



2018 Trends in Personalization

EXECUTIVE SUMMARY

To help organizations better understand the key benefits, current usage and barriers to adoption of personalization, along with marketers' plans for the next 12 months, Evergage and Researchscape International surveyed 300 marketing professionals from five countries in 19 different industries. The online survey was fielded from February 22 to March 28, 2018.

Marketers overwhelmingly agree (98%) that personalization helps advance customer relationships, with 74% claiming it has a "strong" or "extreme" impact. Nearly 9 out of 10 (88%) state that their customers and prospects expect a personalized experience.

However, this year, we found that marketers are more unsatisfied with their current efforts and are less confident in their ability to achieve successful personalization today. Only 12% of marketers are "very" or "extremely" satisfied in the level of personalization in their marketing efforts, while 38% are "moderately" satisfied. One reason for this dissatisfaction likely stems from the challenge marketers face in bringing customer data together (55% of marketers don't feel they have sufficient data and insights for effective personalization, while marketers store their customer data in a mean of four different systems). They also face challenges tracking customer journeys and linking insights across channels (e.g. web, mobile, email and others), as 46% of marketers have a few channels connected while 27% have no connections.

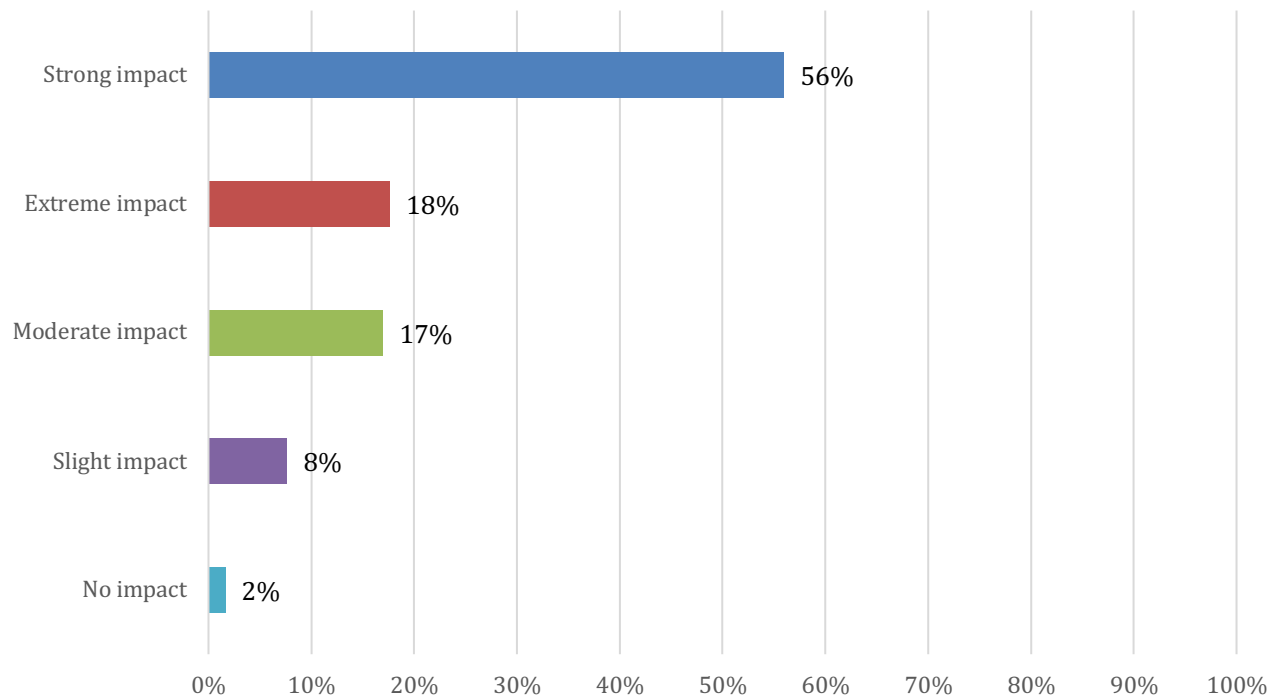
As a result, marketers generally feel that they have further to go before reaching personalization maturity, as 52% rate their organization's personalization maturity level as "limited" while only 8% rate it as "advanced."

