The Retail Marketing Personalization Roadmap

Building a Path to Higher Profitability

Why marketing personalization is the new path to retail profitability, actionable tactics anyone can take to implement retail marketing personalization, and how to develop a robust roadmap to take your personalization tactics from idea to implementation.

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Understanding Retail Marketing Personalization

[According to Gartner](), personalization is the "process that creates a relevant, individualized interaction between two parties designed to enhance the experience of the recipient."

In the retail sector, specifically, the personalization process consists of:

1. Gathering data about individual customers or tightly-defined customer segments

2. Analyzing this data to determine what kind of messaging different consumers will prefer

3. Delivering shopping experiences that have been tailored to these preferences to boost customer engagement and company profitability

Retail marketing personalization depends on customer data, such as:

- Gender
- Age
- Birthday
- Job
- Income
- Location
- Family information
- Referring URL
- Marketing preference settings

- Shopping device (smartphone, desktop computer, catalog, etc.)
- RFM (recency, frequency, monetization) data like total amount spent, number of purchases, average order value, purchase history, etc.
- On-site (or in-app) browse, search, save, and cart abandonment history
- Relationship with other customers

Retail Marketing Personalization in Practice

User A + Location + Device + Source = Version A

User A + Location + Device + Source = Version B

User A + Location + Device + Source = Version A
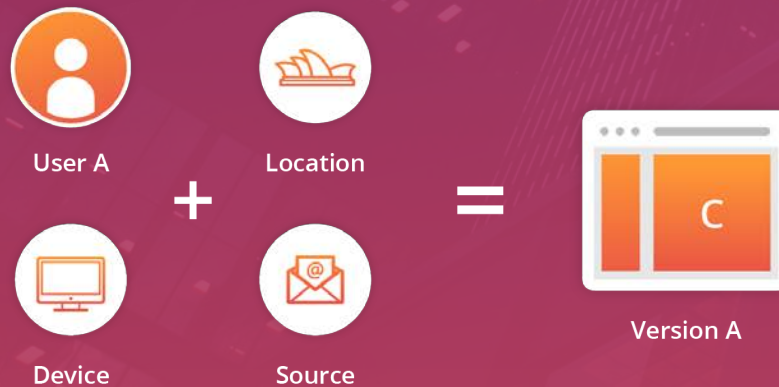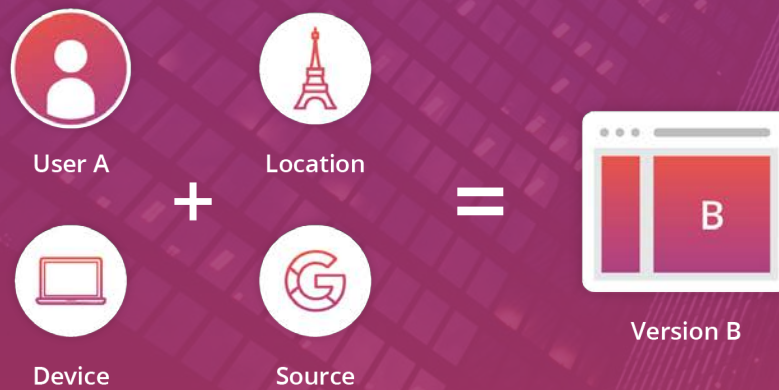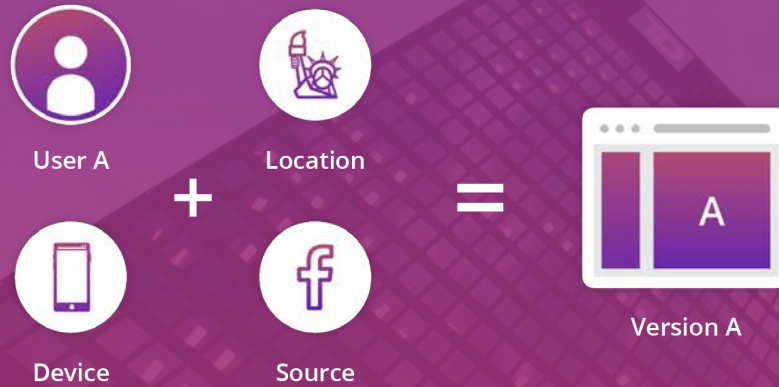
Why Marketing Personalization is Vital in Retail

Retail is a competitive industry in which digitally-native upstarts and ever-tightening margins mean that the organization that falls behind may *never* get a chance to catch up.

