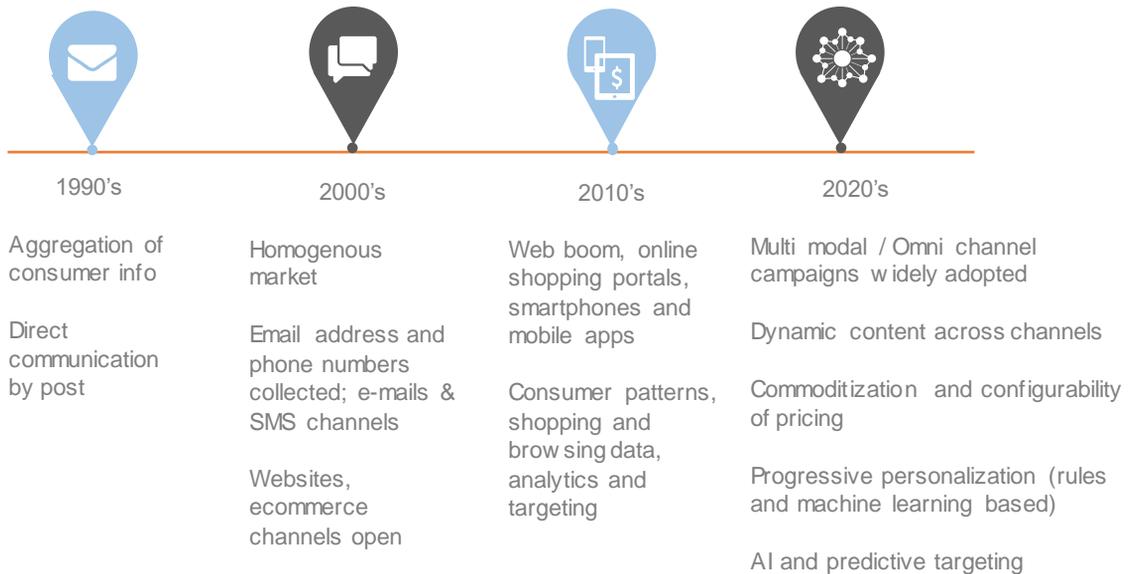
A timeline of personalization

Consider Moore's law for a moment. This law states that speed and capabilities will increase for our technology while prices will decrease at the same time. Since the 1990s, Moore's law has held true, and throughout every critical stage, personalization has become more and more important.

First it was the rise of e-mail and e-commerce, and then it was the smartphone boom. By the late 2010s, consumers had become accustomed to dynamic content across multiple channels, and personalization became something that many consumers took for granted.

Moore's law in effect

What were the leaders doing

1990's

Aggregation of consumer info

Direct communication by post

2000's

Homogenous market

Email address and phone numbers collected; e-mails & SMS channels

Websites, ecommerce channels open

2010's

Web boom, online shopping portals, smartphones and mobile apps

Consumer patterns, shopping and browsing data, analytics and targeting

2020's

Multi modal / Omni channel campaigns widely adopted

Dynamic content across channels

Commoditization and configurability of pricing

Progressive personalization (rules and machine learning based)

AI and predictive targeting

Understanding personalization fully: a word of caution

It would be easy to overestimate how primary personalization is to our objectives. Personalization is not, in fact, a virtue in and of itself. For all businesses, it is a pathway, not a destination. State-of-the-art personalization can not compensate for having a bad product or service; however, poor personalization strategy, or a lack of it, can take the sheen off an excellent product.

When you devise personalization strategies, you are devising strategies to build relationships with consumers. Through personalization, you can convert prospects into consumers, whom you can then convert into advocates. The idea is to strengthen these bonds, nurturing them over time with a broad, big-picture point of view.

When all is said and done, consumers remain fundamentally the same. They have the same basic human needs that they always have, including the need to feel valued and recognized, and they want to deal with brands they trust.

It bears repeating - *personalization is a pathway, not a destination.*

How to get to the next level

Probably the biggest difference between the earlier approach to personalization and the next generation is the disruptive advance of digitization. While Covid-19 has created worldwide disruptions, digitization has been a savior for companies and consumers alike in keeping the business and daily life going. While activities such as grocery shopping and food delivery become mainstream online habits, the shift of personalization effort needs to focus on reducing the time gap from insight to action dramatically to develop forward looking tactics and strategies.

