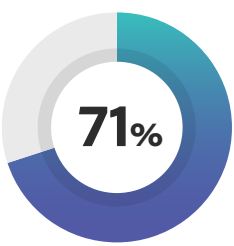
Adobe

Driving conversions through sophisticated personalization.

Four proven strategies for elevating the one-to-one ecommerce journey.

The personalization sensation is sweeping ecommerce. As online shoppers browse a virtual inventory of consumer goods, McKinsey & Company reports that 71% of them expect a relevant, one-to-one experience—and 76% get frustrated when it doesn't happen. For consumers, it's simple—they want tailored offers, messaging, and content from both major e-tailers and mom-and-pop merchants.

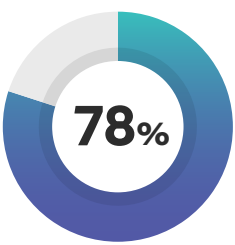


71% of online shoppers expect a relevant, one-to-one experience—and 76% get frustrated when it doesn't happen.

Meanwhile, companies of all sizes struggle to use data in a way that drives these meaningful connections. With tons of data from tons of sources, ecommerce brands find themselves with too much of a good thing. They may attempt to resolve the issue by going all in on their marketing tech stack. But while their intentions are good, investments are often misguided—resulting in fragmented tools that make activating the right data a convoluted process.

However, when brands do have the data and technology for sophisticated personalization, customers soon follow—with wallets in tow. McKinsey & Company also found that 78% of consumers make repeat purchases from companies that personalize the customer experience.

The more sophisticated a brand's personalization efforts are, the more consumers spend. That's why ecommerce leaders go beyond basic product recommendations and site searches to invest intelligently in personalization, specifically around the web experiences they provide.



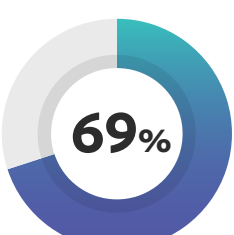
78% of consumers make repeat purchases from companies that personalize the customer experience.

Mastering the art and science of elevated personalization takes elevated strategies. This guide reveals four ways to increase your conversion rate with unique journeys throughout your ecommerce touchpoints. You'll explore ways to segment your customer base by knowing who your customers are, what they care about, and what they look for across your web presence.

Make personalization—and profits—pop.

Consumer expectations have evolved. People are increasingly demanding that brands cater to their exact needs—at any phase of the buyer's journey and on every channel. In fact, Deloitte Digital reported that 69% of consumers say they are more likely to purchase from a brand that personalizes their experience. In their eyes, personalization can mean the difference between abandoning their cart and tapping the checkout button.

But many merchants in this new reality are ill-equipped to deliver differentiated, contextualized ecommerce experiences. In an attempt to catch up, they may have adopted a slew of marketing tools that don't communicate or connect with one another, leaving precious data disconnected. And when data is disconnected, it can't be used to create the very customer profiles that allow personalization to happen. Instead, it deters would-be shoppers with generic, unintuitive, and disjointed customer experiences.



69% of consumers say they are more likely to purchase from a brand that personalizes their experience.

Conversely, when brands are methodical and skillful about how they implement personalization, even an abandoned cart becomes a new opportunity to stimulate the prospect-to-purchase pipeline. IT decision-makers can rejoice over now-seamless processes, ecommerce directors over increased digital sales, and the C-suite over revenue growth resulting from increased conversions.

The numbers behind the spenders.

Tech analysts agree that personalization has the power to sway consumers in droves.

2x In 2022, Deloitte Digital revealed that 2021's personalization leaders were two times as likely to exceed their revenue goals as brands with inadequate or no personalization.

1.5x Deloitte's 2022 study also showed that mature personalization companies' revenue per customer was one and one-half times that of personalization laggards.

10x In 2021, Incisiv and Adobe found that companies with a sophisticated approach to personalization achieved 10 times as many conversions as those with only basic personalization.

The magic touch(points).

Many brands are at least aware of the effect personalization has on conversions. Their next question may be what to personalize first. If their efforts are misdirected, they may fall short on investment goals, failing to realize the full value of personalization. But when brands know the four most critical ecommerce areas to personalize, their efforts quickly become triumphs.