But there is a strategy *any* retailer can pursue to pave a clear path to profitability that doesn't include racing to the bottom on price — or quality. **That strategy is retail marketing personalization.**

Retail marketing personalization takes into account the omnichannel environment in which businesses operate today. It accounts for the fact that every person's path to purchase — and therefore, every business's path to *profit* — is different. Personalization guides the creation and distribution of relevant messaging and products that align with each individual's needs and behaviors.

While "one-to-one" personalization isn't as easy to achieve as the traditional "one-to-many" marketing method that radio ushered in a century ago, it has quickly and unequivocally proven as the go-to strategy for brands seeking differentiation and profitability.
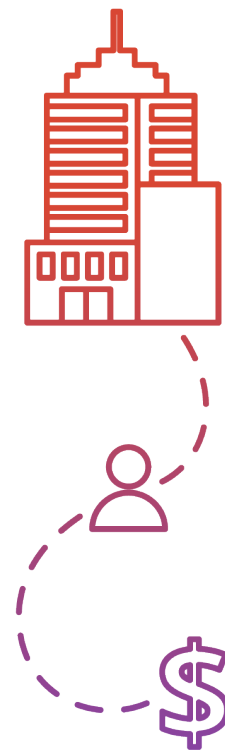
That's because 90% of consumers report finding personalized experiences appealing, and nearly 80% of them are *only* interested in engaging with marketing and advertising content that's relevant to them. 75% of consumers are frustrated by irrelevant on-site marketing content.

> *More than half of consumers think companies should be able to use their data to suggest relevant products exactly when they're needed — even before they request it.*
>
> source: https://www.salesforce.com/blog/2016/12/consumers-want-more-personalized-marketing.html

Marketers who deliver on these consumer preferences are seeing profitability.

In a Demand Metric Research Corporation content personalization report, 80% of marketers from a diverse mix of industries said personalized content was more or *much more* effective than non-personalized content. Marketers also observe a 20% average lift in sales when they personalize ecommerce experiences, and businesses that invest in personalization see 20% better net promoter scores.

MARKETERS ANSWER:
"How effective is your personalized versus unpersonalized content?"

50%	48%

Much Less Effective 0%
Less Effective 3%
About the Same 17%
More Effective 48%
Much More Effective 32%

Source: https://contently.com/2017/03/31/personalization-changing-content-marketing
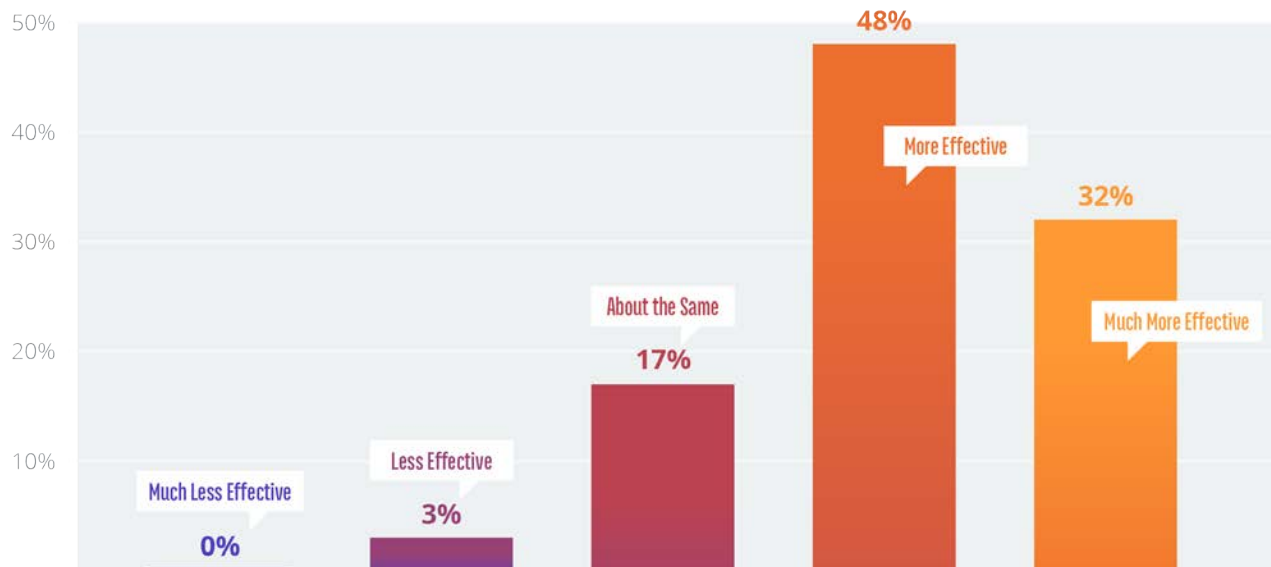
Despite the demand and the benefits, less than 10% of marketing professionals have implemented a full personalization strategy!

