

## Winning in the Age of Personalization

*Global survey compares consumer expectations against industry initiatives*



## About This Report

In the fall of 2015, Mindtree commissioned independent market research firm Vanson Bourne to discover:

- Where are customer-facing organizations on their digital journey?
- How do the consumers using the services or products of these organizations perceive the digital experience?
- What do consumers expect from these organizations moving forward?

To obtain this valuable insight, Mindtree surveyed 900 buyers from retail and consumer goods, travel and hospitality, media and entertainment and banking and insurance industries. In addition, Mindtree also surveyed 6,000 consumers using products or services from the above industries. The regions/countries where the interviews were conducted included the U.S., Europe (UK, Germany, Benelux) and APAC (Australia, New Zealand, India, China). Respondents from the organizations that were interviewed had at least 2,000 employees.

Due to rounding out, not all percentage totals in this report equal 100%.

## About Vanson Bourne

Vanson Bourne is an independent specialist in market research for the technology sector. Their reputation for robust and credible research-based analysis is founded upon rigorous research principles and their ability to seek the opinions of senior decision makers across technical and business functions, in all business sectors and all major markets. For more information, visit [www.vansonbourne.com](http://www.vansonbourne.com)



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## Introduction

As e-commerce continues to drive new revenue opportunities around the globe, customers are gaining more control of their shopping experience. Unlike traditional shoppers who were limited to buying goods and services from physical stores, today's consumers demand more convenience and less friction across their "phy-gital" (physical + digital) journeys from the brands they shop with. They want to use their favorite mobile devices to shop from anywhere at any time. And they want companies to understand their needs and suggest personalized offers based on their shopping preferences.

A new study by Mindtree ([www.mindtree.com](http://www.mindtree.com)) examines the shopper experience in the U.S., Europe and Asia-Pacific (APAC) regions across four industries: retail and consumer goods, banking and insurance, media and entertainment and travel and hospitality. The study suggests that shoppers expect to reach their ideal balance of online versus offline commerce over the next three years. To maximize profits and drive new opportunities in this consumer-driven landscape, companies must develop strategies to deliver a truly personalized shopping experience.

## The Phy-gital Journey Begins and Ends with Personalization

It's a well-known business axiom that repeat customers drive current profitability while new customers drive current growth and future profitability. Yet, acquiring and retaining customers is harder than ever before. That's because consumers are expecting personalization—experiences tailored to their needs and preferences based on their implicit behavior and explicit permission—across all interactions with sellers. Not delivering on this appears as a failure in the eyes of the consumer. The impact can be huge: for every customer experience failure, brands lose an average of 65% of that customer's wallet share during the following year<sup>1</sup>.

In the past, consumers have been invited into stores, websites and mobile apps controlled by companies. But over the next few years, consumers will push sellers beyond these boundaries—from social media “buy” buttons to over-the-top messaging services with integrated payments such as WeChat to concierge services and full-featured mobile wallets, these will all become selling channels.

In return, consumers are willing to provide rich digital body language—online and offline behavior that signals their intention and preferences. However, this digital body language is all but lost on sellers, especially in-store. That's because until now personalization has largely been the domain of online businesses or the e-commerce teams of brick and mortar sellers.

To stay relevant, sellers need to embed themselves in the ongoing phy-gital lives of consumers and earn the right to be part of a continuous stream of engagement. But, they can't do it by following traditional means of marketing, communications and customer service. Personalization is their way in.



<sup>1</sup>Cindy Waxer, *Direct Marketing*, September 1, 2015 – *It's Time to Face Marketing's Impact on Customer Experience*.  
<http://www.dmnews.com/customer-experience/its-time-to-face-marketings-impact-on-customer-experience/article/435386/>

## Mindtree Phy-gital Journey Survey: Consumer Expectations vs. Seller Initiatives

To help companies understand and capitalize on the changing nature of how consumers explore, engage, purchase and advocate a product or service, Mindtree surveyed 6,000 people across the U.S., Europe and Asia-Pacific (APAC). To gauge how sellers realize how shopper behavior across the phy-gital journey impacts their business and digital investments, Mindtree also surveyed 900 decision makers from retail and consumer goods, banking and insurance, media and entertainment and travel and hospitality companies in those same regions.

