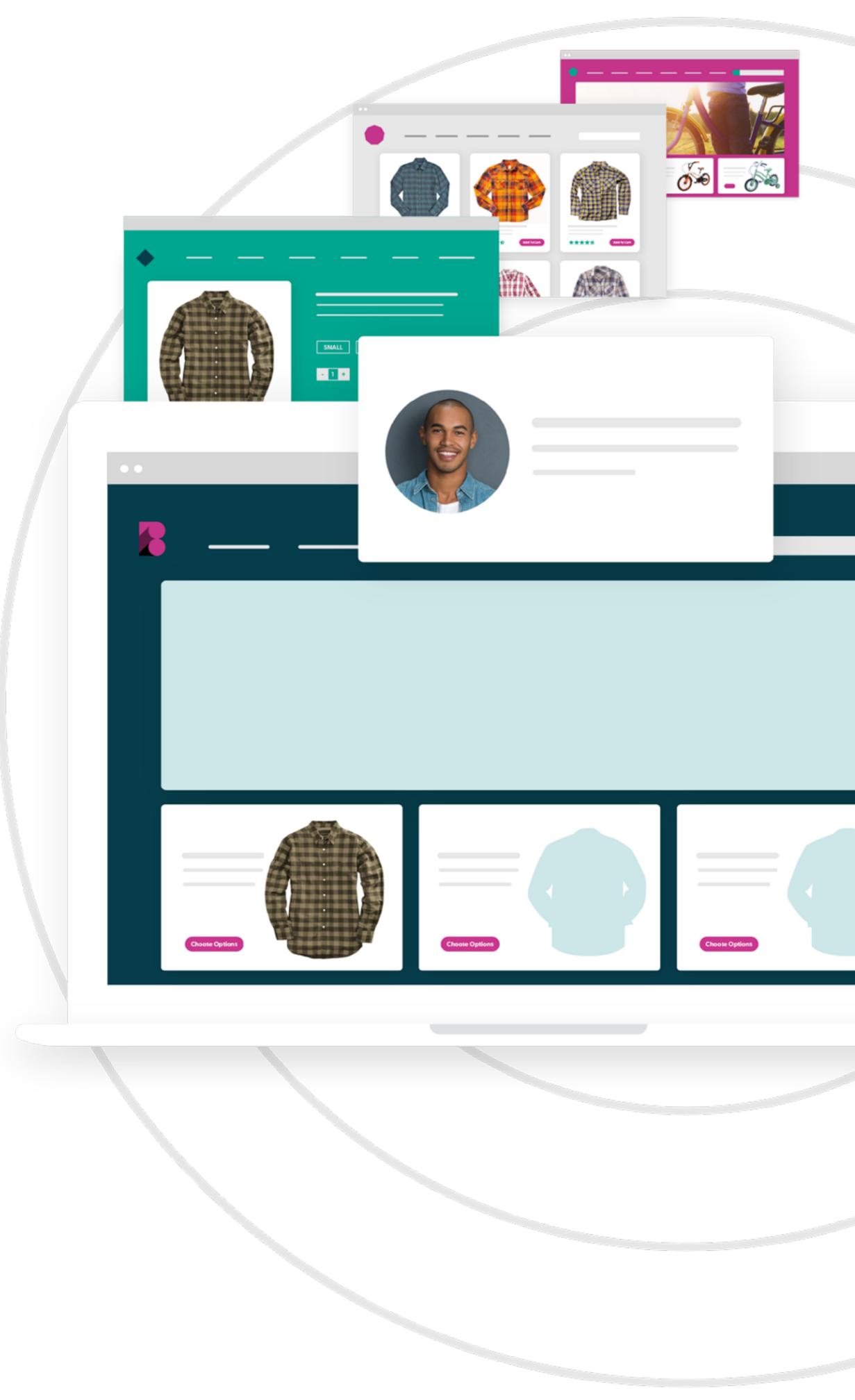




Get personalization right or risk driving shoppers away

A new survey highlights what consumers really want and how to deliver



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Preface

Retailers are working hard to attract and keep customers coming back to their sites. Their biggest play: Personalizing the online customer experience with a mix of data and technology.

In a recent survey, 70% of retailers in North America list personalization as a top priority.¹ For retailers, the promise is simple: Give first-time and repeat customers relevant content and product recommendations, improve the customer experience by doing so, and watch your conversion rates jump.

To understand the current consumer experience with personalization in e-commerce, we partnered with ResearchNow to survey more than 1,000 consumers in the United States (US). We wanted to know what consumers were experiencing across five key industries — Apparel, Health and Beauty, Sporting Goods and Equipment, Home Improvement, and Auto Parts and Accessories.

WE DISCOVERED THREE KEY POINTS AND ONE BIG TAKEAWAY:

1. Shoppers want help finding products and value a more personalized experience
2. There's a big gap between the promise of personalization and the reality; consumers often don't feel like product recommendations are relevant to them
3. Bad product recommendations make for a bad customer experience, and can lead shoppers to avoid certain retailers



The big takeaway: The gap between the promise and reality of personalization experiences isn't a technology problem — it's a data problem. There's a significant need for better data to help show first-time visitors and return customers truly relevant content.

The promise of personalization

At its core, personalization “refers to a range of practices that tailor the customer experience to the individual customer or prospect.”²

Common practices include product recommendations based on previous purchases or on-site behaviors, emails full of products a consumer might also like, and personalized home pages showing relevant content and products a consumer might be looking for.

This is the promise of personalization: Show people what they want, when they want it, and improve the online shopping experience.



When implemented correctly, personalization should always strive to make life easier for the consumer.

Sandra Cuya

US Lead for CRM and Consumer Data Strategy,
Unilever⁴



The main problem with our websites is discoverability. People often can't find what they want.

