WHAT IS
PERSONALIZATION?

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by freshworks

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What is Personalization?

Personalization is the act of tailoring a specific product or a service based on your audience preferences. On a website, personalization includes tweaking navigation, images or content depending on visitor intentions, where they are at your company's buyer journey, geography, demographics, etc. It provides meaningful experiences for your customers and boosts your business growth.

Back in 2014, Coca-cola kicked off personalization with its 'Share a Coke campaign', where they forewent their traditional logo on their bottles and printed with the phrase "Share a Coke with" followed by a person's name. This was a huge hit that resulted in 12 million media impressions and boosted consumption by 7% in young adults.
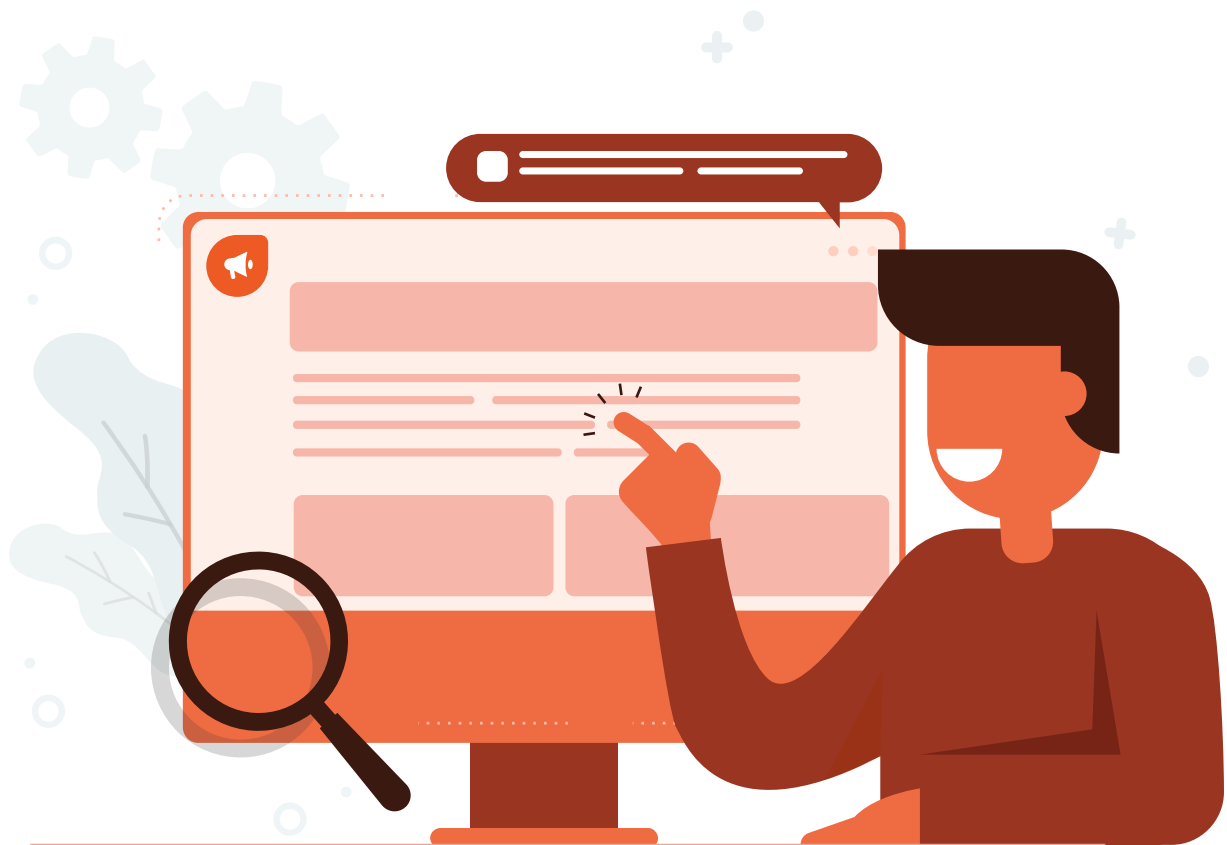
Why do you need Personalization?

Personalizing visitors' experience on your website has become more of a necessity than an option. In a recent survey conducted by Marketo, 78% of respondents said that they are likely to engage with brand offers, only if it has been personalized based on their previous interactions.

