PERSONALIZED RECOMMENDATIONS

Today's consumers expect their favorite brands to anticipate their needs with engaging experiences — and if they don't, they'll go elsewhere. Delivering personalized recommendations tailored to each customer helps brands delight consumers, increase consumption, and improve average order value.

The impact of personalized recommendations

Prioritizing personalized recommendations can have a substantial impact on revenue. A Salesforce study of more than 150 million shoppers and 250 million visits to ecommerce sites found that while most visits don't yield recommendation clicks, those that did were very lucrative. Shoppers clicked on recommendations during only 7% of visits in the study, but those visits that included recommendation clicks accounted for 24% of orders and 26% of revenue.

Recommendations also increased the likelihood that shoppers would return to the site — the study found 37% of shoppers that clicked a link on their first visit came back vs. 19% of those that didn't. For those who ultimately made a purchase after clicking on a recommended link, average order value was 10% higher than those who didn't click a link. The study also found that the per-visit order value for shoppers who clicked a personalized recommendation link was a whopping 5x higher.

Personalization can have a big impact on customer experience and the bottom line. However, when considering how to implement personalized recommendations on your website, it's important to keep in mind that interpretations of the term "personalized" can vary widely. To provide truly personalized recommendations for customers, your team must have a reliable, resilient, and configurable data pipeline that can process, analyze, and act upon both behavioral and enterprise data. While there are different approaches to personalization strategies and vendors today, shortcuts come with significant limitations. In this use case, we'll walk through the various types of personalization implemented by brands today and the risks, challenges, and benefits of each.

How personalized is personalized?

In general, we see today's brands implementing three levels of personalization, with Level 1 the most basic and Level 3 the most involved.

LEVEL 1

One of the most basic strategies to provide "personalized" recommendations is to put a specialized tag on your website. Such tags can track user behavior like visits, clicks, form submissions, outbound links, and downloads, as well as show you if a visitor liked or shared content on social media. In addition to measuring their on-site behaviors, tags can also enable you to uniquely identify each visitor and reconcile their behavior. Many of these tags also allow for A/B testing to optimize your landing pages and overall website with content and styling changes.

Level 1:
Use tags to predict and personalize

Website Visits

Form Submissions

Downloads
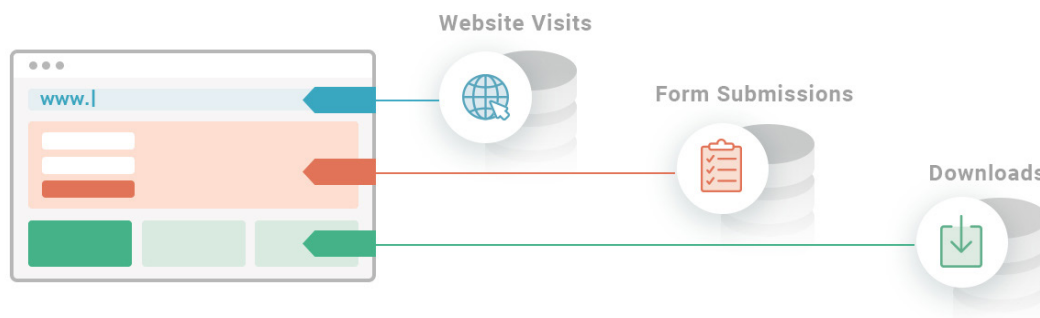
Brands implementing this level of personalization typically build segments using manually created business rules, and build audiences using manually created segmentation rules. One problem with this method is that your visitor behavior changes faster than you can update business rules, which causes you to lose track of all the changes and exceptions you need to account for when writing rules. As more and more exceptions and rules are added, these systems become increasingly burdensome. The more important problem with this approach is that audiences created with AI/ML will outperform audiences created manually with business rules, so you are leaving significant amounts of money on the table.

Fragmented data is another issue that specialized tags exacerbate. Companies have data across multiple behavioral and enterprise systems that they are struggling to bring together. These tags send data to a new external SaaS platform, which means introducing yet another silo. Combining behavioral and enterprise data is critical to success in today's digital economy, and introducing yet another data silo is a step in the wrong direction.

LEVEL 2

This level is a bit more advanced than simply relying on specialized tags. Brands implementing this level of personalization typically involves combining enterprise data, profile data, and some transaction data. Analyzing data from these various sources is a positive step forward, since it helps companies better understand their visitors on multiple levels.

