The background is a dark gray gradient with several large, overlapping geometric shapes in yellow and black, including triangles, circles, and squares, some with soft shadows.

THE RISE OF PERSONALIZED COMMERCE STUDY

How Personalization Across Order Management,
eCommerce, and Marketing Improves ROI

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As a result of the COVID-19 global pandemic, retailers have been subjected to pain across changes to shopping, fulfillment, and communications. In mid-March, Gartner noted that Chinese government reports indicated overall retail spend in January and February of 2020 declined by 20.5%. Reports elsewhere indicated a 30 to 40% reduction in European fashion and apparel sales as well. Given the spread of COVID-19, other parts of the world, including the United States and EMEA, could have similar experiences in Q2 of 2020.

The industry has had to adapt to pronounced ebbs and flows in demand, closed warehouses, and sudden shifts in customer shopping behaviors across channels. Throughout it all, retailers have had to deliver a seamless, efficient, yet meaningful experience to customers.

In the midst of turmoil, brands have had to close their doors and move much of their sales online or to contactless fulfillment options. They are also relying heavily on digital communication. In the scramble, brands have inadvertently offered out-of-stock products, dramatically increased delivery times, sent out tone-deaf messages, and run unfortunate promotions that point to untimely or sold-out items. As a result, they've created stress for themselves and for their customers in an already difficult time.

Our research outlined in this study does not ask retailers specifically about their response to COVID-19. However, these insights offer all retailers data that can help create a path forward: by focusing on personalized fulfillment and personalized communications, they can set themselves up for agility, and ultimately, higher ROI.



INTRODUCTION

In February and March, Kibo fielded a survey that asked 400 ecommerce executives about their approach to personalization across backend and front-end operations. We looked at how brands are giving customers what they need across personalized logistics, order fulfillment, personalized ecommerce shopping experiences, and personalized marketing. We found that the companies that prioritized a cross-functional personalization strategy across all elements of the customer’s experience received significantly higher ROI. This insight applies to the entire ecommerce journey.

The brands that offer “personalized commerce” not only see higher ROI, they are in the best position to quickly pivot their business to meet changing customer behaviors, and deliver personalized messaging to accompany it.

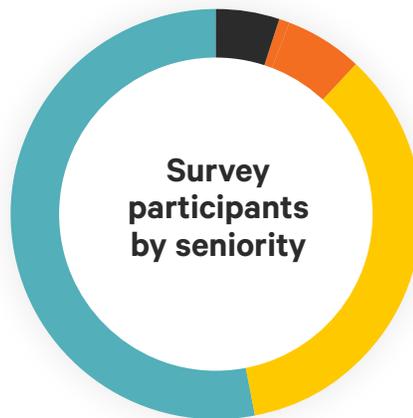
This survey marks the fourth year we’ve surveyed marketers about their personalization efforts, and we’re seeing good progress (the 2019 personalization study can be read [here](#)). A larger number of marketers are using advanced marketing tactics and across more channels. Now, rather than focusing on the merits of advanced personalization, the strategy should consist of balancing basic and advanced tactics across as many customer touchpoints as possible.

About Survey Participants

400 respondents participated in the research study which was compiled with the help of WBR Research.

In mid-Q1 2020, Kibo surveyed 400 ecommerce executives across North America and EMEA from a broad spectrum of retail industries. Executive-level employees made up 88% of the responses across both marketing and commerce roles. More than a third of responses (38%) were from enterprise-level, \$1B-plus corporations and 50% were from companies earning \$10MM to \$1B in 2019.

50% of the participants are headquartered in North America, the other 50% in EMEA.