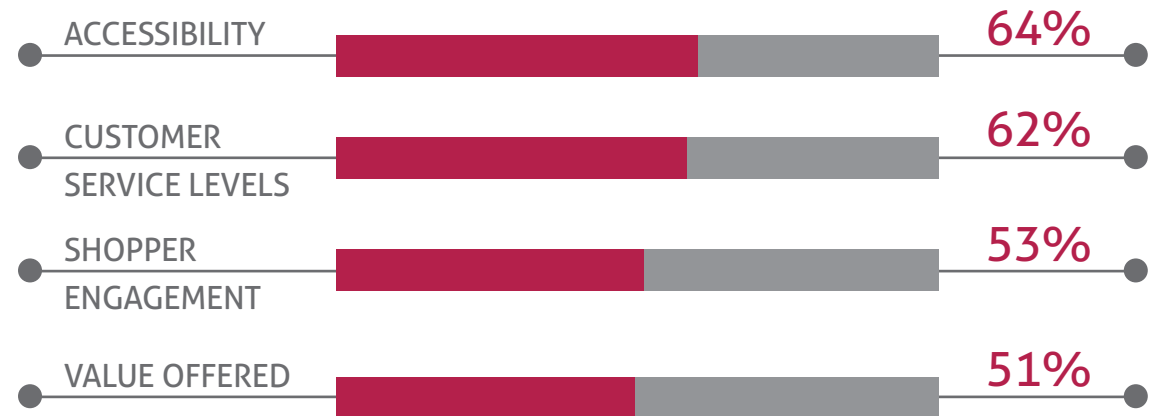




## Global Survey Highlights

The survey provides key insights that point to a digital divide between shoppers and those who serve them. For example, more than half (58%) of company decision makers identified themselves as pioneers in adopting and investing in digital technologies. However, while these companies are in a digital transformation mode, there is a mismatch between what consumers want from online channels versus what companies are investing in. Let's take a closer look at the survey findings.

01 | Companies are finally starting to understand that their online presence is about *servicing customers* as much as it is about *selling to customers*.



02 | Personalization is driving revenue growth for companies around the world, but they don't invest in it nearly as much as other features that have an unknown impact on revenue.

- Providing more targeted promotions (58%) is a common way that organizations have improved their online sales over the past 12 months.
- More than eight out of ten decision makers said personalized promotions on relevant products shoppers have not purchased before (92%), personalized promotions for products customers have purchased before (89%) and recommendations from peers (87%) will encourage online purchases.
- Decision makers reported their organizations are using a variety of personalized ways to engage with their shoppers including social media campaigns (53%), subscription-based mobile app notifications (44%) and recommendations for related purchases (44%).
- Shopper data is captured in a wide variety of ways to support targeting and personalization: customer profile data (91%), loyalty (88%), social media usage (79%) and others.
- More than half (51%) of respondents are planning to enhance the purchasing experience by sharing their customer data with other companies within and across industries.
- However, only 28% of decision makers confirmed that their organizations are investing in personalization to improve the online purchasing experience, compared to ability to pay in a number of ways (43%), shopping lists (43%) and shopping cart additions (40%).





### 03 | Personalization is making customers spend more, but companies don't yet value personalization as an important factor in improving the online experience.

- Shoppers believe personalized promotions on relevant products they had not purchased before (74%), products they have purchased before (78%) or recommendations from peers (65%) will encourage online purchases.
- One-fifth (20%) expect a more personalized customer experience online versus in-store shopping.
- Similarly, 22% of consumers see personalization as a website or application feature that improves the online purchasing experience.

### 04 | There is huge growth potential for companies in mobile apps.

- Over the next three years, twice as many consumers (growing from 6% to 15%) say they expect to be using a mobile device app to make purchases.



### 05 | Online customers report that shopping cart cancellations are largely due to unexpected surprises at checkout.

- The vast majority of respondents (86%) ended purchase transactions due to shipping costs (47%) or a price change at checkout (41%).

### 06 | Many online consumers crave better search and compare and aggregate functions, but many companies are investing in other features.