Andy Crestodina

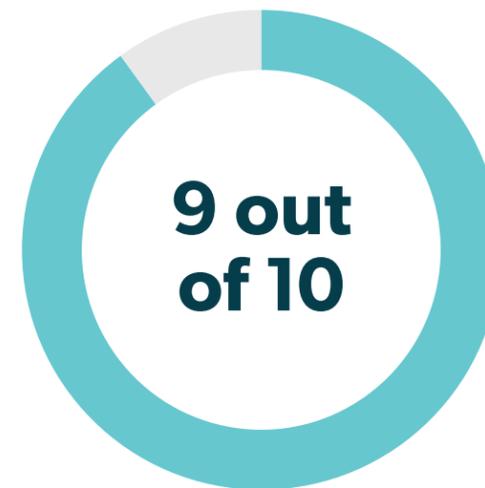
Chief Marketing Officer,
Orbit Media Studios³

How effective is it?

The easier you make life for the consumer, the more likely they are to buy more products, more often.

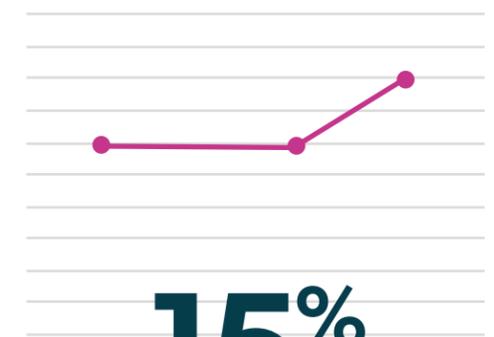
According to eMarketer, “48% of US marketers reported that personalization on their websites or apps lifted revenues in excess of 10%.”² Retailers that personalize their entire websites report revenue lifts of more than 15%.

Unsurprisingly, more than nine in 10 US retailers say “personalization capabilities are at least somewhat important to their company’s business goals.” And 39% say personalization is extremely important.⁵