- 5%** C-Level Executives
- 7%** Vice President
- 35%** Head / Department Head
- 53%** Director



KEY FINDINGS

Our research shows that personalized commerce yields high ROI. And these are the three area of focus where organizations can see the most impact:

- 1) what types of personalization are used
- 2) where the personalization is happening
- 3) who owns the personalization strategy



REDEFINING THE NEED FOR PERSONALIZED COMMERCE

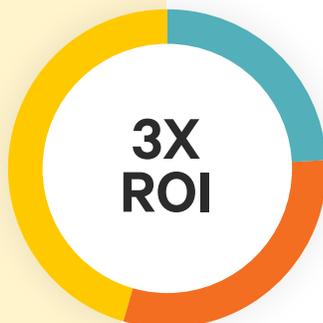
The COVID-19 pandemic exposed the fact that more than ever, retailers and consumers are reliant on a global supply chain, with a complex network of fulfillment and logistics elements across digital and brick and mortar outlets. In a state of flux, there are inevitable weak points that retailers simply can't avoid. For example, factory closures, product shortages, or sudden layoffs that will wreak havoc no matter how sophisticated or well prepared a company may be. Market leaders like Amazon and Target are vulnerable to many of the same pains as many independent and regional retailers, with their product shipping dates being delayed as much as two months.

However, there are elements that retailers can control. Retailers that have centralized and automated their fulfillment capabilities have been able to rapidly take Buy Online, Pickup In-Store (BOPIS) options off of their online channels for specific locations and replace them with at-home delivery or curbside options. Retailers with personalization on shopping and order pages have been able to quickly recommend similar products when something selected is sold out. Those with personalized marketing can deliver messaging that is targeted to customers located near specific stores, and offer targeted pricing and delivery offers.

Our findings indicate that **ROI is much higher for companies that philosophically believe that personalization belongs in both marketing and shopping touchpoints**, rather than only on one or the other. 47% of retailers that believe personalization should be implemented across as many touchpoints as possible earn 300% or more ROI from their efforts.

47%

say personalization of **digital marketing and shopping / purchase experiences** is important across **as many customer touchpoints as possible**.



Personalization is best suited for **digital marketing** (creative recommendations, message segmentation, etc.).

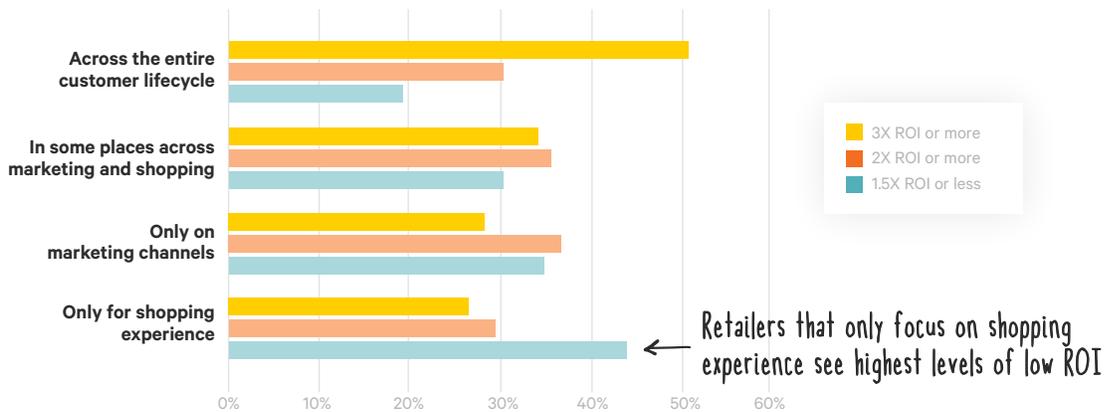
Personalization is best suited for **shopping / purchase interactions** (product recommendations, personalized search, etc.).



Our survey found that 51% of retailers that prioritize personalization across the entire customer lifecycle have experienced ROI from their investment of 300% or more.

Meanwhile, only 26% of retailers that only personalize for shopping experiences receive the same ROI.

