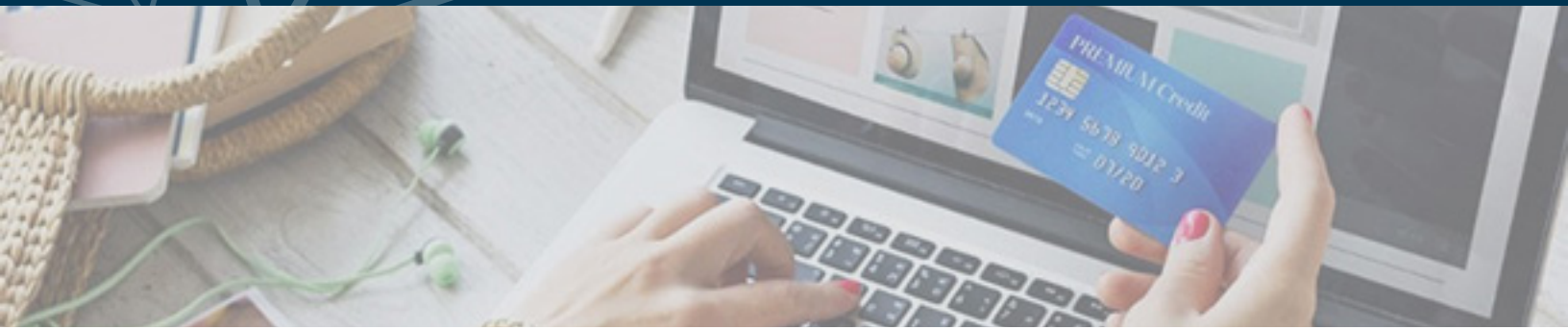# Uncovering Hidden Personalization Opportunities in Retail

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Introduction

The headwinds facing traditional and online retailers in 2017 are numerous and well documented. Chief among the challenges: a sustained assault on established business models driven by changing consumer behavior and the competitive might of e-commerce giant Amazon. Large big-box players, such as Walmart and Target, are responding to the threat - and embracing the opportunity of e-commerce - by boosting online spending by hundreds of millions or even billions of dollars annually.

Yet even the largest and most well-resourced players can't simply spend their way to success. Competing with Amazon and adjusting to the changing demands of consumers means taking a hard look at the engines driving e-commerce and digital marketing operations, scouring for missed opportunities, and investing in the technologies that will fuel the innovations of tomorrow.

68%

of all retailers agree that investment in driving personalized experiences is a priority.

