Refresh Your Approach To 1:1 Marketing

How Real-Time Automation Elevates Personalization

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ABOUT FORRESTER CONSULTING

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Executive Summary

In the age of the customer, companies differentiate themselves from their competitors through the relationships they have with their customers. The ability to deliver personalized customer experiences and contextual, unique offers is essential to retaining and converting customers to brand advocates. But the expectations of empowered, connected consumers make this easier said than done. They have instantaneous access to information across multiple devices and want to interact with brands on their terms — across channels and whenever they want. These customers are looking for a cohesive brand experience regardless of what channel they interact with. They expect to be treated as a single customer across the channels they browse and that the brand should know who they are, along with their wants, needs, and preferences.

Many companies recognize the promise of strategies that track and personalize real-time interactions: to strengthen customer relationships by addressing and anticipating unique customer needs. But their reliance on traditional channels, disparate data sources, and batch-based campaigns leaves them in a perpetual game of catch-up.

> **The ability to personalize customer experiences in real time with contextual, unique offers is essential to retaining and converting customers into brand advocates.**

In March 2014, Salesforce Marketing Cloud commissioned Forrester Consulting to evaluate the role of predictive decisioning, personalization techniques, technologies, and metrics. Forrester conducted an online survey with 121 North American digital marketing decision-makers in financial services, insurance, healthcare, media and leisure, and retail/eCommerce. Forrester found that marketers currently have basic personalization technology, techniques, and metrics in place, with plans to enhance and develop more advanced capabilities in the future.

KEY FINDINGS

Forrester's study yielded four key findings:

› **Identifying customers and predicting behavior are perceived as the keys to personalization success.** Survey respondents identified creating a single view of the customer and predicting the intent of a customer that drives incremental benefits as top capabilities that will have a significant impact on how they deliver orchestrated customer journeys. Other important considerations are the ability to maintain continuity of customer interactions across multiple touchpoints and the ability to deliver real-time offers across touchpoints.

› **Marketers can't keep up with evolving consumer behavior.** A dichotomy exists between marketers' desire to be predictive and lack of real-time technologies and capabilities. They see the challenge in meeting the expectations of the always-connected customer but only have basic personalization technology, techniques, and metrics in place.

› **Personalization falls by the wayside despite impact on top marketing metrics.** Respondents tell us that personalization affects relationship metrics like retention and loyalty. But with respondents' sights set firmly on increasing acquisition and awareness, personalization's impact often falls on deaf ears. And while they have plans to implement and expand their personalization initiatives, personalization ranks lower in their stated goals.

› **The data deluge hinders personalization efforts.** There is no shortage of profile, preference, behavioral, and environmental data that can be collected from customers. But the barrage of information leaves many marketers paralyzed because they don't understand the steps and strategies to take to make the data actionable. Analytics streams of digital data and applying insights to improve customer experiences in particular stymie the digital marketers we surveyed.

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Personalizing Real-Time Interactions Continues To Perplex Marketers

Digital marketers today are highly focused on prospective customers. They strive to acquire new customers and grow awareness through campaigns and marketing programs. But this waterfall approach to marketing, focused on static segments, channels, and messages, doesn't pack as much of a punch as it used to. Connected customers rule the roost as they interact with companies across devices and channels. Connected customers increasingly interact with organizations outside of campaigns, generating an immense amount of data. Marketers who harness this data for real-time personalization and predictive decisioning will have the leg up on the competition but currently lack the know-how and tools to execute. Specifically:

› **Basic rules-based techniques are in place today.** Respondents are currently using personalization techniques based on broad segmentation and simple business rules, implying that few companies address customers at the 1:1 level. When asked to agree or disagree with statements around different personalization techniques they currently use, 86% of respondents agreed that they "use personalization based on broad segmentation and simple clustering techniques," and 83% agreed they use personalization based on simple business rules (see Figure 1). Other techniques, such as real-time, self-learning analytics and machine learning,

and artificial intelligence algorithms are less common.

› **Few marketers make personalization their prerogative.** Our survey shows digital marketers are tasked with more traditional marketing goals, such as acquiring customers (50%), designing campaigns, and building brand awareness (see Figure 2). The personalization potential is largely unrealized during customer acquisition, despite the collection of a significant amount of both anonymous and known data about customers during that stage. Only 18% of respondents ranked orchestrating personalized customer experiences as one of their top goals. And the impact of personalization today isn't realized in those top goals. Our study reveals that personalization affects many key marketing metrics, including retention, acquisition, and awareness (see Figure 3). Yet, the perception is that it has the most significant impact on retention (44%) rather than acquisition (31%), the top goal for digital marketing.

