

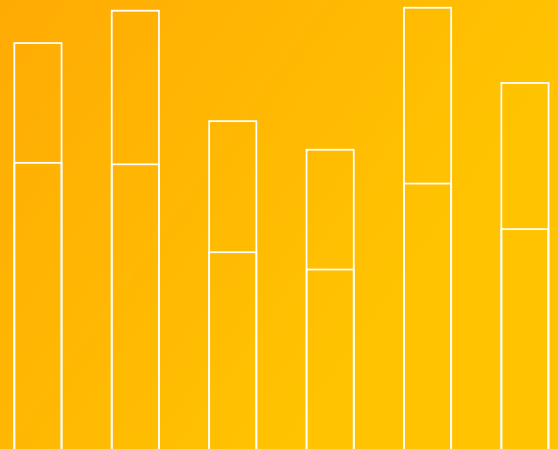
USING ANALYTICS TO DESIGN PERSONALIZED CUSTOMER EXPERIENCES

Personalization has become one of the biggest drivers of success in online retailing. According to a 2020 study from Kibo, **75% of all organizations used at least “some” advanced personalization.**

There is a premium on crafting experiences that make your customers feel they are being individually catered to. But to get that experience right you need a thorough understanding of who your customers are, what they want, and what the best way to give it to them is.

Developing this is easier said than done, especially when operating at scale. Delivering personalized experiences to customers that run into the thousands, tens of thousands, or more is a huge challenge. It requires an analytics and testing process that is capable of making fine-grained distinctions within huge data sets.

Creating genuinely personalized experiences for your customers is no mean feat. But with the right tools and the correct approach, it's possible to deliver 1-to-1 personalization at scale, while continuing to maximize ROI while you build.



USING ANALYTICS TO DESIGN EXPERIMENTS

When you make changes to your CX, it's hard to predict how customers will respond. Genuinely personalized experiences come as the result of testing and experimentation. Your experiments should test things like:

- How site visitors react to different pages
- How different elements within pages change behaviour
- How changes to the codebase impact conversions

But there's another major variable: the customers themselves. Factors like time of day, seasonality and location, to name a few, have a huge impact on behaviour.

Enter data analytics.

Using analytics to segment customers and look at how different groups behave is the starting point for designing useful experiments. Without it you'll be stumbling around in the dark, unaware of who your customers really are and how to deliver the personalized experiences that will maximize sales.



REAL-TIME DATA ANALYSIS

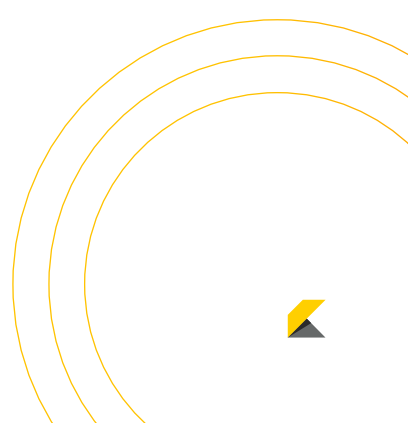
Gathering data from user sessions in real-time marks a step-change in your process. It means that you can collect data on customer sessions across channels and devices. Milliseconds after it arrives in your database, you can begin to analyze and interpret it.

Having access to all this data in one place creates a single reference point for everyone to work from.

CROSS-TEAM ALIGNMENT

Informed testing and innovation comes from having everyone in your business on the same page, so it's important to make sure different teams are aligned. **Some of the people that can benefit from a more joined-up approach are:**

- Developers
- Marketing teams
- Product managers
- Content creators



When everyone is taking their lead from the same data, taking action is more straightforward - from producing content that's targeted at audience segments you've identified as critical, to re-coding sections of your site that you can now see are not delivering the results you want.

When everyone from marketing teams to DevOps is working on the same page, it makes it easier to coordinate efforts and foster a sense of shared goals.

BREAKING DOWN DATA SILOS

Siloed data that is not accessible to everyone in your business isn't just a technical problem that can be solved with a simple fix. Making sure there is a culture of openness and communication, where people feel able to share ideas, helps break down barriers to data and encourages cross-team collaboration.

However, having the right tools in place can help cultivate best practices. Often, different departments have evolved their own ecosystem of tools and software. Real-time data platforms provide a single point of analysis that helps overcome barriers to data.

