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Personalisation in marketing – where's the line between 'cool' and 'creepy'?

Attitudes towards personalisation and the use of personal data in retail marketing and the effectiveness of your marketing

Created by Andrew Saville, Head of Sales - Retail | Experian Marketing Services

White Paper

Personalisation in marketing – where's the line between 'cool' and 'creepy'?

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About the author

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Andrew specialises in helping retailers improve loyalty,
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1. Personalisation – cut through the noise and improve the customer experience

This modern world of social media, smart phones and increasingly sophisticated digital technology has created a marketplace of consumer choice. Today, customers have a range of options at the tips of their fingers – often meaning that with the daintiest of touches on a screen they can leave one website and jump to another.

In retail this means we have to get the attention of our desired customers and keep it. Customer experience has become the commercial battlefield of modern business. It is in the way we interact, communicate and service our customers that we distinguish ourselves from the competition.

Not by force, duplicity or trickery – rather, we have to make those customers choose us over the competition.

1.1 Customer experience and relevancy

It's a well-known fact among marketers that every customer is an individual - a different person with different needs, desires and preferences. Whether it's the reason they're buying a product or the manner in which they prefer to be contacted – no two people are the same.

As marketers, to better communicate with customers we need to speak to each person as an individual - make it relevant to their situation and who they are.

Treating each customer as an individual is key. Based on the information we know about them and the understanding we have about their behaviour and characteristics, we need implement intelligent segmentation in order to be able to deliver personalised experiences throughout the customer experience. These segments need to be as refined as possible as we work towards creating individual experiences for individual customers.

This individual tailoring is what we call personalisation and it's a major topic in retail and the wider marketing world. In essence, personalisation is a broad term for altering the customer experience to make it more personal and relevant to each individual.

1.2 What is personalisation? Is it cool or creepy?

In this paper we're going to take a look at the state of personalisation today and examine what both marketers and consumers think about it. We'll take a look at the ways personalisation is being used in retail at the moment and then, based on a consumer survey conducted in June 2015, we'll delve into what the consumers actually think about brands using their information.

When asking the question 'is personalisation cool or creepy' – you probably won't find a straight answer - with the beauty lying in the detail of what's acceptable, what's not and the best practice techniques marketers need to adhere to.

As marketers our customers have to be the centre of all our efforts. So understanding what they find acceptable and what they don't is critical if we wish to continue providing them with the level of service they demand.

2. The need for personalisation in retail

In order to reach our desired audience and engage with them in a relevant and timely fashion we have to meet them on their terms. The process of segmentation goes some way in differentiating an audience by demographics, behaviour or attitude.

Essentially, there is no more 'one size fits all' marketing and personalisation is one of the best ways to increase the effectiveness and relevancy of your messages – something that's especially needed when it comes to ecommerce.

95% of consumers have bought something online in the past two years

Online retail is, to put it simply, huge. According to our recent consumer survey 95% of people have made a purchase online in the past two years. Similarly, 36% subscribed to an online service provider (such as a music or film streaming service) and 71% actively used a social media network.

While this means the potential reach of online retail is huge, there is also an awful lot of noise. In the same survey 69% of respondents said they receive emails from retail marketers every single day and 37% receive direct mail from retailers on a weekly basis. That's a lot of marketing messages.

69% of people receive emails from retail companies every day[1]

For retail marketers to be effective they need to make themselves heard above this noise - and personalisation works. According to our 2015 Q2 email benchmark study, emails sent with personalised subject lines, including either first name, surname, or another unique identifier such as account number, were 7% more likely to be opened than emails sent with blanket subject lines.

And because it works it's catching on, with 86% of UK brands currently personalising their communications. However, as I'm sure you're aware it's not quite as simple as 'doing personalisation' - it's more about the level to which we personalise our marketing that will prove the difference.

86% of UK brands are currently personalising their communications

This is where our research comes to the fore; it's not just a case of personalising everything you can. Yes, you need to make your customer experiences as relevant as possible but at what point does it become too relevant and how do your customers feel about you using their data?

At what point do we damage the customer experience by trying to improve it?

This is why we need to take a more thorough look at the types of personalisation before we delve into what is good practice, what bad practice is and where the line is.

