

# Evolve Now To Personalization 2.0: Individualization

Your Customers Expect And Will Reward You For Personally Relevant, Value-Added, Individualized Experiences

by Brendan Witcher  
December 5, 2017

## Why Read This Report

To meet customer expectations of rich, relevant experiences, digital business professionals must help their firms evolve their personalization strategy from segmentation to individualization. The good news: Customers are willing to share personal information with firms in exchange for more valuable experiences. The challenge ahead: Digital business pros must now react in real time to their customers — across multiple internal teams. This report offers best practices and next steps for digital businesses that want to evolve from segmentation to individualization.

## Key Takeaways

### **Personalization Is No Longer Optional For Delivering Exceptional Customer Experiences**

Personalization is a top digital investment. Why? Consumers exposed to new, contextually relevant experiences raise their expectations and demand this level of engagement across screens, channels, and all digital touchpoints.

### **Individualization Is The New North Star For Customer-Obsessed Organizations**

Customers, not companies, determine if an experience is personalized. Without the tenets of individualization in place, digital business pros are doomed to forever miss the mark in meeting customer needs and expectations.

### **Customer Data Is The Fuel That Drives And Determines Success**

Digital business pros now realize that they can't truly personalize experiences for customers they fail to consistently identify and understand across each journey — making being data driven just as important a business objective as being customer obsessed.

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## Customers Expect More Than Basic Personalization

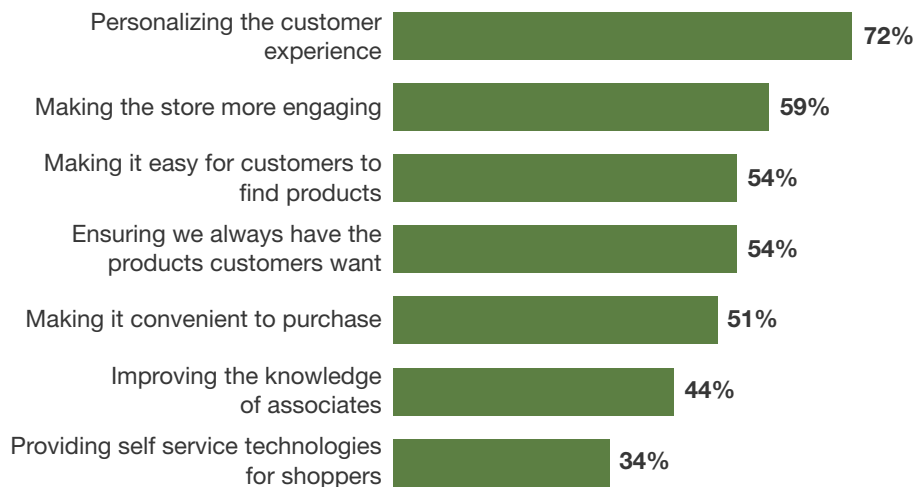
In the age of the customer, consumers expect relevant, valuable interactions from retailers, banks, hotels, airlines — even utility companies and healthcare providers. To create richer, more relevant experiences for their customers, 89% of digital businesses are investing in personalization; 72% of retailers we surveyed even want to personalize the in-store experience (see Figure 1).<sup>1</sup> The problem? Digital business pros are still trying to deliver personalized experiences based on age-old methods of segmentation, failing to realize they're likely delivering worse, not better, customer experiences.

Digital businesses today must chase ever-growing customer expectations, not competitors. To win, serve, and retain customers, they must evolve their personalization strategy from segmentation to individualization (see Figure 2). The good news: Customers are willing to share information about themselves with companies in exchange for more valuable experiences. The challenge: Digital businesses now must collect, analyze, synthesize, and react in real time to a flood of customer information and do so across multiple touchpoints and often-disconnected internal teams.

**FIGURE 1** In An Omnichannel World, In-Store Personalization Ranks Top Of The List

### “For your organization/company, what are the main opportunities for improving the customer experience at your company's stores?”

(Multiple responses accepted)



Base: 61 eBusiness and channel strategy professionals

Note: Not all responses are shown.