› **But their budget allocation reveals a desire to increase sophistication.** Over half of survey respondents invest 10% to 29% of their digital budgets in personalization technologies.[1] And, while strategically, personalization may be a lower priority, budget allocation for personalization technologies is on the rise. Over half of survey respondents expect spending on real-time interaction management and predictive algorithm solutions to increase by at least 5% this year (see Figure 4).

FIGURE 1

Basic Personalization Techniques Are In Place Today

"On a scale of 1 to 5, where 1 = [Strongly disagree] and 5 = [Strongly agree], please rate your level of agreement about your current use of targeting and personalization approaches."

("Strongly agree" or "Agree")

We use personalization and targeting based on broad segmentation and simple clustering techniques to execute campaigns in individual digital channels	86%
We use personalization and targeting based on simple business rules and execute campaigns across digital channels	83%
We personalize products, offers, and content based on the collective insights of users with similar preferences	81%
We use real-time, self-learning analytics to drive personalization and targeting across digital channels	71%
We use machine-learning and artificial intelligence algorithms to personalize interactions across digital channels	57%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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FIGURE 2

Personalized Customer Experiences Still Lag Traditional Marketing Goals

"Please rank your top three goals as a digital marketer today."

	1	2	3	Total
Acquire new customers	27%	10%	13%	**50%**
Design effective digital campaigns to win, serve, and retain customers	19%	12%	17%	**48%**
Build brand awareness through digital marketing programs	11%	15%	16%	**42%**
Increase customer engagement and loyalty	11%	22%	8%	**41%**
Retain and deepen relationships with existing customers	10%	13%	17%	**40%**
Generate customer insights and intelligence	6%	9%	11%	**26%**
Provide stellar customer service	5%	7%	10%	**22%**
Orchestrate personalized customer experiences across multiple digital touchpoints	4%	7%	7%	**18%**
Deliver relevant product offers via digital touchpoints	7%	5%	2%	**14%**

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

FIGURE 3

Personalization Has An Impact On Metrics Related To Top Marketing Goals

"How has your personalization efforts impacted each of these types of metric(s)?"

Legend: 5 — Significant impact 4 — Some impact 3 — Stayed the same 2 — Little impact 1 — No impact Don't know or N/A

	5 Significant impact	4 Some impact	3 Stayed the same	2 Little impact	1 No impact	Don't know or N/A
Retention/loyalty metrics (n = 72)	44%	40%	11%	1%		3%
Awareness metrics (n = 72)	43%	39%	8%	7%	1%	1%
Consideration metrics (n = 66)	36%	45%	11%	5%		3%
Efficiency metrics (n = 69)	25%	57%	13%	3%		3%
Acquisition metrics (n = 61)	31%	49%	13%	3%	2%	2%
Effectiveness metrics (n = 89)	36%	44%	12%	6%		2%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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FIGURE 4

Firms Plan To Increase Spending On Personalization Technologies

"How do you expect your firm's spending in the following categories to change in 2014 compared with 2013?"

Legend:
- 5 — Increase more than 10%
- 4 — Increase 5% to 10%
- 3 — Remain about the same
- 2 — Decrease 5% to 10%
- 1 — Decrease more than 10%
- Don't know or N/A