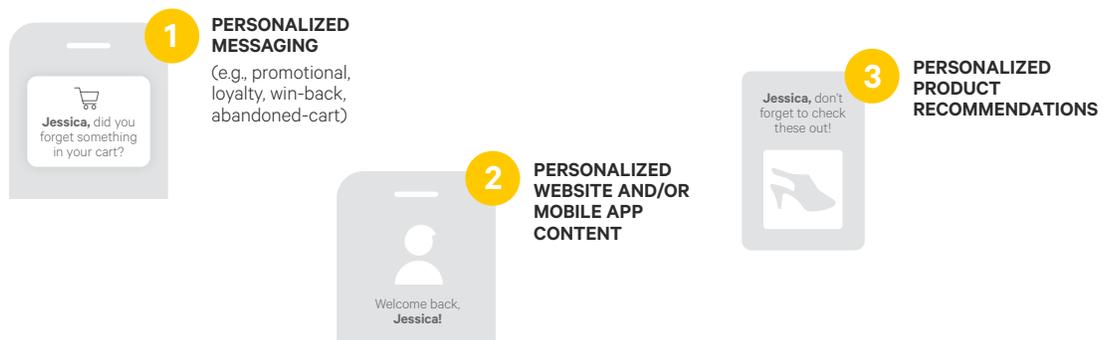
ROI Based on Personalization Across the Customer Lifecycle



TACTICS AND CHANNELS

A majority of retailers (56%) find that they get the most return from personalized messaging, followed by personalized mobile app or website content (47%), and trailed by personalized product recommendations (45%). These features also allow for a wide range of flexibility, giving retailers the freedom to personalize everything from location to past shopping behaviors to recent search keywords or origination channels. Personalized messaging and site content also allow retailers to offer the most in-depth one-to-one personalization. For example, high-end clothing retailer Revolve has been creating personalized lookbooks for “work from home” spring looks, which combine one-to-one personalization based on past shopping behavior with the company’s product sales needs.

Tactics Driving Highest ROI:



USING ADVANCED PERSONALIZATION TO SCALE AND PREDICT

Many retailers are also embracing a wide variety of advanced personalization, and use a healthy mix of both advanced and basic tactics across their shopping and marketing touchpoints. However, there is room for growth. Our survey finds that while retailers claim they earn the highest ROI from personalized messaging, findings indicate that there is a significant opportunity for brands to increase ROI further as their personalization tactics become more sophisticated.

It's likely that many marketers are on the cusp of adding more advanced personalized messaging to their operations, as they are employing elements across most major marketing and communication channels. In fact, more than half of retailers employ some level of advanced personalization across their mobile app, website, in store, and social channels.

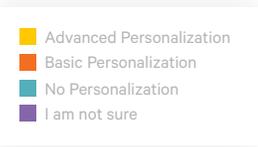
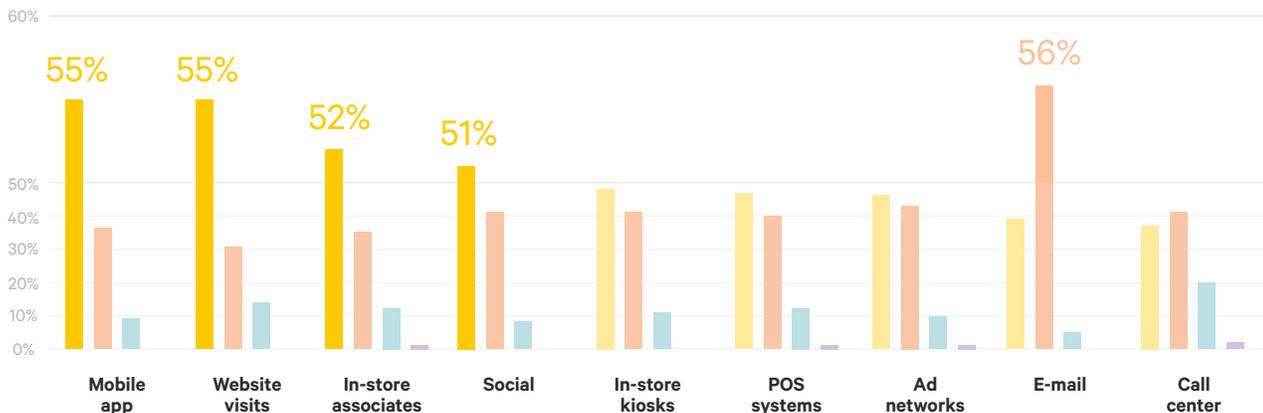
Case Study 

The Mexican-food-inspired quick-service restaurant (QSR) **Taco Bell**® offers personalized menu recommendations and giveaways to its mobile app users.

