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Tap In to the Power of Personalization to Boost Your Marketing Effectiveness

White Paper

by

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Tap In to the Power of Personalization to Boost Your Marketing Effectiveness

In marketing, personalization refers to using specific information about a customer to tailor the marketing message uniquely to that individual. *Personalization* is also a key tactic for implementing one-to-one marketing strategies that strengthen customer loyalty and often provide a high return on your marketing investment.

One of the simplest uses of the technique is to insert the customer's name in a mass message:

“Dear Julie,
Congratulations on your wise purchase of our superior product...”

If your name is correct, and you are linked to the actual product you purchased, using your name has, at the very least, the virtue of confirming that the company you're dealing with keeps accurate records. Whether the message has any “personal” value to you depends on the *relevance* of the content.

For instance, suppose you are being congratulated on the computer you just purchased, and the letter reminds you that you also bought a Super Deluxe service agreement. The letter then provides a toll-free number and *personal* service code to expedite any service call you might make. Now you have some information of relevance and value.

Suppose further that, when you eventually call for service, you are greeted by your name—“Is this Julie Smith calling?”—and the person on the other end quickly identifies the hardware you are calling about. Now we are moving from *personalized messaging* to an experience that looks more like *personalized treatment*.

Since we are supposing, let's go the final step and assume that the computer technician schedules an on-site service call at your convenience. The appointment is kept as scheduled; the computer is fixed right the first time; and the repair technician is so cheerful, courteous and competent that you are left feeling the original purchase was indeed a very wise move. To top it off, an e-mail arrives the next morning with a substantial discount offer on accessories for your desktop. Can you now feel yourself sliding toward brand *advocacy*?

Merging Personalization with Customer Service

Arguably, once we go beyond the specific concept of personalized messaging, we step outside the traditional boundaries of marketing and into the experiential arena of customer care. Here we stand face-to-face with the ultimate challenge—how to ensure that the marketing message is paid off in the way each customer is treated when he/she interacts with the company after the sale. At this point, we are at the mercy of company policy and the attitudes of individual service personnel.

Of course, what we are now talking about is the “holy grail” of all marketing and customer contact activity—*customer satisfaction at a level that leads to loyalty and advocacy*.

While personalization by itself is hardly a strategy for ensuring satisfied customers, it deserves to be viewed in this broader context because it can enhance overall customer satisfaction.

The personal data you have about your customer can come into play constructively at all contact points between customer and company—before, during and after the sale.

Because marketing and other communications to the customer play a central role in shaping brand acceptance, it is important to give special attention to how personalization can increase the positive value of those messages.

Understanding the Three Levels of Personalization



Our “Dear Julie” example illustrates the three levels of personalized messaging.

The first level (P1) identifies the customer by name and address (snail or e-mail). It takes advantage of the easiest data to collect, costs little to use and can be employed in an endless variety of messages. The name draws attention better than “Dear Customer” and communicates a sense of order and accuracy on the part of the company, as well as suggesting a desire to do further business with the individual. In some situations, this is all you can do. When you have the data and wherewithal to do more, however, the positive impact increases dramatically.



The second level (P2) adds other information (data fields) about the customer to increase the personal value of the message. At Level P2, the focus is on *content* that is uniquely relevant to the individual customer.

Transaction histories enable us to communicate specifically about past purchases. If we solicit information on recreational or reading preferences, for instance, we can provide additional content of special interest to the customer, either as added value or as a platform to promote other products and services. Based on the customer information we have in hand, the potential for engaging the customer increases significantly.



The third level (P3) focuses on *interaction*. At this level, we are using the data we have about each customer

to directly encourage a response—we make special offers; deliver premiums; or invite the customer to an event, such as a new product launch or owner club. The marketing thrust at this level is action. We aim to bring the customer back to the retailer to buy or experience a new product, generate a new order or build brand enthusiasm through participation in events.

To achieve the levels of personalization demonstrated in both the P2 and P3 levels, General Physics Corporation (GP) uses a proven personalization process called **Audience of One™**. This proprietary process allows us to identify the most valuable personalization opportunities, gather and analyze all of the data; develop the personalization logic, test and implement the personalization strategy, and finally, measure individual results.

Determining Metrics and Measuring Results

As personalization becomes more complex, it can be more costly, so it’s important to measure results. After all, personalization is a technique to help get business results, and you need to know what you are getting for your money.

What you measure and how you measure it are driven by the nature of your business, but some of the usual metrics apply to virtually all business situations: sales volume, revenue per transaction, repeat sales, and offer response rates and the like are the typical measures our clients work with.

Some of our clients who use multiple approaches to reach customers will establish a baseline metric using traditional mass communications and then measure the results of their personalized message against this standard. However, you would not be likely to measure the results of a “personal” versus a “mass” message. The customer experiences the message in total, and that’s what drives the results you’re measuring—the look and feel of the communication piece; the use of personalization; and, above all, the value of the content.

Typically, the measured results of a complex personalized message are significantly better than the results of a mass market message. The difference can be dramatic. We often see metrics improve by a multiple of two, three or even four times the usual ROI.

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These and many other changes in style, imagery and positioning as well as the addition of a personalized rewards offer insert, led to different versions aimed at different segments, but all containing the product information in the original. New information was added in the form of offers and articles that extended product understanding and value, transforming the catalog into a magalog.