[1]Experian Q2 2015 Email Benchmark Report

3. The state of personalisation

Personalisation techniques vary, from simply addressing someone by name in an email to dynamic content and offers displayed on websites based on previous behaviour and browsing history. So, while 86% of brands are personalising their communications the specifics of what they are actually doing varies tremendously.

We asked UK marketers to what extent they are personalising their marketing[2]:

Basic data, like first name **61%**

Behavioural data, like past or abandoned purchase **42%**

Preference centre data **11%**

Attitudinal data, like whether they are price sensitive versus impulse buyers **9%**

Other **9%**

We do not personalise **12%**

Don't know **2%**
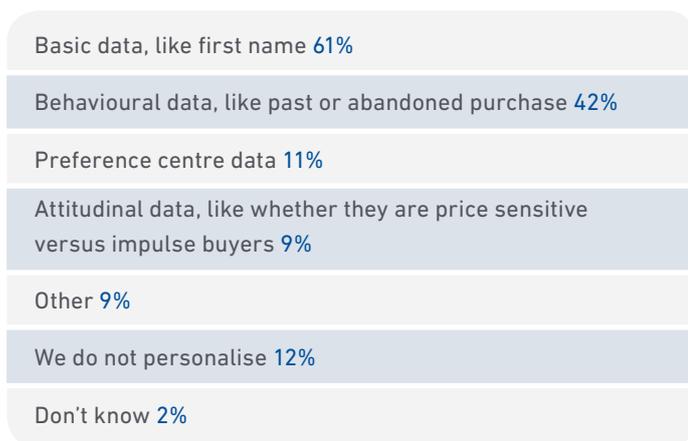
This survey was a global survey of marketers so it's interesting to compare the UK results to our global marketing peers. When you do this the UK is actually marginally ahead in the basics with 61% personalising basic data like first names compared to 50% globally.

Jason   Amit   Jasmine   Clare

In the **UK 61% of brands** are personalising basic data like first names[3]
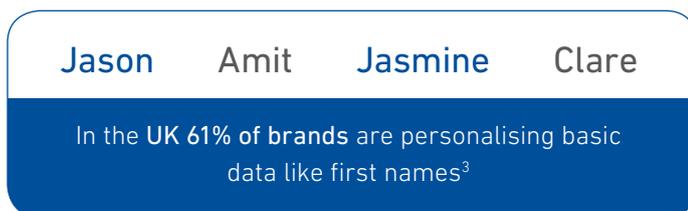
However, only 11% are personalising based on preference centre data (compared to 22% globally) and only 9% personalise based on more sophisticated insights such as attitudinal data (compared to 17% globally).[2]

Personalisation isn't just about the initial point of contact. The more sophisticated the personalisation the more individually tailored you can make each customer's journey.

An email which addresses the customer by name but then presents a generic message provides less flexibility and is less relevant than an email based on past engagements and browsing history, sent at a particular time and containing an offer on a product which the recipient is likely to be interested in.

When you tie this into a fully integrated cross-channel approach you create the ability to offer personalised and relevant experiences throughout the customer's path to purchase. So for instance when they land on your website those same insights dictate the content each customer is shown. Likewise, the tailored experience dictates the nature and frequency of every touchpoint your brand has with that customer. Whether that's direct mail, social media, SMS or a call from a member of your staff.