Registered guests of the app see **relevant menu items, promotions, and content based on guest preferences, past dining history, location, and weather.**

We Asked Respondents to Qualify the Personalization Tactics They Employ Across Each Channel

Advanced personalization refers to personalization that delivers multiple personalized experiences across the customer journey or the use of AI. Basic personalization refers to tactics such as testing, segmentation, and targeting.

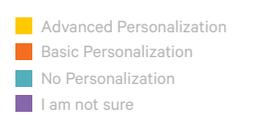
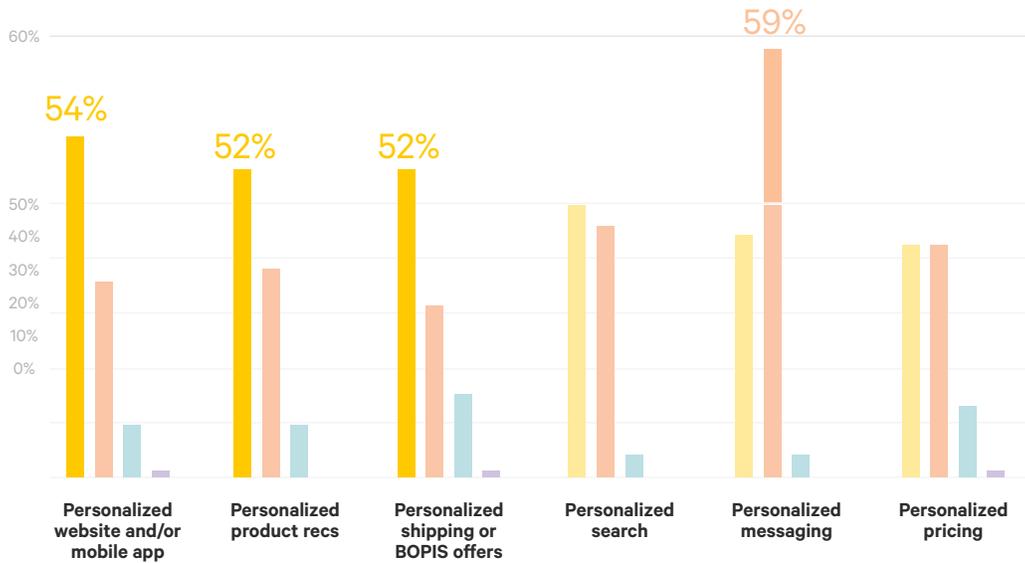


More than half of retailers employ some level of advanced personalization across their mobile app, website, in store, and social channels.

takeaway



We Asked Respondents to Qualify the Personalization Tactics They Employ Across Commerce Interaction Type



More than half of retailers use the most advanced personalization across websites and mobile apps, product recommendations, and shipping and Buy Online, Pickup In-Store (BOPIS) offers. Meanwhile, personalized messaging shows the biggest adoption of basic-level personalization.