**U.S. RETAILERS
ARE INVESTING IN
PERSONALIZATION**

RIS News 2017



15%
**REVENUE LIFT FOR RETAILERS
THAT PERSONALIZE THEIR
ENTIRE WEBSITE**

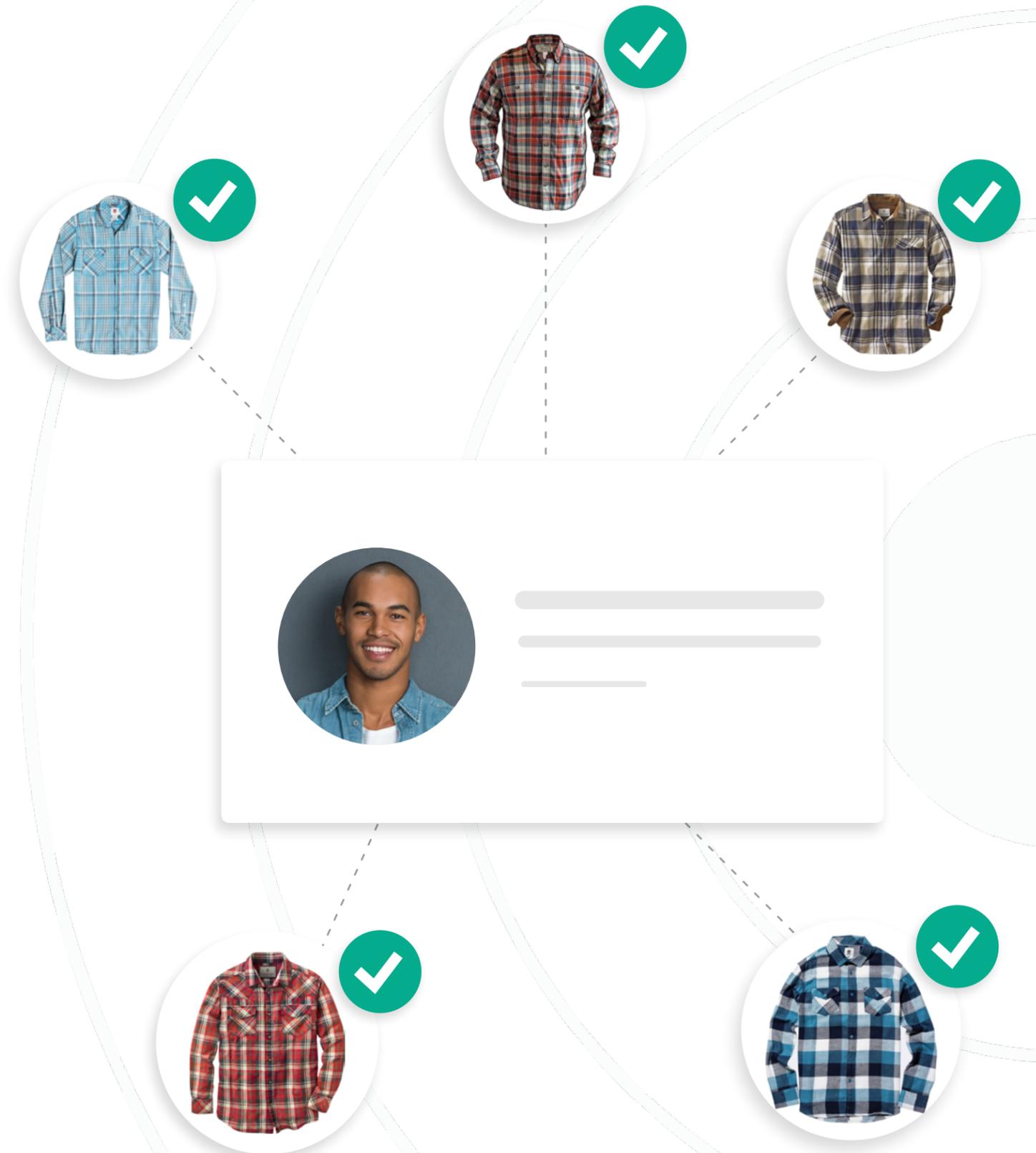
eMarketer 2017

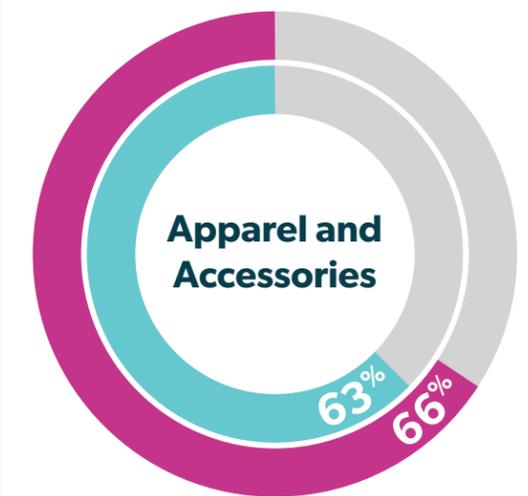
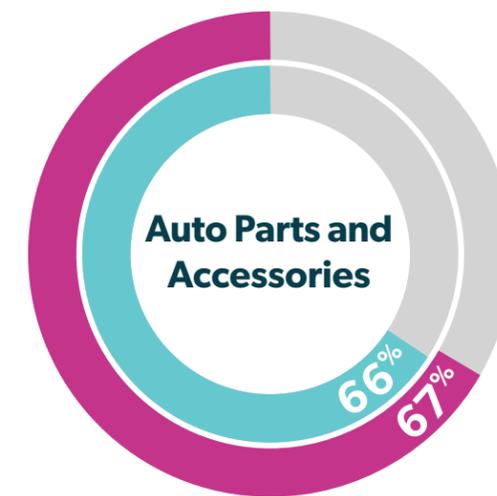
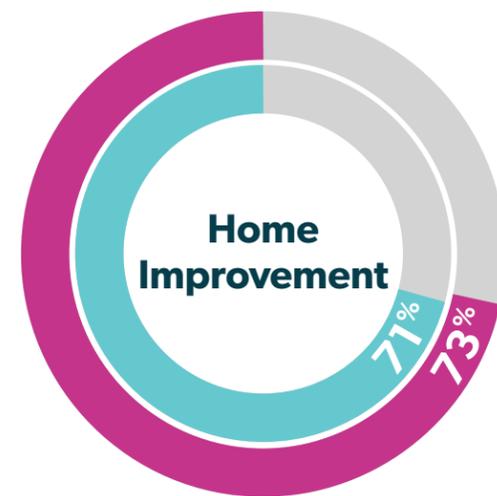
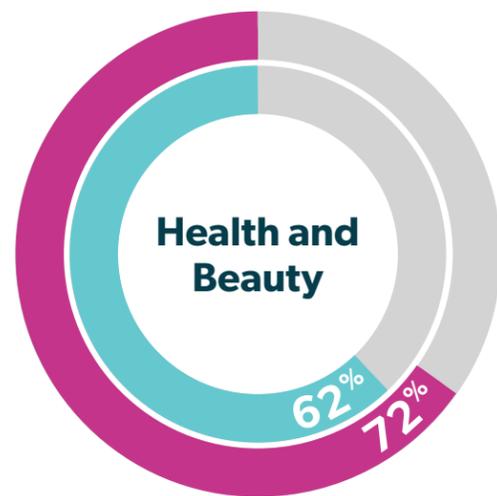
Shoppers value services that help them find what they're looking for

While retailers are investing in personalization to improve their competitive edge in a crowded e-commerce space, consumers are also coming to expect it. More than 50% of shoppers say a personalized experience online is important.⁶

These shifting expectations reflect deeper changes in what people are coming to expect from their online experiences. From social media platforms to Google to Amazon, our portals into the online world often seem to know us and what we're interested in.

Curiously, the growing consumer expectation for a personalized experience strongly correlates with a self-reported want among shoppers for large product varieties at e-commerce sites.





■ Percentage of shoppers who say a large product variety is somewhat or very important

■ Percentage of shoppers who say a personalized shopping experience and product recommendations are somewhat or very important

Bazaarvoice, Consumer Survey 2018

The correlation likely reflects a sense of decision paralysis. Also known as analysis paralysis, it describes how difficult it can be to make a decision when faced with a multiplicity of options.

For Netflix users, this has led to a litany of best-of programming guides for people who are unsure of what to watch, and Lifehacker articles that claim to help save people from “flicking through a million movie options and pick something to watch.”⁷ And Netflix is a company known for its innovative uses of personalization.

There’s a similar problem of choice overload in e-commerce, albeit slightly different. If consumers are too overwhelmed by choices, retailers run the risk that they won’t take the effort to find the thing they’re looking for. Research conducted by Accenture revealed 39% of shoppers will turn to a competitor if they’re overwhelmed by too many options⁸ — but in our survey, shoppers voiced a preference for retailers with large product variety.

In short, consumers want as many options as possible, and strongly value product variety; but they also value services that simplify the discovery and decision processes.