Not a single respondent said they didn't think personalisation is important.
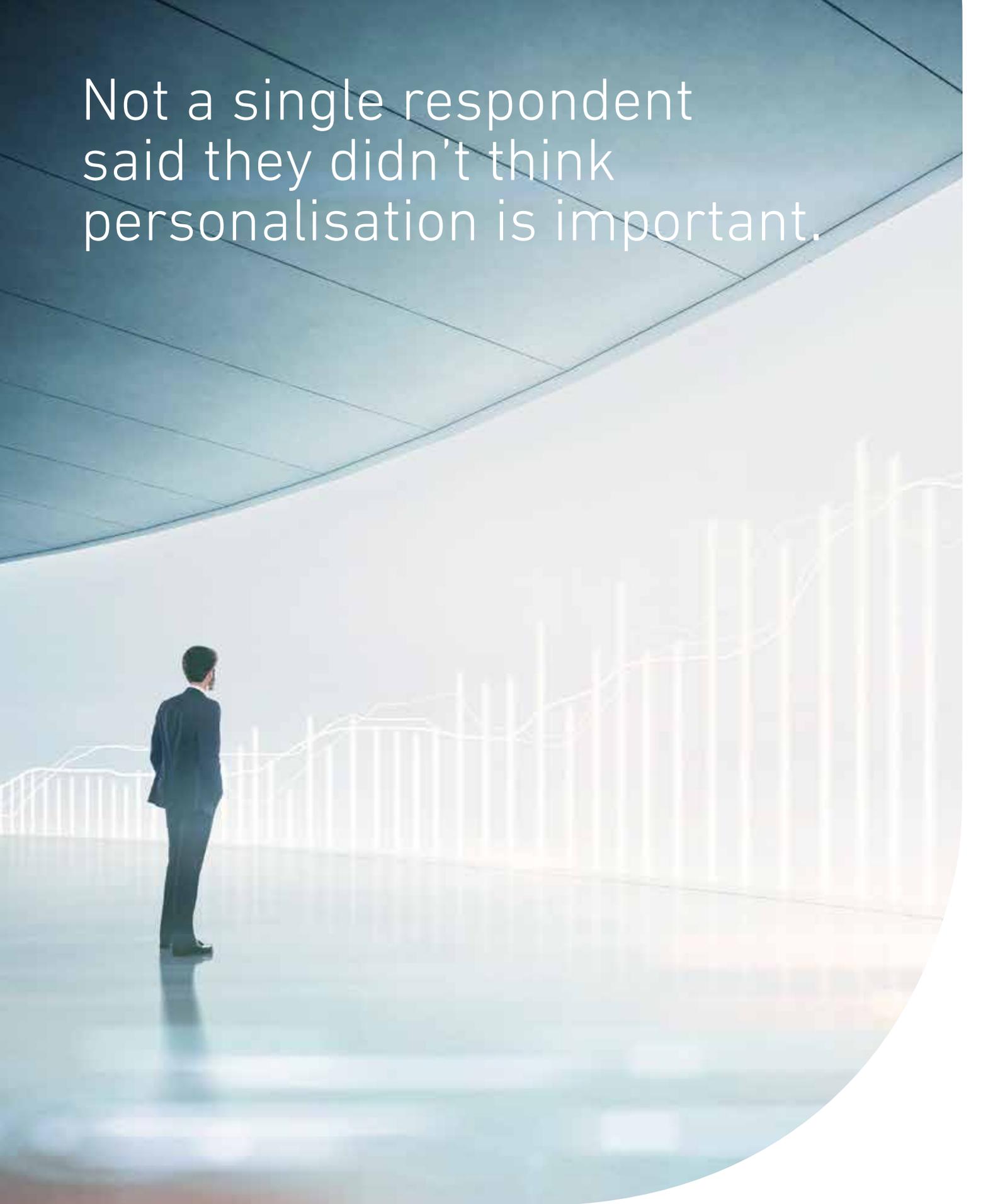
4. What does the future hold?

We asked a selection of our clients for their thoughts on personalisation, how important they consider it and how much of a role it will play in their future marketing plans. The results were fairly resounding and indicative of the fact that personalisation is going to be an area of focus for many marketers over the next few years.

How important is personalising interactions to you and your organisation?

Very important	51.7%
Important	27.6%
Somewhat important	20.7%
Not important	0%
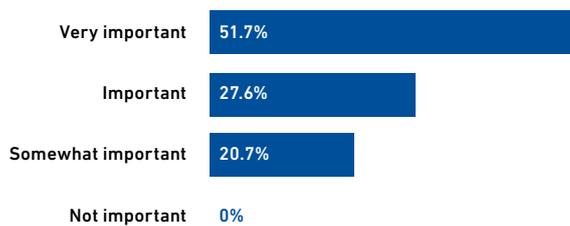
As you can see, 79.3% of respondents stated they considered it important with over half (51.7%) saying it was very important to their organisations. Strikingly, not a single marketer in our survey said it wasn't considered important.[4]