Learn From the Leader

Retailers that want to accelerate e-commerce growth may wish to consider some of what Amazon has done so well. The online retailer undeniably has many strengths, but one area in which it truly excels is delivering personalized communications to its 300 million-plus active customers. Whether it is a product marketed on the site or in a digital message, Amazon knows what its customers like and are most likely to buy.
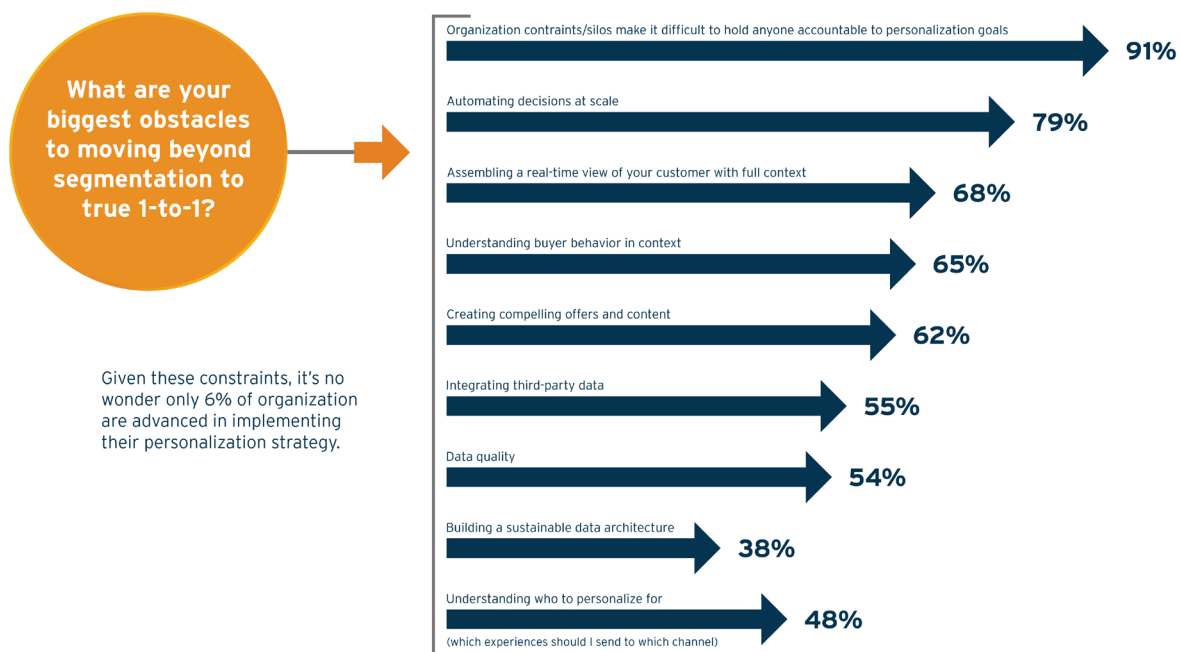
Despite Amazon's massive push into personalization, all retailers have an opportunity to win in the personalization game. After all, while not all retailers can compete with the Amazon Prime offering, deliver a comparable breadth of products, or play effectively in so many categories at once, all retailers have an opportunity to harness their proprietary customer data to drive better decisions about what products and offers to match with shoppers.

Of course, savvy e-commerce executives already know this. Sixty-eight percent of all retailers indicated that investment in driving "personalized experiences" is a priority, according to a March 2017 Forrester Research study "Key Retail Tech Investments in 2017." Likewise, in the 2017 RIS/Gartner Retail Technology Study, "Increasing Customer Engagement" and "Developing Personalized Marketing Capabilities" ranked as the top-two strategies being pursued by the 100 retailers in the study, 84% of which reported annual revenues in excess of $100 million.

Personalize Your Way to the Future

Retailers have been busy making investments to meet personalization challenges head-on. Over the last five years, an explosion of new technologies promising to deliver on the vision of omni-channel personalization have come to market. Some, like Oracle Marketing Cloud's Maxymiser platform, have generated strong results for retailers that need to personalize content on a website using customer data siloed throughout various marketing and analytics systems[1]. One such retailer was able to grow online sales by 434% through increased access to data across the business while optimizing the content to display on its website[2].

Most retailers, however, struggle with personalization. One 2017 study of 131 retail marketers details why[3]. Organizational factors, limited access to data, integration challenges, a lack of ability to automate decisions, and an inability to understand customers in context top the list of reasons many personalization initiatives fail to take flight.

What are your biggest obstacles to moving beyond segmentation to true 1-to-1?

Given these constraints, it's no wonder only 6% of organization are advanced in implementing their personalization strategy.

- Organization contraints/silos make it difficult to hold anyone accountable to personalization goals — **91%**
- Automating decisions at scale — **79%**
- Assembling a real-time view of your customer with full context — **68%**
- Understanding buyer behavior in context — **65%**
- Creating compelling offers and content — **62%**
- Integrating third-party data — **55%**
- Data quality — **54%**
- Building a sustainable data architecture — **38%**
- Understanding who to personalize for (which experiences should I send to which channel) — **48%**

With all the obstacles standing in the way of success, embarking on an organization-wide personalization initiative can be a daunting mission for even the most experienced digital marketing and e-commerce executives. Simply knowing where to start is often difficult, especially in complex organizations where customer data remains siloed in different systems and access to resources is scarce.