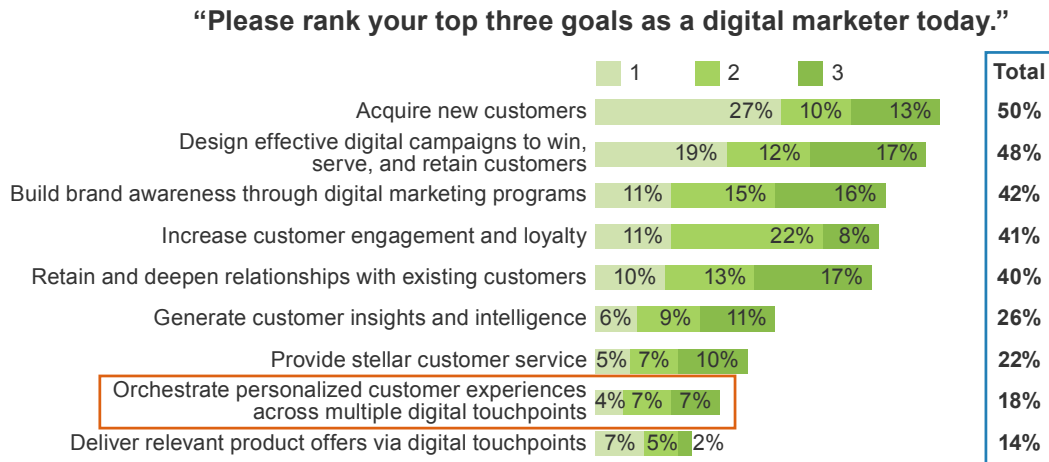| Category	5	4	3	2	1	Don't know or N/A
Site optimization tools	20%	38%	28%	10%	2%	2%
Mobile analytics	19%	36%	32%	5%	2%	6%
Web content management systems	17%	38%	35%	5%	1%	4%
Email marketing platforms	20%	33%	33%	8%	2%	4%
Real-time interaction management	15%	37%	38%	4%	1%	5%
Guided selling	17%	34%	38%	5%	1%	6%
eCommerce platforms	20%	31%	36%	9%	2%	2%
Predictive algorithms	15%	36%	39%	3%	2%	6%
Dynamic messaging tools	16%	34%	37%	9%	1%	3%
Web analytics	19%	31%	44%	3%	1%	2%
Cross-channel campaign management solutions	16%	33%	40%	6%	1%	4%
Customer decision management systems	13%	35%	36%	8%	1%	7%
Site search technology	18%	29%	40%	9%	1%	3%
Data management platforms	12%	34%	43%	7%	1%	3%
Digital asset management	15%	30%	45%	6%	2%	2%
Next-best offer technology	18%	26%	40%	4%	2%	8%
A/B and multivariate testing tools	7%	35%	41%	7%	2%	7%
Recommendation engines	12%	25%	47%	7%	3%	6%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014
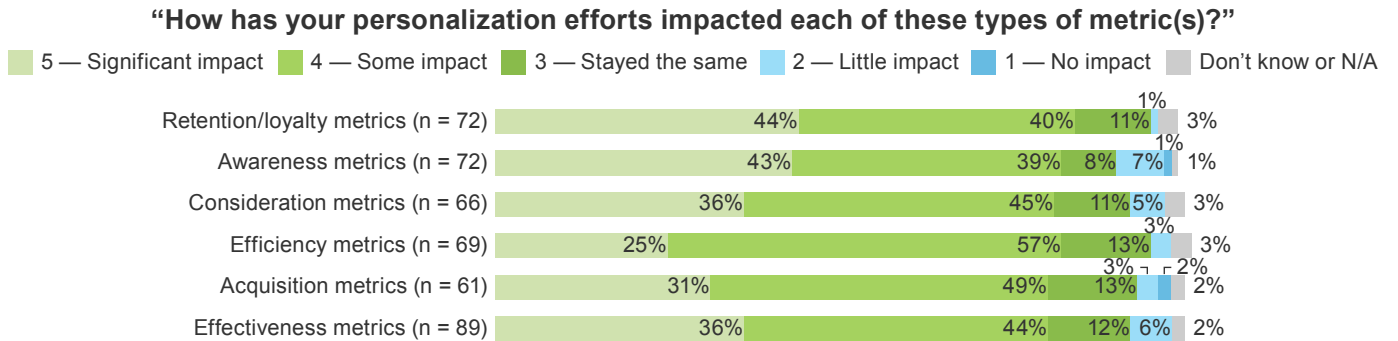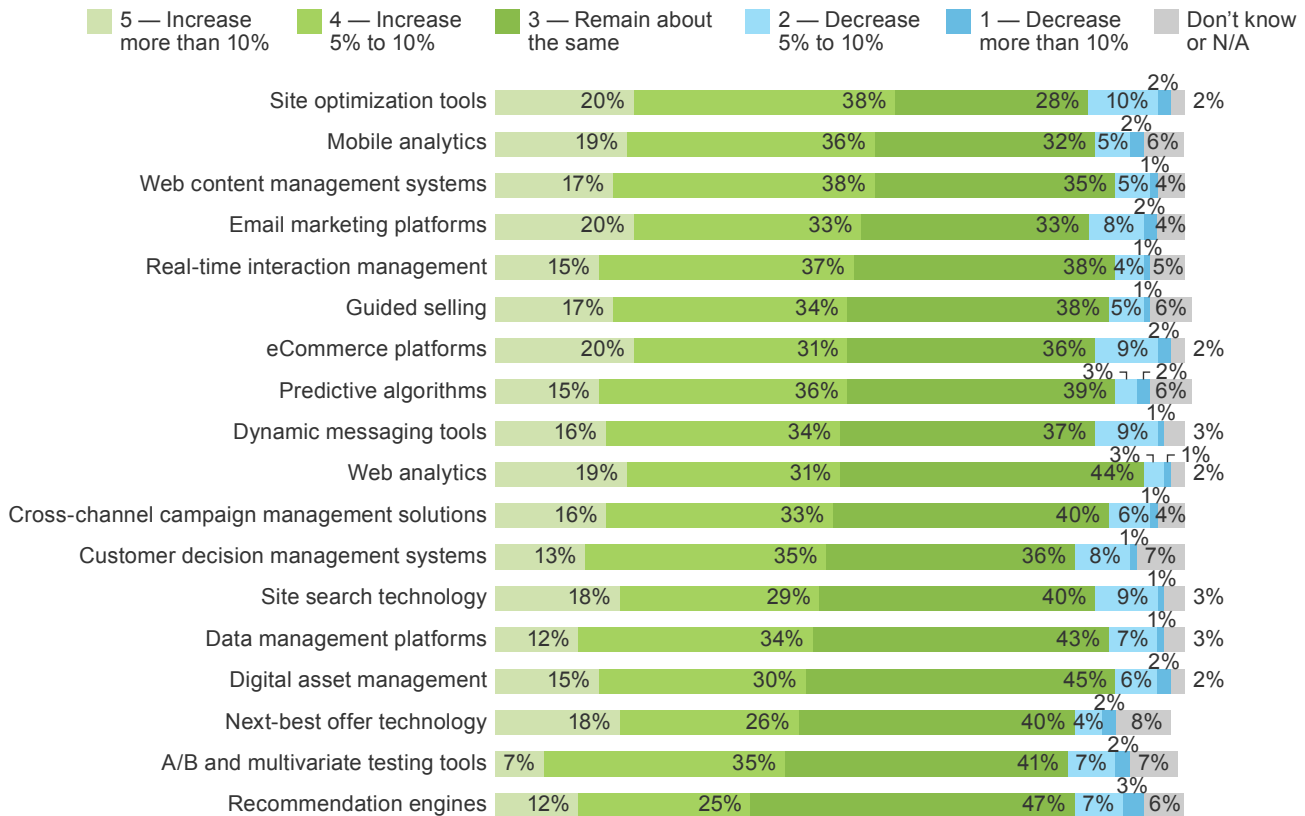
Static Personalization Undermines Dynamic Personalization