Source: Forrester's Q2 2016 Global eBusiness And Channel Strategy Professional Online Survey

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**FIGURE 2** Digital Business Pros Must Adopt An Individualization Strategy To Meet Today's Customer Expectations

	Customization	Segmentation	Individualization
Intent	Tailor products to use	Drive desirable actions/behaviors	Improve customer experience
Outcomes	Improved productivity, improved usability	Higher response/ conversion rates, increased sales, increased retention	Higher customer satisfaction, reduced effort, increased relevance
Unit of analysis	None (everyone)	Segments or cohorts	Individuals
Area of focus	Application interface	Customer life cycle	Customer experience
What is affected	Functionality	Offers, recommendations, messages	Functionality, content, interaction

**Old-School, Segmentation-Based Personalization Creates Poor Customer Experiences**

Many digital businesses continue to market to and craft online experiences based on basic segmentation data. That was a fine start, but now digital business pros must create more relevant, valuable experiences for their time-starved, multitasking customers. Not surprisingly, customers want more personalized experiences when they shop: Over a third US online adults agree that retailers should do more to offer them personalized experiences, and a third also prefer to shop with retailers that use personal information to improve their shopping experience.<sup>2</sup> But traditional segmentations based on incomplete — or even single — data points are no longer enough. They risk situations where, despite the best intentions, a digital business delivers:

- › **Little or no value to the customer.** You can't check the box on personalization just because you greet the customer by name or wish him a happy birthday. Simplistic personalization like this provides no value to your customer and, worse, distracts your team and available resources from far more impactful personalization initiatives. It could even alarm your customer if he can't remember giving you that information in the first place.
- › **The wrong customer experience.** Traditional segmentation relies on single data points, such as age, gender, address, and past purchase history — most of which point to the customer's past, rather than current, intent or need. That sweater your customer looked at on your website last week? Simple segmentation won't tell you that she then went to your store and bought a different one — and that your retargeting ads for that first sweater are not only annoying but also irrelevant because finding a sweater is not on her to-do list anymore.

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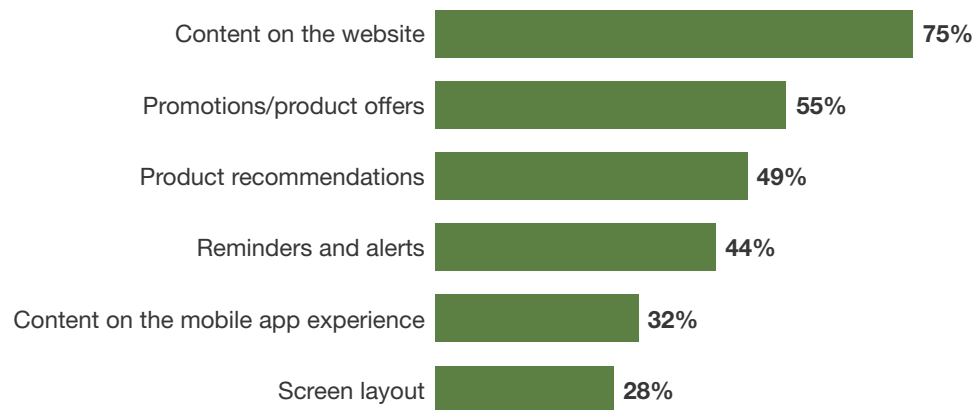
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- › **A fractured version of personalization.** Personalizing the customer experience is an “all in” endeavor, but many digital businesses today only personalize part of their customer’s experience. While 75% of digital business pros we surveyed are personalizing the content on their website, only 55% personalize promotions and just 49% personalize product recommendations; fewer still personalize reminders and alerts, mobile app content, or the screen layout (see Figure 3). Missing from this picture entirely is how personalization happens in the store or branch and across other touchpoints.

**FIGURE 3** Online Personalization Often Focuses On Specific Site Modules Rather Than The Whole Experience

**“What parts of the experience are you personalizing?”**

(Multiple responses accepted)



Base: 70 to 115 digital experience delivery decision makers

Source: Forrester’s Q1 2016 Digital Experience Delivery Online Survey

## Move To An Individualization Strategy To Improve Customer Experience

Individualization targets improving the customer experience and boosting customer satisfaction. This evolution is essential as 61% of US online adults are unlikely to return to a website that does not provide a satisfactory customer experience.<sup>3</sup> Digital business pros who successfully use individualization to personalize their customers’ experiences:

- › **Recognize their customers as individuals.** To deliver truly individual experiences, you need far more — and more real-time — information to tailor experiences to each individual customer. For a true 360-degree view of each customer, you must collect information such as their attitudes,

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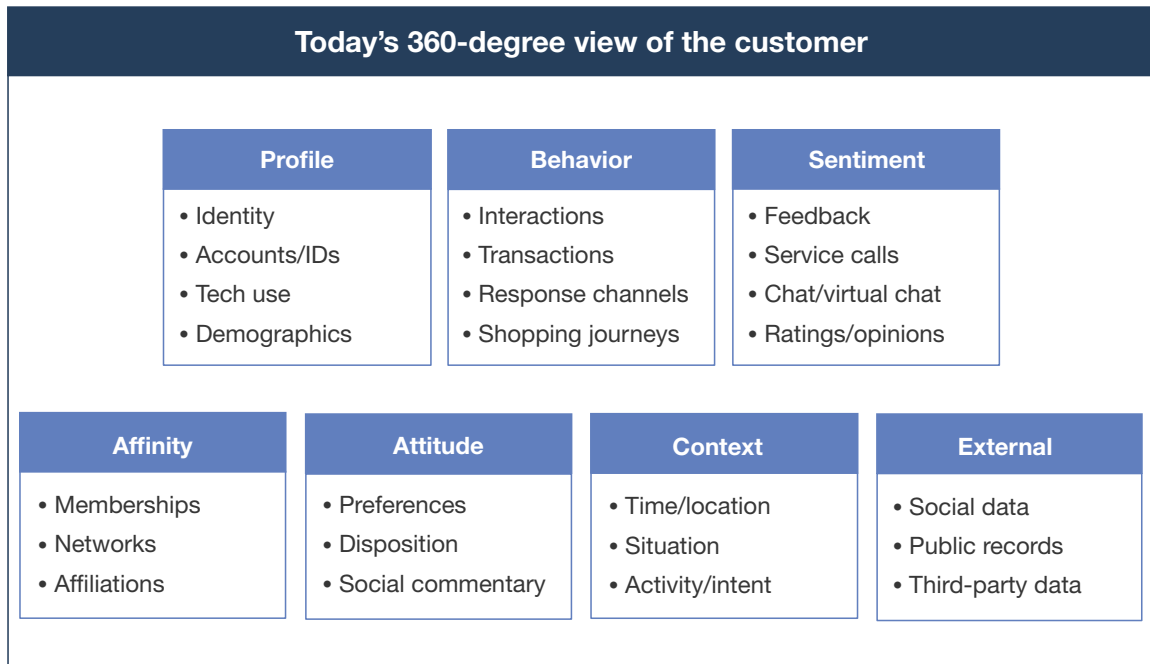
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sentiments, context, affinities, and activities today and across multiple touchpoints, locations, times of day, and so forth (see Figure 4). You also need to find a way to store all this data in a single place; don't count on your existing CRM system to be set up for these fields.

- › **Collect a wide range of customer data from across the company.** Everyone in the organization must get involved for individualization to succeed; it's a businesswide strategy, not a tactic. Digital business pros and their counterparts across marketing, technology, customer experience (CX), store or branch operations, merchandise planning, customer service, fulfillment, and other teams must thoughtfully analyze how every touchpoint collects and uses customer data to create individualized, valuable experiences for their customers.
- › **Use a universal identifier to consistently identify customers.** By identifying your customer across touchpoints with something as simple and universal as an email address, you can provide customers with richer, more valuable experiences. Fabletics customers who try on items in a store can give their email address to the store associate and indicate which items they liked; those items then go straight into the customer's online shopping cart.<sup>4</sup> And Fabletics learns what the customer tried on initially and can then use that data to inform merchandising, store planning, manufacturing, and other parts of the organization.
- › **Tell their customers how they will use the information they've requested.** There is a golden rule you should use to avoid the "creep" factor when executing individualization: Be overt when collecting customer data but covert when delivering personalized experiences. Hudson Bay Company follows this golden rule by asking customers to select their body type — and explains that, in return, the company will identify the brands that fit them best and the customer will see individualized size and fit ratings.<sup>5</sup> Individualization shouldn't look like personalization; it should simply look like a great experience.