Yet, marketers state that they are experiencing success with personalization. The majority (87%) report a measurable lift from their personalization efforts. Half (54%) experience a lift of more than 10%, while 13% report a lift of over 30%. This success is translating to continued support and investment. The vast majority of organizations (97%) plan to maintain or increase their personalization budgets this year. In addition, more than three quarters of respondents (77%) believe personalization should be a bigger priority in their organization than it currently is – up 4 points from last year and 13 points from 2016.

MARKETER ATTITUDES TOWARD PERSONALIZATION

The vast majority of marketers (98%) believe that personalization has at least some impact on advancing customer relationships, while nearly three quarters (74%) believe personalization has a “strong” or “extreme” impact on advancing customer relationships.

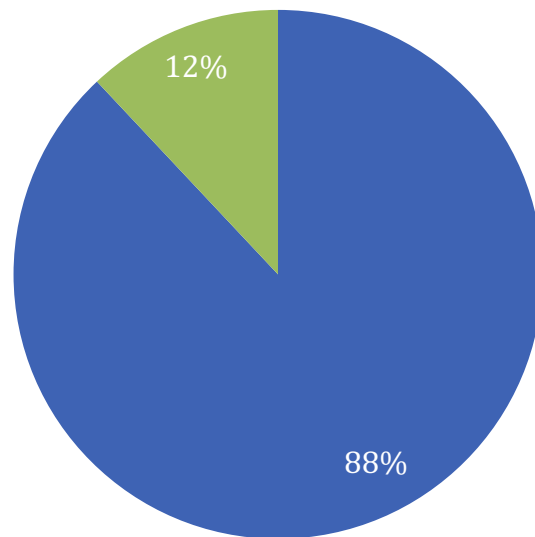
What is the impact, if any, of personalization on advancing customer relationships?



Sample Size: 300 (All Respondents)

Importantly, 88% believe their prospects/customers *expect* a personalized experience.

Do you think your prospects/customers expect a personalized experience?

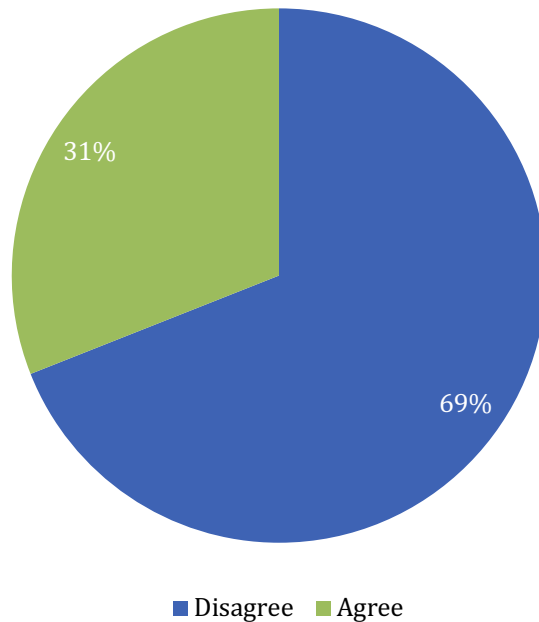


■ Yes ■ No

Sample Size: 300 (All Respondents)

Yet marketers don't feel that the industry is successfully delivering personalization to customers. Only 31% believe that the marketers are currently getting personalization right.