In an era where companies are vying fiercely for visitors' attention, personalization can make your visitors' stay on your site and help them engage with you better by providing relevant content/experiences.

Personalization is mainly used to:

Improve customer experience:

Your customer satisfaction levels can increase manifold with personalization. Your customers do not want to be treated like numbers on a spreadsheet or want to be called by the fictitious persona names that you come up with. They want to be treated as the unique individuals that they are, and personalization can help you deliver your messages with the one-on-one approach that they crave.

Drive revenue:

When your visitors' are pleased with the experience that you offer, they are bound to stay on your website and ultimately convert. With personalization, you can improve your conversion rates, drive more sales and increase your revenue. When targeted campaigns are personalized based on your visitors'/customers' preferences, it can significantly reduce your acquisition costs.

Reduce churn:

When you've successfully managed to convert your website visitors into customers, the next step would be to make them your loyal customers. When you provide relevant and targeted experiences consistently, customers are more likely to keep engaging with your brand. This will help you reduce churn while simultaneously boosting customer lifetime value(CLV). According to McKinsey & Company's research, Personalization reduces acquisition costs as much as 50%, lifts revenues by 5-15%, and increases the efficiency of marketing spend by 10-30%.

How Personalization works

In personalization, you segment your audience into different groups based on certain factors, so that you can provide relevant experiences for them to convert. Segmentation plays a crucial role for your personalization efforts to work. *The better segmented your audience is, the more targeted your messages can be*.

Here are a few examples of targeting rules that are often used in personalization.

Location:

This is the most common type of segmentation that marketers use for personalizing their website. Visitors are grouped based on their geolocation so that you can provide them with relevant content/offers. For example, if you are an e-commerce apparel website, you can target a particular geography based on weather conditions.

Behavioral:

With a personalization tool that analyzes your visitor behavior, their navigation and their engagement on your site, behavioral targeting is accomplished. This may involve different types, like targeting users based on the kind of content they engage with, their devices/browsers, the search terms they use, the number of visits to a particular page, etc. For example, if you are a Saas website, you can display a different type of content for the visitors who have downloaded your ebook.

Demographics:

Targeting by demographics can come in handy when you want to provide personalized experiences for a specific group of people. For example, if you are an e-commerce store, you can target your audience based on their gender, age group, etc., to provide relevant recommendations.

Personalization Vs Customization

Personalization and customization are always used interchangeably. Though they are used together to improve your customers' experience, there's a subtle difference between them:

Customization:

When your customer chooses from the given options on your website, to suit his/her preferences, it is known as customization.

Personalization:

Personalization is when you provide personalized experiences to your visitors/customers by predicting their needs or wants depending on factors like age, demography, past behavior, etc.

For example, if you are a media website, customization is when a visitor lands on your page and chooses what stories he/she wants to read. Personalization, on the other hand, is when you provide recommendations based on their reading history.

Personalization and A/B testing

While A/B testing and personalization serve different purposes, they perform the best when used together.
A/B testing can help you compare two web page versions while selecting the one that performs the best. Personalization when done right can bring in higher conversions by providing different versions of your site to different visitors based on their interests.

A/B Testing	Personalization
Centered on experiments: The focus of A/B testing is to identify the variation(or the control) that results in higher conversions, for a given audience.	**Centered on experiences:** Though the ultimate aim is to increase conversions, the focus of personalization is on providing better experiences for customers/ visitors.
Definite endpoint: A/B testing stops when you identify the better-converting page.	**Continuous process:** Personalization is an ongoing activity that is often tweaked and experimented with, to provide relevant experiences for your visitors/ customers
Bucketing: In A/B testing, visitors are bucketed into variations, and will be shown a particular variation irrespective of any changes.	**Retargeting:** In personalization, the type of page that is shown to visitors may depend on the factor that you personalize with. **For example,** if you want to personalize your website based on the location of the visitor, he/she will be shown different variations based on where he resides.

To provide the best experience to your website visitors, it is best to continuously test which ones are more preferred and likely to yield increased conversions. A combination of personalization and A/B testing can come in handy in this case.

To combine A/B testing and personalization, create segments of your audience based on the data you have. This may be the location, demographics, campaigns, new vs. returning users, etc. Once you have segmented your audience, you can set up probable personalizations and A/B test within that segment, to identify better converting experiences. In this way, your personalization is more targeted and better equipped to bring in higher conversions.