Level 2:
Putting a black box solution in charge

Enterprise Data

Profile Data

Transaction Data
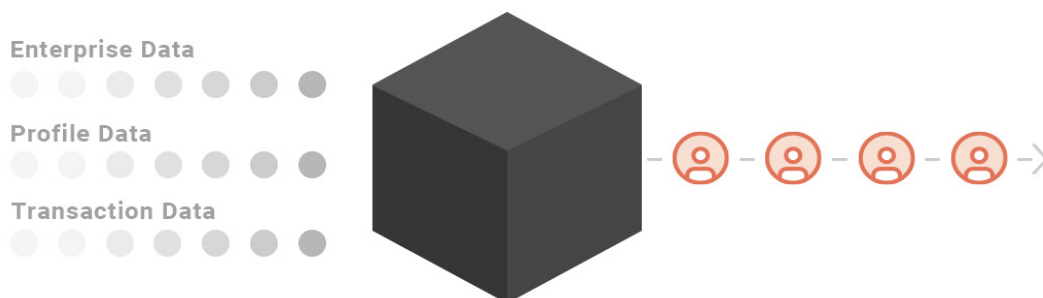
However, while companies at this stage might be experimenting with AI/ML, they are relying on black box models – not developing their own models that are customized for their specific situation. These black box solutions can provide helpful insights and personalization like on-page recommendations and sidebar content tailored to groups of individuals with similar interests. But they are not transparent — these vendors will not show you the data they are leveraging or the math they are using to generate predictions.

Again, these black box models will underperform when compared with AI/ML models that have been customized to meet your company's unique situation and business goals. And if your business is in a competitive landscape where many companies are using the same or similar balck box tools, there's little opportunity to stand out.

In addition, these black box solutions typically build audiences locally within each channel (e.g., website, email, advertisements), rather than globally. This means that some customers will be fit into different audiences for each channel, and as a result they will receive different recommendations – with no way to reinforce offers across platforms.

LEVEL 3

This is the most sophisticated method of personalization and involves combining behavioral data with enterprise data, profile data, and transaction data in a virtual private cloud (VPC) like Google Cloud Platform (GCP), Amazon Web Services (AWS), or Azure. Behavioral data is the key addition here. This data, which includes information from your website, mobile apps, devices, advertising, emails, call centers, support systems, and more, helps you understand exactly how your customers (and would-be customers) are interacting with your business online. What are they clicking on? What products are they viewing, in what order? What content are they downloading? Are they signing up for your newsletter, but then unsubscribing soon after? Taken together and in context with other types of data, the answers to questions like these can help you understand the most effective way to reach each customer to increase engagement and conversion.

Companies engaged in Level 3 personalization build and deploy custom machine learning models to recommend products, services, and content that meet their customers' demonstrated interests and needs. Importantly, this strategy doesn't rely on a marketing cloud or personalization vendor, which means your data remains in one place and your team is in control of the entire process.

Level 3:
Taking the reins
of personalization

Enterprise Data   Behavioral Data   Custom Machine Learning Model
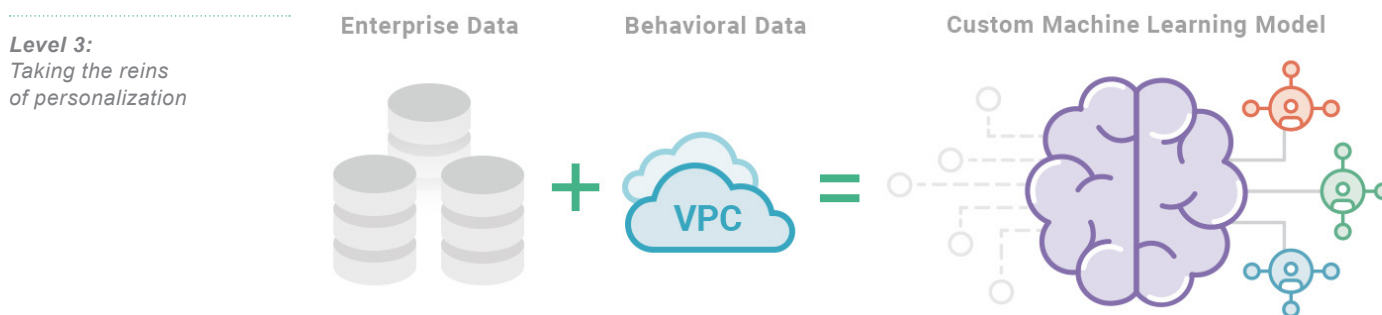
Delivering level 3 personalization with Syntasa

For many companies, the idea of implementing this level of personalization is intimidating. They recognize that companies like Amazon, Uber, and Airbnb have built their own data pipelines to process, analyze, and act upon vast scores of behavioral and enterprise data. But they think this process will be too time-consuming and expensive to undertake themselves. Syntasa has developed a better option for teams who understand the value of true personalization but may not want to build the technology from scratch.

The foundation of our platform is data, and we have deep experience with advertising, behavioral, and enterprise data sources. Our product enables digital teams to build behavioral data pipelines that connect your first-party data with customized AI/ML models and your activation channels. These pipelines run continuously to stay updated with the latest data, the latest predictions, and the latest decisions – as soon as they are available. In many cases, there's no need to involve IT — digital teams can track visitors' journeys, build scores, and quickly enact data-driven personalization based on digital activity.