Why? Because of "personalization paralysis" in which the variety of approaches and the perceived cost and scale of retail marketing personalization keeps organizations from ever getting started.

If that sounds like your retail organization, the following tactics will help you take action on personalization and start carving your path to profitability today.

Actionable Tactics For Implementing Retail Marketing Personalization

If your team wants to move forward with retail marketing personalization, but uncertainty or the fear of being overwhelmed is holding you back, taking action using the following tactics will move you progressively toward robust personalization and profitability.

Get to Know Your Key Customer Segments

As a retail marketer, one of the most impactful things you can do that doesn't require a considerable investment or complicated technology is getting to know your customers.

You can dive into this tactic immediately by looking at customer accounts, checking out subscriber email marketing settings, and reading through customer support tickets to get a high-level view on basic demographics, behavioral patterns, and marketing preferences.

Another thing you can do right away is to read up on any customer data insights that larger companies in the same vertical have published.

Most organizations have some kind of analytics program installed on their websites, such as Google Analytics, Adobe Analytics, FullStory, HotJar, or Optimizely. For apps, Mixpanel and Countly are popular options. These programs help you uncover demographic data, referring information, and how visitors interact with key conversion touchpoints.

Not as many organizations have social analytics set up. Still, it's something you can implement that doesn't take a substantial investment and shouldn't require IT support for set up or use. Hootsuite and Buffer are both powerful options where you can learn more about your followers in particular, as well as trends and events that impact your corner of the retail sector.

The point of this exercise is to develop a "profile" of each significant customer segment and figure out what kind of marketing tactics are most effective for each. For example, the messaging you use to communicate with vocal social media users will probably look different than messaging for extremely price-motivated customers. Applying profiles to your customers helps you deliver proactive and *personalized* retail marketing campaigns.
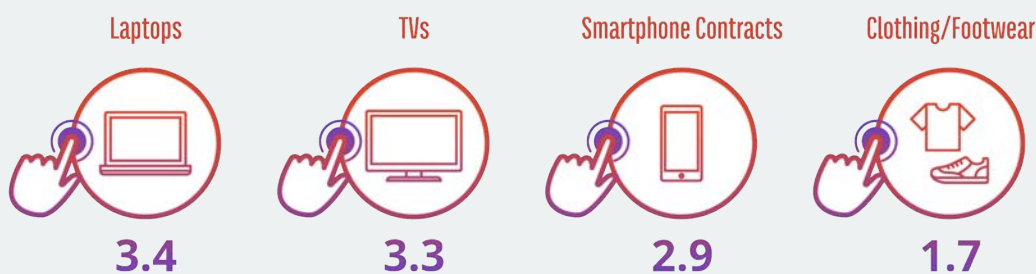
Identify Customer Touchpoints

Once you have defined some key customer segments, it's time to take what you know about them a step further by figuring out where they "touch" your brand on their way to conversion. This tactic is one that you can start immediately as long as you've got time for a little sleuthing.

Use your profiles to think like a customer. If they're very active on social media, perhaps they were recommended to you by a connection. If so, what steps would they have taken from there? Did they look at your social media profiles, or maybe they used a search engine to look up your business name? Once they landed on one of your digital properties, where did they go on their way to their first conversion? Website and app analytics platforms shine when it comes to answering these types of questions. Did they bounce at first, and did you follow up on that bounce with targeted ads? Or, did they immediately sign up for email marketing or, better yet, complete a purchase? This information can tell you how effective your messaging, design, and ads at each touchpoint are for a specific type of customer.