Personalization examples

Though personalization is being adopted only in recent times, businesses have been doing it way back. If you are a business with your target group spread across multiple geographic locations, you may have different language websites to serve your audience. This is a classic example of personalization in action.

Personalization is also much more than addressing your customers by their first name when you send them emails. Here are a few examples where personalization is actively used by marketers, to provide better experiences for their audience while subtly driving them to convert.

Product Recommendations

Product recommendations are backed by machine learning algorithms and AI-based platforms. Though widely used in the retail industry, product recommendations are also popular in the media industry like Netflix, Spotify, etc.where their recommender engines/algorithms provide close to perfect matches based on the audience's previous interaction with them. These automated systems collect real-time data with respect to the user's context and provide recommendations dynamically. They follow three kinds of approaches namely:

Customers who bought items in your Shopping Cart also bought
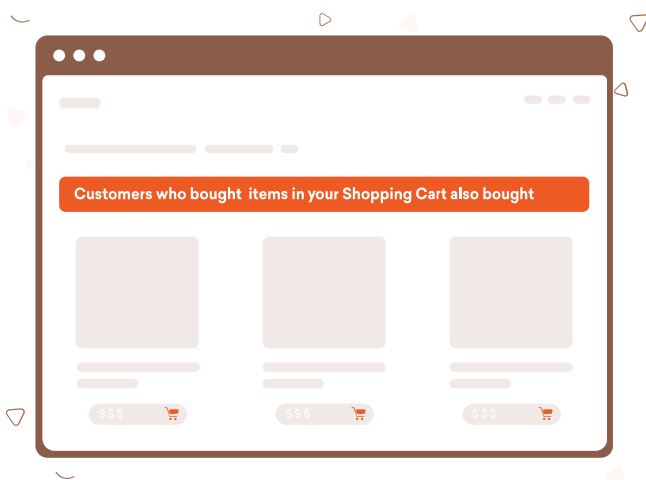
Collaborative filtering:

Here, the engines provide recommendations by gathering and analyzing large amounts of information from the audience related to their preferences, browsing behavior, intents, etc. and matches them to similar ones. The matching happens either user-user or product-product. For example, if a user in the age group of 25-30 residing in the UK, purchases a jacket, a similar user in the same age group and the geographical region will be recommended the same jacket, when she browses the clothing section.

Peter, Welcome to Freshkart.com

Today 's Recommendations For You
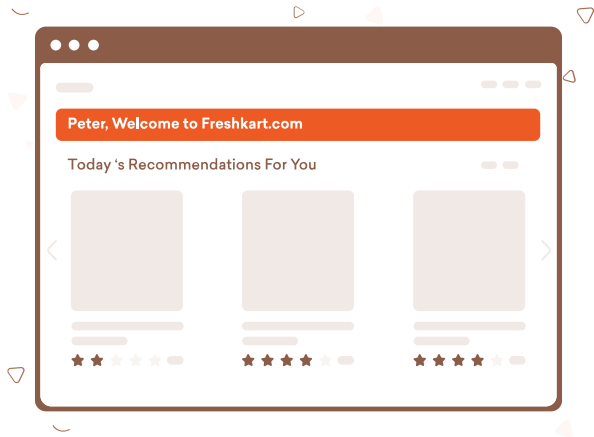
Content Filtering:

In content filtering, the algorithm matches items with individual preferences. It recommends products based on what the user has bought/viewed in the past. For example, if you have purchased shirts from an online store compared to bags, the website displays shirts more when you visit it. A disadvantage with this approach is that the system may not be able to provide accurate recommendations for different product/ content types. For example, with this approach, it will not be possible for the system to provide recommendations for shoes based on your purchase of watches on the website.

Customers who bought items in your Shopping Cart also bought

Peter, Welcome to Freshkart.com

Today 's Recommendations For You

Hybrid Approach:

This involves a mix of both collaborative and content filtering approaches, giving importance to both individual and collective audience preferences. Technically, this approach provides the most accurate recommendations. E-commerce giant Amazon follows a hybrid approach to upsell and cross-sell its products and increase theaverage order value.

