

# A Beginner's Guide to Personalization:

The Differentiating Factor  
In Grocery eCommerce



“To me, the future is personalization.”

— Marissa Mayer, former CEO  
Yahoo

Have you ever wondered how sites like Amazon recommend which products you might want to buy, often with astounding accuracy? That’s personalization. Ever had any experience with online dating? Your romantic encounters were likely a result of personalization algorithms designed to help users find their perfect match. In fact, countless modern businesses owe their success to personalization.

Today’s shoppers want to be treated as an audience of one. These tech-savvy consumers have come to expect—and even demand—this level of personalization, with many considering it the new norm. And, as businesses in other verticals have begun to master the art of web personalization, the expectations of consumers have only intensified.

Take Netflix, for example. The on-demand streaming service learns your preferences and suggests movies and TV shows you’d like to watch from its extensive catalog. And this strategy appears to be working for them—very well. In fact, research suggests that [75-80 percent](#) of what people watch using the service comes from what Netflix recommends, instead of what people search for. It comes as no surprise, then, that retailers are scrambling to apply this same logic to the grocery world.

In this eBook, we explore the role of personalization in today’s retailers’ multi-channel eCommerce strategies, and outline exactly how you can incorporate it into your brand’s marketing mix.



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# Chapter 1: Personalization Defined

## Personalization:

(noun) The practice of making use of collected data about web visitors to create relevant content that's customized and unique to them.



Gaining, keeping, and ultimately growing customer loyalty and share of wallet are all top of mind for today's online retailers. However, as the bar for shopper expectations continues to rise, these goals have never been more difficult to achieve.

In 2015, Gartner [published a statistic](#) that shook the marketing world. It claimed that by 2018, businesses that have “fully invested in all types of personalization” will outsell companies that haven't by an astounding [20 percent](#).

Twenty percent is a big number, and it's one that could mean the difference between retailers outpacing their competitors, or losing the race

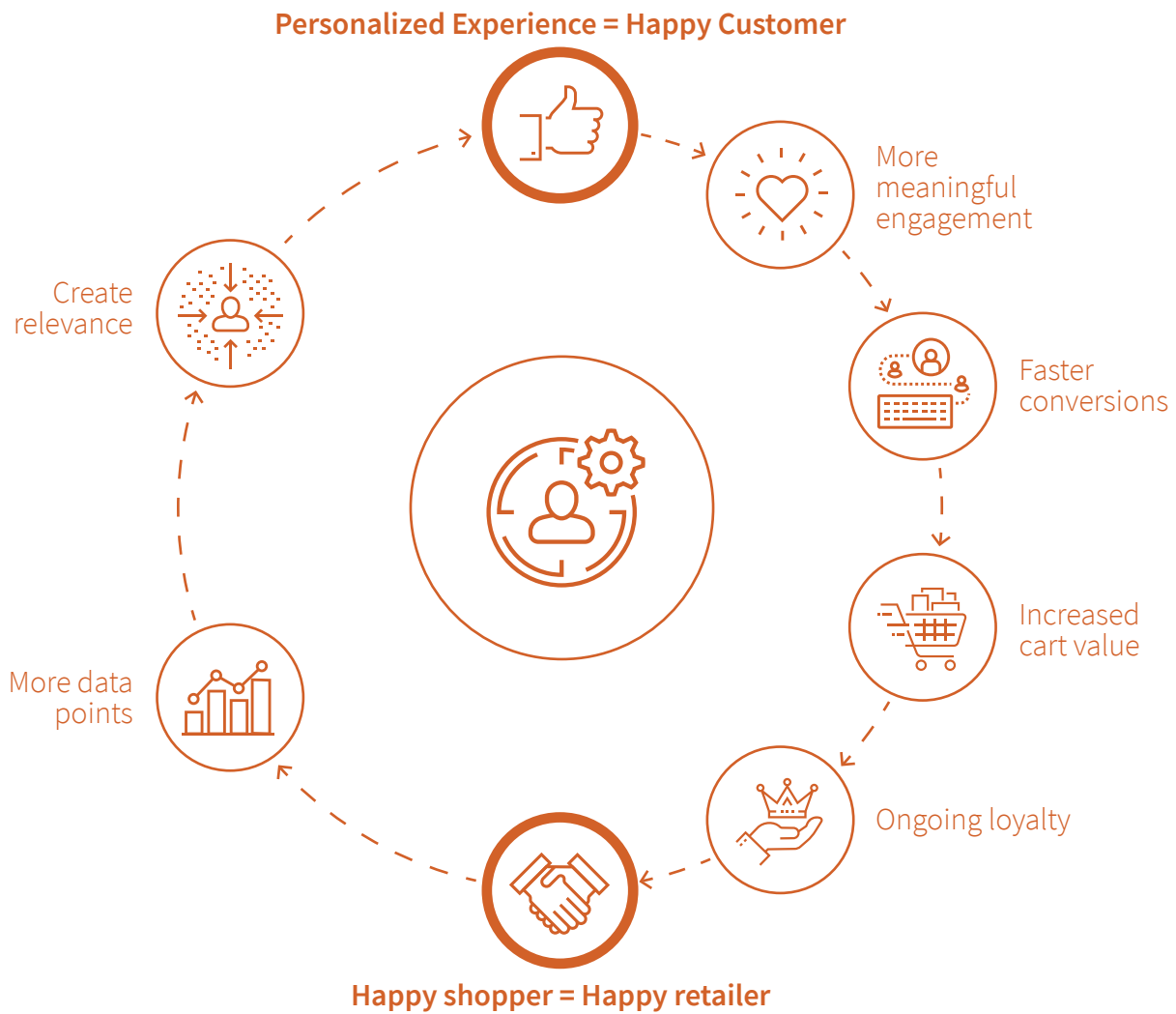
altogether. While Gartner's hypothesis won't be tested for another year, there's no denying that personalization is already having a dramatic effect on how today's retailers do business.

The majority of companies today realize that embracing advanced technologies is paramount to building connections with customers and delivering what they want. Today's shoppers both want and expect you to consume the digital bread crumbs they leave behind, and then use them to deliver just the right message, on just the right channel, at just the right time.