The four most critical ecommerce areas to personalize are:

- **Campaigns and communications**
- **Site content and merchandising**
- **Product discovery**
- **Fulfillment and checkout**

Campaigns and communications.

The first step to personalization is to attract customers and get them onto your website. Personalized campaigns and communications, which involve marketing across channels and communicating with customers directly, are a good place to start. This step can include tailoring messages based on customers' unique needs in personally addressed communications. It may also include offering targeted promotions in email as well as on social media. Members of Generation Z in particular rely on social media to influence their buying decisions.

Site content and merchandising.

When customers experience a site, they want content and offers that interest them personally. For instance, addressing first-time site visitors with a 20% off code is more likely to provide that extra nudge toward purchase than just offering a sale price that anyone can access. Similarly, a quiz that helps frequent visitors narrow their search to the right product will have a lasting impact. Brands should have the goal of delivering a rich, personalized site experience, and they should ask themselves what deals and content types they can provide that will speak to each shopper's own lived scenarios.

Personalized landing pages and calls to action (CTAs) are now raising conversion rates significantly.

Product discovery.

Showing the right products to the right customers in the right moment is the heart and soul of personalization. Search, recommendations, and optimizations can play a role in this.

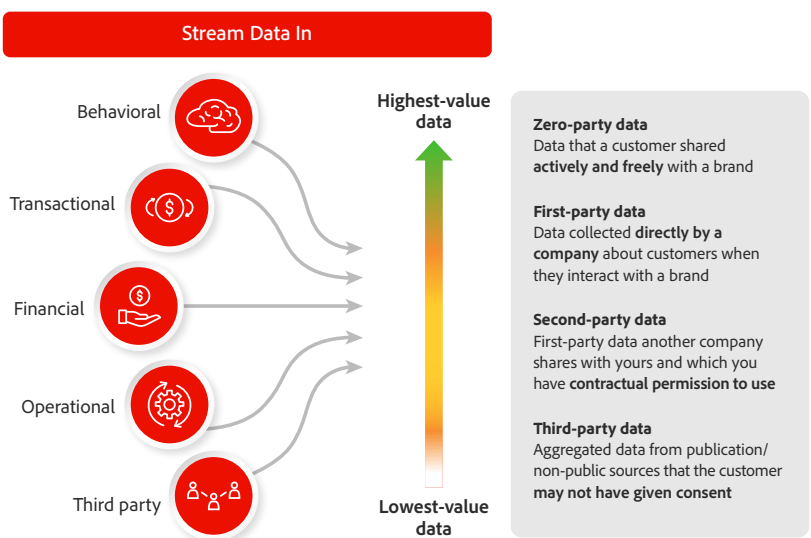
With growing numbers of customers expecting end-to-end personalized experiences, personalized landing pages and calls to action (CTAs) are now raising conversion rates significantly.

Fulfillment and checkout.

Personalizing fulfillment and checkout includes tailoring options to shop and pay for and receive products in a way that fits the individual customer's buying habits—whether that means sending notifications that detail exact tracking history, filling personal account dashboards with detailed purchase information, or simply remembering credit card info.

Summit mountains of data.

Ecommerce generates mountains of data on every visitor, including behavioral, transactional, financial, operational, and third-party data.



However, activating all that ecommerce data isn't easy. The data is often constrained by countless silos and fragmentation, making it impossible to share information across software applications and use it to piece together complete views of shoppers.

Having a large volume of high-quality data makes it still more difficult to act on the data. The more channels, geographies, brands, or business models the data encompasses, the more complex it is to use.

But with the rise in omnichannel journeys, companies can—and should—use both online (such as behavioral) and offline (such as in-store) data to personalize the customer experience. It's what they do with this data that makes meaningful personalization possible.

Start with actionable customer segments.

Customer segments are critical to creating personalized experiences. They're built with the vast amount of data each site visitor generates. When it comes to personalization, every action a visitor takes should feed a centralized customer profile. Site searches, refund requests, coupon use, and other site activities all help to build customer profiles. And once those profiles are built, brands can begin to deliver relevant messaging, content, and offers to individuals who actually want to see it.

Build your best customer segments.

Distinctive, personally applicable web experiences can be achieved through tried-and-true methods. They make it easier than ever to use personalization to increase site conversions. Best of all, there is no limit on how many segments can be built to personalize the web experience.