A Google survey found that retail customers across verticals interact with an average of nearly 3 omnichannel touchpoints before converting

Laptops	TVs	Smartphone Contracts	Clothing/Footwear
3.4	3.3	2.9	1.7

source: https://www.thinkwithgoogle.com/intl/en-cee/insights-trends/research-data/study-reveals-complexity-modern-consumer-paths-purchase-and-how-brands-can-make-inroads/

Personalize Customer Touchpoints

With touchpoints identified, it's time to look at the experience at each point to see where you can inject some high-level retail marketing personalization to increase their effectiveness and profitability.

For your heavy social media customer type, what can you do to make your social platforms more valuable and compelling?

If most first-time customers are coming from a specific search engine and landing on a particular page, what can you do to make your search results and landing pages irresistible to someone who may have never heard of your brand before?

Are you already injecting some personalization into ads by targeting key customer segments? Make sure you aren't dropping the ball when it comes to the "post-click" experience. The trick is to make sure that wherever the customer lands after their click delivers on the promise made in the ad.

For example, you want your ad for "women's raincoat sale" to take a customer directly to the raincoats in the women's clearance section, not just dump them on the main women's clothing page. The lesson here is that if you're going to set expectations for a relevant experience, you better provide it — or they'll find a retailer that will.

Over 80% of small and medium-sized businesses rely on email marketing as their primary customer acquisition channel.

source: https://www.activecampaign.com/blog/crm-vs-email-marketing

If you see success with email marketing, a low-effort but high-yield way to inject some personalization is to ask people what they want! Send an email to existing subscribers and update your welcome email to new subscribers to invite them to personalize their customer profiles with demographic information and email preferences.

Up until now, our recommended retail marketing personalization tactics have been things you can tackle on your own relatively quickly. But if you're ready to super-charge your efforts, it's time to start introducing marketing technology with features that can scale your efforts beyond what you can do personally.

We recommend starting with a customer relationship management (CRM) platform such as Salesforce, HubSpot CRM, Zendesk, Intercom, Insightly, or any of the other hundreds of options that best fits your needs.

CRM applications can...

up to 29%

Increase sales

up to 34%

Grow team productivity

by 42%

Improve sales forecast accuracy

source: https://www.activecampaign.com/
blog/crm-vs-email-marketing

A CRM platform helps marketers manage relationships with current customers and move leads through the sales and marketing funnel. CRMs are a perfect beginner-level marketing technology because there are options for every budget and skill level. A CRM platform typically doesn't require technological maintenance on your end, and they *immediately* deepen customer knowledge so you can further refine the customer profiles that inform your personalization efforts.

To make the most of a CRM implementation, choose a platform with automation capabilities that can seamlessly integrate with your existing email marketing platform. Automation helps segment customers quickly and send the right email messages depending on their profile, preferences, and actions.

Unite Personalization Efforts and Technology Using a Single Platform

If you're ready to unlock the full potential of retail marketing personalization and implement campaigns that scale, it's essential that your marketing program be able to collect and process tons of disparate data. Whether it is customer data, lead data, product data, transaction data, operations data, and beyond, you need to handle the data reliably and on a continuous basis.

We probably don't have to tell you that harnessing, making sense of, and *using* all this data to drive customer-level personalization is beyond most organizations' manual resources and internal knowledge. For most, it requires tight integration with data sources and tools that bring automation and machine learning to the process. And also, for most, this level of integration proves difficult if your business depends on a monolithic, legacy platform, rather than a platform that makes integrating marketing tools easy.

Integrating the technology necessary to compete at the highest level of retail marketing personalization all starts with a single, flexible, scalable platform that unites all your data and marketing tools under one roof.

This level of connectivity is made possible by application programming interface (API) technology that allows different applications to talk to each other and work together to make decisions and automatically complete tasks with accuracy and efficiency.