Gmail

Thanks for signing up for Freshmarketer. 😊

Hi Peter,
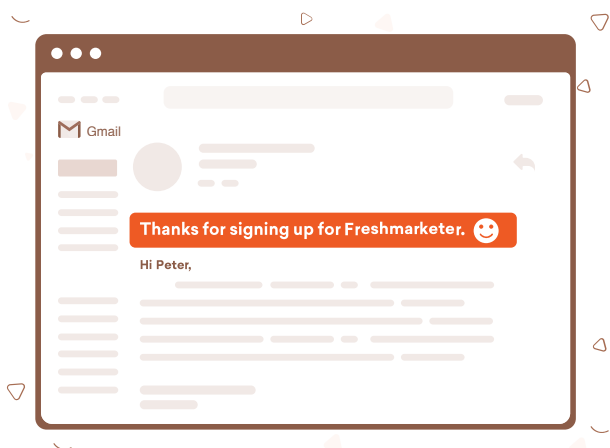
Social Proof Notifications

Social proof notifications are a recent trend in e-commerce websites today. With social proof notifications, you send timely, relevant notifications to your buyers in real-time. For eg, when you visit an e-commerce site, it displays notifications that say that a customer has purchased a product. Brands are leveraging this technology to increase trust in them and eliciting higher conversions from this tactic.

Triggered emails

Triggered emails are sent in response to an action taken by your users. This type of emails perform the best and deliver higher conversions, as it is targeted better. This is leveraged both by e-commerce and Saas companies. Some examples of triggered emails include cart abandonment emails, reactivation emails, remarketing emails, welcome emails, transactional emails, etc.

Retargeted Ads

Retargeting helps you bring back the traffic that has bounced from your site. It gives you yet another opportunity to make a customer convert, be it making a purchase or fill a form. Your retargeted ads are expensive and can hike up your acquisition costs. Businesses are now turning to personalized retargeted ads to cut costs and boost their conversions.

Getting started with Personalization

Attempting to do personalization for your website, can be quite ambiguous. It is advisable to follow a structured methodology, to avoid confusion and getting sidetracked by other distractions. The below five-step process can help you get started with personalization

Setting Goals   **Data collection**   **Analyzing data**   **Step-by-step implementation**   **A/B testing**

1

Setting Goals:

Identify what you want to accomplish with your personalization efforts. Say, for example, you may want to increase sales, grow repeat purchases, increase trust in your brand, improve lead generation, etc. You will also have to decide if you wish to adopt a short-term or long-term plan for implementing personalization. Make sure that you have enough resources - people, tools and time to invest, as this is the main reason that most personalization experiments fail.

2

Data collection:

Once you have figured out your goals, the next step would be collecting data from your website visitors. Gathering data would help you understand more about your audience, their purchasing intents, and their preferences and will help you come up with relevant personalization experiences for them. Some of the means to collect data include using CRO tools, opt-in forms, focus groups, polls and feedback, using gamification in your email communication, phone conversations, etc. The more data you gather, the more insights you can gain about your audience.

3

Analyzing data:

Once you have your data in place, you will start observing patterns. If your data is too huge for interpretation, invest in data processing platforms that can analyze data for you. You can create buyer personas, and use segmentation to get meaningful insights on your audience. Categorize the data based on demography and behavioral insights. Start with the more engaged people on your website, learn about their interests, their behavior on your site, what they look at, whether they converted, etc. Most heatmap and session replay tools can give you this information. Organize this data in spread-sheets to have a clear understanding of your audience behavior, their wants and needs, etc., to create relevant experiences.

4

Step-by-step implementation:

Armed with the marketing data, you can start testing the waters on the personalization front. Here's where a good personalization software can help you. Start with sending out personalized triggered emails, personalizing your site for different regions, creating persona-driven content, recommending products/content based on behavior, etc. Once you are confident enough, you can proceed with creating more personalized experiences for your website visitors.

5

A/B testing:

To know if your personalization is working, the best way would be to test them. A/B testing your personalized pages helps create better engagement with your audience and improves your conversions. You can test personalized pages Vs. non-personalized ones, to validate your efforts. You can test personalized emails over the ones that were not, and measure the results. You can also test the levels of personalization - for example, individual pages vs. cohort-based designs, where different content is served to different users based on their segments.

Measuring the ROI of Personalization

A/B testing your personalized pages is a good indicator of the success or failure of your personalization efforts. However to determine its ROI, having a standard set of metrics can help. The metrics that you measure will depend on the type of goals that you have set before starting with personalization. These goals are not limited to just your personalization efforts but can be used for your overall CRO experiments as well.