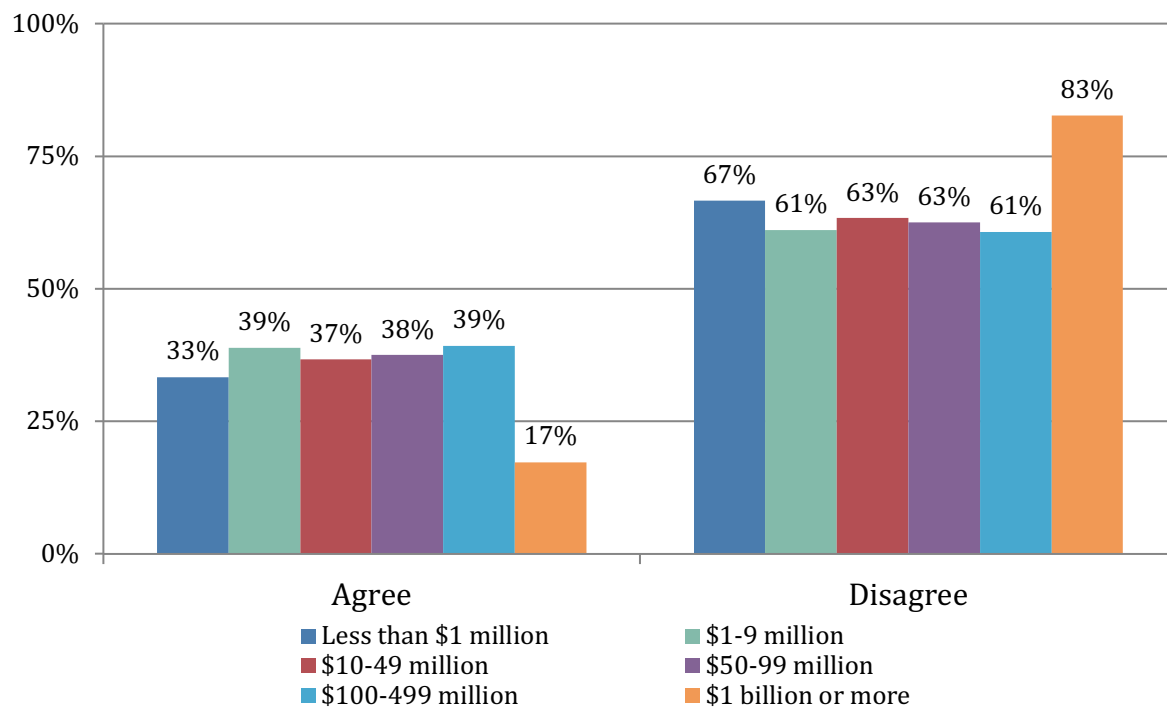
Would you agree or disagree with the following statement: Marketers are getting personalization right.



Sample Size: 300 (All Respondents)

The sentiment of dissatisfaction becomes more pronounced within large companies, as 83% of marketers at organizations with \$1 billion or more indicate that marketers are not getting personalization right compared to an average of 63% of marketers at smaller organizations.