It requires a coordinated effort to provide personalized, unique customer experiences with an emphasis on creating the optimal journey for each individual customer. Companies need access to real-time data, analytics prowess to predict customer behavior, and technology and tools in place that enable them to act on those insights. Our study revealed that latent data sources and lacking technology hinder dynamic personalization efforts. Specifically:

› **Marketers are overwhelmed and lack the expertise for personalization.** We asked survey respondents to rank the top three challenges they face as a digital marketer today. The top challenge they cited is the ability to personalize every single customer interaction with relevant data and offers (see Figure 5). Marketers struggle to stay on top of changing consumer behavior and the constant flow of data created by their interactions. As such, 42% of respondents have difficulty analyzing data from all customer interactions, and 36% struggle to apply customer insights to continually improve customer experiences.

› **Technologies that target real-time predictive decisioning and personalization are still emerging.** A dichotomy exists between marketers' desire to be predictive and their adoption of tools that facilitate more advanced and automated personalization techniques. Our study showed that predicting customer intent is critical to delivering orchestrated customer experience, but tools

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such as real-time interaction management (52%), predictive algorithms (50%), A/B and multivariate testing tools (41%), and next-best offer (37%) are the least adopted technologies to execute personalization today (see Figure 6). While there is broad recognition of the role these tools can play in executing on personalization, adoption remains low primarily because of organizational silos, data integration challenges, and lack of analytical sophistication.

> **Technologies to execute real-time predictive decisioning and personalization are not well-adopted.**

> **Data delays make it difficult for marketers to make decisions based on behavior.** Marketers value making decisions based on behavior, and 64% of survey respondents collect customer behavior data like loyalty data, while over half of respondents collect interaction data (53%) (see Figure 7). However, only 26% of marketers pull this data on a daily basis (see Figure 8). Until they can access and make sense of real-time data, static personalization will remain the status quo.

> **Companies look to consumers for personalization guidance.** Respondents most often evaluate customer expectations for personalization through self-reported data like standard satisfaction surveys (see Figure 9). Some respondents utilize personalization metrics to make decisions on their strategy (53%), but only 34% use real-time decisioning technology and customer behavior to drive the offer. This is also indicative of the lack of adoption of real-time and predictive decisioning technologies.

FIGURE 5

Digital Marketers' Top Challenges Focus On Real-Time Personalization

"Please rank the top three challenges you face as a digital marketer today."