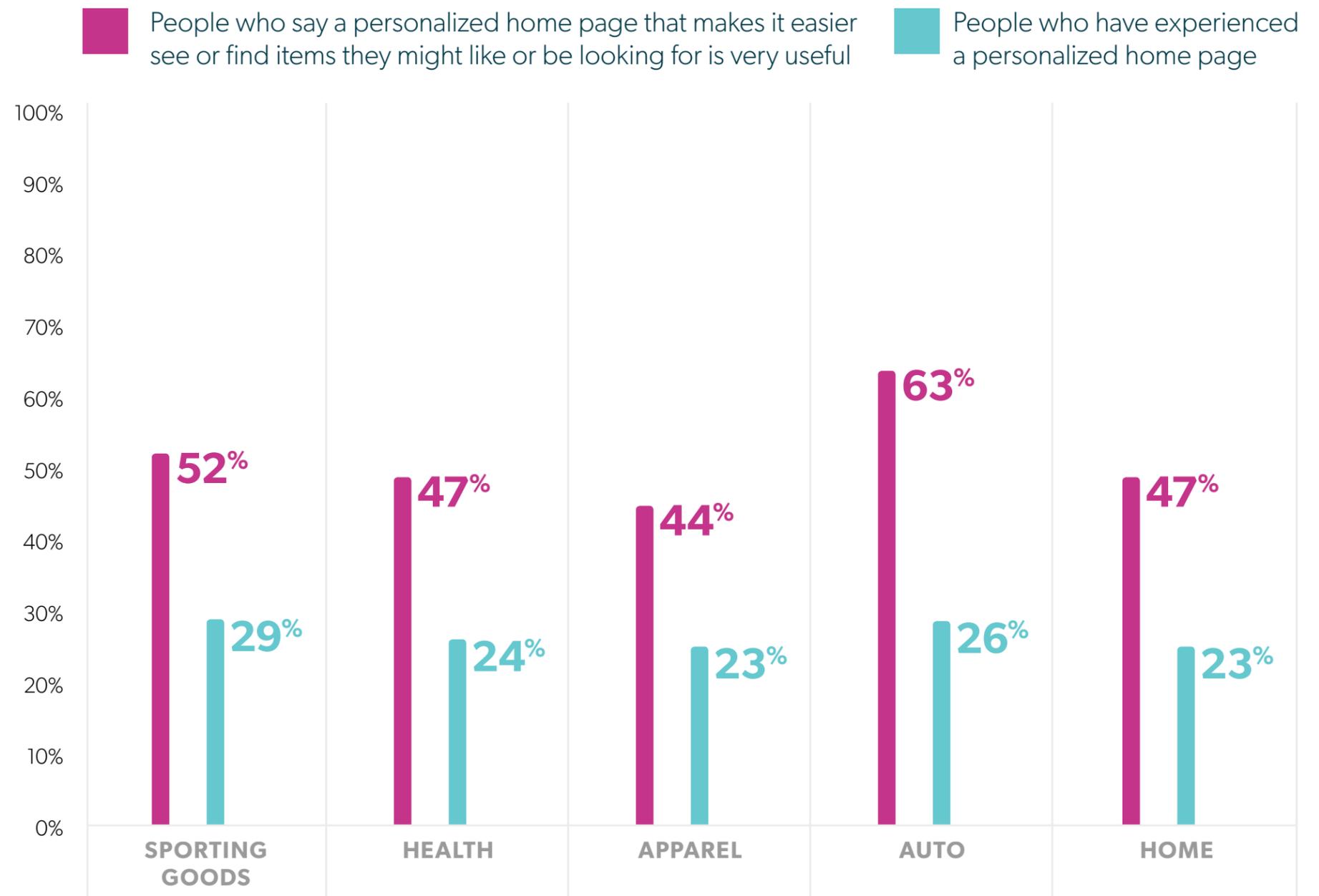
Today's shoppers are unimpressed

Consumers are unimpressed with the current state of personalization in e-commerce, but they're hungry for services that help them find products.

Across industries, 51% of shoppers say a personalized home page showing products they are looking for is or would be useful. Yet, only 25% say they have experienced it — and less than 20% say the product recommendations they see are relevant.

This is not surprising. While the majority of retailers list personalization as a top business priority, only 24% say they are able to deliver real-time personalized experiences across their digital channels.⁹

PERCENTAGE OF SHOPPERS WHO SAY A PERSONALIZED HOME PAGE SHOWING PRODUCTS THEY ARE LOOKING FOR IS USEFUL VS. HOW MANY SHOPPERS EXPERIENCE THIS



Bazaarvoice, Consumer Survey 2018

Fewer than 20% of shoppers say product recommendations are “very relevant” and “seem like they were made by a close friend.”

One of the areas where consumers express the greatest dissatisfaction with personalization is in emails. eMarketer found two-thirds of US marketers across retailers say they personalize emails for customers,² making email one of the most common personalization tactics. Yet, shoppers are unimpressed with how personal these emails are in practice.

Sari Rogers, a 47-year-old Fanwood, N.J. resident, says she looked for black boots on one retailer’s website, but didn’t end up buying anything. When the retailer emailed her later that week, it offered her 25% off dresses — and nothing about black boots. “It’s kind of annoying,” she told the Wall Street Journal.¹⁰ “They focus on products I’m not interested in.”

Experiences like these have little to do with a lack of awareness about personalization solutions. Across the board, consumers are familiar with most current practices and have experienced them while shopping online.

But with fewer than 20% of consumers saying their online experiences are relevant to them, there’s a significant gap between the one-to-one online experience people have heard about and what they’re currently experiencing. At present, most remain underwhelmed.

THE PERCENTAGE OF SHOPPERS WHO HAVE HEARD OF THE FOLLOWING PERSONALIZATION TACTICS VS. THE SHOPPERS WHO HAVE EXPERIENCED THE FOLLOWING PERSONALIZATION TACTICS

Showing product recommendations “you might also like”	75%	72%
Reminder emails about items you put in your cart but didn’t buy	67%	63%
Emails showing items you might also like based on things you’ve bought in the past	67%	57%
Personalized home page to make it easier for you to see or find items you might be looking for	40%	29%

Shoppers who have heard about the following personalization tactics

Shoppers who have experienced the following personalization tactics



Bazaarvoice, Consumer Survey 2018

Bad personalization drives shoppers away

According to eMarketer, bad personalization is costing retailers an estimated \$756 billion in the US, and \$2.5 trillion globally.¹¹ It comes down to customer experience.

According to Accenture, 50% of consumers say they turned to a competitor after having a bad customer experience. Moreover, 41% of consumers say they stopped shopping with a company because of “poor personalization.”¹²

Online shopping experiences inform brand affinities — and finding relevant content and product recommendations play a big part in shaping the customer experience.

In fact, good online customer experiences is equally important to “consistently low prices” (71%) for being one of the most important factors in forming brand affinities.



Bazaarvoice, Consumer Survey 2016

A bad online customer experience pushes shoppers away.