[1] Clarks Uses Multivariate Testing to Improve Online Conversion Rates, Oracle Marketing Cloud.
[2] Top Online Retailer Increases Sales by 434%, Oracle Marketing Cloud.
[3] 2017 Personalization Development Study, Monetate.

Fortunately, there are many ways to succeed and many good strategies to consider when getting started - some of which represent substantial opportunities that are often overlooked by retailers who struggle to embrace the entire potential of personalization.

Untapped Opportunities in Email Marketing

To date, most of the personalization investment in online retail has focused on the site shopping experience - for good reason. A December 2016 Ascend2 survey identified the website as the "most effective" marketing channel to include in a digital marketing growth plan, with 63% of survey respondents specifying this channel among a list of possible responses[4]. The second-most cited channel was email, with 52% of respondents indicating email is the "most effective channel" to include in a growth plan.

Interestingly, improving personalization is a key challenge facing email channel owners as well. A November 2016 Return Path study, also published in partnership with Ascend2, found that "increasing personalization" was the top goal for marketers working in the channel, with 52% of survey respondents ranking "improving personalization" ahead of customer acquisition and retention goals[5].

To seasoned email marketers, it might be unsurprising that the channel ranks so well given its outsize role in driving revenue. The data clearly supports investment:

- The average business employing email marketing in the United States generated $44 for every $1 spent, according to the Data and Marketing Association in its 2016 year-in-review report[6].

- According to a Q2 2017 industry report, the average multi-channel retailer generated $0.07 in revenue per email message delivered[7]. For a retailer sending fifty-million email messages each month, this equals $42 million in revenue per year.

- The average online retailer generates between 15% - 20% of all e-commerce revenue from email marketing, according to Liveclicker.

$.07 PER EMAIL DELIVERED **X** **50M** EMAIL MESSAGES **=** **42M** IN REVENUE PER YEAR

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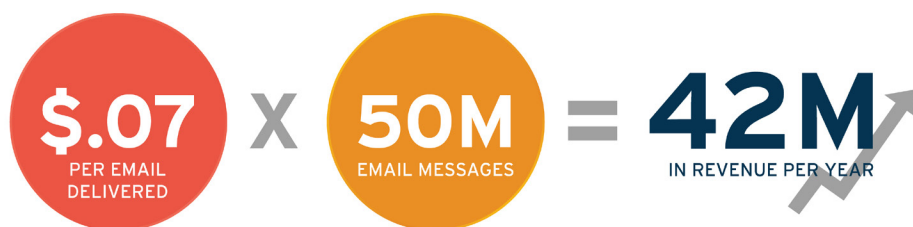
[4] *2017 Digital Marketing Plans Survey*, *Ascend2 and Research Partners.*
[5] *Email Marketing Campaign Strategies for Optimizing B2C Marketing Performance*, *Return Path.*
[6] *DMA 2017 Statistical Fact Book*, *Data and Marketing Association.*
[7] *Q2 2017 Quarterly Email Benchmark Report*, *Cheetah Digital.*

Unfortunately, senior digital marketing leaders rarely resource email marketing at levels even remotely consistent with site-side investments. There are many reasons:

- Email is easy to send and costs little to deploy; therefore, a perception exists at many retail organizations that incremental investment in the channel won't be as effective as simply "sending more email."

- Email is one of the oldest of all online marketing channels and is generally not perceived as a rapidly evolving medium that presents large untapped opportunities for growth.

- Email imposes important technical restrictions upon marketers that present hurdles to engaging with shoppers and driving conversions.

What many senior retail digital executives do not yet realize is that there have been many technological innovations in the email industry over the past several years that can fundamentally reshape program performance. When these innovations are coupled with the exceptionally large return that email already provides for most e-commerce organizations, it is possible to achieve strong growth with relatively little effort by applying spend to this oft-neglected channel.

Oracle Responsys customer Adidas typifies an online retailer that was able to drive additional revenue performance by recognizing that the email landscape had shifted. By focusing some of its initial personalization efforts on email, it was able to utilize behavioral data to drive a 200% increase in open rates and a 50% increase in conversion rates from those openers[8].