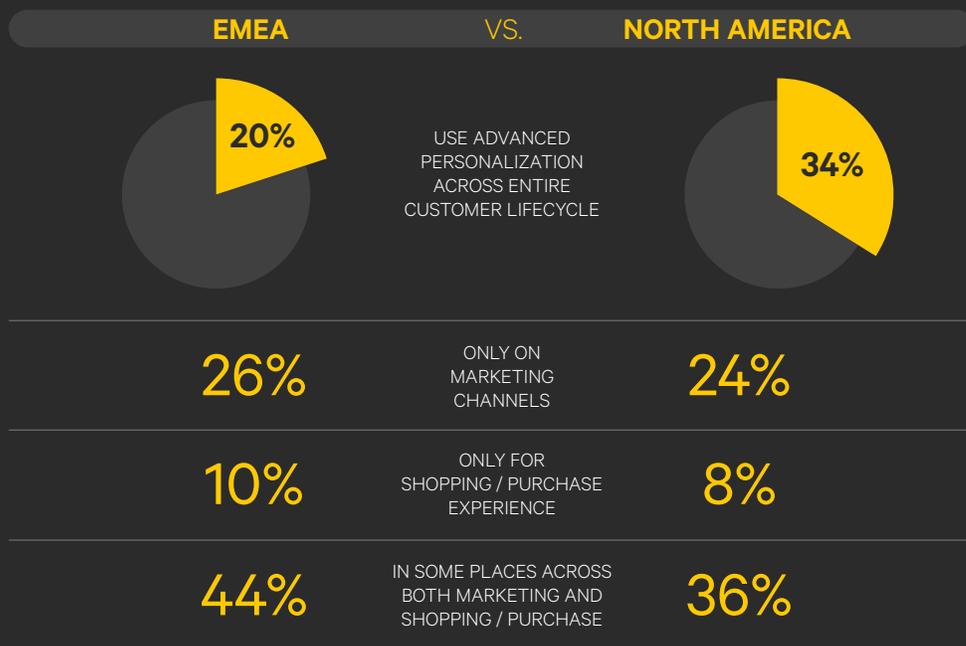
takeaway



COMPARING EMEA AND NORTH AMERICA

EMEA is further behind in their use of advanced personalization across the customer lifecycle compared with North America. Only 20% of EMEA marketers use advanced personalization across the entire customer lifecycle, compared to 34% of NA marketers.

Geo Breakdown of Where Personalization Should Be Implemented



Brands that prioritize personalization across the entire customer lifecycle earn significantly higher ROI than their peers. But, this group still represents the minority of all marketers. Most EMEA and North American marketers still focus on either shopping or marketing personalization.

Case Study

JoJo Maman Bébé

UK fashion maternity baby retailer **JoJo Maman Bébé** used a wide variety of additional data inputs including **weather**, **screen size**, and **customer status** to create a highly personalized homepage experience that quickly moved customers to the section of the site that mattered most for them at that time. With this advanced personalization, JoJo saw a **60% increase in homepage interaction** and a **25% increase in overall conversion**. What's more, **new customer conversion rates increased by 25%**.