#### **FACT**

*According to research by Google, [85 percent of online shoppers](#) are more likely to shop from brands that offer highly personalized discounts and exclusive offers. What's more, 74 percent of online consumers get frustrated when content (e.g. offers, ads, promotions, etc.) has nothing to do with their interests.*





“Personalization” can refer to many things—both on your website and in your marketing activities. For example, websites can be personalized so that when a customer logs into his or her account, he or she is immediately greeted with product recommendations tailored according to their past purchases.

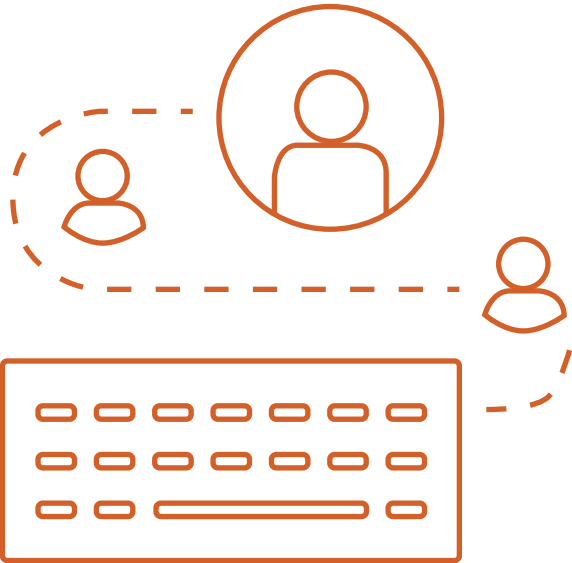
Emails can also be personalized using marketing automation techniques that make people on your email list more purchase-ready. Additionally, social media messages can be personalized by targeting specific sub-groups of your followers, or by learning more about your followers and creating content that they’ll be more likely to like, share or comment on.



# Benefits of Personalization

## 1. Increased Conversions

Every effort you make to simplify the path to purchase will help increase your conversion rates. People are more likely to take a desired action when taking that action is fast and easy. That's why Amazon offers one-click purchases—it reduces friction dramatically. Curated, highly-personalized content is far more inviting and easier for shoppers to comprehend, which leads to a sense of excitement rather than frustration when visiting your website.



## 2. Better Engagement

Increased levels of engagement are made possible when your company delivers the most suitable, personalized content to the right customers at the right time. Personalized messages enhance your reputation, as they promote meaningful interactions with each and every shopper.





### 3. Increase in Average Order Size

With valuable, user-specific information being presented to shoppers, there's a higher chance that they might indulge and purchase more items during each visit to your website. For example, if at a strategic point in the purchasing journey a shopper who added a box of cereal to their cart is presented with a product recommendation for milk, the chance of that customer adding more items (like milk) to their cart within the same transaction goes up significantly.



### 4. Improved Shopper Loyalty

According to a study by Exact Target and Forrester, [96 percent of marketers](#) are confident that personalization plays a significant role in the retention and loyalty of customers. Users feel more valued when they notice that a business has gone out of its way to serve them better by listening to their needs. These loyal customers are more likely to do business with a brand they trust, and more likely to then recommend that brand to others.



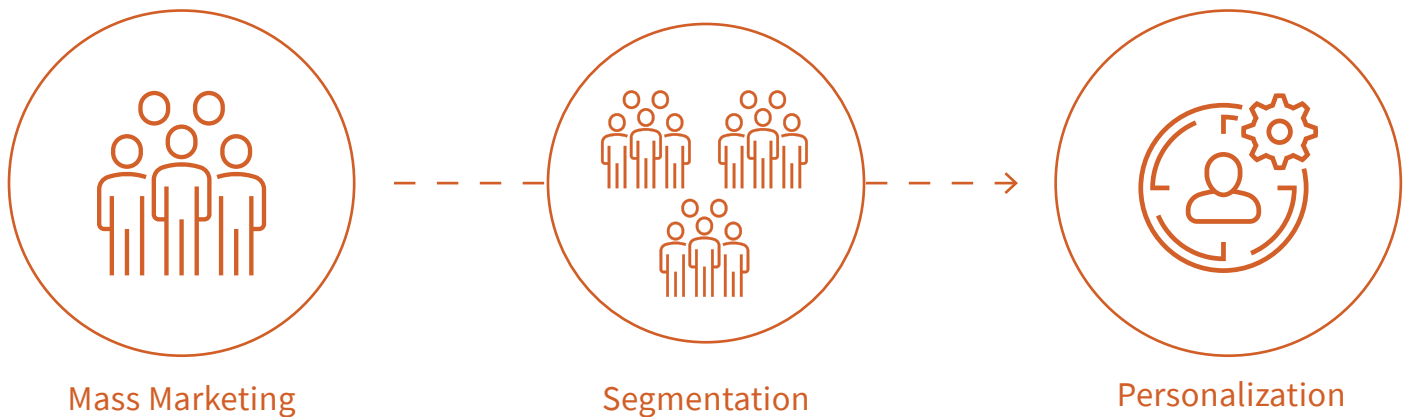
## Personalization vs. Segmentation: What's the Difference?

The terms “personalization” and “segmentation” are often used interchangeably, and there’s undoubtedly similarities between the two—after all, they both leverage information gathered about shoppers in order to create customized experiences.

But while segmentation attempts to bucket consumers into similar aggregate groups—such as by age, geography, gender, income and family status—personalization represents the ultimate goal of marketing on a one-to-one basis.

Rather than grouping customers based on their demographic traits, personalization uses value and behavioral dimensions to create a multitude of micro-segments. This allows retailers to customize shoppers’ experiences to their individual needs and desires based on the in-depth data and insights they have gleaned about them.

To differentiate between the two, it’s helpful to view them as part of a “customization spectrum”. On one end, you have the outdated, one-size-fits-all, mass-marketing approach. On the other, you have personalization as we know it today. Then, somewhere between the two, lies segmentation.