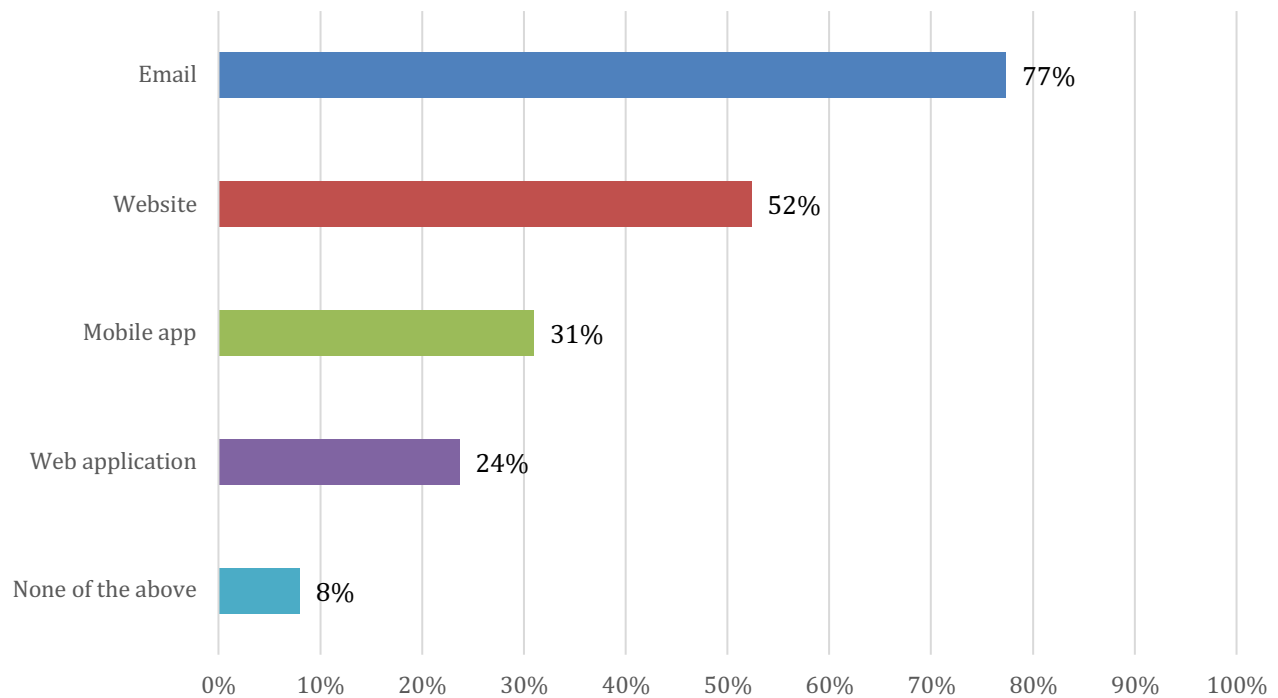
Cross tab: Would you agree or disagree with the following statement: Marketers are getting personalization right. By company size



PERSONALIZATION USAGE AND SATISFACTION

Personalization has seen wide adoption as a marketing tactic, with 92% of marketers reporting usage in some way. Three out of four marketers (77%) are applying personalization to emails – and one out of two are personalizing their websites (52%). Less than a third are utilizing it with a mobile app (31%) or web application (24%).

In which of the following digital channels are you using personalization?

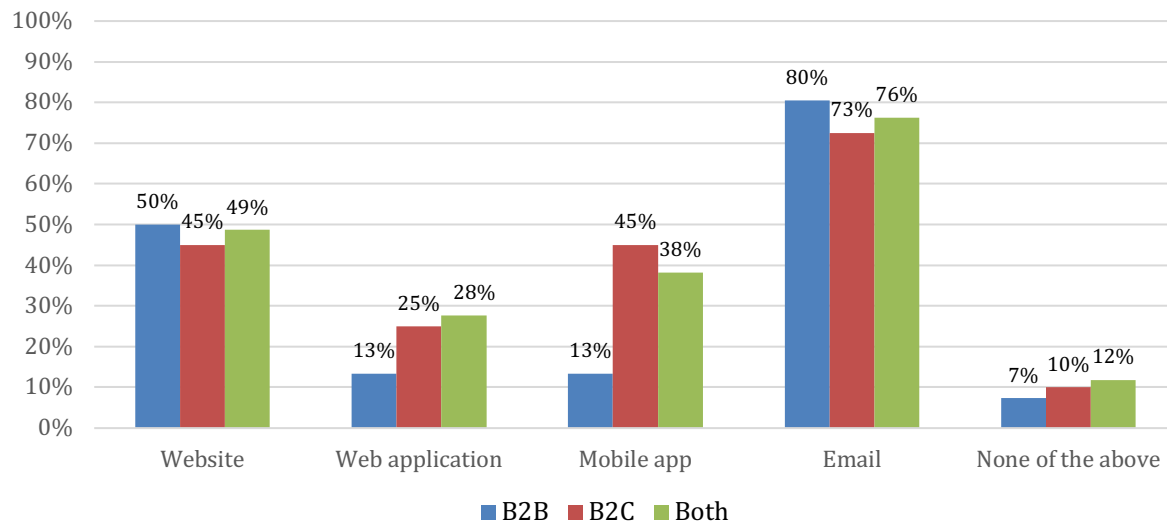


Sample Size: 300 (All Respondents)

Companies who market to at least some consumers are more likely to personalize their mobile apps (45% of B2C companies and 38% of hybrid B2B/B2C companies) than are those who market exclusively to businesses (13% of B2B companies).

