

# Do retailers have a firm understanding of their shoppers?

Why personalization and retention are important now more than ever

ARTICLE | JANUARY 22, 2021

Rimma Kats

**A**dvancements in marketing tech and new data-collection tactics offer retailers ever-greater insights into the minds of their customers, but only to a certain degree. Accomplishing a level of personalization that will truly impact a company's bottom line isn't easy nor straightforward. But it does require more investment in collecting the *right* data with the most effective tools, and then harnessing those findings for deep personalization.

"There is a giant gap between the capabilities of retailers and brands and companies like Amazon, who have invested billions into personalization infrastructure," said Ben Parr, president and co-founder of "[conversational commerce](#)" platform [Octane AI](#).

"The No. 1 thing blocking brands from really embracing personalization is the right data set," he said. "Most brands rely on clicks, purchases, and third-party data. But they really need to be collecting first-party data on customer preferences, future purchase plans, personal tastes, allergies, and thousands of other data points that can dramatically improve the relationship between brand and consumer."

What hinders many brands is not having the proper tools to collect first-party data on their customers. "They don't have a way to ask their customers questions directly, store that data, process it, and leverage the information," Parr said. "The brands that succeed with personalization will be the ones that invest most in collecting and leveraging first-party data."

Individually tailoring communications to customers is key, according to Oz Etzioni, CEO and co-founder of AI-powered personalization platform **Clinch**. "Every brand has the potential to build a better understanding of its audience," he said. "We believe that every media dollar should double as a research dollar. For example, we feed creative engagement-level insights derived from each user interaction back to a brand's customer data platform [CDP] to enrich each segment or customer record."

Junior Pence, CMO and creative director of **Peace Out Skincare**, also believes that personalized communications are critical to successfully engaging with shoppers.

"Creating multiple communication mechanisms to keep customers engaged with your brand through direct, tailored personalization is required, especially with the Gen Z consumer who now expects a brand to speak to them as an individual," Pence said. "A brand is more than a product these days, so finding a way to connect must come from a more holistic approach. In our case, we focus on our brand DNA, formulation standards, and truly understanding a customer's skin concerns and journey."

"I firmly believe that a brand's ethos is the greatest acquisition and retention asset. Today's consumer wants to know your brand's voice, how you give back, what you're doing to lessen your environmental impact, how clean your ingredients are, and how much your values align with their values."

Retention is certainly a key component to all of this. Oftentimes, brands will continuously look to acquire new customers while forgetting about their existing ones. "If you spent the time and effort to get your existing customer to come back, the cost of doing that is dramatically lower than figuring out who your new customer is," said

Nathan Richter, vice president of program strategy and insights at customer experience tech company **Dynamic Yield**.

“For a personalization program, this is a tremendous thing,” he said. “It’s basically saying, how can you better evaluate who your customer is within your data warehouse, within your customer database—and then putting the effort into engaging or reengaging those customers to come back via a new value proposition, a new offer, or whatever it might be.”

Overall, there are many moving pieces in play when it comes to personalization. And knowing where to begin is often a struggle for many brands, as are the misconceptions around personalization being hard or complex.

“Many times, a brand has a lot of great data to build personalized campaigns, but it doesn’t know what to do with it,” Clinch’s Etzioni said. “Some also don’t have the right key performance indicators in place. And traditional media metrics such as click-through rate and view-through rate don’t always make sense when applied to personalization activations, such as dynamic creative optimization [DCO].”

Some brands may be faced with different challenges altogether. For Peace Out Skincare, it comes down to technology and education. “Today’s consumer is highly educated, and that requires robust education and technology programs that translate your brand values and products’ benefits, allowing you to acquire and retain,” Pence said. “We stay ahead of the curve and focus on the growth of our current paths, which is vital for us to meet the challenges of acquisition and retention.”

So, will personalization efforts look any different this year? Well, that depends on who you ask.

According to Clinch’s Etzioni, the pandemic has made it clear that personalization is essential for every brand, going from a luxury to a necessity. But now, brands need to step it up and communicate with their shoppers on a one-to-one basis, being as relevant as possible at every touchpoint.

"We're going to see omnichannel become the standard," Etzioni said. "There's also going to be more consolidation of partnerships between different entities in the cycle of the campaign execution: DCO, CDP, media agency, strategy—every stakeholder will learn how to work better together to make the overall process more seamless and efficient."

Parr of Octane AI believes we should expect a greater convergence of the retail and ecommerce experience in 2021. "More brands will embrace guided shopping experiences for their ecommerce presence—similar to a concierge at a retail store—as more consumers adopt ecommerce as their primary shopping method," he said. "And more brands will invest in the data infrastructure needed for personalization in both retail and ecommerce to truly understand their customers, no matter how or when they shop."

Meanwhile, Peace Out Skincare has plans to deploy a multipronged approach throughout 2021. The brand's customer retention efforts will focus on several areas, including brand onboarding, individualized and engaged communication, and its loyalty program. According to Pence, "Content marketing, interactive content, and personalized marketing will be big levers for us in acquisition and retention this year."