Examples of the conditions used to build customer segments are:

Behavioral data—such as search ads clicked, videos watched, call center interactions, email offer opens, mobile site click-throughs, and in-store activity

Commerce data—such as product views, online or offline purchases, returned orders, discounts, and product preferences

Personal attribute data—such as name, gender, address, loyalty status, phone number, and email address

Data types like these lead to customer segments. For example, if a fitness brand called Luma wants to build customer segments, it might build them based on:

- Customers who are registered for an account
- Non-registered visitors who viewed a weightlifting product
- Registered visitors who bought a weightlifting product
- Registered visitors located in California
- Newsletter subscribers who are interested in running products

Four strategies for powerful personalization.

With customer segment knowledge at hand, it's time to check off four boxes of advanced personalization. Remember that these best practices need to be a repetitive, constantly evolving process—not a stagnant one—because consumers are always changing. Take a peek and learn from Luma.

Luma's personalization journey

Luma is a fictional fitness brand offering three major product lines—yoga, weightlifting, and running. It has built a full-fledged marketing stack supporting robust customer segments that bring comprehensive personalized experiences to its athletic audience. Follow its four personalization strategies and learn how to implement them in any marketing organization.

Strategy 1: Tailor the home page.

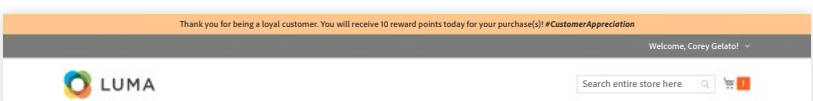
A home page is often the first stop on customers' web journeys. And today's demanding customers want to be welcomed with copy and images that speak to them and help them save. Let's explore ways to make the experience a personally satisfying one.

Make dynamic front-end changes.

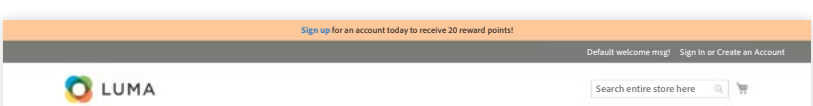
Dynamically changing sections of a web page based on customer segments is a powerful way to bring the experience to life and deliver a more relevant experience for visitors. Building an ecommerce page offers multiple opportunities to create modules that can be automatically updated for each unique visitor.

Luma has achieved this by adjusting the top navigation on its website's home page. With two top-of-page CTAs based on two customer segments, Luma caters directly to both registered and non-registered users:

- Luma reaches registered users with a CTA to earn discounts on a future purchase by making a purchase today.



- Luma entices non-registered users with a CTA to create an account and receive a discount upon signup.



These top-navigation CTAs allow Luma to promote a quick, highly targeted offer to any customer segment.

Customize the hero banner.

Next, Luma customizes the hero banner with relevant categories based on persona. By building customer segments around customer interests, past buying behaviors, or onsite behaviors, Luma creates a more relevant landing page and gives users what they want seamlessly.

For example, Luma uses the following customer segments:

A

Registered visitors who bought a weightlifting product

B

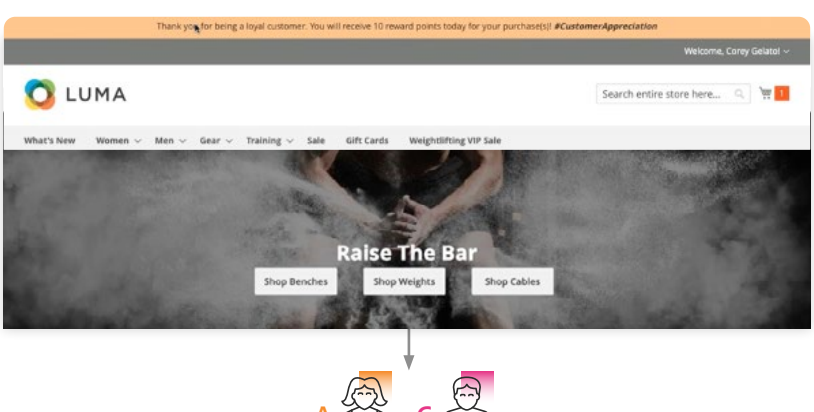
Customers who registered for an account

C

Non-registered visitors who viewed a weightlifting product

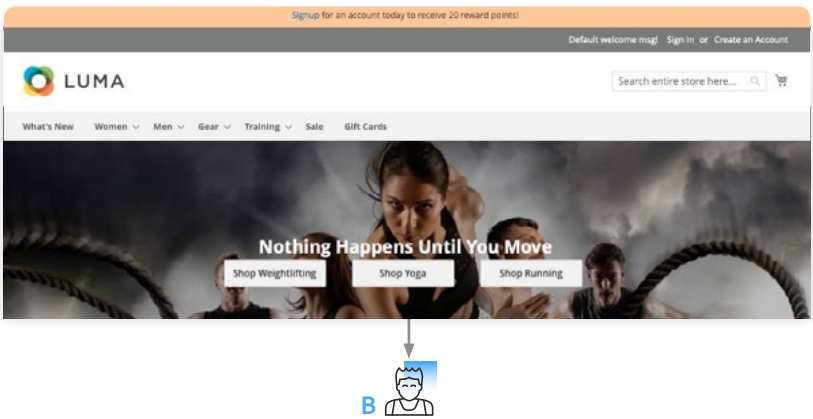
Deploying these segments causes customers who purchased weightlifting equipment in the past—and returning visitors who previously viewed products in the weightlifting category—to be presented with a weightlifting-specific hero banner.

Weightlifting-specific hero banner to customer segments A and C



The general customer segment will be shown a general hero banner until they can be added to a more specific, tailored customer segment.

General hero banner to customer segment B



Convert more users.

One goal of Luma's is to increase visitor conversion rate by promoting highly relevant, timely offers to a segment of promising visitors. So Luma offers promotions to customers most likely to want them rather than offering static promotions to everyone, as the general audience's lower levels of interest would negatively affect conversions.

Luma wants to promote free two-day shipping, but only to visitors with an item in their cart. The brand has created a customer segment for that activity based on a price configuration, and it dynamically serves the CTA module with the coupon code promotion to that segment.

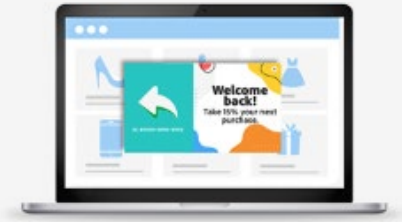
Examples of offers based on customer segment

Segment: First-time visitor

Customer data:
- No shopper visits
- No shopper purchase history

Strategy:
- Show first-time offers
- Show highest converting products

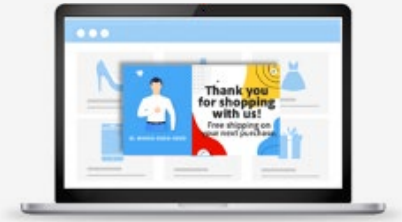
Segment: Win back



Customer data:
- Shopper has recent returns
- Shopper has not visited in a month
- Shopper buys premium products

Strategy:
- Show win-back offers
- Show premium products

Segment: Loyal



Customer data:
- Shopper is highest loyalty level
- Shopper buys high-margin items
- Shopper not promotionally motivated

Strategy:
- Show no promotions
- Show high-margin products

Strategy 2: Reimagine site search.

Site search plays a big role in the success of any ecommerce brand. Nearly 40% of visitors use on-site search, and those customers convert nearly two times as much as non-searchers.