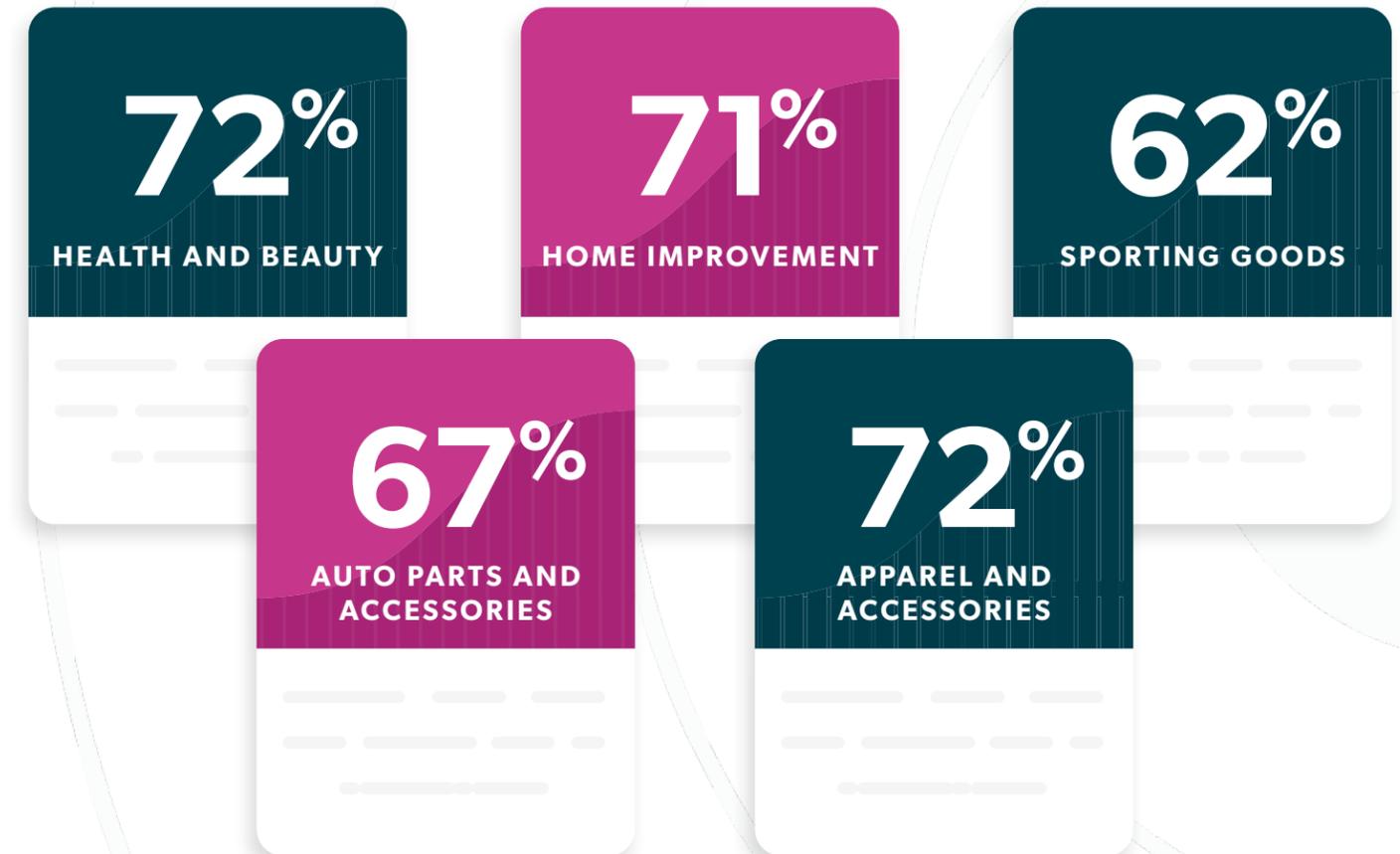
Customer experience is second only to price competition: 73% of respondents say high prices will push them to go to another site, while 70% say a bad customer experience will push them to take their business elsewhere.

Bad personalization leads to a bad online customer experience.

More than 50% of shoppers say it is very useful when retailers show them products they're looking for, and improves the shopping experience. But those numbers quickly change when retailers send too many emails and make bad recommendations.

In fact, shoppers cited these as some of the two biggest reasons to shop somewhere else. In our survey, 38% of consumers said they won't return to an online retailer that recommends things that don't make sense for them.

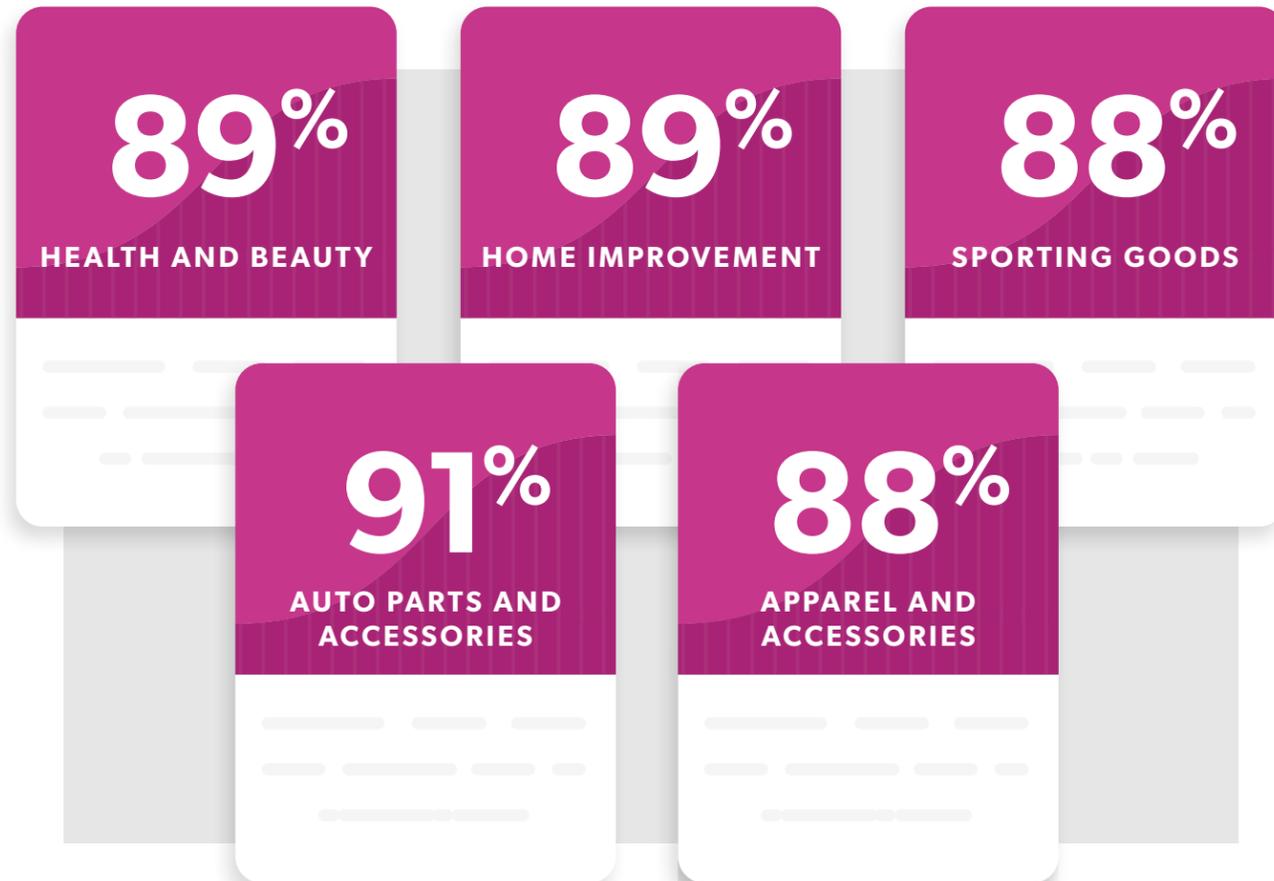
PERCENTAGE OF SHOPPERS WHO SAY THEY WILL NOT RETURN TO A WEBSITE AFTER HAVING A BAD ONLINE CUSTOMER EXPERIENCE