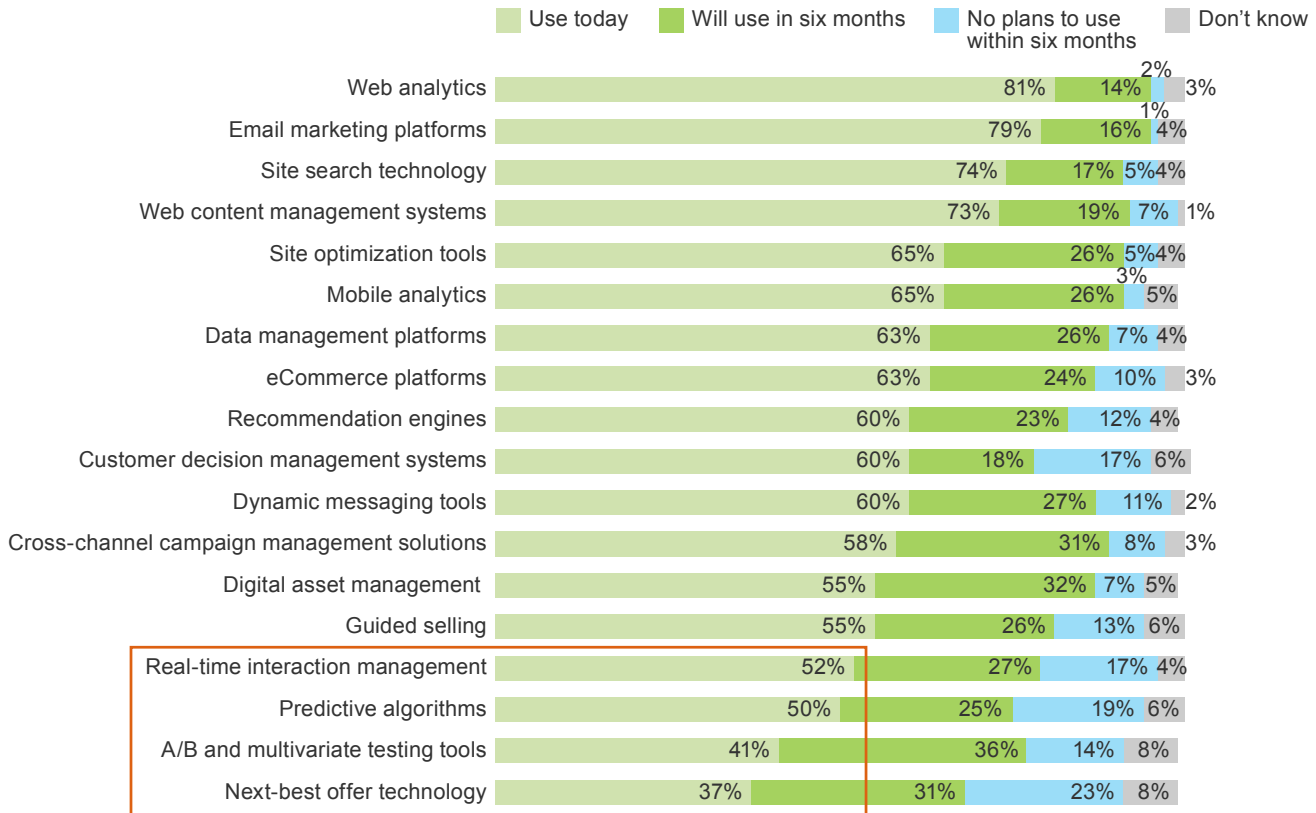|	1	2	3	Total
Personalizing every customer interaction with relevant experiences	11%	19%	18%	**48%**
Meeting the expectations of the always-connected customer	15%	15%	12%	**42%**
Analyzing streams of digital data from every customer interaction	11%	14%	17%	**42%**
Applying customer insights to continually improve customer experiences	12%	8%	16%	**36%**
Understanding complex customer journeys across digital touchpoints	11%	15%	10%	**36%**
Executing consistent digital campaigns that drive desired business outcomes	14%	12%	8%	**34%**
Proliferation of new touchpoints and channels to engage customers across paid, owned, and earned media	13%	11%	10%	**34%**
Attributing appropriate credit to digital touchpoints for driving customer engagement	12%	7%	9%	**28%**

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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FIGURE 6

Automated, Real-Time Personalization Technologies Lag In Adoption

"Which types of technologies do you rely on to execute personalization and targeting today?"

■ Use today　■ Will use in six months　■ No plans to use within six months　■ Don't know

Technology	Use today	Will use in six months	No plans to use within six months	Don't know
Web analytics	81%	14%	2%	3%
Email marketing platforms	79%	16%	1%	4%
Site search technology	74%	17%	5%	4%
Web content management systems	73%	19%	7%	1%
Site optimization tools	65%	26%	5%	4%
Mobile analytics	65%	26%	3%	5%
Data management platforms	63%	26%	7%	4%
eCommerce platforms	63%	24%	10%	3%
Recommendation engines	60%	23%	12%	4%
Customer decision management systems	60%	18%	17%	6%
Dynamic messaging tools	60%	27%	11%	2%
Cross-channel campaign management solutions	58%	31%	8%	3%
Digital asset management	55%	32%	7%	5%
Guided selling	55%	26%	13%	6%
Real-time interaction management	52%	27%	17%	4%
Predictive algorithms	50%	25%	19%	6%
A/B and multivariate testing tools	41%	36%	14%	8%
Next-best offer technology	37%	31%	23%	8%

