

The Starting Point: Know Your Segments and Create Personas

Personalization begins with the basic best practice of defining the rules by which you interact with your customers. The key to creating effective personalization rules is leveraging what you know about your customers based on past and current interactions and using profile management to store key customer attributes. These attributes combine to create customer segments or personas that enable you to drive relevant interactions. Personas offer a way of enhancing your traditional customer segments with subjective information that personifies that segment (for example, gardeners who live on the east coast of North America, or fashion-loving twenty-somethings who go for top brands). Like segments, personas are informed by customers' demographics, psychographics, purchase patterns, the channel they use, as well as the value associated with their importance to your business. Personas start with understanding customer profiles—what you know about an individual based on both offline and online interactions (such as gender, age, and geography). As you extend the customer profile by adding enhanced information based on a customer's actions (such as buying history, click behavior, search terms, and shopping cart contents) over time, you can group similar profiles into personas, and tailor interactions to make the shopping experience even more relevant.

Anonymous Personalization: An Oxymoron?

Using personas to drive personalization doesn't require you to get every customer to log in and fill out a profile. The information you need to create your personas can be gleaned even without the customer's active participation, and without your knowing who the customer is. For instance, your Website lets you learn about your visitor—even if she remains anonymous—by seeing what types of products she browses, what articles she reads, what searches she runs, or what questions she asks on the self-service site. With this information, your Website content can be dynamically tailored for your visitor in an instant, as soon as the visitor is associated with a persona. For example, let's say you're selling sporting goods. You have a promotion about running shoes on your home page. An anonymous user comes to the site, ignores the running shoes, and starts looking at mountain bikes. When he comes back to the home page, it would automatically and dynamically switch out the running shoe ad, replacing it with an ad about biking equipment and accessories. Show him something more relevant to his needs, and he is more likely to buy. That is anonymous yet effective personalization.

These days, many consumers are also more willing to share information or answer a few questions as they shop—as long as they believe the information they provide will improve the recommendation they receive in return. For example, a running-shoe store may prompt a shopper for her arch type, running style, body frame, and brand preference before making a personalized recommendation.

Personalization Informed by Customer History and Past Behavior

Of course, the more you know about the customer, the more relevance you can infuse into your interactions. Building on the sporting goods example above, now let's say you can identify the shopper. Your site should have access to her buying history so that you know what products she already owns as well as which ones have interested her historically. When she puts a pair of running pants in her shopping cart, you will want to

make her a cross-sell offer. But rather than offer her the same jacket she just bought last week, you'll offer her a different accessory. That's history-based personalization.

Personalization That Selectively Offers a Live Interaction

Monitoring your customers' actions in real time can bring personalization to the truly intimate level. Now you can personalize not only the content you display to your customers but also the type of service you offer, either across your whole site or just on sections that customers tend to abandon or find tricky to navigate. Let's say your shopper puts a big-ticket item in her cart, such as a plasma TV or a US\$1,000 handbag. But then the shopper hesitates; rather than checking out, she begins to look at the shipping information page. You don't want to lose her purchase. The new trend here is proactive click-to-call, a capability that lets you pop up a window and offer live help with a message that says, "If you have a question about shipping, click here to speak with a representative." Once the shopper clicks, she goes to the top of the agent queue, and her phone rings instantly, connecting her to a customer service agent who completes the sale. Click-to-call is probably not a worthwhile tactic for saving the sale of a US\$10 CD, but for a US\$3,000 TV, it's absolutely worthwhile. In some markets, click-to-chat can work equally well, proactively offering the prospect an instant live chat session with a customer service agent. Oracle's experience in deploying this technology shows that this kind of service can increase conversion rates by as much as 50 percent. For the best results, you can extend cross-sell personalization to the call center. When a customer connects to the call center for that US\$1,000 handbag, you want the agent to have access to the same history-driven, cross-sell offer that would be presented on the Website—the shoes, in the right size, that go with the handbag. You want to drive the call center with tools that increase order size, not just reduce costs. That is the epitome of effective, cross-channel offer management.

Multistage, Scenario-Based Personalization

The stark reality of today's marketplace, with all of the options customers have before them, is that a single instance of a relevant interaction rarely evolves into a lasting relationship. The good news is that with segments or personas in place, personalization can help drive and track the full purchase cycle. As an e-seller, you can drive even more relevance into your customer relationships by introducing multistage, scenario-based personalization. A scenario is a way of taking a rich set of customer interactions and facilitating them across marketing, selling, and service encounters. The sequence of events that make up a scenario is designed to lead the customer along the path toward achieving the specific business goal that you define. These different events, or stages, can be triggered by or timed to correspond with the actions that each customer takes. A scenario can last a few moments or extend over weeks or months; it can be relatively simple or have many paths. Using scenarios, you can engage, track, and communicate with the customer throughout his purchase decision process. As he potentially moves away from your site to look at competitors, a well-timed, relevant interaction driven by scenarios can give that customer a reason to come back to your site. For scenarios to work well, you first need to determine precise business goals for your particular segments or personas. Are you looking to close the first sale? Increase purchase

frequency? Increase the average order amount? With target goals defined, you can begin designing multistage scenarios that correspond to the behaviors of your customers and prospects. This kind of personalization introduces a series of preset responses that correlate to customers' actions. For example, if a customer visits your Website and asks to be notified of your holiday special but then does not respond when he receives that e-mail, the next step is automatically triggered. That step may be a reminder phone call from a sales person. If, after a week passes, the prospect still does not respond, a second communication could be initiated: this time, perhaps an e-mail with an even better offer. Multistage, scenario-based personalization doesn't focus on a single transaction but rather a series of interactions that ultimately lead to the desired outcome. By introducing triggers at critical interaction points that take your customer into account, you can help lead that customer down the optimal path. With multistage personalization, you are monitoring and responding to events as they happen and reaching out to the customer to start a meaningful and relevant dialogue. The best multistage scenarios span across channels. Some customer interactions will trigger an e-mail response, while others may activate a customer service call. Still others may prompt a sales call. Some of these communications will call for immediate customer action, while others lay the groundwork for future interactions.