Bazaarvoice, Consumer Survey 2018

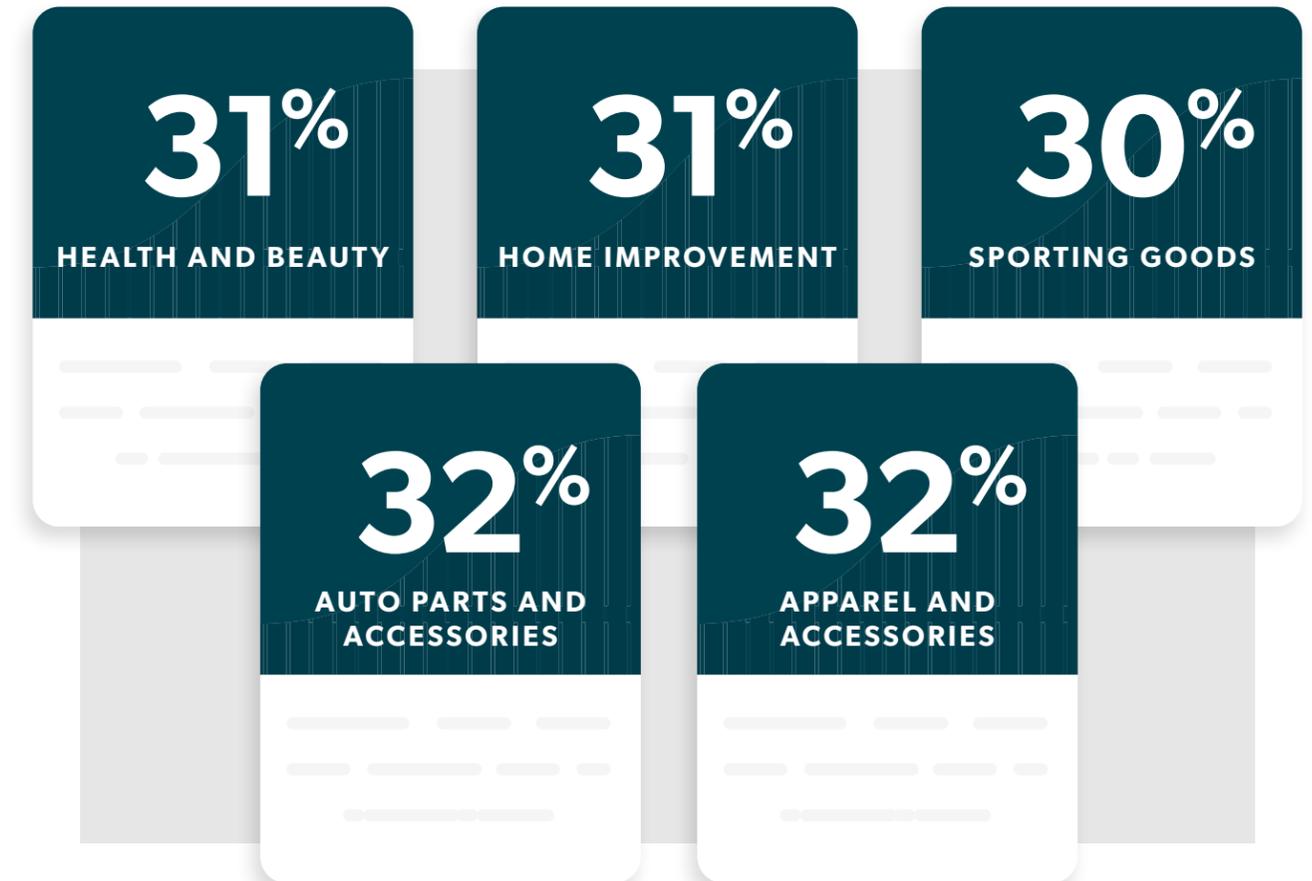
Reasons shoppers cite for not shopping at a particular online retailer

THE PERCENTAGE OF SHOPPERS WHO SAY IT IS SOMEWHAT OR VERY IMPORTANT THAT RETAILERS DON'T SEND TOO MANY EMAILS



Bazaarvoice, Consumer Survey 2018

THE PERCENTAGE OF SHOPPERS WHO SAY THEY AVOID SHOPPING WITH RETAILERS WHO RECOMMEND PRODUCTS THAT DON'T MAKE SENSE FOR THEM



Bazaarvoice, Consumer Survey 2018

Shoppers aren't as loyal as many think

Across industries, 39% of consumers report often or always visiting a site they've never been to when shopping for products in our survey. While pricing and product availability play a role, we found that customer experience — and personalization — are significant factors in determining brand affinity.