B2Bs are also less likely to personalize web applications (13% compared to 25% of B2C companies) and more likely to favor email personalization than any other group (80%).

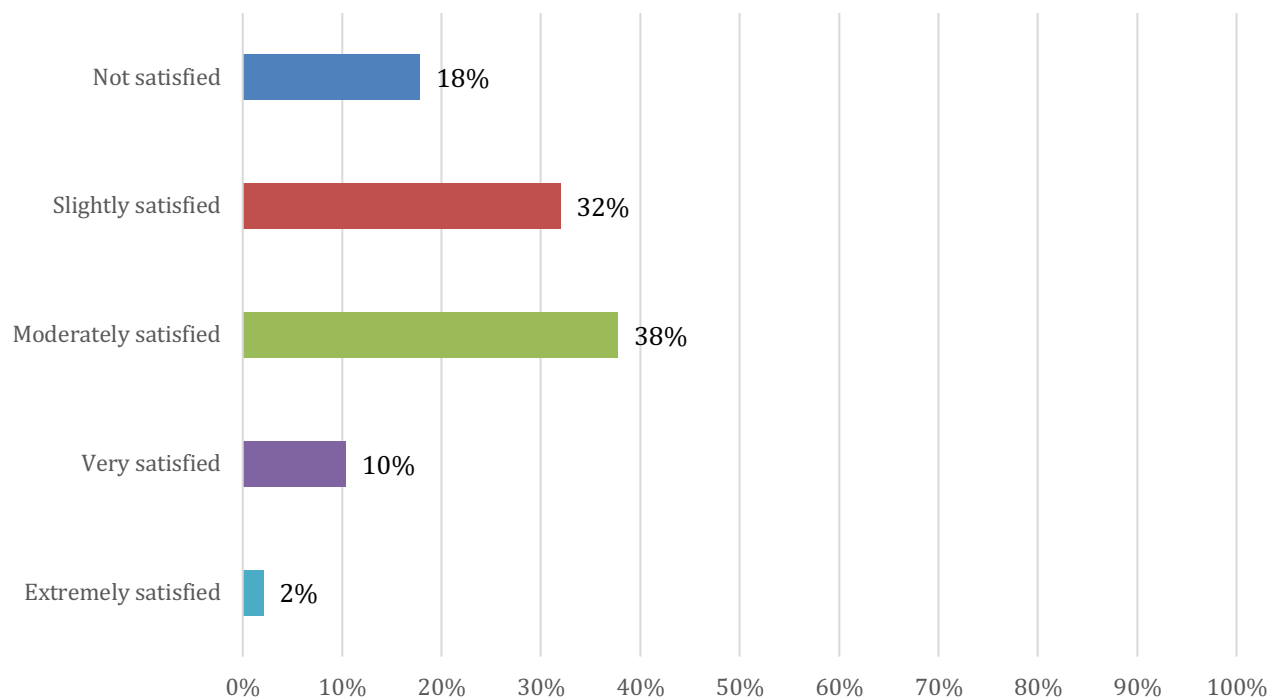
Cross tab: In which of the following digital channels are you using personalization? By B2B vs. B2C



Many marketers see room for improvement in the current level of personalization in their marketing efforts. While 70% are moderately or slightly satisfied, 18% are not satisfied at all.

A smaller portion (12%) of respondents are very or extremely satisfied with current efforts.

Overall, how satisfied are you with the level of personalization in your marketing efforts?



Sample Size: 241 (80% of Respondents)

Respondents not satisfied with their current level of personalization often feel they are in the early stages of their personalization journey. While some simply don't yet have the tools or the expertise, others feel they have more work to do to truly deliver effective personalization.