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**FIGURE 4** Treat Customers As Profiles, Not Personas, To Create Individualized Experiences**Become A Customer-Data-Collecting Machine To Support Individualization**

Rich real-time customer data is the key to your individualization strategy. To successfully individualize the customer's experience in all touchpoints, digital business pros must look for every opportunity across the organization to collect customer data in every way possible. By overtly asking for customer information in exchange for tangible value to the customer, digital business pros will gather data that informs not only the immediate customer request but also product development, store operations, merchandising, digital teams for web and mobile, customer service, and many other parts of the organization. To gather this multifaceted data and create more relevant customer experiences over the long term, digital business pros must:

- › **Identify and treat customers as individuals using rich customer profiles.** Design each digital touchpoint to both use and collect customer data to ensure you get customer information in exchange for value. Orchard Mile asks the customer for not only her favorite brands but also her clothing and shoe size; it then shows her products that match those criteria.<sup>6</sup> Skincare specialist L'Occitane en Provence uses technology to identify if a window shopper was a man or a woman and then switches its digital display to show relevant products to that potential customer.<sup>7</sup>

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- › **Access customer data in real time and dynamically calculate and cater to intent.** Segmentation relies on past behavior — and that’s often batched overnight at best. Customers expect you to know what they’re interested in and need *now*, not just what they looked at the last time they shopped with you. The North Face website mimics a great store associate by asking what the customer needs and for what purpose; it then curates the assortment in real time to show options that meet those criteria.<sup>8</sup> Neiman Marcus’ “Snap.find.shop” mobile app lets the customer take a photo of a product she sees anywhere and then immediately shows her similar products it carries, a list of nearby stores and personal shoppers, as well as access to looks and products she has stored if she wishes.<sup>9</sup>
- › **Deliver personalized content equally across screens and channels.** Customers are used to experiences like the Starbucks mobile app, which lets the customer pay, view loyalty points, and order ahead; meanwhile, the company learns about the customer, such as his order of a venti Earl Grey tea at 4 p.m. each day.<sup>10</sup> But digital strategy professionals must look for opportunities to personalize experiences all along the customer journey. Sephora augments its legendary services by using the customer’s email address and Sephora VIP loyalty program to link personalized engagement across an ever-evolving set of in-store touchpoints, app functionality, and website recommendations and services — and no doubt will continue to deepen its offerings for evolving touchpoints, such as voice and chat.<sup>11</sup>
- › **Consolidate data from internal databases and external partners in a single repository.** US department store Macy’s senses when a customer is near a store and then pings the customer exclusive deals or alerts.<sup>12</sup> DIY retailer Lowe’s Holoroom uses augmented reality to let the customer design her dream kitchen; in the process, it learns her preferences and requirements for that project.<sup>13</sup> What’s the common thread? Both companies connect data “pipes” — or technologies and information sources — to create richer, more relevant engagements. Don’t put up with walls between disconnected technologies and vendors: Instead, make tech investments that allow you to both collect customer data and use that data in real time across the enterprise.

## Recommendations

### Obsess Continually About Your Customers’ Individual Needs

The results of personalization may look effortless, but getting there isn’t. Digital business leaders: To successfully evolve your personalization strategy from segmentation to individualization, you must:

- › **Design each digital touchpoint to get and use customer data in exchange for value.** Jettison low- or no-value personalization initiatives in favor of those that provide high, tangible value to your customer — from catering to stated needs and interests to acting on real-time information to provide customer services and products right when your customer needs them.



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- › **Identify gaps in your ability to deliver individualization all along the customer journey.** Imagine you're using a dedicated microsite from your bank to explore a college savings plan, but when you've exhausted the microsite's capabilities, you're directed back to the college savings plan information on the main site and asked to start over from scratch. That isn't a great experience for the customer — and, worse, many will simply abandon their journey entirely. Build customer journey maps that don't just identify actions that customers take but that highlight areas where individualization will improve the customer experience.
- › **Analyze what data you get in one touchpoint to create individualization in others.** This requirement underscores how vital it is to bring the rest of the organization into the strategy. Ensure your colleagues across the company understand who can collect what data as well as how, in turn, that data will benefit different touchpoints. Data siloes remove any hope of a 360-degree view of your customer or your ability to deliver the experience that your customer now expects.
- › **Tackle proactively how and where to store burgeoning your customer data.** Once you've identified the data that you can collect and how you want to use it, work with internal technology and customer insights teams to decide where and how to store, analyze, and access it in real time. Much of the data around sentiment, attitudes, and preferences is data that a traditional CRM system likely isn't yet set up to house, analyze, and proactively act on.
- › **Heed the golden rule — be overt in asking for data but covert in using it.** Explain why you're collecting data but then use that data to deliver great experiences that your customer finds relevant, not creepy. Socialize this rule so that every department — from sales to service, commerce, and marketing — follows best practices for personalizing customer experiences.