THE BOTTOM LINE:

Shoppers want a helpful and inspiring personalized experience. Too many irrelevant emails and product recommendations that miss the mark detract from the customer experience, and can drive customers away. Where content was once king, relevancy has usurped the throne. Consumers don't want more outreach — they want more relevant outreach.

eMarketer has found that 44% of US consumers say they get frustrated when retailers "fail to provide relevant personalized experiences," and 41% say bad personalization is enough to drive them to shop with a competitor.¹¹



eMarketer 2017

The problem with today's solutions

With buzzwords like one-to-one profiling to real-time data, the promise of personalization has been simple: Give shoppers what they want, when they want it.

But the promised reality has been elusive. Instead of showing people what they're looking for, current solutions often focus on who someone is. But knowing who someone is doesn't guarantee you know what they want.

The problem for retailers is twofold: It's difficult to track consumers across devices; and where retailers typically have an excellent grasp of what happens on their sites and in their stores, they often are in the dark about what happens on competing sites. A shopper might, for instance, buy a product on a competitor's site after looking at the same thing on yours.

In fact, this is a frequent occurrence. In our survey, 46% of respondents reported shopping around before making an online purchase. This type of thing is hard to discover, and can lead to irrelevant product recommendations and reminder emails.



That also showed up in our data. Only 25% of shoppers say emails showing products they might like based on things they've bought in the past are very useful. Worse yet, only 23% say emailed reminders about items they put in their carts, but didn't buy, are very useful.

Focus on what people are shopping for, not just who they are

According to a study from Experian into data quality, more than half of retailers don't trust their data and say that 25% is inaccurate. Consequently, most retailers end up taking educated guesses to make marketing decisions.¹³ That's a huge problem.

In an ideal world, data must be accurately sourced from discrete customer interactions and come as close to your usage of it as possible in order to provide truly relevant recommendations to a shopper.

"The closer you get to the actual capture of the data, the more you can be sure of the integrity of that data," Cuya says, pointing to the importance of data integrity — and underwriting the importance of acting on accurate data. "You know where it's coming from, and how it's collected."

But it's become a common practice among data providers to aggregate demographic and customer information, all of which tells you a lot about who someone is.

While knowing who someone is can be helpful, it doesn't always guarantee you know what they're looking for. Instead, retailers are forced to make assumptions about what a shopper might be looking for based on who they are.





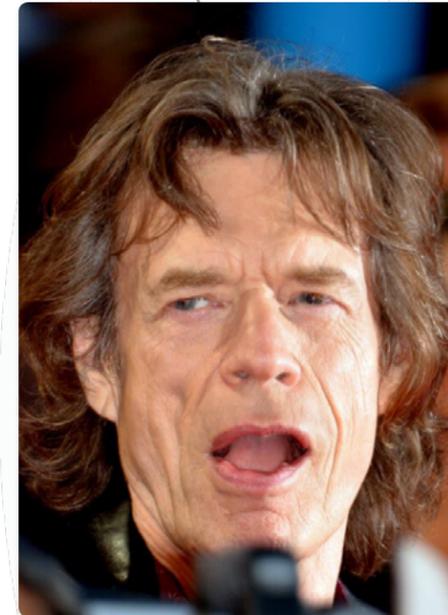
38% of consumers say they won't return to an online retailer that recommends things that don't make sense for them.

— Bazaarvoice Consumers Survey of 1,000-plus consumers, 2018

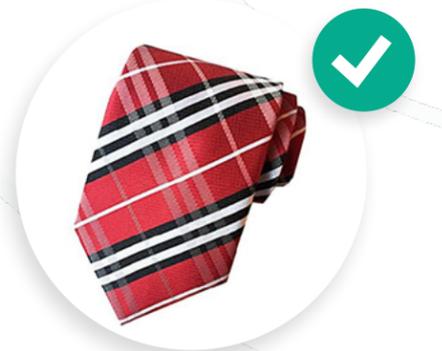
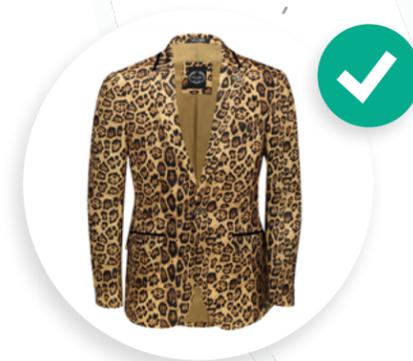
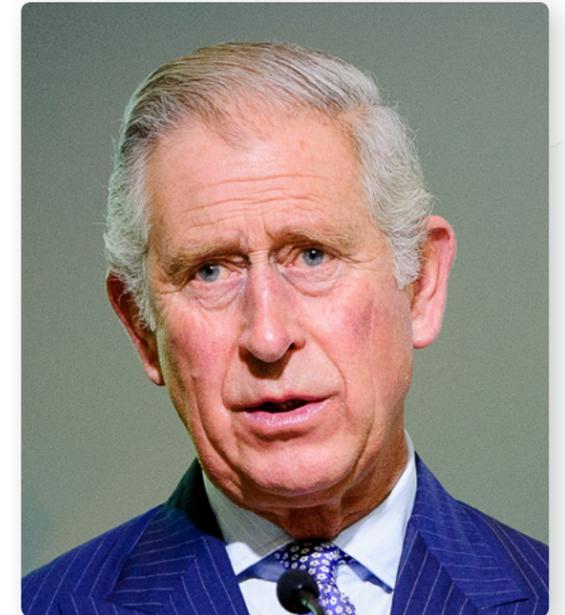
A popular example: Prince Charles and Mick Jagger are both British men who are about the same age — and if that's all you knew about them, you might try to show them the same product recommendations. Of course, if you knew a little more about them, or understood their past buying behaviors, you'd offer them completely distinct experiences.