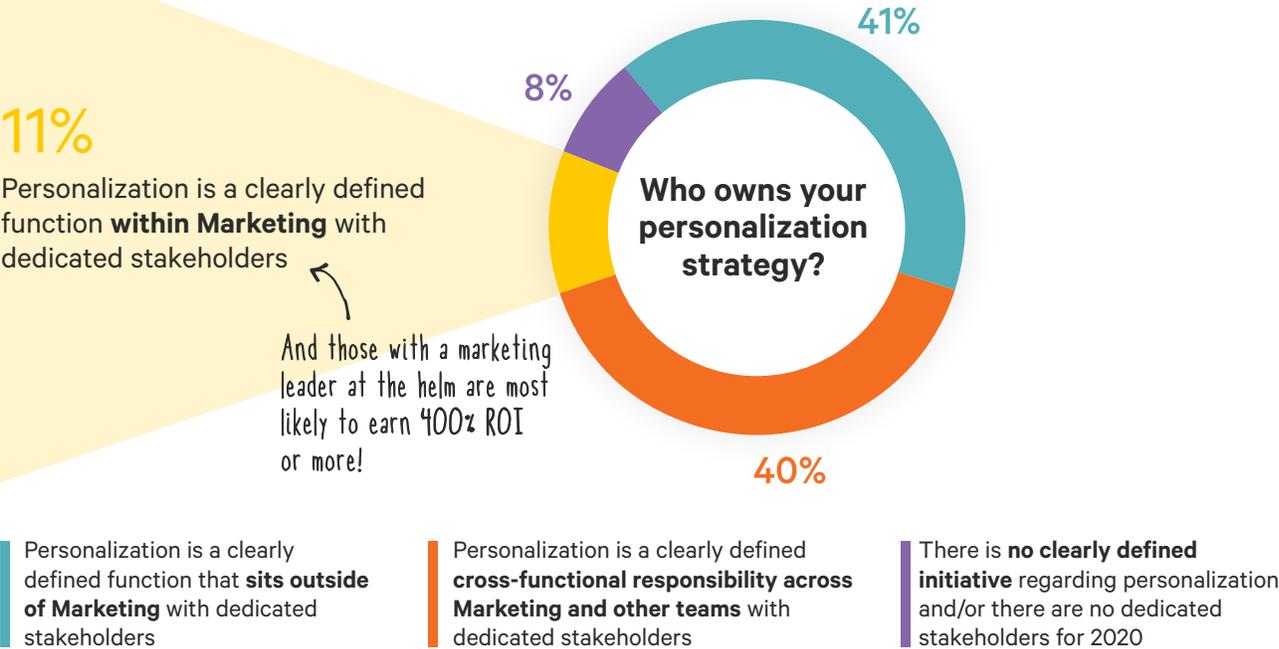
END-TO-END PERSONALIZATION REQUIRES A CLEARLY DEFINED STRATEGY

The good news for many retailers is that they already have many of the elements in place to advance their end-to-end personalization strategy. For example, most retailers have personalization in place across both shopping and marketing channels and also employ personalization across most customer touchpoints. The next step is to orchestrate a customer journey that connects the dots between these efforts, delivering a nimble, one-to-one experience that also maximizes the return for the retailer.

Our survey finds that the companies with the highest return have a clearly defined responsibility for personalization within the company, which often sits in the marketing organization, but includes other stakeholders.

While only 11% indicated that personalization is a clearly defined function that sits within marketing, this group was mostly likely to receive the highest ROI (400% or more).

They also still found a way to prioritize end-to-end personalization and the use of advanced personalization across channels like email, mobile apps, their website experience, in-store associates and kiosks, and ad networks.



There is a likely explanation for the success of a marketing-led personalization strategy. The retail CMO today is responsible for the entire customer experience—not just branding and messaging. With this mandate comes a need to think deeply about how all customer touchpoints connect to deliver a customer experience that’s not only agile and profitable, but that resonates deeply with each customer.

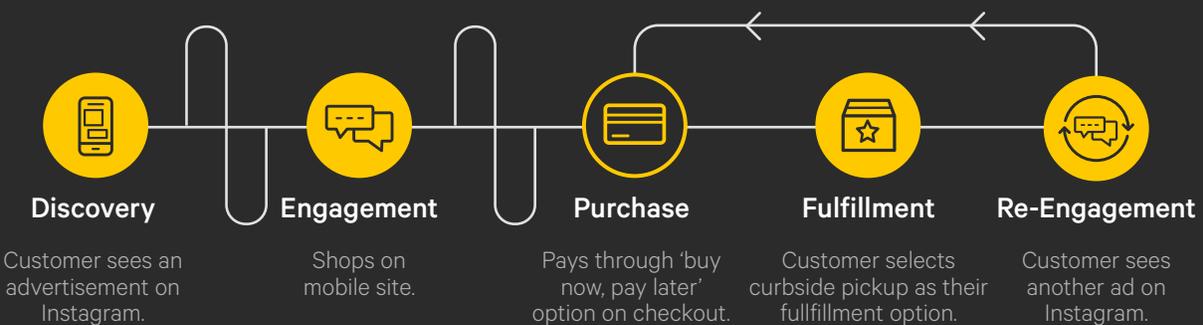
A recent retail personalization report from McKinsey notes that “by systematically evaluating the consumer impact of these touchpoints, organizations can understand customer behaviors and develop more effective two-way communication strategies.”

CONCLUSION

This research shows that it pays to have the end-to-end personalization and agility needed to deliver for customers. As retailers work through the inevitable downturn in coming months, communicating with customers and delivering personalized service will continue to be valuable, and will sustain its value over time. Every retailer will learn from looking back at 2020, identifying the weak links that were strained the most in the process.

Kibo’s end-to-end commerce solution is built on a modern and personalized platform, enabling you to deliver a connected shopper experience that’s personalized at every stage of the shopping journey and that’s built to be adaptive and nimble during the worst downturns.

The End-to-End Shopping Journey



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