

The Revenue Power of Personalization

With customer purchasing deterred by the current economic slump, marketing departments are feeling pressure to generate better response rates and more revenues, often on a smaller budget. Effective personalization, such as one-to-one marketing, offers a proven method for increasing response rates and building loyal customer relationships.

Technology is Changing Everything

Before today's advanced digital technology was available the word "personalization" referred to the simple inclusion of a customer name in various locations throughout the communication. As technology has evolved, so has the ability to further personalize through varying degrees of customer segmentation. Today, any marketing professional that understands how to leverage digital technology can take personalization to an unprecedented level, right down to a one-to-one dynamic.

In fact, messaging and tracking innovations have made communicating with customers so fast, flexible and personal that it is also changing consumer expectations and behavior. Today's consumers expect the businesses they interact with to understand their needs and provide relevant and desirable information, products, services and solutions. And, most of the time, they will not choose to interact with a company that doesn't make the effort to reciprocate the interaction in a meaningful and pleasing way.

From Personalization to Relationship Building

When one person meets another person face-to-face, the first impression often sets the tone for that relationship and determines whether or not the relationship will continue. If either person is turned off by, or unsatisfied with, the initial interaction, there's a high probability that the relationship will not continue. However, if the interaction is pleasing, engaging and satisfying, there is a good chance that the two parties will build on that relationship through future interactions.

Because consumers have become accustomed to, and expect, personalized, relevant, one-to-one interactions with businesses, they tend to apply the same principles when evaluating a business relationship as they do when evaluating a personal relationship. A consumer's first impression of your business is critical and often determines whether or not he or she will become your customer. Since individuals and their needs and preferences change and evolve, businesses, and specifically marketers, must constantly remain informed and nimble.

Nurturing the Relationship

Even when the first impression is favorable, marketers must continue to listen, learn and adjust to the customer's changing needs—and respond accordingly. Just as in a personal one-to-one relationship, an organization's one-to-one relationship must be nurtured in order to continue to grow. If, during the relationship, a customer feels that a business isn't holding up its end, the customer will not hesitate to find another business that will. It isn't only this customer that is at risk. One unhappy customer may tell other customers of his or her experience. Today's social media and blogging outlets make it easy for consumers to communicate their feelings and opinions instantly to a massive audience. Before you know it, you've lost more customers and the issue has become the topic of a public conversation.

Instead of messaging that is always geared towards product and service benefits and sales, marketers must change their perspective and approach. Now they must think in terms of ways to find out what customers really think, feel and want, and then establish a trusted relationship that positions the brand as the customer's personal choice to fulfill that need. The goal is to reach customers on an emotional level so that, psychologically, they feel a personal connection with the brand—like a friendship. Once this connection is established, and customers are comfortable in the relationship, they tend to remain loyal and even recommend others to the brand.

Taking Personalization to the Next Level

Though most marketers agree on the rationale for a personalized customer communications strategy, evidence suggests that marketers do not always take full advantage of the capabilities that could make their campaigns and brand touch points more relevant and valuable to individual consumers.

How does a marketing team move forward from rudimentary segmentation to one-to-one personalization and advanced customer relationship building?

Gathering Consumer Data

If a business wants to have a good relationship with individual customers, it must find out all it can about each customer. Developing and maintaining a central customer and prospect database is a critical first step. When at all possible, customer information captured through separate channels should be aggregated and linked. Information can be gathered through almost every channel, including a retail location, direct mail and e-mail response, social media interactions and preferences, mobile phone habits, and search and click behaviors on your website. IP recognition software can track detailed online behaviors that offer insights into the psyche, personality and preferences of the customer.

It is also common to fill in gaps using data provided by external resources that specialize in collecting, linking and analyzing data to generate a holistic picture of targeted individuals.

With the use of customer data and segmenting and mining tools, mass communication can become a one-to-one conversation.

Leveraging Consumer Data

Once marketers are armed with detailed information about their individual customers, they can use what they've learned to communicate in the most impactful way. Although customer data can be used to deepen the level of personalization and improve the response rates of individual campaigns, the greater goal is to make campaigns a subset of a larger customer relationship, anchored by an ongoing two-way dialogue. Each time a customer is exposed to a particular business, whether online, at a retail location, or through some other communication channel, it should be a personal and consistent type of experience. In other words, regardless of the medium, the message should reflect the personal nature of the relationship with the customer.

Businesses today often focus on a quick return, the fulfillment of short-term objectives and higher conversion rates at any cost. Often, the need for results from one campaign or one component can overshadow the larger objective of deepening the customer relationship.

Practicing Cohesive Personalization

The clarity that today's profile data can provide about customers, combined with the flexibility of digital technology and print production, make it possible to create a truly valuable one-to-one relationship with each customer. Digital communication channels, like e-mail, websites and smartphones have always offered advanced levels of customization and personalization. Today, the same flexibility exists in the print world.

Variable, data-driven messaging and crisp color images can be placed, moved and switched to just about any location of any package component. Personalized messages on envelopes can increase open rates where a matching or supporting message is waiting inside. Each customer can receive a completely unique message, designed specifically for him or her on the fly, based on very recent behaviors and preferences.

Keeping Data Current and Accurate

The lifeblood of a digital world is data, and success depends on the quality of the data. Be thorough in researching and developing your data capture, analysis and processing strategies. There are a lot of places to gather customer data: websites, mail reply, e-mail clicks, social media preferences, smartphone touches and many others. Try to combine data from different sources into a centralized location or database, rather than retaining it in silos.

A clean, reliable mailing list may be an organization's most valuable asset. Be sure to incorporate the data management tools and list scrubbing processes necessary to ensure that the correct names and addresses are used for mailings. Failure to maintain an updated address list is a sure way to waste precious budget dollars on Undeliverable-as-Addressed (UAA) mail.

Measuring Results

Every one-to-one campaign, as well as the tactics implemented to nurture the overall relationship status, must include the ability to measure and analyze the results. Then campaigns and interactive touch points can be optimized and personalized based on those results.

Don't Be Afraid to Ask for Help

It can be daunting to start a one-to-one integrated customer communications strategy. It can appear complicated or expensive to implement. However, with today's innovative tools and technology, the process is easier and more affordable when taken in context of the ROI, sales, and the overall profitability of each individual customer. Take advantage of the knowledgeable marketing and production service providers who specialize in helping businesses transition to an interactive, personalized communications and marketing strategy.

Sources:

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