[Source: [WiderFunnel](#)]

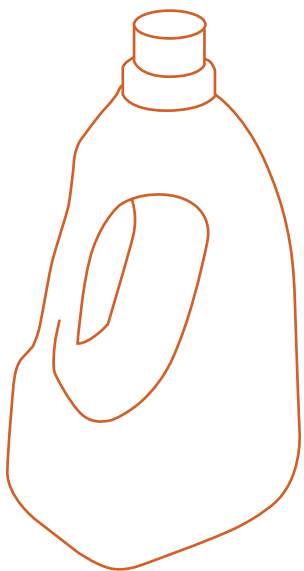
Retailers have been using segmentation tactics for years with great success. However, we now have the data, technology and know-how to go more granular than ever before with our marketing customization efforts. This is what we consider now to be true personalization.



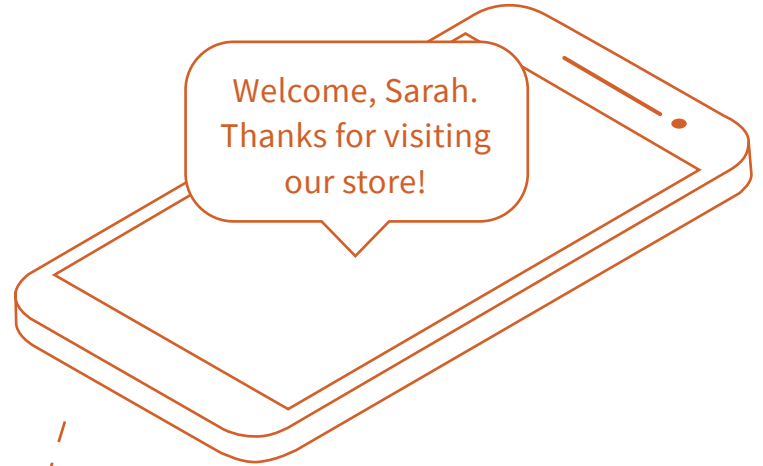
## Contextual Personalization

Imagine the following scenario: a shopper walking into a store is informed via smartphone of items on sale linked to her preferences and purchase behavior. Her coupons are then automatically organized according to the aisle she's in. This may sound like personalization, but what's really happening here is contextualization within the domain of personalization.

Personalization involves looking at data points—such as shopper demographics, transactions and purchasing behavior—analyzing these, and then dynamically delivering results in near real time through web, mobile, social media and email.



**The detergent you looked at on our website last week is in stock at a special price just for you.**



**Welcome, Sarah.  
Thanks for visiting  
our store!**

Now we're moving into the age of contextualization—bringing situational data, such as time, location and device being used—into the realm of personalization.

For example, let's say you've landed for a connecting flight at JFK International Airport. Suddenly, your mobile device alerts you that you've missed your flight, but it's booked you on the next one. That's contextualized—in the moment, while it's happening—and it's also personalized, as it's happening to you as an individual.

Merging personalization with contextualization creates a powerful and truly immersive user experience, and can greatly increase the likelihood that a shopper will purchase from you.



## Powered by Algorithms

In the digital age, there are now more potential data inputs than ever—including web search history, social media activity, customer service interactions, and more—meaning that the potential pool of data available to retailers to create one-to-one shopping experiences is growing deeper every day.

But this pool has become so extensive that it surpasses our human ability to understand it—and that's where the power, precision, reliability and speed of execution of algorithms comes into play.



“Nearly two decades ago, Amazon.com launched recommendations to millions of customers over millions of items, helping people discover what they might not have found on their own. Since then, the original algorithm has spread over most of the web, been tweaked to help people find videos to watch or news to read, been challenged by other algorithms and other techniques, and been adapted to improve diversity and discovery, recency, time-sensitive or sequential items, and many other problems.”

— Smith and Linden,  
“Two Decades of Recommender Systems at Amazon.com”,  
IEEE Internet Computing magazine,  
July 2017

Algorithms have the power to use vast amounts of raw data to provide fast, efficient and scalable solutions to complex problems—like calculating the fastest routes for logistics companies to deliver goods, and helping supermarkets track customers’ buying patterns to help decide exactly what products to stock and where to put them.

**FACT**

*It’s been estimated that approximately 35 percent of Amazon.com’s revenue is generated by its recommendation engine.*