This business-wide approach to data analytics makes it much easier to paint a fuller picture of your customers and increase the quality of their personalized experiences.

USING ANALYTICS TO DESIGN EXPERIMENTS

Once you have your analytics regime set up, you're much more equipped to identify and test points of friction - those touchpoints along the customer journey that cause site visitors to bounce, abandon or add fewer items to their carts.

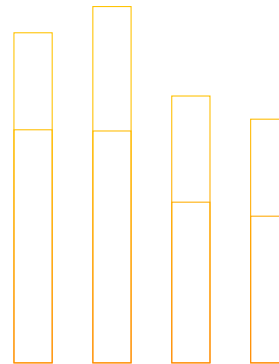
So how do you spot those touchpoints? And once you have, how can you reduce friction and optimize the customer experience?

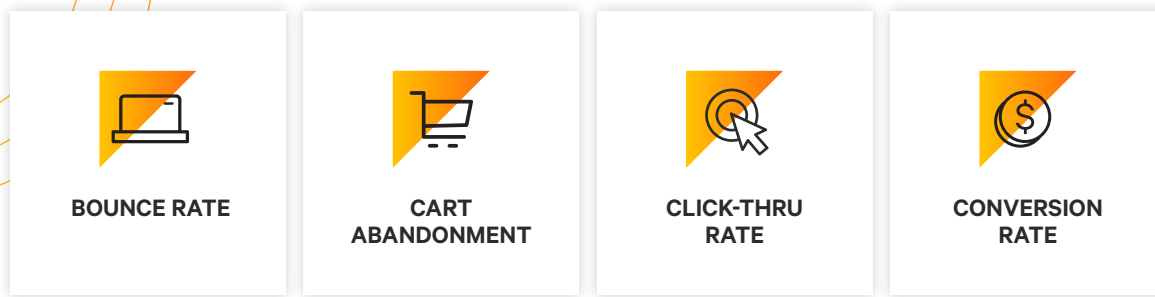
SIGNS OF FRICTION: WHERE TO LOOK

Simply taking an aggregate view of how your customers behave is not particularly useful for spotting friction. That's why segmentation and testing are so important.

That being said, you need to start with the big picture before you can break it down into more manageable chunks.

First off, you need to map out all customer engagement - across channels and devices and inclusive of third-party engagement. The area where you can have the most impact on the customer experience is your site, so you'll need to gather data on some key metrics:





Second, you should segment customers based on these metrics and test alternative product recommendations on them. If you know that, say, 20 percent of your site visitors bounce within ten seconds of arriving on your product page, then you can hypothesize that presenting these customers with a rearranged product page will reduce the bounce rate.

Now you can take a more detailed look at these customers:

- Do the 20 percent have anything in common?
- Are they disproportionately coming to your site from paid ads?
- Are they browsing at a particular time of day?

Answering these questions will start to give you a more nuanced sense of where your customers are experiencing friction, and create meaningful customer segments to analyze and test.

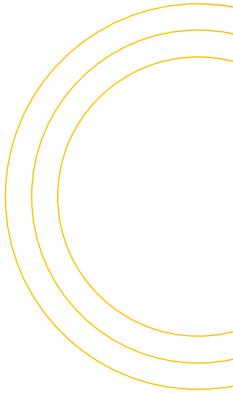
Once you see how the metrics break down for different customer segments, you have the analytical foundations from which to build highly segmented and elaborate views of customer behavior. This means analyzing things such as what the bounce rate is for mobile sessions compared to desktop, or what the click-thru rate is for PPC vs organic traffic. Running A/B tests (or more sophisticated A/Bn, multivariate, or dynamic testing) on these segments will allow you to get a granular view of how various subsets of customers are experiencing your site, which can alert you to hidden points of friction.

TYPICAL EXAMPLES OF FRICTION IN THE CUSTOMER JOURNEY

You need analytics and testing precisely because you don't already know where the specific points of friction are going to come up. But as a general guide, friction is often generated by:

- **Ambiguous CTAs** - An obvious next action is crucial to moving your customers through your site. But your idea of a powerful CTA may not match up with how your customers react. Test out different wordings, where CTAs are placed on the page, and when they're displayed to the customer.