Likewise, Chico's, a brick and mortar fashion retailer with a rapidly growing e-commerce presence, also realized it could make relatively small investments in email to drive large returns. By working with Liveclicker, it was able to personalize content for 100% of its email openers based on live customer context, doubling its average conversion rates for email campaigns[9].

Retailer Chico's personalizes 100% of its email messages using live time-of-open data.

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[8] *Adidas Boost Open Rates 2X and Conversions 50%*, Oracle Marketing Cloud.
[9] *Real-Time Email Doubles Conversion Rates for Chico's*, Liveclicker.

Closing the Email Personalization Gap with Real-Time Context

Most personalization opportunities are still missed in email. Key among the reasons: lack of access to data necessary to drive personalized experiences. Even when data is available, it often takes significant investments in systems integration or process changes to leverage the data in the channel. At Oracle, this is referred to as the "80/20 Rule of Personalization." Simply stated, this rule limits the number of recipients in the addressable database who receive highly personalized communications to no greater than 20% of the total.

Addressable Database

80%	20%
Not Personalized	Personalized

Fortunately, new technologies have been introduced to help retailers break through some of the personalization barriers that have plagued email marketers for years. Perhaps the most prominent recent innovation is the development of real-time personalization for email. The core value of this technology for retailers is a new ability to deliver personalized offers, recommendations, and content based on live data, right at the moment an email message is opened by a shopper.

New Personalization Building Blocks

When an email message is opened, there are two new types of real-time data that become immediately available for retailers to power personalization decisioning: Native Open Time Data, and Live Business Context Data. Both types of data allow content to be personalized for every recipient, but they both work in slightly different ways.

Native Open Time Data exposes the email recipient's live geo-location, time-of-open, and device-in-use in real time, as the message is read by the shopper. For example, Oracle Responsys customer Road Runner Sports works with Liveclicker to use this data to power interactive games in email based on live mobile device detection. Using this approach, the online retailer was able to increase its click-through rates by 105% and revenue per email by 64% vs. a non-personalized control group[10].

Live Business Context Data exposes the current product pricing, live product inventory availability, real-time package location, or shopper rewards points available to each customer at the moment an email is opened.

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[10] *RoadRunner Sports Sprints to Higher Order Values with LiveReveal*, *Liveclicker*.

Since this data changes all the time for retailers, it is important to display up-to-the-moment information in email, especially since more than 25% of all retail email messages are opened twenty-four hours or later post-send.

Digital retailer Evine, for example, uses Live Business Context Data to display live package location information in its shipping confirmation emails, a tactic that led to month-over-month click-to-open rates increasing by 16%[11].

Most important for retailers to note, the recent addition of Native Open Time data and Live Business Context Data allow for the instant personalization of all email messages, for all recipients, and in many cases, without any systems integration needed. Increases in personalization lead to better top-line results - and better experiences for customers.
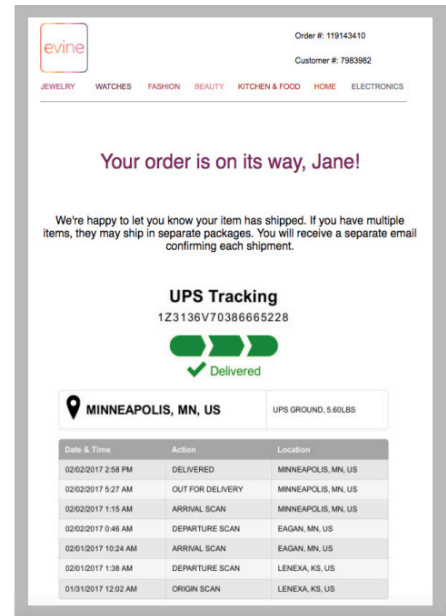

Evine uses live package-tracking data to deliver a personalized experience in its shipping confirmation messages.

Holistic Personalization: The Holy Grail of Retail Email Marketing

Of course, Native Open Time Data and Live Business Context Data represent only a part of the overall personalization story for retail email marketers. It is equally important to leverage site behavior data and shopper preference data.