Earlier personalization approaches were closely associated with CRM (Customer Relationship Management) wherein an elaborate analysis of consumer data would yield actions for marketing to undertake in future. Next-generation personalization approach shifts from CRM to CXM (Customer Experience Management) by aiming to personalize the entire experience, in near-real time.

We recommend **3 fundamental strategies** to lay the foundation for the next-generation approach.

1. Harness contextual data

While collecting data of existing consumers with a loyalty card is still valuable, personalization shouldn't rely on a delayed analysis of past data. Thanks to digitization, a ton of contextual data is available in real-time. Today, an e-commerce site or app can know much more about a consumer without the need to log in: location, type of device used, browser, most visited pages, clicks on product images, and so on – the list is huge. Availability of this rich data is not limited to internet portals; physical stores can also leverage available image recognition technology to infer shoppers' age, gender, preferred product aisles, chosen products, etc. This is without talking about privacy-sensitive techniques such as facial recognition. While it is true that this data could also be supplanted with big data procured from market, fact is that even without having 3P data, enough data is available to analyze and develop tactics. If carefully collected and properly corelated, contextual data provides rich, real-time information to brands to quickly personalize the shopper's experience. Brands can suggest new products and categories, additional product recommendations based on the basket, and appealing promotions. A lot of this work, especially on digital channels, needs to happen in real time i.e., analysis of recent consumer behavior to immediately tailor her experience

2. Aggressively incorporate test-and-learn approach

Statistical testing is not new and is used by many marketeers and organizations selectively. The new personalization approach, however, is based on a solid foundation of test-and-learn principle which entails using extensive A/B and multivariate testing techniques. Digital channels provide extensive contextual data and enable very rapid deployment of testing experiments which can help you quickly identify concepts and designs - promotions, messages and even content preferred by consumer segments, and immediately put it to use to personalize experience. Some recent tools available to marketeers can dynamically generate a product description or the most apt imagery of product that has a higher chance of enticing a consumer purchase.

3. Develop and put systemic intelligence to use

Looking at the exponential increase of consumer data availability, including big data, one cannot expect that a team of humans is able to analyze such data and devise actionable insights in near-real-time. Thankfully, systemic intelligence is also a major advancement.

On top of gathering CRMs, CDPs, app interaction data and marketing automation systems, the intelligence driven by AI & ML powered algorithms can store a vast number of attributes, business rules, and a catalog of personalization actions in the background. It can also ingest the most recent consumer interaction and match it against known attributes, patterns and business rules to personalize consumer's experience in real-time without any human intervention.

How to know if you are on track

While each personalization strategy or tactic could be measured for effectiveness by measuring conversion, response rate etc., how do you know if you are moving in the right direction in your personalization journey? A three-point test is useful in this regard:

<table>
<tr><td>1
Pervasiveness</td><td>2
Automation</td><td>3
Scalability</td></tr>
</table>
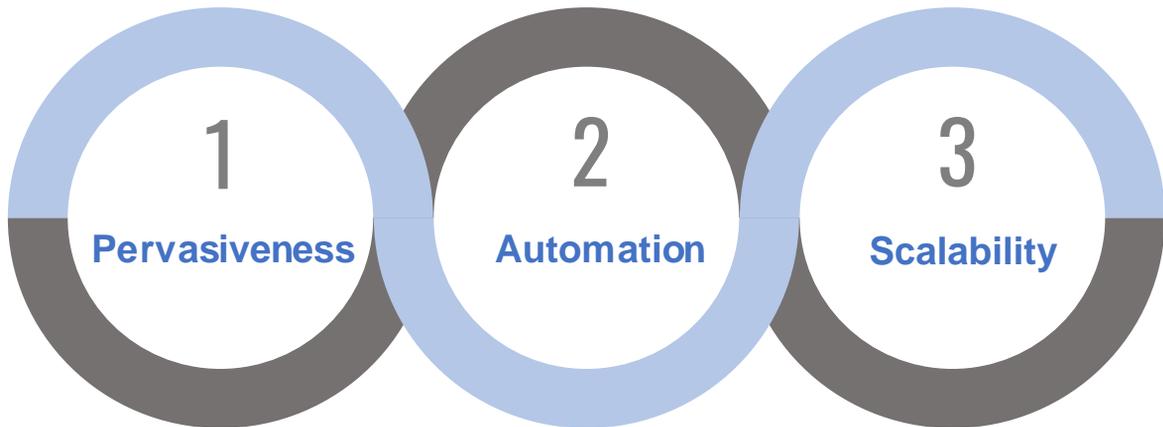
1. Pervasiveness