Business goals can be broadly split into:
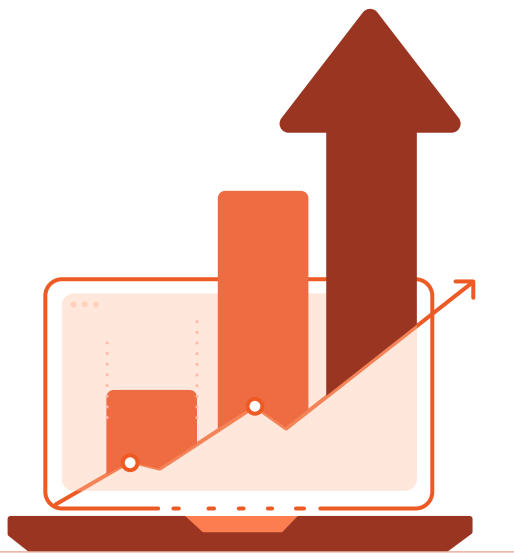
Engagement-based goals

If you aim to increase engagement on your web pages, the following metrics can measure the effectiveness of your personalization experiments:

Time on Page

The time spent on your page is a good indicator of your visitors' interest. When you create personalized experiences for your visitors, they are bound to stay longer on your website.

Bounce Rate:

Your personalization experiments should aim to reduce the bounce rate of your web pages if boosting visitors' engagement is your ultimate aim.

Pages visited:

Tracking the number of pages visited can also be a good measure of your personalization efforts to improve visitors' engagement on your website.

Visitor Frequency:

With this metric, you can track how many times the same visitor reaches your site over a period of time. The more number of times a visitor comes to your site, the higher her interest level.

New Vs. Returning Visitors:

With this metric, you can identify the ratio of new and returning visitors on your site. Based on this metric, it is also possible to gauge where in your visitors' buyer journey, personalization efforts can help.
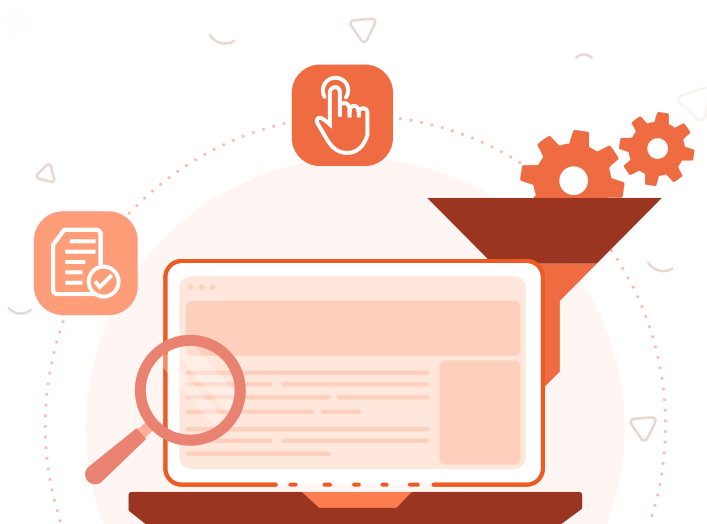
Conversion-based goals

Most of the personalization efforts across organizations are centered on conversion goals. Conversion based goals are action-oriented and often require some action to be taken by your website visitors. Some metrics to measure these goals would be:

Form Submits:

Forms are the widely used lead generation tool. Measuring the number of form submits on your site after you've adopted personalization, can identify whether your efforts are working or not.

Clicks on link/elements

Measuring clicks on links or elements like 'Sign Up' buttons, 'Add to Cart' buttons can be a good indicator of the success of your personalization experiment.

Revenue-based goals

If your goal is to increase revenue from your website, the following metrics can help. These metrics give you the exact revenue you've made from your site, through your personalization efforts.

Site Purchases:

When your personalization goals are directed at increasing revenue from your website, tracking site purchases is the right metric to understand if your experiments are working.

Contacting Sales:

In a service-based business, the revenue is from visitors/prospects reaching your sales team. In such a case, measuring this number would help you understand the effectiveness of your personalization efforts.