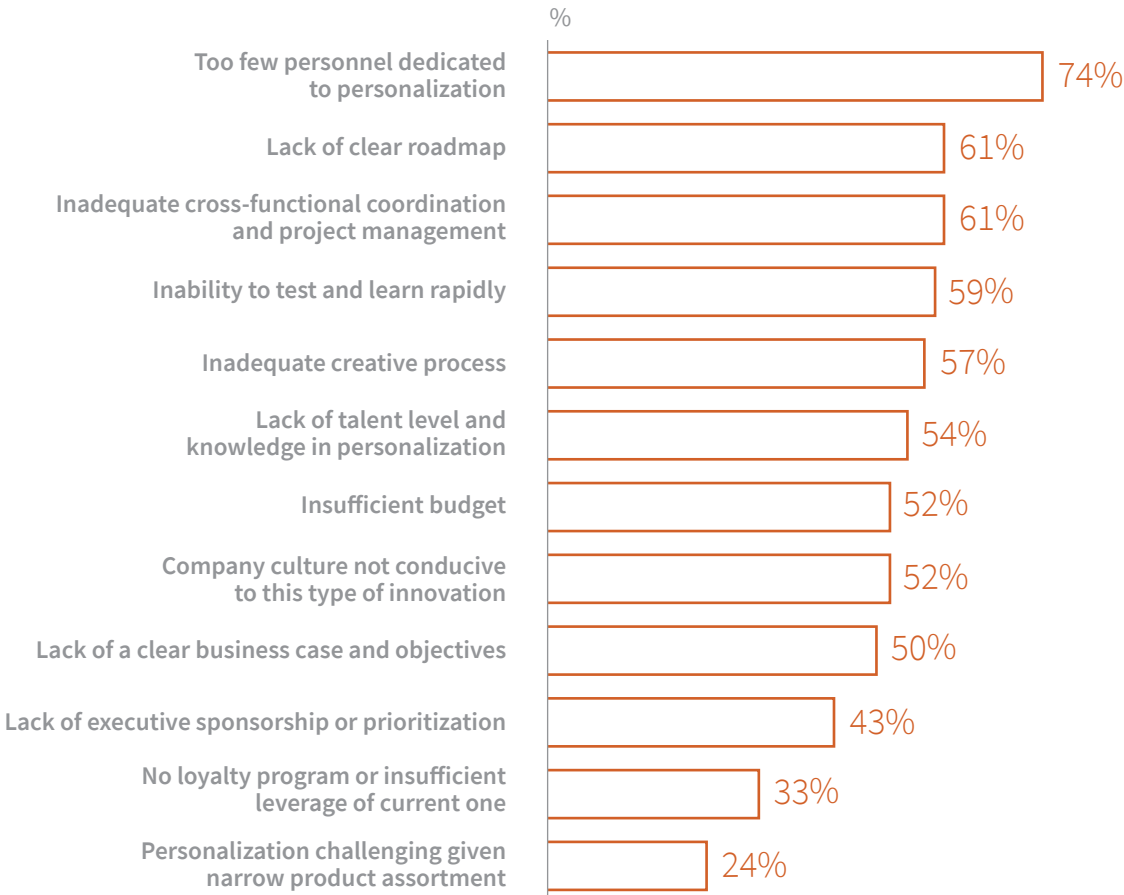


# Barriers to Personalization

Many retailers face significant barriers when it comes incorporating personalization into their multi-channel strategies. These include technical barriers, such as poor data centralization—where companies collect plenty of data, but fail to aggregate it and form a single view of each customer—legacy technologies that don’t support one-to-one personalization at scale, and insufficient measurement capabilities.

In fact, according to research by the Boston Consulting Group (BCG), almost 60 percent of companies struggle to effectively measure and attribute the impact of campaigns, limiting their ability to learn and adapt accordingly.

## The Top Organizational Barriers to Personalization



[Source: “Profiting on Personalization”, BCG, 2016]



According to [the same study by BCG](#), a lack of dedicated personnel is the most common barrier to personalization (74%), but the majority of companies also face hurdles that are organizational and cultural in nature. These include insufficient cross-functional coordination (61%), inadequate creative processes (57%), lack of talent and knowledge (54%), and cultures that aren't conducive to innovation (52%).

What's more, over 60% feel that they lack a clear roadmap, and half report an absence of a clear business case and objectives.

Privacy issues are often also a concern for many businesses considering personalization, since the practice relies on the collection and use of user information.

In the chapters ahead, we'll outline how retailers can break down these barriers and implement a successful personalization strategy to engage with their online customers on a truly one-to-one basis.



# Getting Started With eCommerce Personalization

## Laying the Foundations of Your Strategy

For the most part, today's shoppers are relatively comfortable with sharing data. In fact, a [recent study](#) found that consumers are willing to share their information if it means they'll be rewarded as part of a value exchange.

This means that for grocery retailers, it's critical to be transparent and communicate with customers at every step in their shopping journey.

### Personalization To-Do List

- Ask customers what they want to get out of the experience across various channels
- Explain the benefits of personalization and create a value exchange with them
- Give customers control and allow them to set their own preferences
- Include a clear privacy statement and easy opt-out mechanism

Ultimately, the idea is to seamlessly guide shoppers along the path to purchase rather than coming on strong and invading their personal space. The result is that they won't sense the "creep factor"—they'll simply feel like they had a great customer experience with your brand.





# Fueling the User Experience With Data

Massive amounts of consumer data is being generated, creating opportunities for retailers to craft seamless, personalized and memorable experiences for their shoppers—both online and offline.

Data can be seen as the fuel that drives interaction with shoppers, and the way that it's collected, organized and utilized is critical to efficient personalized marketing campaigns.

In the digital age, data has become a commodity—so much so, in fact, some have even referred to it as “[the new oil](#)”. But in order to get the most out of personalization, retailers need to have the right infrastructure in place to collect the data that feeds it.



Gathering and storing data is essential to successfully execute a personalization strategy. When data can be easily accessed and data sets understood, retailers can gain insights and quickly turn them into tangible actions that drive conversions and create richer shopping experiences.

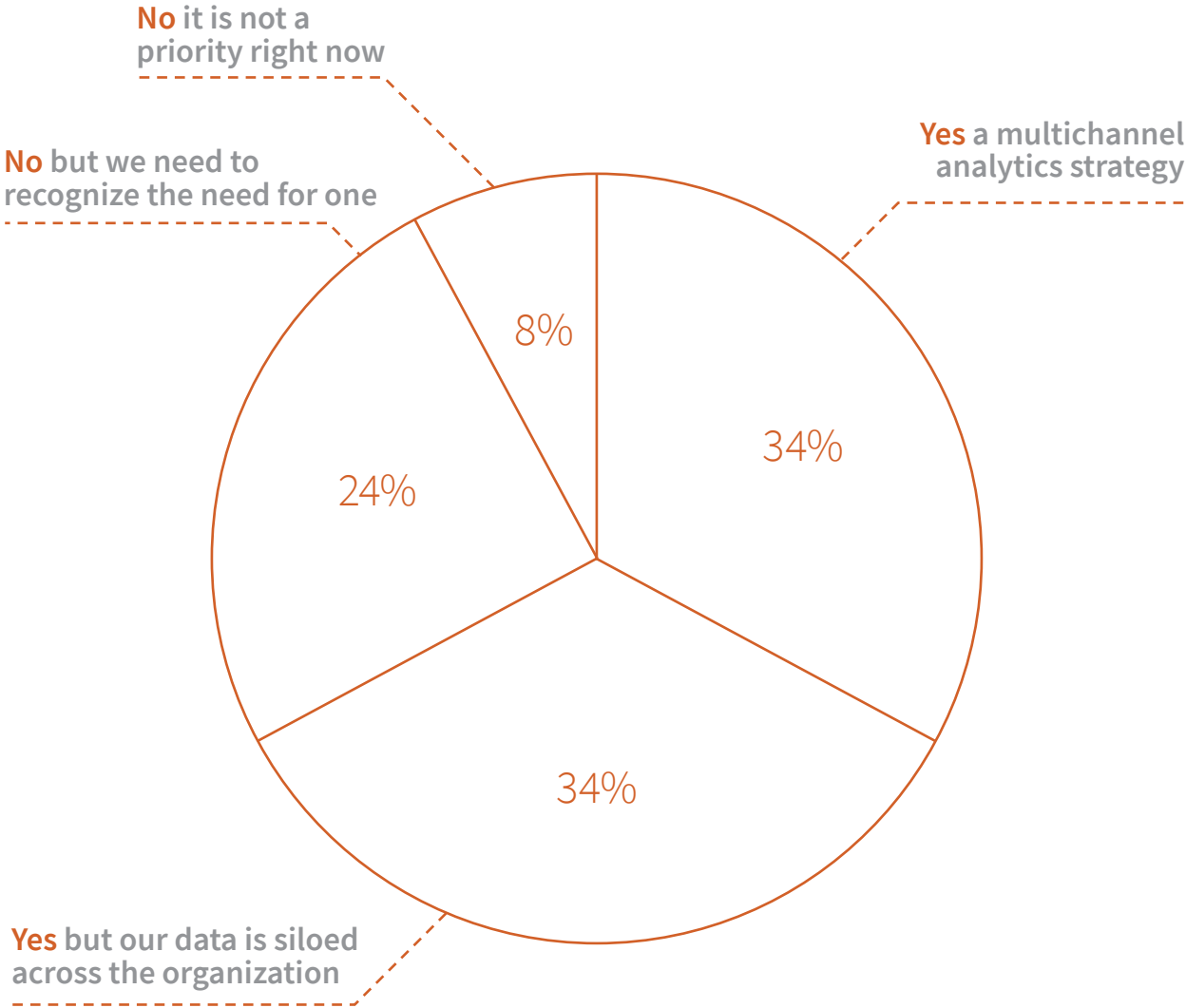
Personalization is fueled through data sets such as customer data, product data and transactional data. But collecting the data is only the first piece of the personalization puzzle—it also needs to be processed and interpreted.