- Consumers see ease of comparing products and pricing (48%) or the ability to search for the product they are seeking (45%) as benefits of shopping online over in-store.
- Consumers want better search functions (34%), simpler, cleaner interfaces (37%), and compare and aggregate functions (32%).
- Decision makers, however, say that their organizations are investing in features such as the ability to pay in a number of ways (43%), shopping cart additions (40%) and creating shopping lists (43%) to improve the online shopping experience.





07 | Customers highly value online ratings and reviews (positive and negative) from other customers and seek them out before making a purchase. While word of mouth (83% positive, 77% negative) is still the most common method of sharing, digital platforms are catching up.

- Approximately one-half of the respondents reported that they sometimes share their positive and/or negative experiences across digital platforms.
- Consumers also commonly share positive (65%) and negative (59%) views on independent websites, where they have influence over current and potential customers.
- And, while 87% of consumers look at the reviews on the seller's website, 82% look at reviews on independent websites before committing to an online purchasing decision.



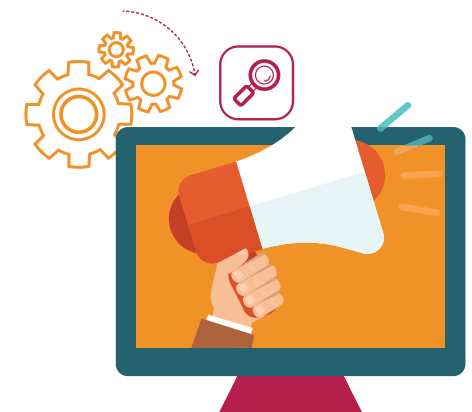
08 | Customers are likely to post positive reviews after a positive shopping experience, but are also likely to post negative reviews about poor product quality or service.

- A majority of respondents surveyed said the most common reasons they provide a positive review are a good purchase experience (59%) and for offers and deals (43%).
- However, 49% of customers say they are likely to leave a negative review of poor quality products, the same figure as those who would post a negative review if they received a poor purchase experience.



09 | Organizations have a huge opportunity to redirect digital marketing campaign spends to improve return on marketing investment (ROMI).

- Organizations surveyed confirmed that web (78%), social media (54%), in-store (49%) and kiosk (22%) are key channels for digital marketing campaigns.
- Digital marketing campaign effectiveness metrics such as cost to acquire a new customer (40%), revenue per cost per impression (41%) and brand awareness metrics (25%) are useful, but not as influential. For sellers, customer satisfaction (55%) remains the most commonly used and relied on metric to measure digital marketing campaign effectiveness.
- More than eight out of ten organizations want consumers to help them develop content creation strategies (84%).