Not a single respondent said they didn't think personalisation is important

We also asked marketers what they would like to personalise and it's clear that the intention is to increase the level of sophistication to which they can personalise. With 34.5% saying they intend to personalise based on past purchase and abandoned basket information and 51.7% planning on using attitudinal data like whether customers are price sensitive or impulsive in the near future.[4]

51% of brands said that they are planning to be more sophisticated with their personalisation in future (attitudinal data like whether customers are price sensitive or impulsive).[3]
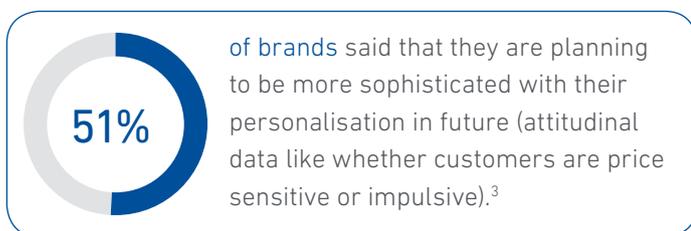
To what extent should retail marketers personalise? Personalise everything you can to as much detail as possible? Probably not.

While these results indicate that marketers feel it is extremely important and have great plans to push ahead in future years we have to remember one of the key mantras of marketing, and indeed wider business – **customer centricity.**

What the future holds doesn't simply rely on what marketers would like to do. As we know marketing has to focus on the customer and what they want and find useful. Therefore it is critical to understand how consumers feel about personalisation and the usage of data.

Is personalisation cool or creepy?

After all, the usage of data is a tricky and potentially sensitive one. It was with this knowledge that we needed to understand more about what customers actually want that we undertook our wider consumer survey.

How happy are people when companies use their personal details to market to them? Does it make them uncomfortable? Are their feelings on this topic affected by their relationships with specific brands?

Is it possible to know whether consumers think personalisation is off-putting and creepy, or useful and cool?

[3]According to an Experian Marketing Services survey of 30 retail clients

5. Attitudes towards personalisation

So marketers think personalisation is important and plan to implement more and more sophisticated techniques in higher volumes. Of course, as marketers we think it's cool – and anything that produces results needs to be replicated and increased.

But what do consumers think?

First off we asked consumers how intrusive they found it when companies used their personal information to tailor communications. The results were quite balanced.

In total 25% found it intrusive with only 7% finding it not intrusive at all. 24% of respondents found it less intrusive than intrusive. This shows that there is appetite but that people are wary so it has to be done well.

To take this one stage further, let's take a look at two statistics revealed in our survey which I believe form a solid foundation for the rest of our discussion.

87% of customers find it acceptable for brands to use their data to personalise communications as long as it is relevant to them or it's from companies they have recently purchased from.[5]

67% of customers found it intrusive when brands that they had never purchased from use their personal information to tailor their marketing. 5.[5]

Nearly 90% of respondents are happy with brands using their data to personalise the way they communicate with them as long as what is being said is relevant to them or it's from companies they have recently purchased from. In the same vein, 67% of respondents found it intrusive if brands they have never purchased from use their details to personalise their comms.

This information allows us to say:

People are quite happy for marketers to personalise content as long as it is relevant to them

This raises our first key conclusion regarding the use of personalisation – don't use it unless it is relevant to your customers.

Relevancy in this instance needs to be split into two definitions – one concerning the communication itself and another about the relationship with the brand. When is the message relevant to an individual and when is a brand relevant to an individual? If marketers can answer this question they will have a much stronger understanding of when and what they can personalise.

5.1 Does the nature of the message affect consumer attitudes towards personalisation?

In the previous section we highlighted the fact personalisation isn't always welcomed by consumers - or more specifically - that they only found it acceptable when it was relevant to them.

When considering how acceptable a piece of personalisation is it's necessary to take the nature of those communications into account. So we asked the people in our survey to identify the types of message they felt the most comfortable with their personal details being used to personalise.