Personalizing one step out of a hundred would not be a great effort in your personalization effort strategy. Pervasiveness means that you are aiming to personalize your consumers' experiences across the lifecycle in a meaningful, rich and frictionless manner.

It is only possible to personalize an experience if there is supporting data that can make it possible. This means you must digitize your processes, stores and operations in such a fashion that it is possible to collect relevant data, and more importantly, drive your consumers to use the digitized experience exclusively.

2. Automation

If you are trying to personalize your consumer experiences on the fly, you are going to quickly run low on resources and burn yourself out. This is why automation is indispensable when you are aiming to deliver the next-generation personalization experience. You need your systems to be eminently synergistic and complementary to one another, avoiding siloed data ownership.

Also, the underlying fuel for automation is the data which is not necessarily homogenous, comprising "hard data" i.e., transactions from POS systems to clickstreams to payment gateways and referral site & "Soft data" like data based on insights & research inputs like triggers, desires, needs, lifestyles and resulting segments. This is where the reliance on the rightly designed data lakes, API linkages to connect data sources, and leveraging machine learning and AI can bear the brunt of analysis, with your systems being able to predict, act and correct themselves whenever possible. We will say it again: AI is the new UI.

3. Scalability

Success feeds on itself, and once you start personalizing your consumers' experience across lifecycle, very soon you will want to replicate good strategies and tactics at a larger scale. The scale here is not only about how many consumers or segments you could target, but also about how many channels and markets you can seamlessly apply your personalization activities. Aiming for and having a fully scalable ecosystem can be a difference between having a good ROI and an excellent ROI.

CONCLUSION

There are many challenges that you will face as you try adopt the new personalization approach. Do not let these challenges discourage you! This is the only way to keep your business congruent with today's marketplace, and as you balance personalization with "stalking", large scales with actionability, privacy with intelligence, and other seemingly conflicting variables, you will start to see the forest for the trees, the fact of relationship-building (that oldest of human skills) emerging from the painstaking attention you pay to miscellany.

It will make sense in time for your consumers and eventual advocates. The utopian state would be where each consumer is literally entering into an interaction with your brand and "invoking" his very own personalized experience. An experience so relevant to them, so powerful and delighting that they feel compelled to share the same with others in his tribe and become an advocate for your brand.

As marketeers, it is essential to care enough, position your brand for the future and acquire and retain your consumers, while augmenting profits - all by making your consumers feel valued along the way.

At the end, all personalization boils down to fulfilling the intrinsic human need to feel appreciated and cared for by your brand. We are just trying to achieve that with a set of data ,systems, algorithms and strategy, all of which must come together to deliver that elusive human touch !

MEET THE EXPERTS

MANU TYAGI

Associate Partner - Consumer Goods, Retail & Logistics Practice

Manu_Tyagi@infosys.com

PARESH KULKARNI

Senior Principal - Consumer Goods, Retail & Logistics Practice

Paresh.Kulkarni@infosysconsulting.com

Infosys® | CONSULTING

consulting@Infosys.com
InfosysConsultingInsights.com

LinkedIn: /company/infosysconsulting
Twitter: @infosysconsltng

About Infosys Consulting

Infosys Consulting is a global management consulting firm helping some of the world's most recognizable brands transform and innovate. Our consultants are industry experts that lead complex change agendas driven by disruptive technology. With offices in 20 countries and backed by the power of the global Infosys brand, our teams help the C-suite navigate today's digital landscape to win market share and create shareholder value for lasting competitive advantage. To see our ideas in action, or to join a new type of consulting firm, visit us at www.InfosysConsultingInsights.com.

For more information, contact consulting@infosys.com