ZineOne

Redefining Personalization

Introduction

Emails in their inbox. Pop-up messages on their desktops. Push notifications on their phones. Everywhere consumers turn, they find themselves inundated with messages and offers from retailers.

The advent of Big Data has put vast quantities of customer information into retailers' hands, enabling them to personalize and deliver offers to consumers more conveniently than ever before — and encouraging them to out-engage the competition by deploying these messages at a rising cadence. According to Gartner, most marketing leaders consider personalization as one of their top marketing priorities, and 56% of them increased their spending on the initiative.[1] But much of this outreach is still superficially personalized, and instead of driving loyalty and brand advocacy, it is leaving customers overwhelmed and under-satisfied. So how can today's retailers cut through the clutter and stand out to their customers?

The answer lies in contextualization. By leveraging customers' and site visitors' in-the-moment context, retailers can ensure that every engagement is relevant, timely, and helpful, always elevating their satisfaction and creating seamlessly differentiated experiences. This requires a new approach, a new technology stack that uses machine learning (ML) to efficiently tap into shoppers' immediate context and deliver personalized engagement at scale. Such personalization strategically guides customers to the products and deals they are seeking in their current session, inspiring their confidence, trust, and loyalty across channels, from online to in-store.

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AI-driven personalization has yielded significant results at scale:

92% accuracy
of ML predictions of in-session purchases

50+% redemption
rate for personalized offers

12% net revenue lift
from real-time offers

In fact, next-gen personalization transcends channels with experiences that take shoppers from the app to the aisle, and vice versa. For traditional retailers, 80+% of whose revenues still flow through the store, this is a critical advantage. The ability to take action based on a shopper's real-time need and context before the moment passes—whether they are in a physical or digital context—is a true stepchange in the way retailers engage with consumers.

To achieve this, retailers today need to take a more comprehensive look at personalization that goes beyond product recommendations. This requires not only a fresh and innovative perspective but also a new technology stack – to support the level of relevant, contextual customer engagement. For meaningfully catering to consumers' multidimensional needs and interests, retailers need:

o **Personalization based on visitor's in-session context, or short-term user behavior.**

o **The ability to unify data into a single user view across channels, both physical and digital.**

o **An omni-channel approach that lends itself to new kinds of differentiated experiences.**

In this white paper, we'll explore how retailers can go beyond pure recommendations and persona-based marketing, pushing the edge of personalization to deliver differentiated experiences to every shopper across all channels.

"ZineOne enabled us to engage our customers in a truly transformative way with differentiated experiences, personalized in real time to each visitor's unique preferences and way of shopping. **Using ZineOne, we were able to dynamically deploy and test experiences across digital and stores giving us significant levers for topline revenue growth!"**

— *Retailer Executive*

The Traditional Approach

Personalization by Persona

Personalization for marketing has traditionally been enabled by pre-sorting customers into specified personas or segments based on their long-term behaviors. In e-commerce, a lot of work has been done to personalize search-and-browse results, such as product recommendations on the notion of 'similar products' and 'people like you'. However, across the board, retailers have struggled to leverage the full view of a shopper, including their in-session activity and transaction history, from all sources and channels. Such customer intelligence is essential to creating differentiated experiences.

A key reason for this limitation is that in most marketing stacks today, personas and segments are static. They cannot account for the consumers' fluctuating behavior across different channels, such as the "frequency factor," where the shopper is currently most active. Relying purely on the long-term data analysis of personas and segments means that retailers cannot access—or optimize—short-term and current, cross-channel behavior.

Why does this lack of insight matter? Short-term behavior is what captures the essence of a shopper's visit—their current channel, need, and mindset—as opposed to their overall behavior aggregated throughout their many diverse journeys. Every time a shopper enters a store, visits a website, or embarks on a shopping journey via another channel, the goal and medium of that session are unique. If shoppers are only assigned a single persona based on their long-term or historical behavior, then the personalization served to them will likely not address this real-time need; at best, it will be less contextual, and at worst, it could be wildly inaccurate and, therefore, irrelevant.