Base: 121 North American digital marketing decision-makers
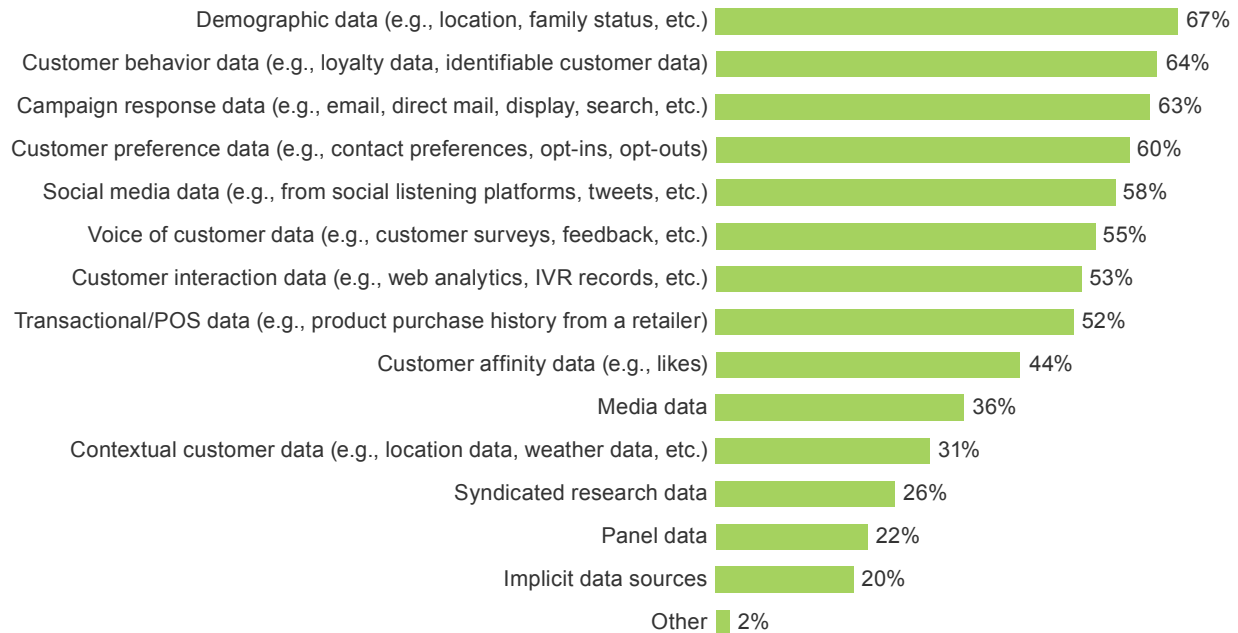
(Percentages may not total 100 due to rounding)

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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FIGURE 7

Sixty-Four Percent Of Digital Marketers Rely On Behavioral Data To Plan And Execute Digital Marketing Programs

"Which of the following data sources do you use to plan and execute your digital marketing programs?"

(Select all that apply)