"You need agility, powered by a flexible architecture, to keep pace with improving customer experiences and new channels. You need APIs to transform how you design and deliver change, unlock new revenue streams, and extend your value proposition by consuming services from, and supplying services to partner organizations."

– Joe Cicman, senior analyst at Forrester Research

source: Forrester's 2019 "The New Commerce Revolution: Off With Their Heads (Or Not!)" report

A headless content management system (CMS) is built on APIs to provide a flexible website platform where you can connect everything from your ecommerce platform to your websites and applications. A headless CMS works as a unified content hub to integrate analytics, CRM, an email automation program, data management platform (DMP), and whatever else helps power personalization and other business functions.

A headless CMS follows an API-first architecture, which means that it was built from the ground up with APIs and revolves around delivering content to omnichannel devices and client applications. This architecture also helps separate content from website and application programming and design. A headless CMS frees marketing professionals to create, personalize, and deliver marketing content, product listings, advertisements, email, and other vital ingredients in the consumer experience no matter the channel or device. And all of this can be done without any help (or hindrance) from tech support.

API

CLOUD-NATIVE CONTENT HUB

API

COMMERCE

PERSONALIZATION

AI

LOCALIZATION

ANALYTICS
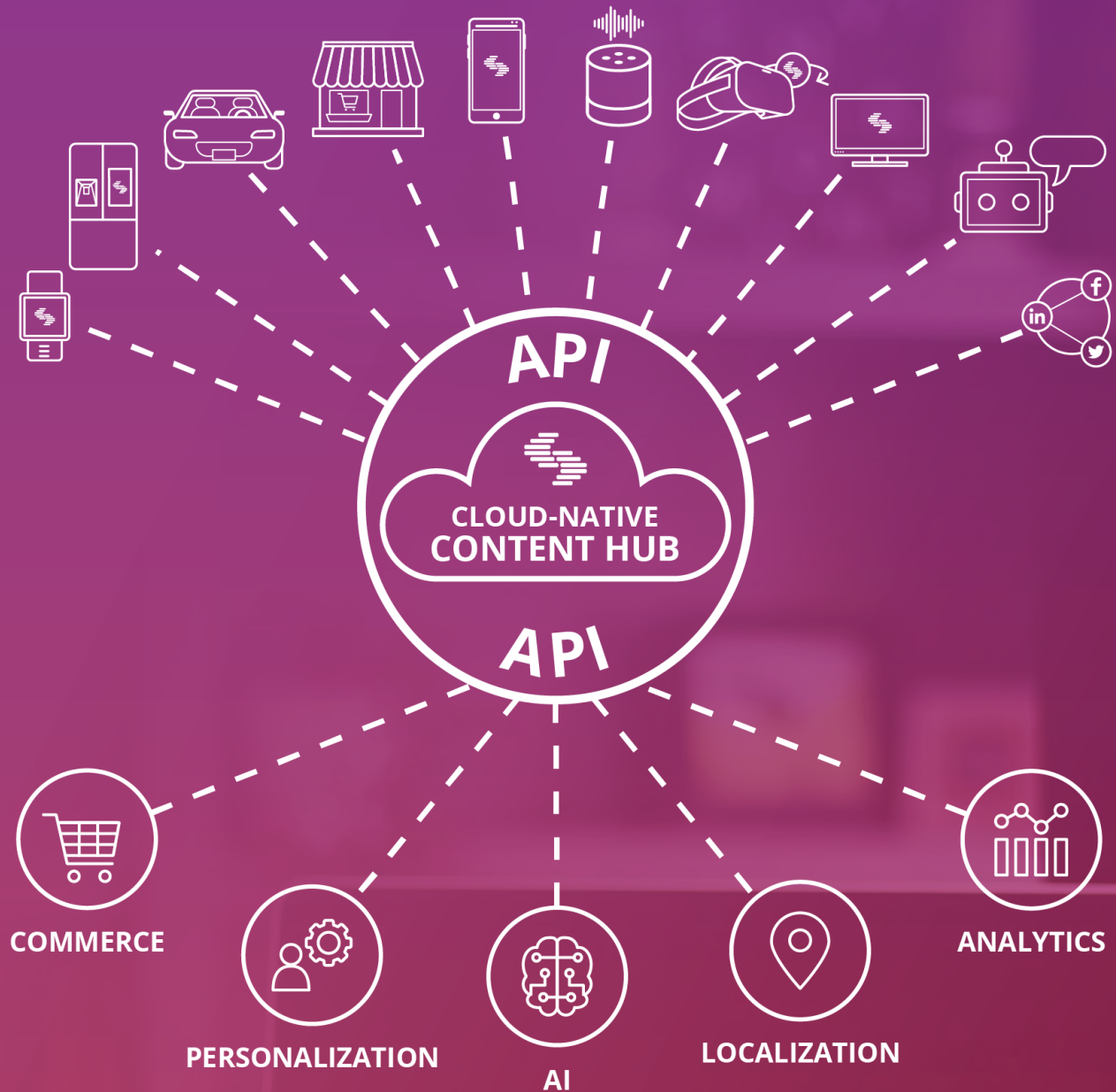
Some advanced headless CMS software solutions (like Contentstack) even have personalization, artificial intelligence, integration features readily available. So you can start down the path to retail marketing personalization and profit once your tech team gets your new instance and integrations up and running quickly for your organization.