For example, consider the many potential visits of a shopper compared to their static persona or segment:

Sarah, 32

Persona & Segment

Persona: 32-year-old health-conscious woman living in California with her family.

Segment: 25–35; Female; California Resident; Loyal Customer; Discerning Shopper; App User

Visits with Varying Needs and Goals

Monday: Sarah opens the retailer's app in search of this year's back-to-school deals for her children.

Thursday: After browsing options online, Sarah stops by the store to buy treats for her cat.

Saturday: Sarah buys a gift online for her husband, then visits the store to pick it up the following day.

Sarah's persona and segment are not able to account for her in-session behaviors, which are key to understanding her goals for any given visit.

Next-Gen Personalization

Short-Term Insight for Real-Time Engagement

Enterprises no longer need to rely solely on personas or segments in order to personalize the shopper experience. Today, they have the data needed to ascertain exactly who each visitor is, where they are, and what they're doing in any given moment—and can use these insights along with their personas to provide shoppers with the right experience on any channel.

This next-gen approach to personalization leverages short-term insights so that retailers can react to buying intent in real-time.

This approach still uses long-term customer data, but treats it as background that augments and supports personalization; the in-session engagement itself is triggered by emerging activity, such as store visits, products viewed, items added to cart, loyalty points, and more. Furthermore, there are new opportunities to enhance customer context with environmental factors like weather, location, and local events. Moreover, with ML models, enterprises can determine the best content to show the user—and the best time to show it—based on their current buying journey, influencing purchase decisions in-the-moment.

Consider, again, the following insights on Sarah:

Insights from Long-Term Behavior

Transaction history

Past brand interactions

Previous reviews & questions

Sarah, 32

Triggers from Short-Term Behavior

Current online browsing patterns

In-Store endpoint interactions

Cart items

Loyalty/reward point balance

Environmental Considerations

Current location | Local time | Area weather

Right Message, Right Context, Right Now.

By accounting for a shopper's short-term and current interests in real-time—together with factoring in changes in product price, availability, popularity, shipping options, and more—next-gen personalized intervention can impact key e-commerce goals. In this way, differentiated customer experiences are motivated by convenience, confidence, and urgency—and go well beyond product recommendations that consumers have come to expect.

Embracing Omni-Channel Opportunities

By engaging shoppers in real time across channels, next-gen personalization can guide in-store experiences based on online browsing patterns, and intervene during online browsing after a visit to the store. **This empowers retailers to create one continuous, omni-channel journey that is powered by one unified view of that shopper that is dynamic to that millisecond.**

A Case Study

Personalizing Every Buyer's Journey In-the-Moment

Let's do a deep dive into how a top 10 U.S. department store partnered with ZineOne and embraced the power of next-generation personalization to achieve its vision to become the most engaging retailer in America.

With a growing focus on online channels and customer centricity, the retailer realized that it needed to not only bring more consumers to its online and physical storefronts, but also to meaningfully engage them around their current buying intent once they arrived.

To reimagine personalization, the retailer needed to:

Cohesively unify customer experience across its digital channels and stores.
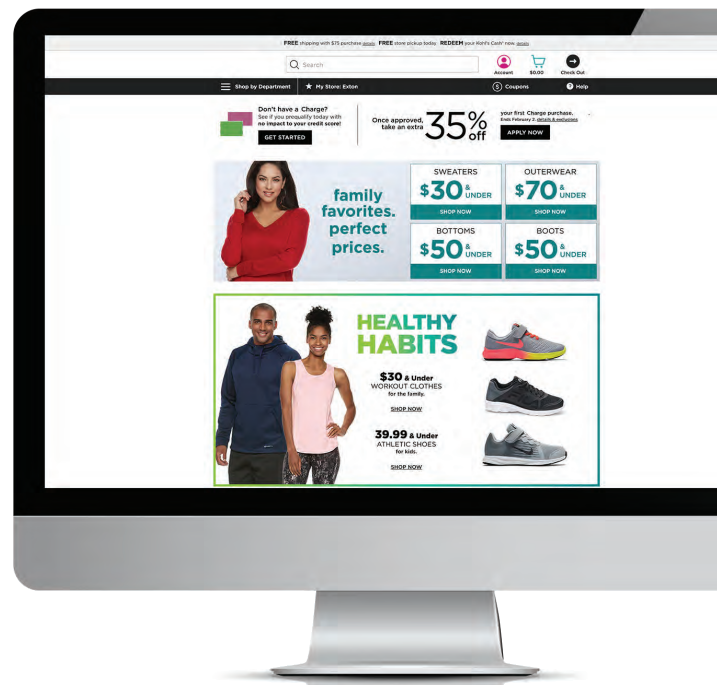
Bring together all the data about each customer and visitors from its various systems to understand their immediate context.

Use ML to analyze real-time behavior against historic data points in order to predict and influence in-session purchases.

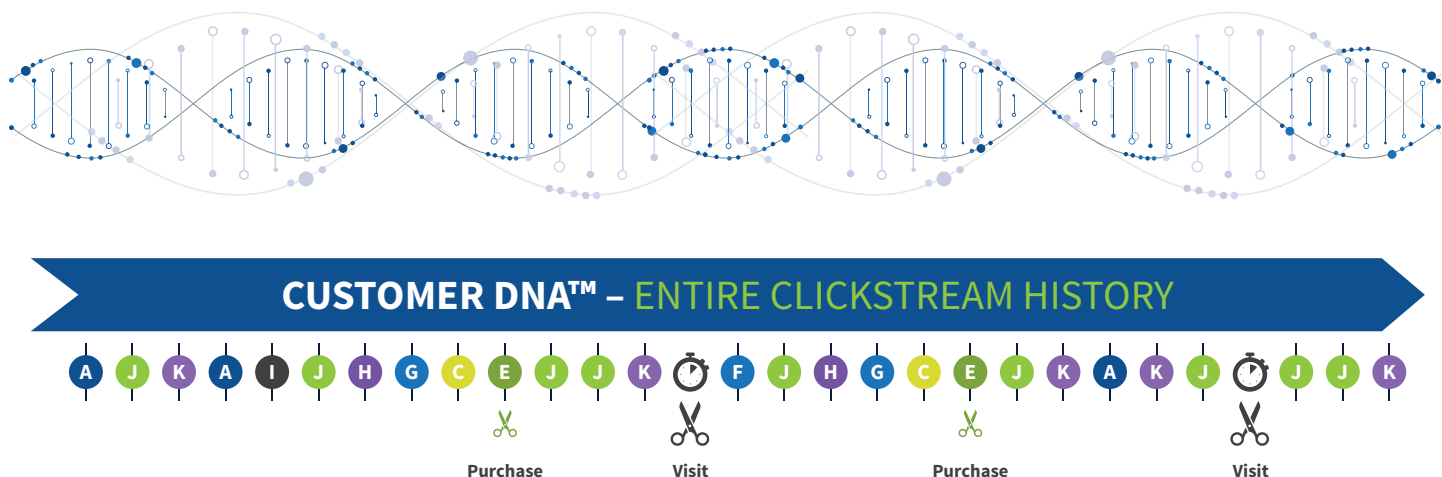Relate real-time visitor activity with continuous changes in product inventory, prices, and orders.