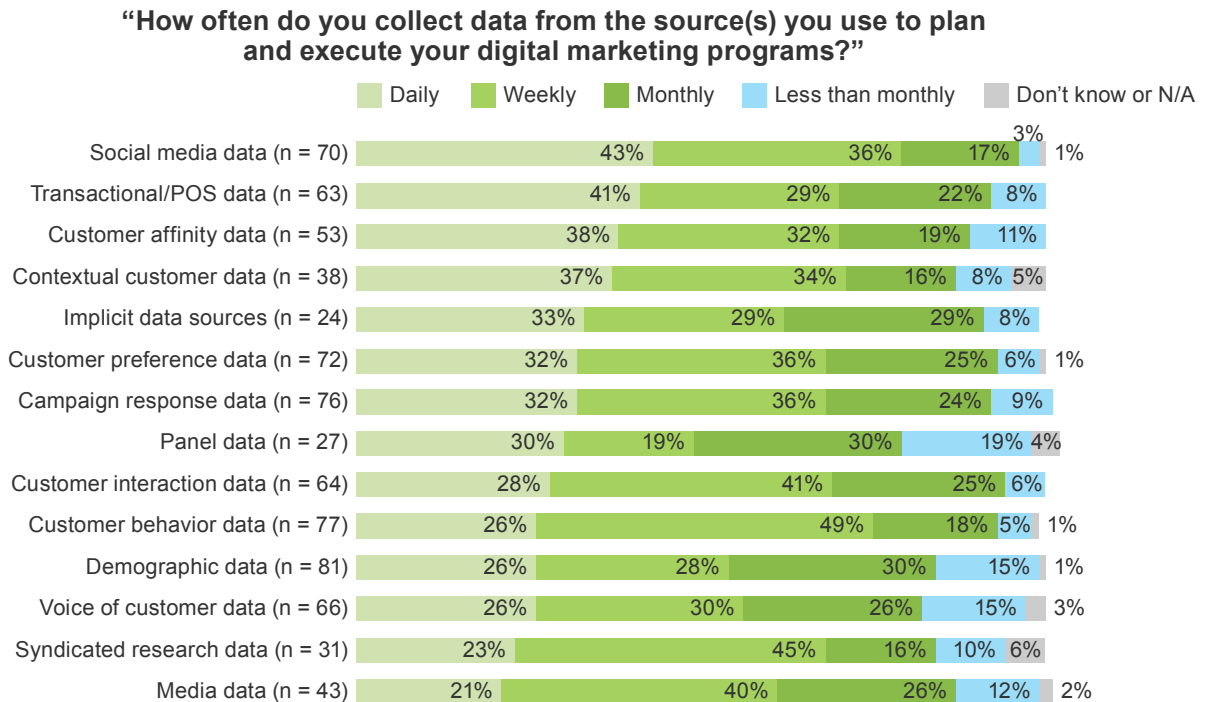| Data source	Percent
Demographic data (e.g., location, family status, etc.)	67%
Customer behavior data (e.g., loyalty data, identifiable customer data)	64%
Campaign response data (e.g., email, direct mail, display, search, etc.)	63%
Customer preference data (e.g., contact preferences, opt-ins, opt-outs)	60%
Social media data (e.g., from social listening platforms, tweets, etc.)	58%
Voice of customer data (e.g., customer surveys, feedback, etc.)	55%
Customer interaction data (e.g., web analytics, IVR records, etc.)	53%
Transactional/POS data (e.g., product purchase history from a retailer)	52%
Customer affinity data (e.g., likes)	44%
Media data	36%
Contextual customer data (e.g., location data, weather data, etc.)	31%
Syndicated research data	26%
Panel data	22%
Implicit data sources	20%
Other	2%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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FIGURE 8

Only 26% Of Respondents Collect Customer Behavior Data On A Daily Basis

"How often do you collect data from the source(s) you use to plan and execute your digital marketing programs?"

Daily | Weekly | Monthly | Less than monthly | Don't know or N/A

	Daily	Weekly	Monthly	Less than monthly	Don't know or N/A
Social media data (n = 70)	43%	36%	17%	3%	1%
Transactional/POS data (n = 63)	41%	29%	22%	8%	
Customer affinity data (n = 53)	38%	32%	19%	11%	
Contextual customer data (n = 38)	37%	34%	16%	8%	5%
Implicit data sources (n = 24)	33%	29%	29%	8%	
Customer preference data (n = 72)	32%	36%	25%	6%	1%
Campaign response data (n = 76)	32%	36%	24%	9%	
Panel data (n = 27)	30%	19%	30%	19%	4%
Customer interaction data (n = 64)	28%	41%	25%	6%	
Customer behavior data (n = 77)	26%	49%	18%	5%	1%
Demographic data (n = 81)	26%	28%	30%	15%	1%
Voice of customer data (n = 66)	26%	30%	26%	15%	3%
Syndicated research data (n = 31)	23%	45%	16%	10%	6%
Media data (n = 43)	21%	40%	26%	12%	2%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

FIGURE 9

Marketers Rely On Self-Reported Data To Guide Personalization Strategy

"How do you evaluate consumers' expectations for personalization across various channels today?"

(Select all that apply)

In our consumer satisfaction survey we probe about how consumers would like to receive their marketing offers	67%
We use metrics that indicate the strengths and weaknesses of our personalization program to guide our decisions	53%
We have a robust testing and optimization program that gives us insights into the types of content, offers, and products that consumers prefer	46%
We use real-time decisioning technology to guide personalization so that the consumer interaction drives the offer versus prebuilt propensity scores for various offers	34%
We do not measure the consumers' expectations of personalization today	5%
Other	3%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

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Prioritize Personalization With Real-Time Technology And Automation

So how do marketers start to make predictive decisioning and personalization a bigger priority? Start with the following:

› **Reframe personalization as a way to turn browsers into buyers.** Returning customers aren't the only ones who can benefit from personalization. Companies can use known preferences and behaviors or existing customers to build lookalike proxies for targeting prospects. Recognizing the broader potential of personalization elevates its profile within the organization.