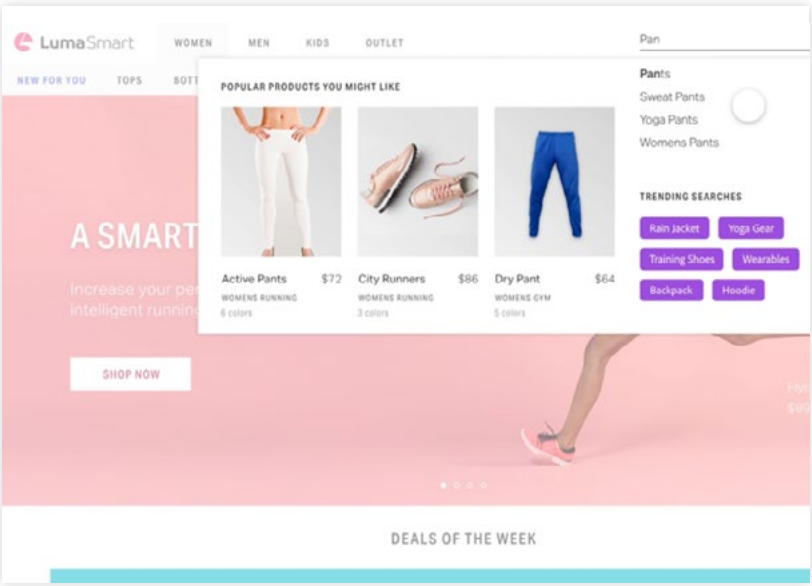
But site search needs to go beyond mere accuracy. Let's say a user on Luma's site is shown images of pants after searching for them. Past these basics, search functionality paired with customer segments and aggregated visitor data creates the recipe for highly engaging, relevant, and personalized ecommerce experiences. This winning combination helps shoppers find what they want—even when they don't know what they want—using minimal effort.

40%

40% of visitors use on-site search, and those customers convert nearly two times as much as non-searchers.

With a deeper customer profile for every visitor, sophisticated site search provides the ability to deliver the most relevant products. As a user who's shopping for pants spends more time on the site, search relevance and recommendations improve.

Luma tailors its site search for its “newsletter subscribers who are interested in running products” segment, allowing the brand to populate “products you might like” with running pants—even if the user has only typed “pan.”



Luma’s customer segments make it faster and easier to give the brand’s running fans what they want. Some search solutions even use artificial intelligence (AI) to re-rank search results so they are personalized based on a shopper’s actions taken on the site.

Strategy 3: Innovate product recommendations.

Product recommendations empower brands to unpack visitor interactions and surface the items they care about. This increases not only conversion rates, but also average order value.

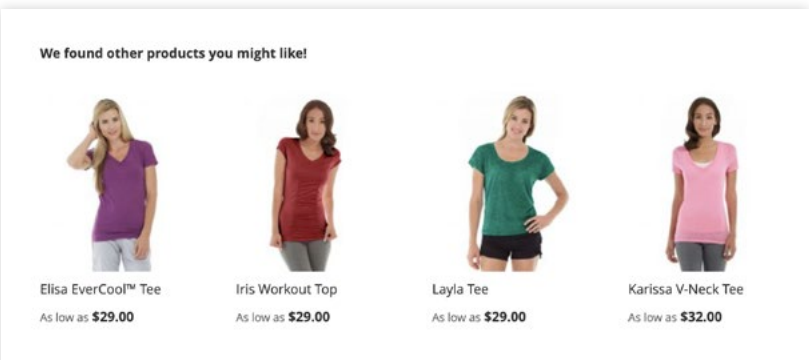
10x 10 times increase in conversions was realized by companies that implemented personalized recommendations.

In Adobe and Incisiv's survey of executives at more than 600 retail and travel industry companies, those that implemented personalized recommendations improved their conversions 10 times over. The same survey also revealed that 60% of firms don't do any kind of customer segmentation for their product recommendations. This indicates major competitive advantage for brands that invest in sophisticated personalization.

Luma successfully uses personalized product recommendations in its ecommerce experience. Here are some of the product recommendations that have yielded conversions for the brand:

Personalized shopper-based product recommendations.

These days, it's pretty common to see a "Recommended for you" headline. Such recommendations are based on the individual shopper's current and previous on-site behavior for in-session personalization, taking the shopper's actions into account and personalizing the customer experience as they browse the site.

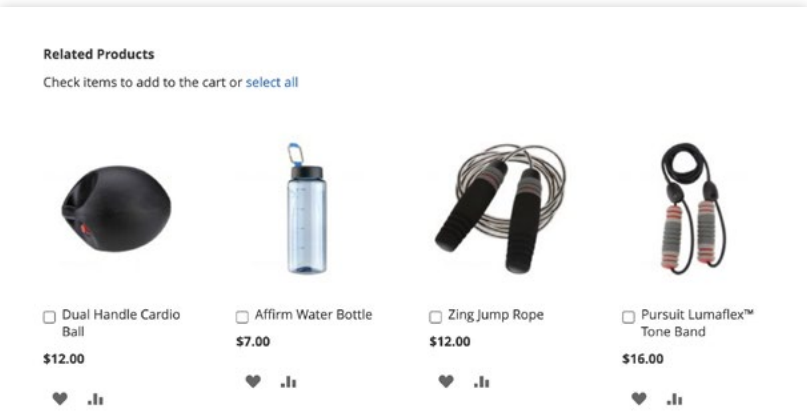


Behavior-based product recommendations.