The retailer's existing recommendation engines and email personalization systems were too narrow and channel specific in scope. The retailer needed an omni-channel, real-time view of its customers and visitors: a new stack that is capable of data-driven response to short-term behavior of visitors within milliseconds across channels. **The retailer partnered with ZineOne to build a new intelligence layer that enables the next generation in AI-Driven Real-Time Personalization.**

How the Next-Gen Solution Works

ZineOne's Intelligent Customer Engagement (ICE) platform equipped the retailer to automate the deployment of in-the-moment personalized experiences for its site visitors. The ICE platform uses real-time events to capture customer activities into individualized sequences, called Customer DNA™. Just like biological DNA, Customer DNA™ is unique to each shopper, and it encodes the full event stream of their short- and long-term behavior data, augmented by environmental insights, across all channels. It is a living blueprint of customer micro-behavior patterns that enables relevant, personalized, in-the-moment customer engagement. It forms the framework for continuous customer cognition and - when analyzed with ML models embedded in the ICE platform - it allows the retailer to meaningfully react to user activity as it occurs, based on what the intelligence layer predicts for each visitor. In short, it enables the next-gen personalization.

What is Continuous Cognition?

Continuous cognition leverages event stream processing technology—such as Customer DNA™—to help determine actions in response to real-time events, **serving as the input needed for ML models to perform in-the-moment decision-making and personalized intervention.**

CUSTOMER DNA™ – ENTIRE CLICKSTREAM HISTORY

A J K A I J H G C E J J K ⏱ F J H G C E J K A K J ⏱ J J K

Purchase   Visit   Purchase   Visit

For the retailer, the ICE platform itself functions as a new, AI-powered intelligence layer between systems of engagement and systems of record. At its core, this layer is an intelligent decision engine that continuously analyzes Customer DNA™ of the retailer's customers, makes ML-driven predictions about every visitor's current session, and then takes actions to incentivize site visitors with the right information at the right time. Ultimately, this next-gen personalization delivers fully differentiated experiences for each visitor who interacts with the retailer—both online and in-store each time they begin a new session.

Delivering Differentiated Experiences

By using short-term user behavior to trigger real-time intervention, ZineOne's ICE platform rapidly enabled differentiated experiences for every visitor's needs. **For example, consider the following scenario:**

Sarah receives an email offer for women's shoes from the retailer. She clicks on a pair of heels and enters the retailer's online storefront.

Sarah remains on this page for over one minute, but does not add the shoes to her virtual cart or make any progress towards checkout.

Short-Term Activity Analyzed: According to Sarah's Customer DNA™, she is not likely to make purchases online, based on her browsing sequence since last purchase. An ML model calculates Sarah's current purchase propensity for buying in this session -low, but within an actionable range.

Sitting on her laptop at home, Sarah considers whether or not she should buy the heels; she's a picky shopper, and she's been searching for the right shoes for the last few weeks.

Environmental Data Considered: The ICE platform knows that Sarah is shopping from her home on a personal device—it's unlikely that she will go to the store to complete the purchase.

At this stage, the platform knows that personalized intervention is needed to influence Sarah's behavior. The opportunities to create a differentiated experience vary widely, and can be strategically chosen by the ML model to influence Sarah:

Product Confidence

"Sarah, 10 people have purchased this product today!"

Price Confidence

"Sarah, get a discount with our limited time offer on Women's Heels!"

Sense of Urgency

"Hurry, Sarah! Only 3 left in stock."

Convenience

"Sarah, order in the next 5 minutes and receive an additional $5 off!"

A message pops on Sarah's screen: "Sarah, 10 people have purchased this product today!" Pleased with the popularity of the item, Sarah is confident enough to add the shoes to her cart and complete the purchase, and decides to pick them up in-store.

Next-Gen Personalization Deployed: The ML model chooses the most appropriate engagement to deploy to Sarah—a confidence-based message—based on her short- and long-term user data.

The next day, Sarah stops by the store on her way home from work to pick up her shoes. When she enters the store, her smartphone buzzes: "Sarah, your order is waiting for you at the Customer Service Desk. Click here for directions." She opens the retailer's app and makes her way to Customer Service.