The top three most justifiable uses of personal information according to consumers:[4]

Providing you with discounts on things you have bought in the past	54%
Discounts on your birthday	53%
Informing you of deals or information relevant to your closest store	36%

Other results included 27% of respondents being happy for their data to be used to provide information on products similar to past purchases and 21% said they'd be happy for their data to be used for prompts for items that may need to be purchased on a regular basis.

The differences in these leads us to believe that consumers are more happy for their data to be used to personalise the marketing they receive when it is used to provide them with something of value.

6. Value

This understanding of value is an interesting one that is hammered home when we compare the survey results around birthday messages. As most marketers would agree, birthday campaigns are an excellent way of reaching out to customers on a positive note (read this white paper on birthday campaigns for more). However, the consumers in our survey indicate that they are considerably more happy to receive personalised messages on their birthday when they are offered discounts or a reward (think 'present') rather than a simple 'happy birthday' message.

- **31% agree with receiving personalised messages wishing them a happy birthday**
- **53% agree with receiving personalised messages offering them a birthday discount**

Birthday emails with no value are a classic example of personalising for the sake of personalising and where offering value and relevancy is critical. Just because you can send someone an email on their birthday doesn't mean you should – it needs to be relevant and it needs to add value. Otherwise, there's a danger of annoying customers and damaging the customer experience (see the section – 'The Customer Experience Conundrum' for more).

So this begs the question – what is value? Of course, it's easy to define as something with monetary value – whether it's a gift or a discount – but when you tie relevancy in the definition becomes a little more hazy.

For this reason we have broken down the concept of 'value' into the following five categories.

1 Reward me – not necessarily a monetary reward but should be something of definite value

2 Remind me – a timely, useful and helpful reminder about something relevant to the customer

3 Recognise me - giving someone recognition for a specific action or series of actions

4 Support me – providing valuable customer service and support to help solve an issue or a question

5 Choose for me – an accurate and reliable recommendation which the customer is definitely

Using these basic definitions marketers should analyse their marketing communications to understand whether they are delivering value to their customers. In addition,

when deciding whether to use personalisation and to what extent including taking into account the type of message it is important that you add value (as defined above) otherwise you risk annoying your customers.

So while it may be relatively straightforward to consider value there is another level of complication when it comes to personalisation and consumer attitudes towards the usage of data. We've already highlighted that each customer is different and that the same rules and contexts do not apply to everyone, well, the same can be said of brands and companies. Not just in terms of the type of industry but also in regards to the customer's existing relationship with the brand.

This is why we asked the consumers in our survey how their views to their data being used changed depending on the brand in question.

6.1 Does the nature of the brand and the customer's relationship with them make a difference?

When a brand interacts with a customer a relationship is in evidence. Through good customer service and product satisfaction the brand encourages loyalty towards their products and services. When a customer has a positive relationship with a brand their views towards that brand and the communications they send are likely to change.

In our survey just 14% of respondents said they find brands they like and admire using their personal details intrusive, compared to 49% who would find the same comms from a brand they don't know intrusive.[5]

How are your views on retail companies using your personal information affected by your relationship with that retailer?
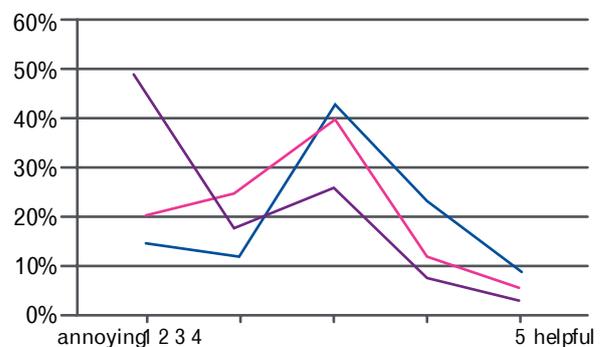
- **brands you like and admire**
- **brands you purchase from occasionally or out of necessity**
- **brands that you have never purchased from**

Looking at the above graph we can see that consumers are less likely to find personalised communications intrusive if it's from a brand they like and admire. At the other end of the spectrum, similar communications from brands they don't know are more likely to be intrusive. However, while these trends are definitely there they are probably not as pronounced as the average marketer would like to assume.

It means that while consumers are likely to be more responsive to personalised comms from brands they like and admire, there remains a risk of those messages becoming too intrusive.