## FACT

According to research by [Qubit](#), just [over a third](#) of executives (34%) questioned said they had a multichannel analytics strategy that defines how data is collected. Meanwhile, nearly a quarter (24%) said they had no customer data strategy, but recognized the need for one.



**Do you have a strategy to define how customer data will be collected and used across the business?**



[Source: Catalysts of Change, Qubit, 2017]

Each fragment of data is a single stitch in a rich tapestry that forms a view of every shopper on a one-to-one basis. With the technologies and processes available today, we're able to ingest data at scale and refine it into tangible insights and actions through the use of algorithms and machine learning.



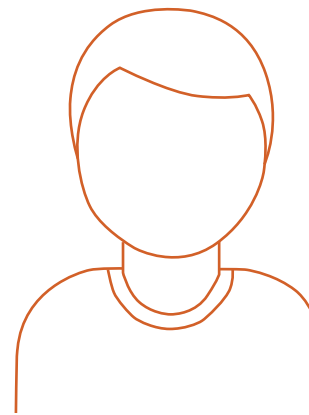
# Types of Shopper Data

There are different types of data and it's important that retailers are familiar with the characteristics of each of them. Understanding what kind of data is being used and where it's coming from helps determine which data will be most beneficial to support the goals of any given campaign.

Generally speaking, there are two types of data retailers are likely to regularly come across: first-party data and third-party data.

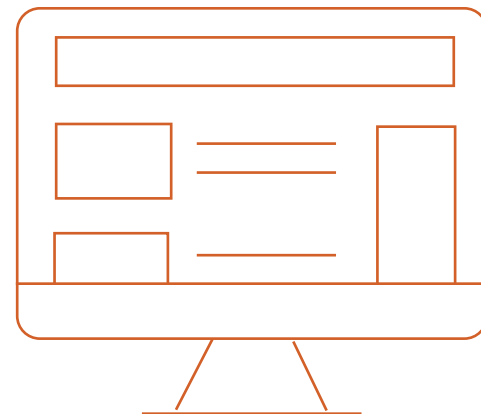
## First-Party Data

First-party data consists of a fully integrated view of each shopper's relationship with a brand across multiple channels and systems. Consisting of key attributes such as name, demographic, location, loyalty and preferences, this data set facilitates personalization by improving customer interactions and the user experience. By and large, this form of data is considered to be the most precise. An added benefit of first-party data is the fact that, as the data already belongs to the business, there's no additional cost for marketers to leverage it.



## Third-Party Data

Third-party data is typically supplied by an external data provider. The supplier usually creates audience profiles using other data sources, and then charges buyers for the use of the data. Third-party data can come from many places—such as opt-ins, online and cookie-based tracking, registration data, public data, surveys, and even offline sources. Challenges of third-party data, however, include accuracy and cost.



Once you've established methods for data collection and storage, the sky's the limit for how personalized and helpful you can make your eCommerce marketing efforts.

In the chapters ahead, we'll explore the different forms of personalization that can be leveraged to create hyper-relevant experiences for your shoppers.





## Chapter 2: 5 Ways Retailers Can Create Personalized Shopping Experiences

1

## Personalized Product Recommendations

Help customers discover new products and drive revenue through one-to-one recommendations that consider each individual's unique preferences and affinities. Then, promote these items via:

### Product Pages

Tailor product discovery based on a currently-viewed product or a user's past browsing and purchase history.