In-Store Engagement Enabled: When Sarah's phone connects to the store's WiFi, the ICE platform becomes aware of her location—and her recent online activity. It determines her intent and assists her accordingly.

Leaving the Customer Service Desk, shoes in hand, Sarah's phone buzzes again. "Sarah, redeem your loyalty points today for an extra 20% off!" Thinking of using the discount on items for her kids, Sarah heads towards the Children's Section to do some shopping.

Omni-Channel Optimization: Knowing Sarah was already in-store, the ICE platform optimized and differentiated her experience by reminding her of her loyalty points. This drives Sarah's satisfaction and the retailer's revenue.
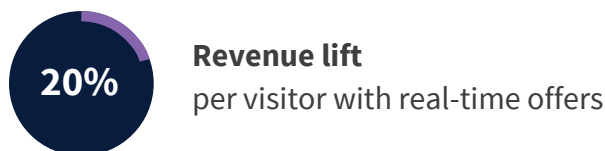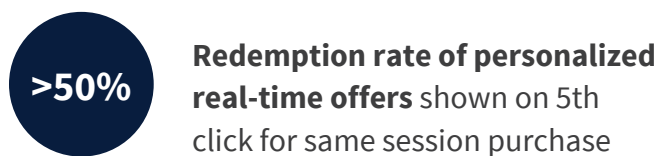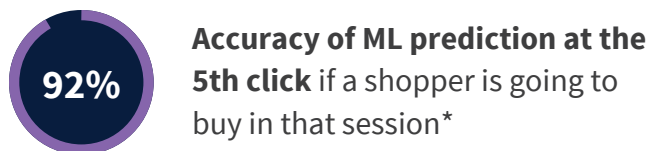
The Results in Action

Driving Increased Conversion, Engagement, Loyalty

These advanced personalization efforts have helped move the needle significantly for the retailer in terms of topline revenue growth, and growth in overall engagement and loyalty. Deployment of the ZineOne platform started with the retailer's mobile website and, within a year, was deployed to native apps, the web store, email, tablet and 100+ stores to-date, deploying 50+ use cases. These use cases range from loyalty reward reminders, site personalization, email personalization, real-time offers, mobile wallet, geo-fence and location specific reminders, proximity marketing within stores, and more.
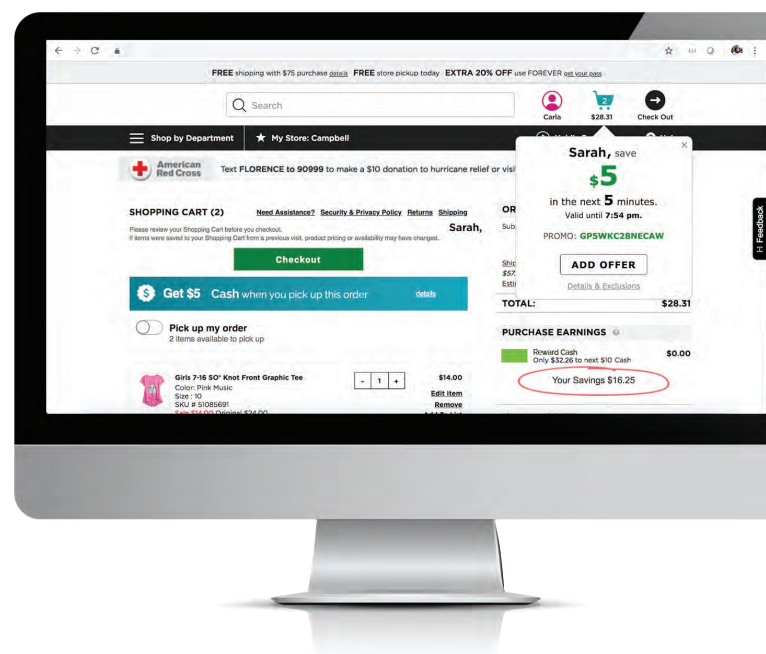
Use Cases and Results

Real-Time, In-Session Offers to Influence On-the-Fence Shoppers

ZineOne's Early Purchase Prediction (EPP) ML model made predictions by the 5th click for whether a visitor is going to buy in that session. For shoppers who are on the fence or undecided, real-time offers are deployed based on short-term input and past context.