STEP 1: COMBINE BEHAVIORAL AND ENTERPRISE DATA

Many companies struggle with fragmented data. Syntasa brings together the information you need to do the best personalization, including:

- Behavioral data from websites, apps, and other devices. This comes from analytics tools like Adobe Analytics and Google Analytics 360. Behavioral data is crucial to personalization, but is exceedingly difficult to process and consolidate given its volume and complexity. The Syntasa platform has pre-configured adaptors to ingest data from these sources and has been specially architected to run natively within cloud data platforms (like GCP, AWS, and Azure) to deal with data volumes that are an order of magnitude larger than a typical enterprise data platform.

- Enterprise data from online sources like ecommerce, CRM, as well as offline sources like store purchases, call center chats, email messages, and data from channel partners.

Synthesizing these two types of data is crucial to achieving the most sophisticated level of personalization. Behavioral data provides insight into digital activities like page views, product views, video views, downloads from content offer pages, product purchases, price of a product, payment methods, and other forms of engagement. Enterprise data adds the customer behavior you are trying to affect, like subscriptions, consumption patterns, loyalty status, and cancellations. Our Identity Graph allows you to combine these two to provide a unified view of each individual customer.

This enterprise data is essential to building custom machine learning models, an important part of Level 3 personalization. Your results will be suboptimal without this data – if you want to know the likelihood that one of your customers will cancel a subscription from your brand, you'll need to build the model with your customers' data for the most accurate predictions.

STEP 2: WORK WITHIN YOUR OWN PRIVATE CLOUD

Syntasa leverages native cloud services in a variety of secure cloud platforms like Google Cloud Platform, Amazon Web Services, and Azure, meaning you can process, analyze, and act upon your data in your own private cloud environment. Cloud platforms also mean you can quickly and efficiently scale as business demands increase, eliminating any risks associated with operational or maintenance issues.

The scale and complexity of behavioral data requires the power of cloud data processing and your sensitive customer data requires the use of your own Virtual Private Cloud.

STEP 3: IMPLEMENT CUSTOM MACHINE LEARNING MODELS

Syntasa makes it possible for digital teams to train, deploy, and manage their own custom Artificial Intelligence (AI)/ Machine Learning (ML) models. As mentioned earlier, custom AI/ML models are more flexible, scalable, and effective than rules-based approaches. A single machine learning model can do the work of thousands of manual rules. A clear example of the power of AI/ML models is demonstrated through product bundling recommendations. When consumers engage with a certain product, customized models deliver relevant bundling recommendations in real-time based on an individual's behavior.

Every AI/ML personalization model will use data to learn the algorithm it will use to generate relevant recommendations. Black box models come pre-packaged so you can simply toggle a switch to turn them on, but they won't be nearly as effective as your own model. Because your customized models are developed with your enterprise data, you know they will be the best fit for your specific situation and have the biggest impact on your key metrics.

SYNTASA®

STEP 4: ACTIVATE ACROSS ALL OF YOUR CHANNELS

Once you have the best recommendations for each customer, you'll want to ensure they are consistent across all of your channels — including email, website, and mobile. Syntasa's Customer Intelligence Store keeps track of all of the recommendations for each individual so you can activate them across whichever channels you choose, and make sure they provide a smooth customer experience. Reaching customers across multiple channels can also help increase brand awareness, preference, and conversion over time.

If you ask 100 brands if they are personalizing their experiences, they will almost all say yes. But we know that some are doing it much better than others. Now you have the information and the technology you need to build Level 3 personalized experiences for yourself. Free yourself from antiquated methods to leverage valuable behavioral data to influence customers with personalized recommendations across all of your channels.

Ready to get started with Level 3 personalization today?
Try Syntasa for free ▶

"Syntasa has been really invaluable in speeding up our time to value by architecting our Adobe Analytics data and productionizing data science and machine learning modeling at scale, and in such a way that we can confidently pass that into production systems to drive the user experience."

Paula Bobbett
Head of Online Performance
Dixons Carphone

HOW DIXONS CARPHONE INCREASED ADD-TO-BASKET RATES 3X

Leading multinational consumer electrical and mobile retailer and services company Dixons Carphone used Syntasa to improve product recommendations on its site. Previously, Dixons' online merchandising team used basket analysis to suggest potential purchases to users. Using Syntasa, Dixons has more than doubled product coverage (the share of product views on the website where a recommended bundle was displayed) from 32% to 72%, and increased add-to-basket rates 3x for personalized, AI-driven product recommendations vs. manual recommendations.

How? Dixons used Syntasa to synthesize behavioral data so it would be available for analysis and recommendations immediately. When a customer arrives at the Currys PC World (one of Dixons' brands) website and opens a product detail page, a query is made to the recommendation API, containing the customer's visitor ID and product ID. This recommendation API then returns personalized or non-personalized bundle recommendations, based on the customer's history on the Currys PC World websites. If sufficient browsing history is available, personalized recommendations are provided; if not, manual (non-personalized) recommendations are offered.

Dixons Carphone

Explore how Dixons Carphone leveraged behavioral data to deliver personalized bundling recommendations on their website.

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