How to Develop a Robust Retail Marketing Personalization Roadmap

A [Boston Consulting Group study](#) of more than 50 companies in 10 industries found that insufficient roadmaps, inadequate cross-functional project management, and a lack of dedicated personnel are the primary reasons organizations aren't able to achieve their desired levels of personalization.

Organizational Barriers to Implementing Personalization to Its Fullest

Barrier	Percentage
Too few personnel dedicated to personalization	74%
Lack of clear roadmap	61%
Inadequate cross-functional coordination and project management	61%
Inability to test and learn rapidly	59%
Inadequate creative process	57%
Lack of talent level and knowledge in personalization	54%
Insufficient budget	52%
Company culture not conducive to this type of innovation	52%
Lack of clear business case and objectives	50%
Lack of executive sponsorship or prioritization	43%

source: Boston Consulting Group Global Survey on Personalization

As we demonstrated with the tactics in the prior section, your personalization roadmap doesn't necessarily *have* to include organization-changing shake-ups or immediate buy-in of expensive solutions. But no matter the size of the solution, if you need your initiatives to be successful and win stakeholder support, you *must* address the organizational barriers to reaching your full potential.

Here's how to develop a retail marketing personalization roadmap that will put you on the path to profitability with clear goals, defined priorities, realistic timelines, and responsible leadership.

Step 1: Figure Out Where You Are and Where You Want to Be

The first step to developing a robust roadmap to retail marketing personalization is determining where you are, where you're heading, and how the two impact each other.

That means diving deep into your retail marketing processes to ask questions: What is the current experience like for customers? Where in this experience is there room for personalization? How do your existing processes and platforms help your organization achieve personalization — and how do they hold you back?

Form focus groups to ask these questions of the people who are impacted the most (like marketing staff and members of your key customer segments) and start determining what kind of improvements would best help personalize your retail marketing efforts.

Step 2: Prioritize Your To-Do List

Condense the information you learned above to define and prioritize the personalization challenges you want to address. We recommend you prioritize based on two main criteria: How easy each challenge will be to address and how big of a positive impact the change will make on your organization.

That means starting with the easiest wins — impactful changes that don't require a lot of resources — before diving into more critical goals.

For example, you might choose to start with our first tactic and get to know your key customer segments. That's something you can do without immediately incurring any new marketing expenses. Being able to show movement and success on this front helps boost morale, ensure buy-in, and build momentum for more significant personalization projects in the future.

Step 3: Put Leaders In Place

Any time you pursue a new retail marketing personalization project, it's essential to account for how each step (that you aren't going to complete yourself) is going to get done — and get done right.

That means figuring out which departments you'll need support from and assigning a "captain" in each department to own the tasks associated with the project — including any ongoing impact.

This captain doesn't have to be someone who's already in a leadership position. In essence, they should just know their department inside and out and be committed to the retail marketing personalization project at hand.

Step 4: Develop A Timeline

While developing a timeline for a retail marketing personalization initiative might seem as simple as putting your priorities down on paper, there are a couple of reasons that it's a lot more important than that.