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## Supplemental Material

### Survey Methodology

Forrester conducted its Q1 2016 Digital Experience Delivery Online Survey among 115 digital experience professionals. Forrester fielded this survey in Q1 2016 to end users who are involved in digital experience technology decisions at their organizations. The sample consisted of organizations across industries and included third parties for relevant questions, as third parties become deeply entrenched partners for many digital experience initiatives.

Please note that there may be some sample bias. While Forrester fielded the survey to a global audience, the majority of respondents came from North America; they also came from an uneven distribution of industries and from companies of various sizes. This survey was not fielded to a random sample. The majority of the respondents came from readers of Forrester reports, which may have biased this sample. This survey is not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

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Forrester fielded its Q2 2016 Global eBusiness And Channel Strategy Professional Online Survey to eBusiness and channel strategy professionals. The panel consists of volunteers who join on the basis of interest and familiarity with specific marketing and strategy topics. For quality assurance, panelists are required to provide contact information and answer basic questions about their firms' revenue and budgets.

Forrester fielded the survey from April to July 2016. Exact sample sizes are provided in this report on a question-by-question basis. Panels are not guaranteed to be representative of the population. Unless otherwise noted, statistical data is intended to be used for descriptive and not inferential purposes.

## Endnotes

- <sup>1</sup> Source: Forrester's Q2 2016 Global eBusiness And Channel Strategy Professional Online Survey.
- <sup>2</sup> Source: Forrester Data Consumer Technographics® North American Retail And Travel Survey, Q4 2017 (US).
- <sup>3</sup> Source: Forrester Data Consumer Technographics North American Retail And Travel Customer Life Cycle Survey, Q1 2017 (US).
- <sup>4</sup> Source: Matt Lindner, "Fabletics links the in-store fitting room to the online shopping cart," Digital Commerce 360, May 5, 2017 (<https://www.digitalcommerce360.com/2017/05/05/fabletics-links-store-fitting-room-online-shopping-cart/>).
- <sup>5</sup> Source: "Know It Fits Before You Ship," Hudson's Bay (<http://www.thebay.com/webapp/wcs/stores/servlet/en/thebay/content-view/true-fit#>).
- <sup>6</sup> Source: "My Mile," Orchard Mile (<https://orchardmile.com/miles/new-my-mile>).
- <sup>7</sup> Source: "Tahzoo TIPS (Targeted In-Store Promotional Solutions) - Empowering Retailers," YouTube video, December 16, 2016 (<https://www.youtube.com/watch?v=OwQn11k0NRQ>).
- <sup>8</sup> See the Forrester report "[Case Study: The North Face And 1-800-Flowers Embrace AI For Conversational Commerce.](#)"
- <sup>9</sup> Source: "Introducing Snap.find.shop." Neiman Marcus (<http://www.neimanmarcus.com/NM/SnapFindShop./cat52160740/c.cat>).
- <sup>10</sup> Source: "Starbucks App for iPhone and Android," Starbucks (<https://www.starbucks.com/coffeehouse/mobile-apps>).
- <sup>11</sup> Forrester will shortly publish a report on this topic. See the upcoming Forrester report "Keep Experimenting With Digital Enablement Technology In-Store."
- <sup>12</sup> Source: "What are In-Store Notifications?" Macy's ([https://www.customerservice-macys.com/app/answers/detail/a\\_id/6354/~/~what-are-in-store-notifications%3F](https://www.customerservice-macys.com/app/answers/detail/a_id/6354/~/~what-are-in-store-notifications%3F)).
- <sup>13</sup> See the Forrester report "[Marketers: Get Ready For Augmented Reality.](#)"

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