Even with your most loyal and trusted customers you still need to guarantee value and relevancy.

13% of people feel personalised and tailored messages from retailers is creepy

7% of people feel personalised and tailored messages from retailers is cool

7. What do people think about personalisation? Is it cool or creepy?

Considering what we have discussed already it is clear that this is not a black and white area with straightforward answers.

When we asked consumers whether they thought personalisation was cool or creepy only a measly 7% said they thought it was 'cool' and 14% said they expect it. In a more positive note for marketers 66% find it acceptable as long as it is relevant to them and it's from companies they have recently purchased from.

Surprisingly, only 13% of people found it creepy. Not as high as you might have expected.

What this tells us is that it can be cool and it can be creepy and the factors which decide where that line is are fully in the hands of the marketers themselves. Tailored communications need to be relevant and they need to add value. As long as you can say that you are doing so then it seems the customer is more than happy to accept personalisation.

8. The customer experience conundrum - the dangers

It is when we take into account the attitudes of consumers towards personalisation that we come across what we have termed the 'customer experience conundrum'. Which is the danger of a personalised communication originally intended to improve the experience damaging it by over personalising or personalising without adding value or considering relevancy. If you take into account that only half of consumers who really like and admire a brand don't find personalisation intrusive it needs to be done correctly.

In addition to the dangers of lacking significant value or relevance there are significant risks involved with simply getting it wrong. So far the assumption has been that marketers have the ability to cut and slice their data quickly and effectively and that the data is reliable and accurate. But what happens if it is not?

As marketers we all know that data quality is a critical aspect of data-driven marketing - if you don't have reliable data to start with, your marketing efforts are going to be significantly less effective and efficient. When it comes to personalisation that inaccuracy can mean that the wrong people get the wrong messages and tailored messages are not relevant to the customer who receives them.

61% of consumers are put off by communications that use incorrect personal details[6]

We asked consumers their views on when personalisation goes wrong in order to uncover the potential implications for brands. A total of 61% of respondents said they'd be 'put off' by communications that use incorrect personal details – meaning if you get it wrong they won't click on the CTA or perform the action you'd like them to. Furthermore, 49% said they think less of a brand when this happens – implying not just the loss of a potential sale but damage to that customer's view of the brand.

Which, when you consider the number of brands who lack confidence in the accuracy of their data, indicates there is a significant danger of brands implementing personalisation using inaccurate data and actually causing more damage than benefit.

Data from our client survey shows that this could be significant risk for quite a number of brands. With only 13.8% of respondents saying they are very confident the data they collect is accurate.

Very confident	13.8%
Confident	41.4%
Don't know	20.7%
Not very confident	24.1%
No confidence at all	0%
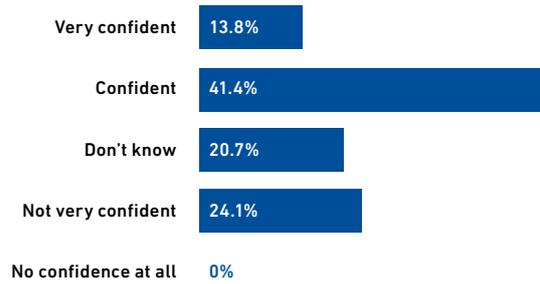
Nearly a quarter of those surveyed were not confident the information they hold and collect is accurate (24.1%) with a total of 44.8% either not knowing or not very confident.

32% of UK brands state inaccurate data is a major challenge to implementing personalisation.

As the survey results tell us, brands should not implement personalisation unless they are confident the data they hold is accurate due to the risks involved with getting it wrong. This goes some way to explaining why 32% of marketers surveyed for our 2015 Digital Marketer Report put inaccurate data as a major barrier to personalisation efforts.

9. Barriers for marketers

As we draw to the end of this report we should turn our focus back to marketers and their efforts to personalise. In the 2015 Digital Marketer Report we asked over 1,000 digital marketers what their biggest barriers to personalisation were.