The result—the customer response rate to this more focused and personalized approach shot up by some 400 percent!

Deciding on Which Media to Use for Personalization

The good news is that you can personalize any medium in any format. Longer forms, like magazines (or online eZines), provide the widest range of opportunities for personalization. Magazines are especially well suited to reaching large numbers of active customers. They accommodate the use of multiple strategies at the same time. Some of the most effective personalized magazines combine product information, coupon offers, articles by expert users and other relevant content in the same issue. Magazines also provide the space for compelling graphics and photography to support the copy. And, as a bonus, they have the appeal and portability that encourage customers to pass them on to others.

Another medium that can benefit significantly from personalization is the product catalog. Traditionally, product catalogs were thick, heavy and packed with detail. Today, catalogs come in various sizes, and many companies have effectively broken up the all-inclusive bulky book into several smaller specialized catalogs.

Nonetheless, most catalogs still remain encyclopedic in nature and rarely take advantage of personalization. When they do, however, the results can be dynamite. A specialty retailer asked us to review its annual product catalog with the objective of improving response rates to the catalog offers. Other than budget limitations, the only unbreakable rule was that we could not omit any of the product content.

We found several opportunities to strengthen the catalog using targeting and personalization. Working with the client's customer data, we found that we could segment the customers by primary product interest, among other factors, and that led us to completely version the content. The cover images and headlines, as well as the opening pages of the catalog, featured items of interest to the specific customer segment.



Gaining Results from Non-Marketing Uses of Personalization

While our primary focus has been on consumer marketing communications, personalization concepts and tactics also have a place in internal corporate communications. Imagine a communications tactic that allows you to reach hundreds or thousands of employees and helps increase program participation, motivate engagement and behavior, or measure interactions and successes. Personalization gives you the opportunity to dialogue with every individual in an organization on personally relevant matters. This is a powerful tool.

For example, the eNews concept can be used to deliver personalized employee data, such as progress toward completing a learning curriculum. In our experience, personalized e-mails typically achieve much higher “open rates” than mass corporate e-mails sent to employees or franchisees.

The eNews concept accommodates multiple types of relevant content, some personalized and some more general, as well as links to web sites for expanding information and resources. It's a great tool to help employees track their progress toward specific goals (such as earning a professional certification) and at the same time helping to motivate and encourage participation.

Summing It All Up in the Context of Today's Economy

The use of personalized messages is often described as an attempt to recapture the good old days when so-called mom-and-pop stores knew all their customers by name, remembered what and how often they purchased particular products, and identified which customers they could trust to run a tab. The existence of such stores and relationships, however, may have much more to do with the structure of a local community than it does with the local retailer's treatment of the customer.

Undoubtedly, there are still cases of such retailing intimacy in existence. In those unusual spots, perhaps the entire setting is personal, not just the shopping.

Today, shoppers straddle multiple retailing worlds. The local baker or dry cleaner may work at customer intimacy and make us feel right at home. But maybe not. As shoppers, we have been taught to value choice and variety over loyalty. Some of us may be loyal to the neighborhood gas station, but we are more likely to switch as prices change—or go to one for the coffee (not the gas) and yet another to fix a flat. Or the car may “drive itself” to the nearest pump when the low-fuel indicator comes to life.

For most of us, most of the time, shopping and buying are impersonal acts of commerce. They are fundamentally transactions. We drive to the mall and browse dozens of retailers. Or we jump on the Internet with the potential to be connected to retailers around the globe. In this environment, it's no wonder that marketers struggle so hard to win and hold customers. Perhaps that's why personalized marketing and communications strategies are so important today. Individuals are washed over by a constant stream of mass marketing appeals all fighting for a fleeting share of mind. In contrast, personalized strategies make the marketer stand out and introduce a dimension of customer intimacy into the relationship, and that is a step on the right path that leads ultimately to brand loyalty.

About Sandy Corporation

Sandy Corporation, a division of General Physics, is a Learning and Loyalty company. For more than 38 years, Sandy Corporation has been a leader in bringing creative learning and loyalty solutions to a variety of industries. Sandy has extensive experience in creating custom solutions for a variety of clients—ranging from new product launches to customer loyalty initiatives to global training. We are a turnkey provider, offering services from design/development and creative to program administration and implementation.

Our personalization expertise through Audience of One, as well as our customer focus, is what differentiates us from other companies. Sandy Corporation is headquartered in Troy, MI, with a second office in Gardena, CA.

About General Physics Corporation (GP)

GP is a global performance improvement company and a leader in sales and technical training, e-learning solutions, management consulting and engineering services.

GP helps improve organizational effectiveness through innovative and knowledgeable training, consulting and business improvement services customized to meet specific needs. With offices throughout North and Latin America, Europe and Asia, we are strategically positioned to serve you at your locations around the world.

About the Author

Martha Manting is an Account Director of Client Services for the Sandy Corporation, division of General Physics, located in Troy, MI. She has over 20 years' experience in developing and executing major marketing and training initiatives. Martha currently oversees Sandy's Loyalty group, focusing on custom loyalty solutions for multiple market sectors, such as health, retail, automotive and travel. She consults with clients on new communications-related technologies that can help increase customer loyalty and brand advocacy.

Martha has also worked closely with major automotive manufacturers on various training programs, such as full-time trainers, product launches and other blended learning programs. ■



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