› **Elevate access to in-motion data.** The static data that customers provide through profiles, preferences, and past transactions helps organizations build out rules-based personalization. But to be truly impactful, companies must also take into account ongoing interactions and clicks across channels. Currently, less than half of marketers surveyed collect this data on a daily basis. To achieve this, companies should move social (43% collect daily), affinity (38%), response (32%), and interaction data (28%) closer (in time and proximity) to where it is applied.

› **Enlist technology to help you automate the ability to make decisions based on behavior.** Understanding the customer journey across digital touchpoints is a top five challenge for our survey respondents. Firms cannot possibly design business rules to cover every combination of customer interaction and behavior. Combining predictive modeling, decision management, and real-time interaction tools helps organizations anticipate behavior, manage interactions as they happen, and deliver real-time personalization in context.

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Key Recommendations

Forrester's in-depth survey with digital marketing professionals yielded several important observations about how companies approach personalization today. And when done right, personalization is a win-win for the organization. But unlocking the promise of personalization requires a deep understanding of customer behavior, customer expectations, and the ability to intervene at the right moment with contextual offers and messages. To gain possession of the key, Forrester recommends the following actions:

> **Brush up your data quality to move beyond "best-guess" personalization.** With consumer impatience for marketing on the rise, it's not enough to make educated guesses across broad segments of customers. Personalization is only as good as the strength of the customer data that feeds the analytics engine. Integrate data from all sources across marketing channels in order to get down to the individual level for personalization. To achieve this at scale and in real time, marketers must blend the right mix of customer-facing technologies such as real-time interaction management, next-best action, and decisioning to move beyond best-guess personalization. These technologies also help close the loop on data capture by collecting customer preference data explicitly and also providing the analytics capabilities to understand patterns of behavior from implicit data.

> **Push past the confines of traditional marketing.** Consumers are looking for companies to provide them with relevant content in the right context and channel. But these expectations don't always align with a company's marketing campaign calendar. By leveraging algorithms and automated decisioning, companies get a leg up on the competition through context, relevancy, and recognition. Use these tools to build relationships where the customers are in control, and you respond by sharing content, anticipating customer needs, and creating a value exchange.

> **Iterate through test and learn.** With all of the moving parts of personalization that need to work together, most brands don't get personalization right on the first try. Instead, they must employ testing tools to refine their segmentation, targeting, and content delivery (i.e., time of day, offer, etc.). This process does not have to live outside of executing personalization — it can happen simultaneously as customer interactions take place throughout the customer journeys, across channels, in real time. Informed by the results of the continuous testing, brands have the opportunity to design and influence customer experiences and journeys in a more automated and analytically driven way.

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Appendix A: Methodology

In this study, Forrester conducted an online survey of 121 retail, media and leisure, financial services and insurance, and healthcare organizations in North America to evaluate marketing personalization techniques, technologies, and metrics. Survey participants included digital marketing decision-makers involved in personalization. The study began in April 2014 and was completed in May 2014.
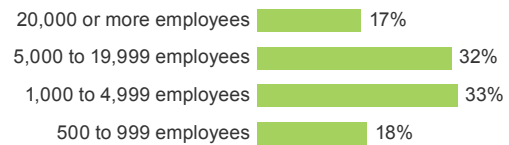
Appendix B: Demographics/Data

FIGURE 10

Survey Demographics

**"In which country is your organization headquartered?"**

Canada
2%

United States
98%
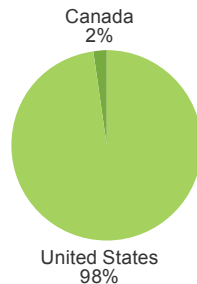
"Using your best estimate, how many employees work for your firm/organization worldwide?"

20,000 or more employees	17%
5,000 to 19,999 employees	32%
1,000 to 4,999 employees	33%
500 to 999 employees	18%

"Which of the following best describes the industry to which your company belongs?"

Media and leisure
9%

Retail
33%

Healthcare
27%

Financial services
and insurance
31%
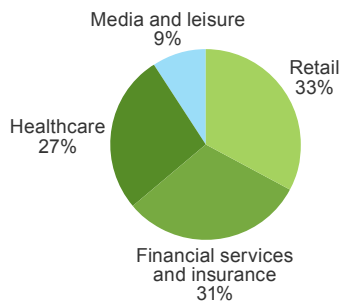
"Which title best describes your position at your organization?"
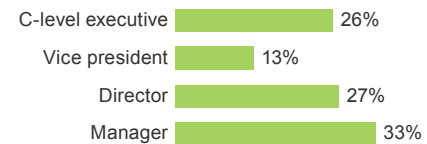
C-level executive	26%
Vice president	13%
Director	27%
Manager	33%

Base: 121 North American digital marketing decision-makers

Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014

Appendix C: Endnotes

[1] Source: A commissioned study conducted by Forrester Consulting on behalf of Salesforce Marketing Cloud, April 2014.

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