Oracle Responsys customer Build.com does precisely this to power an advanced triggered email program based on shopper behavior that has led to a 300% increase in revenue per email delivered and a 1,000% lift in unique click-through rates[12]. Like-wise, Oracle Responsys customer JD Williams, a UK-based fashion retailer of women's plus-size clothing, was able to increase its email conversion rates by 92% by leveraging the advanced preference-targeting capabilities available with the Responsys platform.
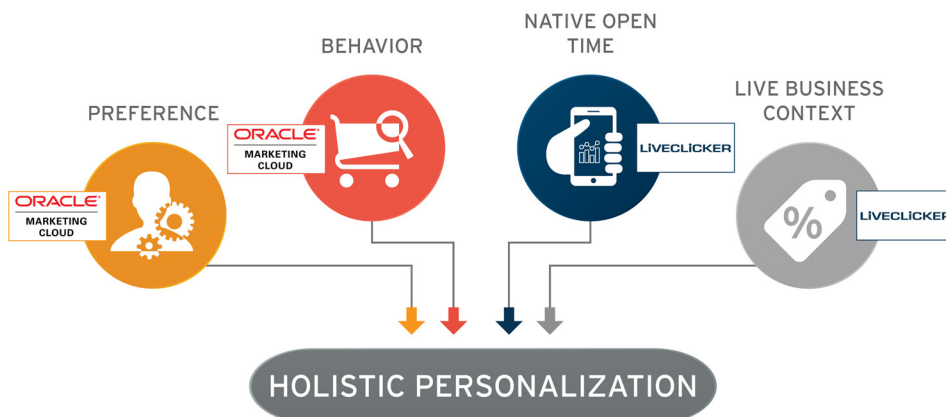
[11] *Evine Improves Customer Service with LiveTracker*, *Liveclicker*.
[12] *Build.com Harnesses Data to Enable More 1:1 Interactions,* *Oracle Marketing Cloud*.

Summary

Retailers struggling to compete with larger rivals such as Amazon would do well to follow the e-commerce giant's lead by investing in digital personalization technology and strategy. While website personalization represents a growing and important opportunity for most e-commerce organizations, email remains under-resourced in the area of personalization and warrants a close examination from senior digital marketing leadership. A strong existing return on investment in email marketing programs coupled with new industry innovations now make executing advanced personalization strategies relatively straightforward in this channel.

Two recent technology developments that are reshaping the personalization possibilities in email are the new availability of Native Open Time Data and Live Business Context Data. The availability of this data in retail organizations opens new possibilities to personalize every email message for every shopper, increasing email program performance and enhancing the shopping experience. Still, this new data should not be acted upon in isolation. Only by building email programs that leverage shopper preference data, behavioral data, and the new real-time data types can retail organizations build and execute on a holistic email personalization strategy.

About Liveclicker

Founded in 2008, Liveclicker is a global provider of real-time email personalization solutions for B2C marketers. Since the release of its VideoEmail platform in 2009, marketers have used Liveclicker to captivate consumers and drive program performance. Today, top brands such as 1-800-FLOWERS, AT&T, Best Buy, MasterCard, Lowe's, Nintendo and Samsung rely on the company's market-leading RealTime Email solution to deliver engaging, personalized messages, simply and at scale. For more information, visit: liveclicker.com, call 888-727-8130 or email sales@liveclicker.com.

About Oracle Marketing Cloud

B2B and B2C marketers choose Oracle Marketing Cloud, an integrated portfolio of best-in-class applications, to drive sales, brand and customer loyalty. OMC leverages the industry's richest datasets and most adaptive intelligence so marketers can deliver irresistible, consistent and connected experiences to customers wherever they are and however they choose to engage. Leading brands harness the power of Oracle Marketing Cloud, our comprehensive partner ecosystem and extensive marketing expertise to achieve new levels of visionary marketing. Visit oracle.com/marketingcloud.