- **Dumb search** - No one likes scrolling through endless search results, especially if they don't match your original intent. Having the ability to surface specific results and semantically link products is important. Again, a process of testing and iteration will bear fruit here.
- **Inability for customers to see available inventory** - Customers want to quickly check which products are in stock and when they'll be delivered. If this information isn't readily available within one or two clicks, they may well decide to bounce to one of your competitors.
- **Inadequate product information** - Customers want the ability to make informed choices when buying, so brands need to provide a detailed overview before they purchase. This can range from the size and color of a product to showcasing reviews and social proof. It's an area that lends itself particularly well to A/B testing, as taking out a single element or adding in slightly different wording on a product description can make a big impact on conversion rates.
- **Asking the customer to take too many steps** - Do your customers need to sign in to check out? Do they have to click through several pages before they get to the product they're looking for? Use analytics to identify complicated journeys and test ways of simplifying them.

TIPS AND TOOLS FOR IMPROVING POINTS OF FRICTION

Following some general rules can help you reduce friction:



ONE SINGLE NEXT ACTION Each page should contain one single action that you want your customer to take next. It should be clearly signposted to move them smoothly along the customer journey.



ON-SITE SUPPORT It's a bit of a no-brainer, but if part of your site isn't working, it's going to cause customer friction! Providing support in the form of automated pop-up boxes and connecting visitors to customer service agents help reduce the likelihood of your customers walking away from a purchase.



AMAZING CONTENT Customer friction isn't just a technical issue. Your content needs to be engaging, informative, and persuasive. It should be strong and inspiring enough to move your customers towards the checkout.

But the main way to improve the customer experience is through testing. Just as the only way to find the exact friction points is to analyze how your customers behave on-site, the only way to significantly reduce friction is to test different options to reduce friction to see what new options have the biggest impact on conversion rates.

Having the right tools to test, learn, and implement change is important.

Best-of-breed analytics platforms let you see how different customer segments are behaving in real-time. Using them in combination with commerce platforms that let you test customer segments, will speed up the process of detecting and reducing friction points.



RAPID EXPERIMENTATION: THE KEY TO GROWTH?

Rather than running tests in an isolated environment and then waiting months for the results, rapid experimentation gives you much faster feedback. It means that you maximize ROI while learning and improving.

With the help of machine learning and AI, you don't have to spend months developing solutions without seeing how they work in the real world. Powerful machine learning engines can run sophisticated testing at a granular level, and then allocate traffic based on which variable produced the best results.

This puts your customers at the heart of the experimentation process, a central concept in rapid experimentation. It helps you get to know your customers faster, so you can provide them with genuinely personalized experiences.

In addition to real-time testing, rapid experimentation is another key part of a strategy that will deliver meaningful personalization at scale.

WHAT MAKES IT DIFFERENT FROM NORMAL EXPERIMENTATION?

The **traditional model** of experimentation puts customers at the end of the process:



With the traditional model, it's the development phase that is the most expensive and time-consuming. Teams can spend months - or even years - designing and building products before launching them into the marketplace. It means a massive wait before getting feedback from real customers that lets you know what's working and what needs improving.

With **rapid experimentation** the customer comes in much sooner in the process:

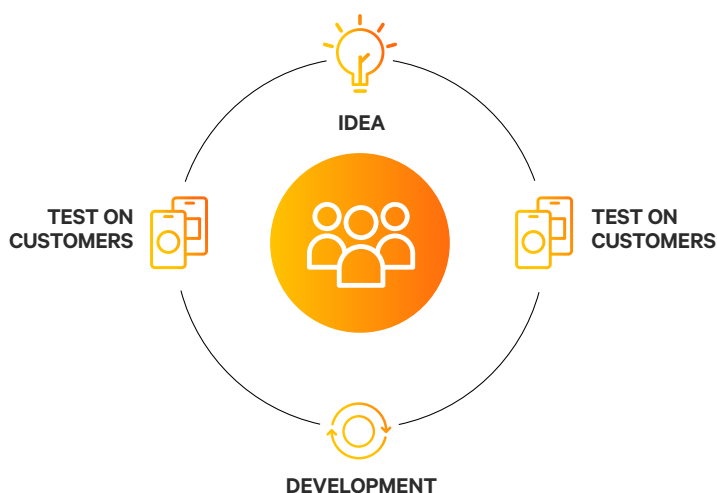


It means you quickly and cheaply test your ideas out in practice, and see how customers respond.