The first is that taking a 10,000-foot view of the project to lay it out on a timeline forces you to think about every single investment, technological implementation, additional resource, and piece of departmental support that will go into getting the project completed.

The second is that this timeline is likely the document that will have the most impact when it comes to winning stakeholder buy-in and guiding the personalization project to completion.

Since estimating time is a task that's notoriously difficult to do accurately, try one or more of these approaches to help calculate a realistic project timeline:

Project Timeline Estimating Strategies

1. **Bottom-Up Estimating**

   Bottom-up estimating allows you to create an estimate for the project as a whole. To analyze from the bottom up, break large tasks down into detailed tasks and then estimate the time needed to complete each one.

   Because you're considering each task incrementally, your estimate of the time required for each job is likely to be more accurate. You can then add up the total amount of time needed to complete the plan.

2. **Top-Down Estimating**

   In top-down estimating, you develop an overview of the expected timeline first, using past projects or previous experience as a guide. It's often helpful to compare top-down estimates against your bottom-up estimates to ensure accuracy.

3. **Comparative Estimating**

   With comparative estimating, you look at the time it took to do similar tasks on other projects.

4. **Parametric Estimating**

   With the parametric method, you estimate the time required for one deliverable and then multiply it by the number of deliverables required.

   For example, if you need to create pages for a website, you'd estimate how much time it would take to do one page, and you'd then multiply this time by the total number of pages you need to produce.

5. **Three-Point Estimating**

   To build in a cushion for uncertainty, you can do three estimates: One for the best case, another for the worst case, and a final one for the most likely case.

   Although this approach requires additional effort to create three separate estimates, it allows you to set more reasonable expectations based on a more realistic assessment of outcomes.

source: https://www.mindtools.com/pages/article/newPPM_01.htm

Taking your retail marketing personalization initiative from "proposal" to "project" requires one final step. Preparing and presenting a plan that articulates your goal, your strategy for getting it done, and the resources you need — all in a positive way that tugs at stakeholders' purse strings.

Prepare Your Argument

To champion your chosen retail marketing personalization tool or strategy, you must dive into details about your solution as well as its competition to answer questions from stakeholders including decision-makers (C-Suite), users (staff), and implementers (IT):

- Why this solution/strategy and not a competing solution or strategy?
- What is the pricing, and how will it fluctuate with our volume?
- Is there a satisfaction guarantee (or a trial period)?
- How will this solution/strategy be implemented and maintained?
- How customizable to current and future needs is this tool/strategy?
- How does it align with our security, legality, and budgetary guidelines?
- Does it meet user needs efficiently and effectively?

Present Your Plan

Once you're prepared to answer those tough questions from stakeholders, here are some key points we also recommend addressing during your presentation for maximum buy-in:

- A project summary that's intentional yet to-the-point
- Why now is the time to adopt this new tool/strategy
- The business benefits of this new tool/strategy
- The biggest challenges for successful implementation and the solutions you've already identified for overcoming them
- The timeline and the leaders who will guide each step of implementation

Your Roadmap to Retail Marketing Personalization

Step 1:
Take stock of where you are and where you want to go

Step 2:
Prioritize your to-do list

Step 3:
Assign an owner for each task on your list

Step 4:
Develop a project timeline

Step 5:
Win stakeholder buy-in with careful preparation and presentation

Summary

There's no denying that retail is a competitive industry.

But when 90% of customers report finding personalized retail experiences *appealing*, 80% say they're *only* interested in these kinds of experiences, and 75% are actively *frustrated* by a lack of personalization — **there's also no denying that retail marketing personalization may be the one strategy any retailer can pursue to pave a clear path to profitability**.

That's because retail marketing personalization isn't limited to just the organizations that can pull off multi-year, multi-million-dollar technology projects.

Personalization can start as simply as taking a day diving into data you already have and learning more about your customers on a personal level. From there, it only ever *needs* to get as complex as streamlining your marketing efforts with flexible and *affordable* headless CMS software that makes personalization possible for retail teams of any size.

Whether you choose to pursue one or *all* of the personalization tactics we detailed in this ebook, we hope our roadmap helps you define your goals, priorities, and timelines — and get the leadership buy-in that you need to develop a retail marketing personalization strategy that puts you on the path to higher profitability.

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