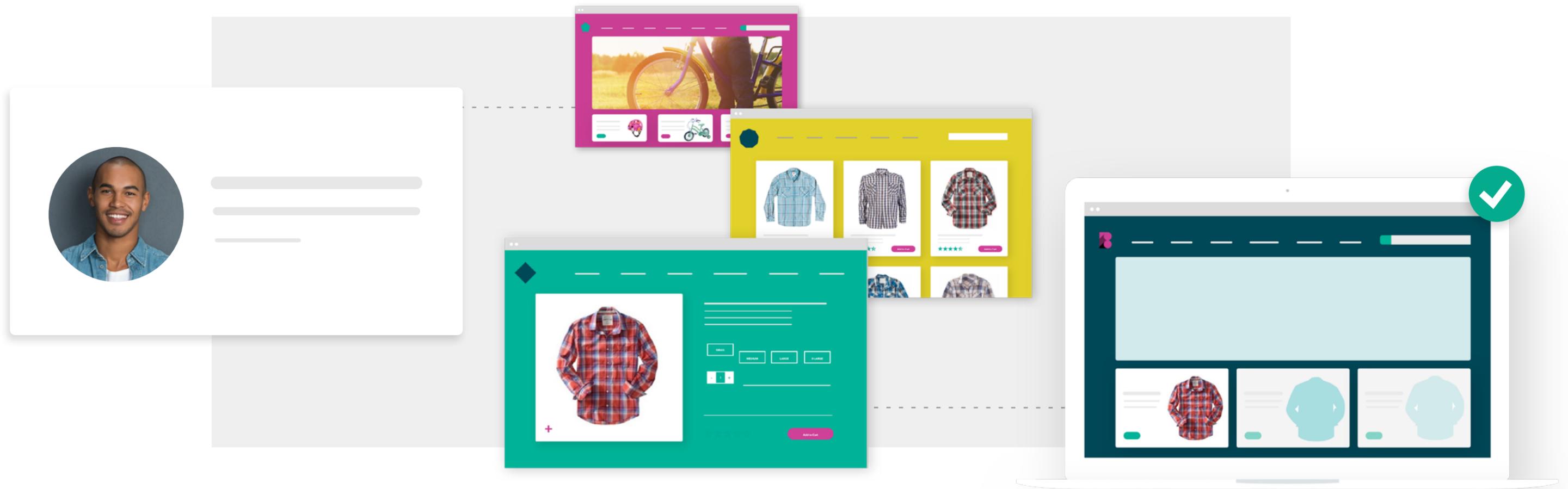
The best way to learn about what someone's shopping for is through behavioral data. Retailers and data providers often catch behavioral data through watching shoppers read or submit reviews, engage with product pages, buy a product, or put items in their carts. These kinds of interactions display what a person is doing, and what they're interested in.

Consider, for example, the case of a 69-year-old man who's looking to buy a bike for his granddaughter: If you just have a vague sense of who he is and his age, you probably wouldn't show him a child's bike first. But you have a much better chance of displaying relevant content if you're paying attention to what he's looking for.



Wikimedia Commons





But the most accurate data about him in the world wouldn't be helpful if it was dated.

Data should always be as recently sourced as possible to ensure personalization implementations are truly relevant to individual customers. Data providers might say their data is collected in real time, but the definition of real time can often be measured in days and months instead of hours or minutes.

What's more, data providers will often aggregate data from multiple sources with varying degrees of proximity to actual consumer behaviors and information, making the accuracy — and integrity — of the segments they sell suspect. The combination of inaccurate and old data helps, in part, explain why less than 20% of shoppers say product recommendations are relevant to them despite nine in 10 retailers listing personalization as a top business priority.

This does not mean shopper profiles that skew towards demographic data are useless — they're not. But if you know who someone is and what they're shopping for, you're in a better position to offer a much more personalized experience to shoppers. And as retailers and personalization providers have so far proven, better experiences translate into improved revenue lifts.

Take this with you

While current personalization solutions have the potential to be effective in raising revenues when properly executed, shoppers are often turned off by irrelevant product recommendations. The problem? Most of the data fueling personalization engines is flawed.

1

Consumers increasingly expect personalized shopping experiences online.

While retailers have been working hard to make that expectation a reality, shoppers are still not seeing the full promise of personalization on e-commerce platforms.

2

Irrelevant product recommendations and emails can push customers to competitors.

Bad personalization makes for a bad customer experience. Consumers have options when it comes to choosing where to shop — and they're not shy about using them.

3

Great personalization needs great data.

Behavioral customer data from trustworthy, first-party providers is crucial. If it can show you what consumers are looking at before they come to your site, you can supercharge your existing personalization solution.

Methodology

ONLINE SURVEY

Audience: Online shoppers age 18+ in the United States, conducted in January 2018 by ResearchNow, a third-party research provider.

Working with a third-party research provider to ensure impartiality of the data, we surveyed more than 1,000 online shoppers age 18+ in the United States to gain insights into what personalization technologies shoppers are experiencing and how effective they are in shaping the customer experience across the Health and Beauty, Home Improvement, Sporting Goods, Apparel and Accessories, and Auto Parts and Accessories industries.

About Bazaarvoice

Bazaarvoice helps brands and retailers find and reach consumers, and win them with the content they trust. Each month in the Bazaarvoice Network, more than one-half billion consumers view and share authentic consumer-generated content (CGC), including ratings and reviews, as well as curated visual content across 5,000 brand and retail websites. This visibility into shopper behavior allows Bazaarvoice to capture unique first-party data and insights that fuel our targeted advertising and personalization solutions.

Founded in 2005, Bazaarvoice is headquartered in Austin, Texas with offices across North America and Europe. For more information, visit www.bazaarvoice.com.

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