Choosing the right personalization software

The right personalization tool can deliver better experiences to your audience while making your work easier. We've listed the important things you need to look out for while choosing a personalization software for your business.
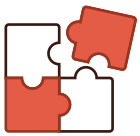
Segmenting and targeting:

The success of your personalization depends on how effective your segmentation is. Look out for software that provides you with more-in-depth segmentation capabilities that let you target niche customer segments, to create relevant, personalized experiences for your audience.
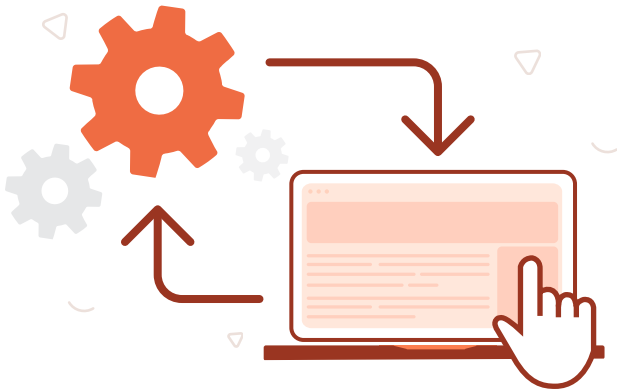
Layout personalization:

The personalization software of your choice must provide you with the flexibility to personalize the layout and content of your web pages with ease. As most of your experiments, will be based on serving different content to different visitors, creating personalized variations of your web pages effortlessly, is an essential criterion.

User-friendly:

Personalization needn't be complicated or difficult to implement. The right software will facilitate easy setting up and running of your experiments, without you having to spend more time figuring out how the product works. Ease of installation and setup of the software is also another factor that you will have to keep an eye on.

Personalization best practices

Now that you're ready to start personalizing your website for your visitors, here are a few pointers that you need to keep in mind:

Collecting the right data:

The quality of personalization you provide to your customers depends on the type of data that you collect. So, ensure that the data you collect from your tools are accurate. If you are using multiple tools for data collection, your tools should integrate seamlessly, so that you have a holistic view of your customer data. It is easy to be misled by going after vanity metrics like raw page views, lift in brand keywords traffic, etc. Make sure the metrics you look out for correlate with your personalization goals.

Tailoring messaging across different media:

Although you might attempt to personalize your website based on your customer preferences, they tend to reach you via various media. Adopt consistent messaging across your different channels, to avoid any confusion that your customers may perceive. Failing to do so can make your brand come across as unreliable.

Constant testing:

You might collate, analyze and correlate your customers' data to provide exceptional personalization experiences. But unless you test them on a regular basis, you never know whether your personalization is achieving your desired conversion rates. Make sure to test your customer experiences periodically so that they are relevant, engaging and can drive improved conversions.

Avoiding hyper-personalization:

With personalization, it is possible to micro-target as far as a single customer, but at what cost? You cannot be 100% sure that the data that you have in hand is always right, and that your customer would love the personalization that you've crafted individually for them. It is advisable to give your customers the flexibility to opt out of personalized experiences so that they can explore your brand and get acquainted with you better.

New ideas for overall experiments:

Personalization involves grouping your customers into different segments and targeting them, based on their preferences. Sometimes when you create well-performing experiences for a particular segment, those experiences can work well for your overall target audience as well. Do not limit your personalization efforts to a specific segment, so you can experiment with similar ideas for different segments that can result in improved website conversions.

Security and user privacy:

While creating personalized experiences for your customers, it can be tempting to collect all their data, to understand them better. Do not collect data that you may not need. Make sure that you get explicit consent from your customers to use their data. With the advent of GDPR and other privacy laws, it pays to be more cautious about how your third-party digital systems use your customers' data.

Personalization with Freshmarketer

Personalization in Freshmarketer is a no-brainer. You can create hassle-free personalized campaigns, with no steep learning curve involved. *Freshmarketer lets you create personalized experience either via the easy-to-use visual editor or enabling redirection*.

Simply, set a goal for your experiment. Freshmarketer has extensive goal setting options based on conversion, engagement or revenue. Once you have goals in place, you target your audience based on your data. For example, you may want to target visitors who reach your site through their mobile devices.

With Freshmarketer, you can also launch your personalized experiences once an event is accomplished, from your visitors' end, via activation mode. This will help you create relevant and accurate experiences for your visitors, provided that your data inferences are correct.

Craft personalized experiences for your website visitors with Freshmarketer.

Get Started

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