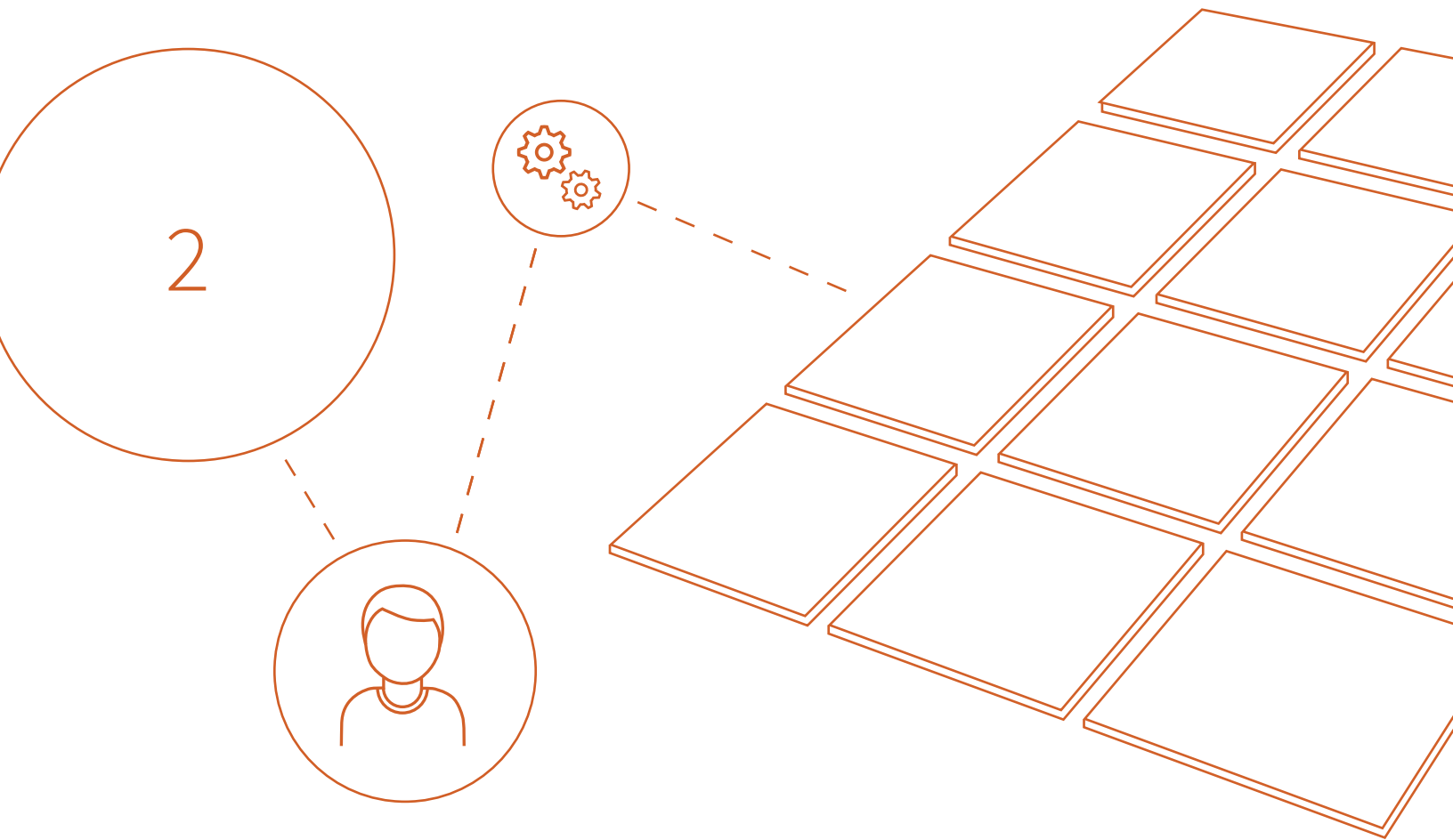
### Homepage

Use affinity-based recommendations or feature your most popular products on your homepage to entice customers.

### Email

Provide product recommendations personalized for each recipient in your email marketing campaigns.





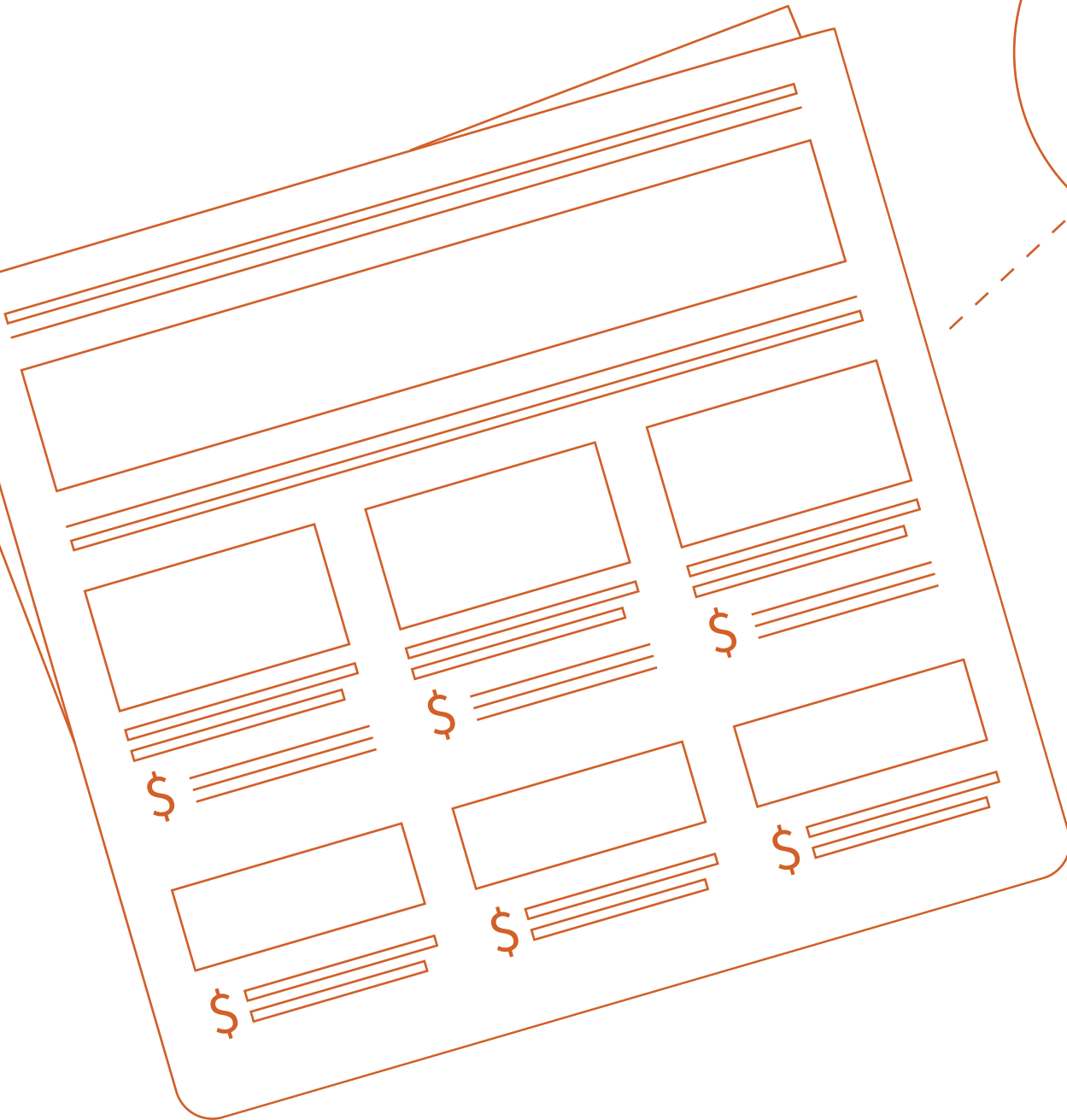
## Personalized Product Grid Sorting

How can you reduce the time taken by your visitors to find the products they're looking for? By arranging product grids according to each user's unique buying preferences.