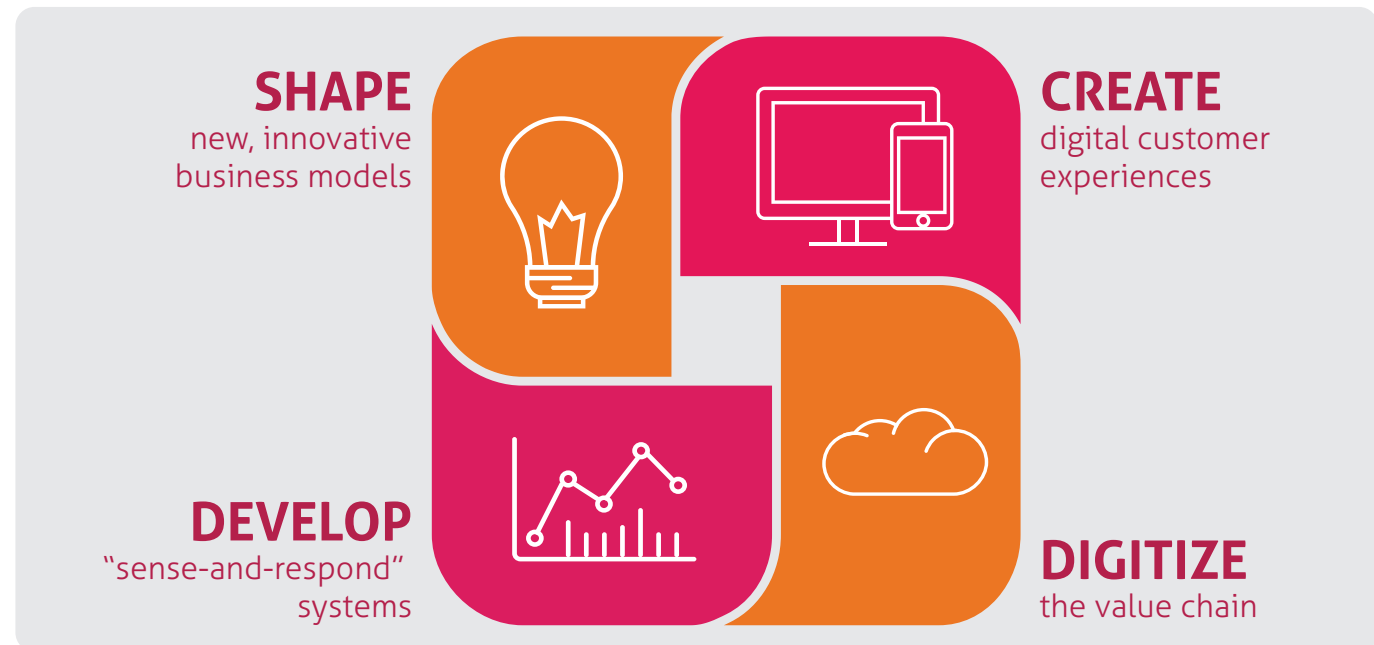
## What Our Survey Results Mean to You

There are a lot of lessons to glean from our global study, but when it comes to meeting the three-year window that consumers have targeted for reaching an ideal mix of online and in-store purchasing, we at Mindtree believe that a focus on personalization will be crucial. We all know there is great value in personalized services for improving customer engagement—better targeted pricing and promotions of products and services and purchase processes tailored to individual preferences—to help make the decision to buy an easier one.

Driven by data from multiple sources fed into smart algorithms, personalization allows organizations to target the right people, at the right time, in the right place, on the right device, with the right content, creating seamless commerce and a community of advocates.

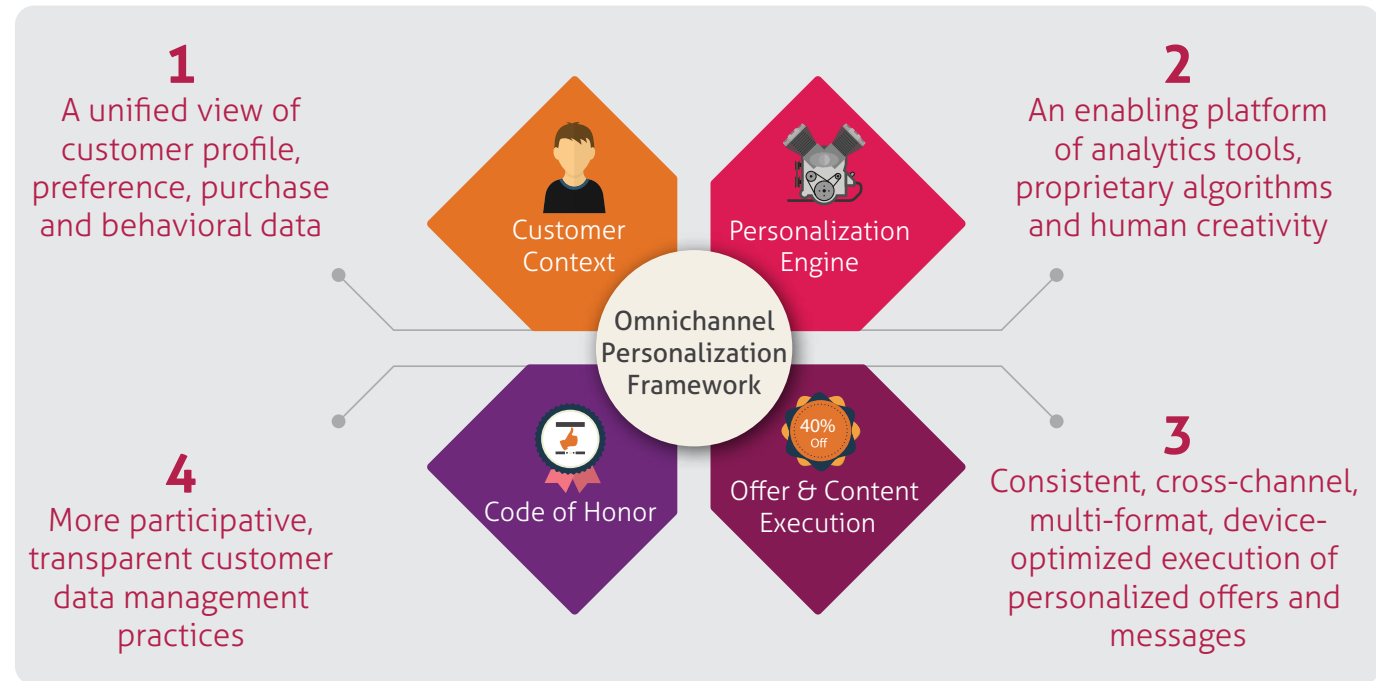
There is no shortage of marketing, analytics and personalization solutions. But, without a standard framework that can help drive a personalized customer experience across channels, organizations are forced to use a patchwork of disparate systems that limit agility and increase costs.