92% — **Accuracy of ML prediction at the 5th click** if a shopper is going to buy in that session*

>50% — **Redemption rate of personalized real-time offers** shown on 5th click for same session purchase

20% — **Revenue lift** per visitor with real-time offers

Patented Technology.

Loyalty Reward Reminders upon Geo-fence Breach

A shopper with the retailer's loyalty rewards enters its store and gets a push notification about the amount of reward points available in their account that can be used for shopping that day. This is achieved through the use of a geo-fence that informs the ZineOne ICE platform of the shopper's presence, at which point ZineOne contacts the loyalty system, sees how many reward points are available, and notifies the shopper accordingly.
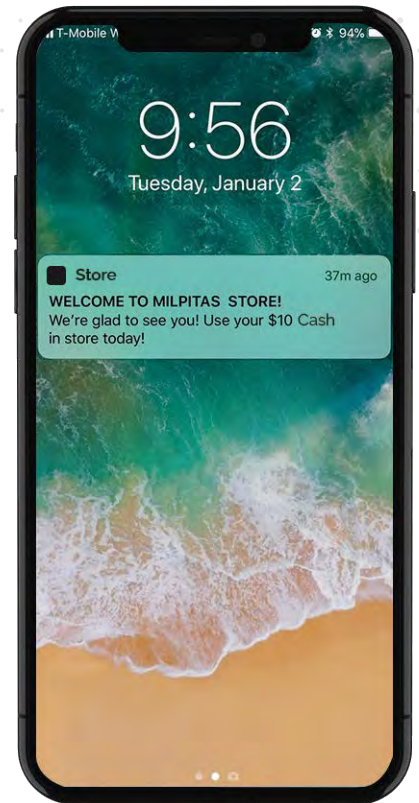
1.2%
Increase in loyalty redemptions

+90bp
Increase in conversion rate for in-store purchases with geo-fence cart notifications

72%
Increase in loyalty redemptions with mobile app geo-fence reminders

Marketing through Social Proof

ZineOne enables the retailer to leverage emerging trends in e-commerce on their site as they are happening, influencing customer behavior and conversions in real time. This use case tracks the regular ups and downs in consumer behavior, price, and number of transactions - both generally and due to external inputs such as weather, holidays, or events- to pique shoppers' interest in these products. This injects a sense of popularity and urgency that drives visitors to make a purchase.

This use case is one of the highest-grossing use cases for the retailer thanks to the breadth of the user base to which it applies.

52 million
Generated incremental revenue with trending data on social proof.

Achieve Next-Gen Personalization

Create Differentiated Experiences for Your Customers

While personas, segments, and recommendations still have a place in the retail world, ZineOne and the retailer are moving beyond them to cater to shopper's unique, real-time journeys. Retailers are equipped with a plethora of data to help them uncover each customer's current buying intent in real-time, and intervene in-session on digital and physical channels with a differentiated experience designed to influence behavior.

This intervention is no longer restricted to recommended products. Instead, ZineOne's ICE platform deploys 1:1 engagement to encourage product confidence, price confidence, convenience, urgency, relevancy, and more, creating multi-dimensional customer experiences. Thanks to the continuous intelligence of ZineOne's Customer DNA™, these experiences can easily be continued across channels, bridging online and in-store engagement.

To learn more about next-gen personalization and how ZineOne's Intelligent Customer Engagement platform enables it, **visit www.zineone.com to get in touch with us today.**

1. 2018 State of Personalization Report, Gartner

ZineOne

1900 McCarthy Boulevard
Suite #420, Milpitas, CA 95035

info@zineone.com