Displaying one default category page to everyone means customers have to spend time making sense of your extensive catalogue when they could be making a purchase instead. By personalizing your product grid according to individual consumer preferences, you're expediting the path to purchase and bringing shoppers one step closer to checkout.

This reordering is facilitated by the individual shopper's current or past behavioral data, inferred preferences, and actual purchase data. For example, if a user has demonstrated an interest in price and an affinity for gluten-free foods, then the default will be products that fit that criteria—automatically arranged from price low-to-high in a way that's convenient for the customer.





## Personalized Weekly Flyers

Offer the right deals, at the right discounts, to the right customers by dynamically presenting weekly flyers on a shopper-by-shopper basis. With personalized flyers, customers are able to add deals from a flyer to their basket with just one click, creating a completely frictionless experience.

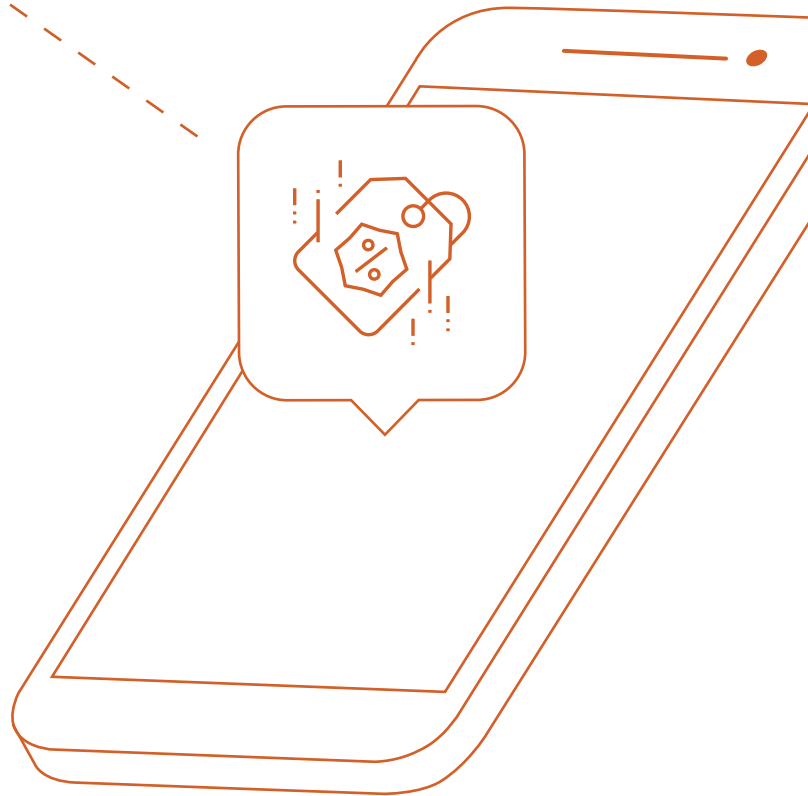


4

## Personalized Real-Time Messages

Take a “mobile-first” approach to personalization by creating real-time, chain-wide, regional or store-specific promotions that are highly targeted to shoppers and delivered directly to their smartphones.

Real-time messages can be used for all manner of purposes, and can also be integrated with your loyalty program. For example, a retailer could create a promotion where shoppers receive loyalty rewards when they take a desired action—such as using a reusable grocery bag or purchasing from a house brand.





