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Why is personalisation crucial to improving customer experience?

Despite being lauded as a best practice principle for years, personalisation is still considered to be of low or no priority for a third of enterprise organisations, according to the findings of a recent study we conducted in collaboration with eConsultancy. However, with customers increasingly demanding more personalised communications, brands need to ensure they are making effective use of their data, and channelling it into their marketing activity in a meaningful and considered way.

Personalisation is rooted in understanding and fulfilling the needs of your customers. That might mean knowing where they are and when, and include purchase or behavioural data. Alternatively, it might just be focused on knowing whether or not they have consumed a single piece of content. Whatever insights you are able to glean from your customers, you need to be able to interpret it. If you do, it can be incredibly powerful in understanding who they are and what they want. It also enables you to demonstrate to them that you have listened to their needs and are acting upon them, within the parameters that will excite them most.

Technological investment is crucial to achieving this and to breaking down data silos across the organisation, but for many businesses this is a real challenge. With the right investment, personalisation can enable businesses to deliver customer communications that are more effective and significantly enhance a customer's overall experience. A human workforce can only work to understand what these clues mean. To ensure these insights are put to good use requires technology that is able to help businesses act in the moment.

However, it is not just about technology - that's just the enabler. Businesses need to adapt their data capture methods and their overall approach to digital marketing to truly reap the benefits personalisation can bring. They also need to ensure they operate in a far more proactive way and focus heavily on understanding and interpreting user behaviour, not just demographic data. These behaviours, which reflect the personality, aspirations and the ever-changing needs of customers, are critical to gaining the detailed insight needed to ensure the campaigns are as targeted as they possibly can be.

Whilst a lack of financial resource makes this difficult to achieve - after all marketing departments are becoming increasingly stretched as the requirement to operate in a multichannel portfolio intensifies - the real obstacle is legacy, which is typically driven by the IT department. The internal resources for managing key marketing assets in the business are not determined by the marketers. As a result, most of them are not fit for purpose. So it's simply not the case that personalisation is the preserve of huge corporations that can afford the best CRM.

Brands need to reorganise their marketing departments around the experiences of their customers. Where are these customers? What are the big moments in their life journey? Do you have a 360 degree view of when these are, and how important they are to your customers? These questions are becoming increasingly important when shaping how brands use their customer data to greater effect, especially when improving customer experience.

According to our study, marketers are aware of the benefits. In fact 47% of respondents cited improved customer experience as the primary benefit of personalised campaigns. Yet many are still unable to truly harness the potential their data holds. A customer-focused view of marketing sounds simple in principle, but when most media channels operate independently, uniting them together takes time. Even when you've done that, the benefits of personalised campaigns are hard to measure instantly. At their core they are designed to nurture an audience. For marketers, proving they can make a big difference to the bottom line and that they're not just nice to have, can be more of an obstacle in some organisations.

In many respects, marketing companies need to gain greater control of all aspects of the marketing function and, where that is not possible, ensure that the marketing and IT function are fully integrated together. Data is, in many respects, the glue that binds the two departments together so being able to access, interpret and then utilise it is vital.

The trouble is even at the enterprise level, companies are struggling to integrate their data sources in a manner which will strengthen their operations. In fact, fewer still have been able to extend the benefits of data outside of promotional marketing in research, customer service or product development. So it is incumbent on marketers to make sure that they establish a seamless, joined up experience, where no one channel is competing with another.

But what approach do you take?

Lots of people often get confused between whether to invest in segmentation or personalisation, but in actual fact they both work in tandem with each other.

For travel brands, segmentation is a valuable tool for identifying different customer sets. It can help you identify particular customer sets with a specific need. In this case customers may start with a similar vision or need - some may be interested in flying to Spain for a summer holiday, whilst others may simply want to take a short city break - but as they move further along in the process, these needs will become far more specific. Some may need to book specific activities for their children, others might be interested in adult-only hotels. Both of these customers will follow a particular lifecycle, but marketers can't afford to think about this as a transactional journey. They need to understand the mind-set and environment they are in.

Personalisation provides that additional step, but it has to be done correctly. Just because they browsed holidays in Spain on your site today, it doesn't mean they still want to hear about them in two months' time – especially if they are about to board a plane on their way to their sunny week away. You have to fully understand what your customers' intentions are, analyse past behaviour and then predict what they want before they request it, or if nothing else, from the moment they interact with you.

This article is a summary of Teradata's newsletter "Inside Digital Marketing". If this article was forwarded to you as a recommendation and you wish to receive further marketing news yourself, you can subscribe here.