When the headline reads "Recently viewed" or "Because you purchased…," these are behavior-based recommendations that sell items based on those the shopper has viewed or purchased most often.

Item-based product recommendations.

These recommendations appear when an item is visually similar to an item being viewed. They may be found under a headline that reads “More like this.” These recommendations may also be based on similar content and attributes, such as those found in a product description or keyword.



Popularity-based product recommendations.

Often found under “Trending,” “Most purchased,” and similar headlines, these product recommendations are based on any recent momentum in an item’s performance or on items most purchased by shoppers within a recent time frame.

Strategy 4: Experiment with testing.

Improving personalization maturity means having a solid process for testing and measuring performance—and then implementing the findings in future decisions.

Using A/B testing on two hero banners, Luma implemented the version that drove a higher click-through rate—and raised its kettlebell sales by

84%

Using customer profiles with known, unknown, and commerce data on every visitor, brands can test experiences and promotions to launch the highest performers.

For instance, by using shopper data to better target future shoppers, Luma determines and publishes the winning experiences that drive higher conversion rates.

A/B testing.

A/B tests answer the question "Does this content catalyze desired audience behaviors?" And they help brands learn whether to move forward with a particular piece of messaging. Also known as split tests, they show the difference in effectiveness between two options before brands push them live. A/B tests are a data-driven way to ensure positive impact.

Luma recently used A/B testing to evaluate two images on a hero banner it created for its "registered visitors who have bought a weightlifting product" segment. After learning which one drove a higher click-through rate to the product category, Luma was able to move forward quickly and easily with the winner—and increase its kettlebell sales by 84%.

Multivariate testing.

Using this method, Luma tests a combination of multiple website elements to determine which ones drive the most favorable conversion outcomes. Instead of testing between only two variations, as in A/B testing, multivariate testing splits traffic among several variations. This type of testing is particularly important when brands want to test the outcome of major website overhauls as opposed to testing the outcome of one specific element. It saves time, helping teams optimize critical pages without going back to the drawing board.

Luma scores with multivariate testing on its dumbbell landing pages:

76%
improvement in conversion rate

142%
improvement in click-through rates

For example, when Luma had the goal of improving the conversion rate of its dumbbell landing pages, it had multiple ideas for optimizing them. The brand chose to test the copy for SEO-friendliness, multiple CTAs against a single one, and large dumbbell images against thumbnails. The winning version of these variations generated a 76% improvement in conversion rate and a 142% improvement in click-through rates.

From interaction to transaction, keep it personal.

There is clear evidence in ecommerce that personalization drives better customer outcomes—from conversions to revenue. The seamless integration of data, journeys, content, and commerce gives customers the experiences they want for the results brands want.

Many brands are wising up to the disadvantages of scattering data across different applications without segmenting it. They know that, when stranded in silos, huge volumes of data are hard to interpret and don't get the attention they deserve. They know that large amounts of dispersed data make it difficult to act. And in a world of disappearing third-party data, they know that data-driven changes mean making it in ecommerce.

Now, brands no longer need an Amazon-sized IT budget or a team of data scientists and developers to adopt—and enjoy—tools for tailored website experiences. Implementing sophisticated personalization can be done from the top down with data-rich customer profiles, curated customer experiences, and easy-to-use testing. Knowing the human behind the data, paying attention to the insights, and improving personalization as you go—all of these spell ROI.

Learn more.

Like what you've learned? Dive further into information about key themes in this guide:

Personalization

Product recommendations

Live search

Adobe Experience Cloud

Adobe Experience Cloud is the most comprehensive suite of customer experience management tools on the market. With solutions for data, content delivery, commerce, personalization, and more, this marketing stack is created with the world's first platform designed specifically to create engaging customer experiences. Each product has built-in artificial intelligence and works seamlessly with other Adobe products. And they integrate with your existing technology and future innovations, so you can consistently deliver the right experience every time.

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