This iterative model allows you to see results before you invest in scaling and launching.

It's an agile approach that usually sees small teams testing out ideas as quickly as possible.

The developer motto of 'fail faster' applies here: Automation and the ability to run multiple tests at once provide a low-risk environment in which to 'fail.'



WHAT DATA AND TOOLS ARE NEEDED?

When applying the principles of rapid experimentation to personalization you'll be focusing on customer data. You'll want to look at:

- ✓ **OUT-OF-THE-BOX BEHAVIORAL** - targets customers' brand preference, past behavior, etc
- ✓ **1ST PARTY DATA** - what you already know about your customers from your POS system, loyal customer schemes, etc
- ✓ **3RD PARTY DATA** - data collected from sources such as customer data platforms

In order to gather, interpret, and utilize these data you'll need tools that allow you to:

SEE ALL YOUR CUSTOMER DATA IN ONE PLACE

A single point of access makes keeping track of testing and interpreting the results much easier, especially when there may be multiple teams involved in the process.

TAKE AN OMNICHANNEL APPROACH

Customers are now used to a seamless transition across channels. You need to be able to test how they react to different iterations and variants on all channels, while still keeping a single view of the customer.

PERFORM BOTH SERVER-SIDE AND CLIENT-SIDE TESTING

You need to have the flexibility to quickly test different variants without changing any of your underlying code, but with the option to test out how modifications to your codebase affect the customer experience.

This last point is especially important. Tools like feature flags (code that allows you to switch on and off individual software features) let you test software iterations on the server-side without having to do a new deployment. It means that new ideas can be road tested without adversely affecting the customer experience.

HOW TO KEEP IT GOING

The principle of iteration is built into rapid testing, so it's important that teams see the improvement process as continuous. Incorporating machine learning and AI into your everyday working practices will help make rapid testing a routine part of how you deliver personalized customer experiences.



IDENTIFYING CRITICAL MOMENTS IN THE CUSTOMER JOURNEY

Data analytics make it possible to map out visitors' every single click and cursor movement. Some touch points along the way are more important than others to understand.

Your customers will decide if they had a good or bad experience with your brand based on their overall interactions across channels and across time. But there are certain points where their feelings crystallize into a firm opinion. These are the critical moments in the customer journey, and they have a direct impact on sales and ROI.

Focusing your testing efforts on these critical moments will have a disproportionate impact on your personalization strategy.

Analyze visitor sessions to find inflection points. Are there some points in the journey that see a marked drop-off in traffic? Are there other points where a significant proportion of visitors turn into customers and check out?

Identify and work on these points. Test different versions of pages and product displays to see if they improve flow through the sales funnel or take away from it.



DRIVE PERSONALIZATION WITH AUTOMATED TESTING

The process of segmenting, analyzing, and testing is crucial. But after a while, it starts to produce diminishing returns. This is why adding automation into the mix is so important. AI and machine learning not only speed up the testing process, but they also test more variables than human teams would ever be capable of.

This is important when you want to provide personalized experiences at scale. An automated testing engine can make decisions about what piece of content (say, out of a possible 4 options) to put in front of an individual customer.

Making these decisions as rapidly as a customer clicks on a link provides the kind of personalization that is not possible without automation.

Subsequent decisions about what content to display to the same customer are made on the basis of how effective the original choice was (i.e., did it progress the visitor along the customer journey? Did it increase the chances of them making a purchase?). It's this kind of automated decisioning that makes 1-to-1 personalization at scale a real possibility for ecommerce brands.





Kibo is the only extensible, unified commerce platform that delivers personalized, omnichannel experiences. The platform unifies [AI-driven personalization](#) from industry leaders Monetate and Certona, omnichannel commerce for [B2C](#) and [B2B models](#), enterprise-grade [order management](#), and customer data-enhanced [point of sale](#). Global clients like Office Depot, Taco Bell, and Patagonia rely on Kibo's API-first, microservices-based architecture to support a wide range of strategies, including headless commerce, that meet high growth goals and deliver on customer expectations at a manageable cost of ownership.

To learn more, visit kibocommerce.com