What are your biggest challenges related to personalisation?[7]

	UK	Global
Lack of internal resources	45%	38%
Lack of technology to enable personalisation	34%	37%
Inaccurate data	32%	37%
Gaining insight quickly enough	18%	24%
Lack of budget	25%	23%
Having enough data	19%	22%
Unable to access information	22%	18%
Having too much data	4%	13%
Other	8%	4%
We don't have challenges related to personalisation	10%	6%
Don't know	2%	5%

As you can see the top barriers were operational issues.

- Lack of internal resource (45%)
- Lack of technology (34%)
- Inaccurate data (32%)

Clearly marketers see the lack of internal resource, technology and inaccurate data (32%) as the main barriers preventing them from implementing personalisation in their marketing. However, based on the insights revealed in our survey and explained in this report, we would suggest marketers need to put some real effort into figuring out where the line is with personalisation – which involves understanding where they're adding value and appreciating the expectations of their customers.

So while we work on the organisational and technological solutions to implementing personalisation it's critical we address the need and the value we're providing.

We then looked at consumer attitudes to personalisation and came to the conclusion that usage relies on two things – relevancy and value.

10. Conclusion - Personalisation in marketing

In this paper we first looked at the need for marketers to focus their efforts on providing their customers with as relevant and good an experience as possible and how personalisation techniques are one of the best ways to do this.

We then looked at consumer attitudes to personalisation and came to the conclusion that usage relies on two things – relevancy and value. If your message and your brand is relevant to the customer then they are more likely to be receptive to personalisation.

However, we also uncovered a clear indication that value is key and even if your message is relevant those which provide value (as defined by Reward, Remind, Recognise, Support and Choose) will be better received and more likely to be interacted with.

This even goes for customers who already admire and like your brand – don't expect positivity just because of your existing relationship. Value still needs to be offered to avoid being seen as intrusive.

This all ties in with the customer experience conundrum and the danger of damaging a customer's experience while attempting to improve it. The advice to marketers is to truly know your customers and to ensure that what you are personalising (and indeed, the majority of your communications) is relevant and provides clear value.

Finally, there are significant dangers involved with personalisation if you get it wrong. We've touched upon the customer experience conundrum but there is also the risk of more practical mistakes stemming from data inaccuracy. Essentially, don't personalise unless you are certain your data is accurate and reliable. The damage to the customer experience and brand relationship is too great to risk using inaccurate data.

Summary

1 Takeaway #1: Understand your customers – what do they expect?

2 Takeaway #2: Make sure your data is accurate and reliable

3 Takeaway #3: Is personalisation suitable to your brand or industry?

4 Takeaway #4: Is personalisation suitable to the specific message?

5 Takeaway #5: Are you adding value with your personalisation?

11. Methodology

11.1 Client survey

The Experian Client Survey of 30 Experian clients was conducted in July 2015 and involved a series of detailed questions around their own usage of personalisation in marketing.

11.2 The 2015 Digital Marketing Report

The 2015 Digital Marketing Report was based on a survey of 1,012 digital marketers from around the world including 130 from the UK.

Countries included the US, Canada, UK, France, Germany Spain, Australia, Brazil, Japan, China, Hong Kong and Australia.

The report in full can be found at www.experian.co.uk/digital-marketer-report-2015

11.3 Consumer survey

Responses were gathered via online sampling by Research Now, targeting a nationally representative UK sample of N=1000 completed surveys, between 15-06-2015 and 22-06-2015 via their online panel.

Research Now Group, Inc., headquartered in Plano, Texas, is the global leader in digital data collection to power analytics and insights. It enables data-driven decision making for clients who listen to and interact with the world's consumers and business professionals through Research Now's online panels, as well as mobile, digital and social media technologies. The company operates in 38 countries, from 24 offices across the globe, and is recognised as market research industry's leader in quality, scale and customer satisfaction. For more information, go to www.researchnow.com.

White Paper

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About Experian Marketing Services

Experian Marketing Services is the leading global provider of consumer insights, targeting, data quality and cross-channel marketing. We help organisations intelligently interact with today's empowered and hyper-connected consumers.

By helping marketers identify their best customers, find more, and then coordinate seamless and intelligent interactions across the most appropriate channels, Experian Marketing Services can deepen customer loyalty, strengthen brand advocacy and maximise profits.

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