5

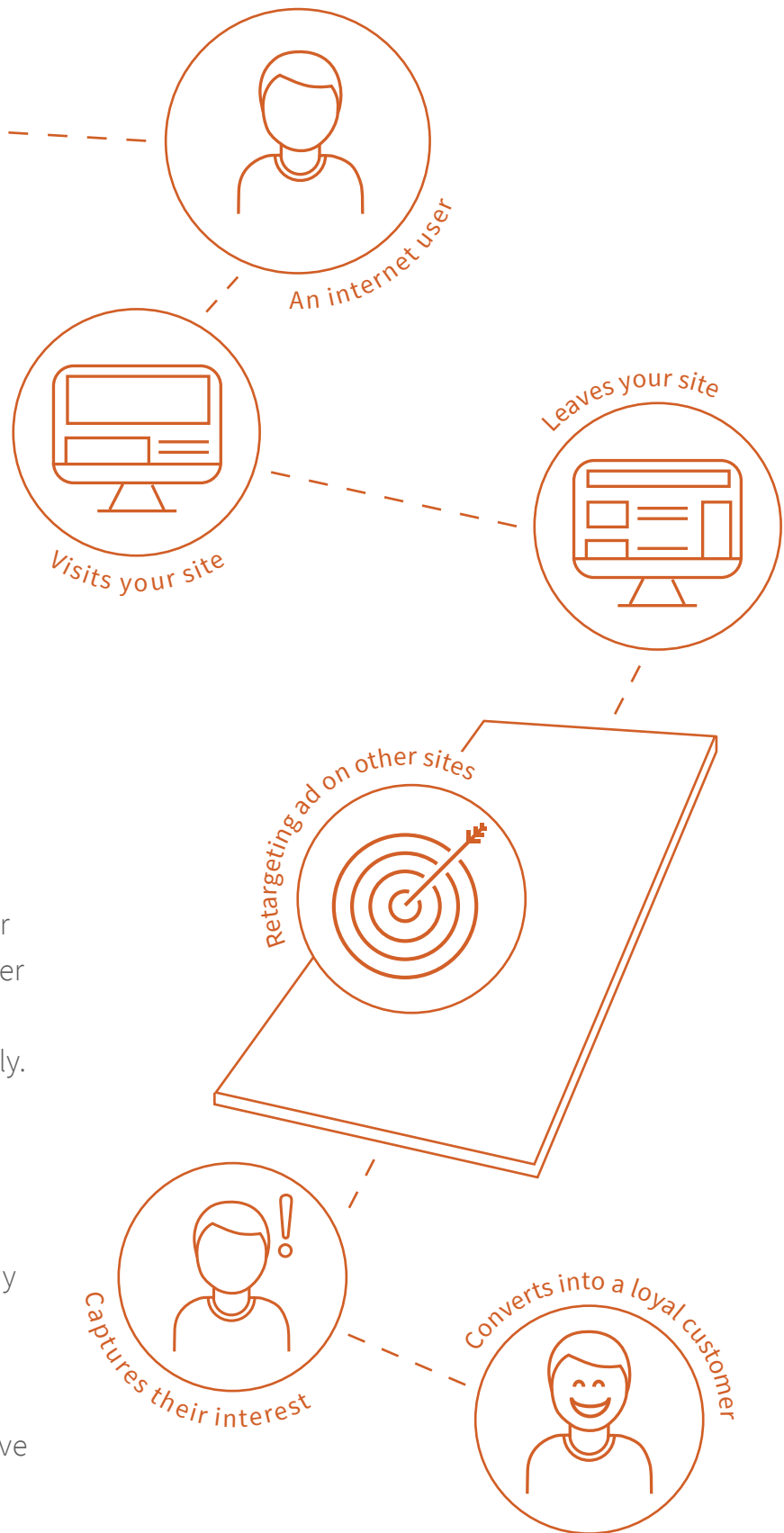
## Retargeting

Gone are the days of traditional advertising campaigns where marketers employed a “one-size-fits-all” approach. Nowadays, they give their customers a good reason to return by honing in on specific behaviors to trigger a reaction and increase a prospects’ chance of completing a purchase.

Retargeting is a form of online advertising that can help you keep your brand in front of bounced shoppers after they leave your website, and can be a powerful technique when used correctly.

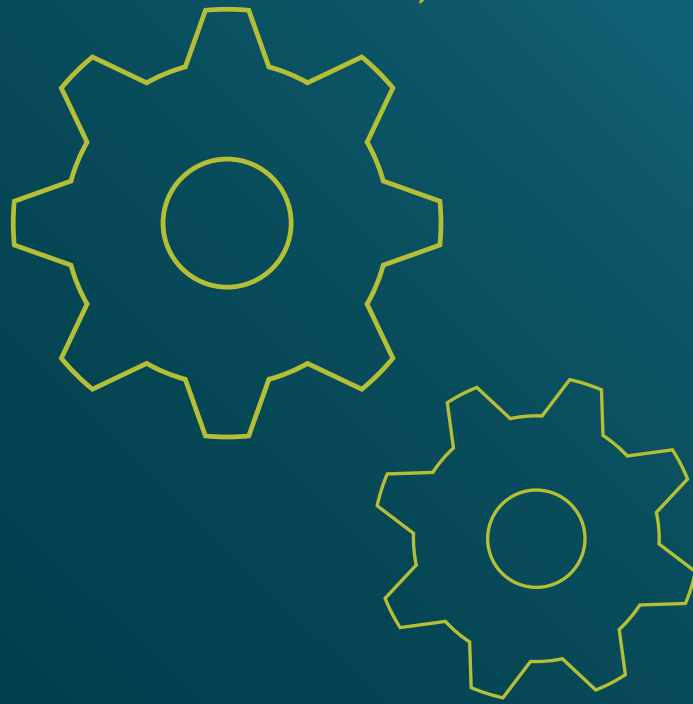
Typically, eCommerce retailers will make use of a shopper’s cookies, and then automatically retarget for products that the shopper has already shown an interest in.

Often, if a user hasn’t completed a purchase, they’ll also offer an exclusive discount or promotion in an effort to pique their interest.



[Source: [WPCurve](#)]





## Chapter 3: Your Roadmap To Personalization

Without a defined strategy, even the best concepts can fail to deliver expected results. That's why we've created a roadmap to help you effectively incorporate personalization into your eCommerce marketing mix.

Before you dig any deeper into personalization, you should first determine whether or not it's the right strategy for your company, right now. To help determine your personalization maturity and eligibility, ask yourself the following questions:

1

### **Do I have enough data for personalization?**

To personalize at scale, it's essential to have the ability to both access and process large amounts of disparate data—including customer, transaction, and third-party data—on an ongoing, reliable and repeatable basis.

2

### **Do I have the right technology to facilitate personalization?**

Building or acquiring a scalable technology platform can be a tough and time-consuming task, and requires the collaboration of marketing, IT and others. When it comes to personalization technology, integration should also be a key consideration—it's critical to ensure that all of your new and existing systems work well together.

3

### **Do I have the right resources in place to drive a personalization strategy?**

Personalization is an inherently collaborative venture. Leading retailers share common ways of working: they collapse silos, create dedicated cross-functional teams, and work quickly. They also develop test-and-learn cultures, aligning marketing, IT, operations and other functions in an agile model.





## Chapter 4: Conclusion

**As competition for consumer attention grows increasingly fierce, delivering personalized experiences is an absolute must for any eCommerce retailer to stay competitive.**

While the future of retail was once all about the ability to sell products online, eCommerce has become so commonplace that it's now an assumed capability for most retailers. Instead, the brands that are winning today's eCommerce game are those that understand their customers want and desire a seamless, unique and convenient experience that's tailored just for them.

When done right, eCommerce personalization means additional revenue, greater basket size, better margins and lasting shopper loyalty. It also allows retailers to build stronger bonds with shoppers, as it anticipates their needs and desires by reacting to their behavior.

The good news is that with the proliferation of new and emerging SaaS-based technologies, retailers of all sizes are now better equipped than ever to implement personalization tactics to drive online sales and deliver exactly the right message, to exactly the right person, at exactly the right time.



Are you ready to deliver  
hyper-relevant experiences to  
shoppers at any touch point  
in the purchase journey?



**BOOK A PERSONALIZATION DEMO**

Mercatus Personalization allows retailers to market on a one-to-one basis, rather than one-to-many. Our proprietary algorithms ensure the highest impact during every shopper engagement, allowing grocers to provide immersive experiences that increase conversions and revenue.