Successful personalization will only work if companies have the right digital underpinnings at the broadest and deepest levels. At Mindtree, we believe there are four cornerstones crucial to achieving true digital transformation and success:



## A Framework for Omnichannel Personalization

Our experts have developed a Framework for Omnichannel Personalization based on years of experience helping global leaders transform their customer experience. This four-part framework guides organizations to successfully develop and execute successful personalization strategies.



- 1 Customer Context:** Consumers leave a rich trail of their “digital body language,” which companies can use to enrich the shopping experience. Constructing a unified view of customer profiles, preferences, purchase and behavior data forms the foundation of the framework. By combining data such as location, weather, social media sentiment and demographics, companies can understand the context in which consumers engage with them.
- 2 Personalization Engine:** With a better understanding of customer motivations and communication preferences, companies can supercharge their messaging and engagement strategy for individual customers or segments. Organizations can acquire this understanding using a combination of analytic tools and proprietary algorithms that tie customer analytics to their business model.
- 3 Offer and Content Execution:** To succeed with omnichannel personalization, organizations need consistent, flawless, cross-channel, multi-format offers and messages. Companies can overcome channel and device challenges with marketing automation tools, digital content repositories and service level agreements (SLAs) with partners to help cost-effectively manage marketing IT operations.
- 4 Code of Honor:** Companies must balance greater personalization of the shopper experience with the inherent risks associated with managing large amounts of customer data. Specifically, they must begin by being more open about how they use customer data to personalize the shopping experience, give customers more control over what data is used, and go beyond current regulations to ensure the highest data security standards.

To get started, companies can add relevance and trust to the shopping experience. This framework can help them get there.

## Summary – Winning in the Age of Personalization

Winning the global consumer in the age of personalization is critical for gaining an advantage in an increasingly competitive environment. Companies need to think about how to deliver personalization across the purchasing journey. They should work on creating unique customer personas by employing the huge number of data streams they have access to. And they should apply analytical models to finely segment customers.

In addition, companies should use this segmentation knowledge to deploy an activation layer to engage customers with the right information and offers. Finally, organization's should do all of this beneath a code of honor—maintaining the customer's trust about using data to personalize services and offers.

With the right framework for omnichannel personalization, companies can shape innovative business models and develop sense-and-respond systems to deliver compelling experiences that meet customer expectations and drive growth.

Mindtree was "Born Digital" and continues to bring an extraordinary depth of experience across the entire digital value chain. With its strong blend of planning and execution, Mindtree can steer companies like yours through the personalization journey.



### ABOUT MINDTREE

Mindtree [NSE: MINDTREE] delivers digital transformation and technology services from ideation to execution, enabling Global 2000 clients to outperform the competition. "Born digital," Mindtree takes an agile, collaborative approach to creating customized solutions across the digital value chain. At the same time, our deep expertise in infrastructure and applications management helps optimize your IT into a strategic asset. Whether you need to differentiate your company, reinvent business functions or accelerate revenue growth, we can get you there. Visit [www.mindtree.com](http://www.mindtree.com) to learn more.