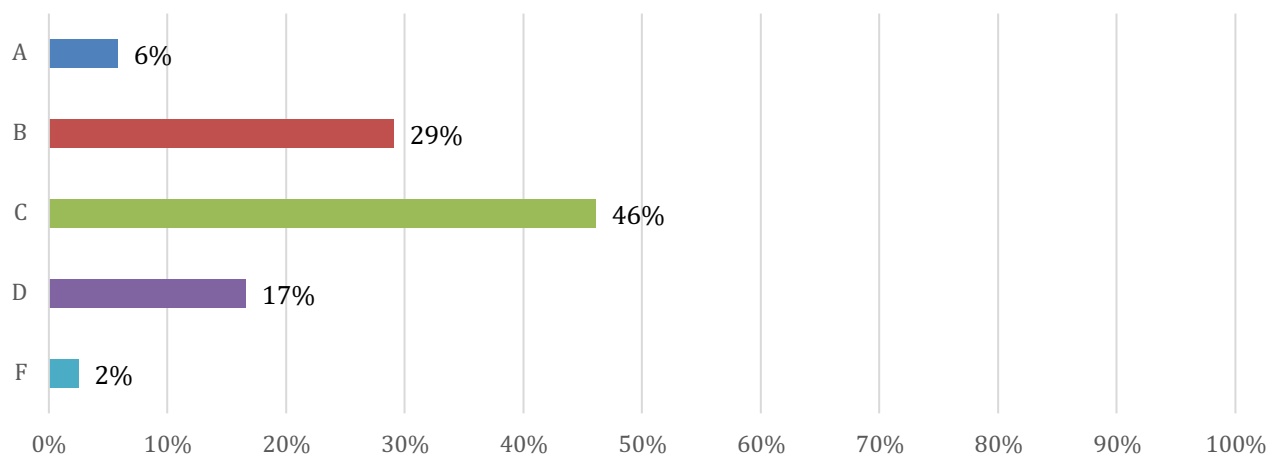
Marketers cited various factors that impeded their satisfaction with the level of personalization in their marketing efforts. Feedback includes:

- "We are still selecting the right tools and trying to optimize."
- "We don't have the people in place to make personalization happen. We've invested in the tools, but not the people."
- "The personalization we do is quite limited to a handful of campaigns. Personalization should be done and/or be applicable to the majority of email campaigns."

- "Barely scratching the surface of what could and should be done. We're just in the first inning."
- "Need more experience to connect with future customers on a personal level."

Further reflecting the sentiment that marketers feel they still have more work to do, when asked to grade their current personalization efforts, nearly half of respondents (46%) gave themselves a C, while 29% gave themselves a B.

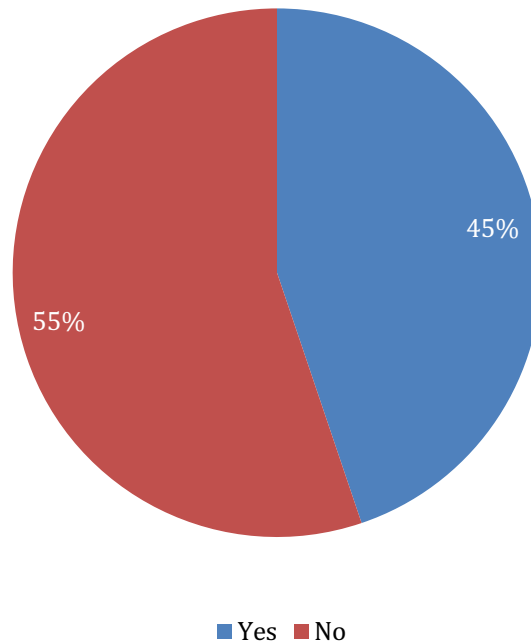
What grade would you give your current personalization efforts?



Sample Size: 241 (80% of Respondents)

Good data is essential for successful personalization. Bringing the right data sources together is a constant struggle for marketers across industries. Reflecting this challenge, more than half of marketers (55%) feel they don't have sufficient data and insights to drive effective personalization.

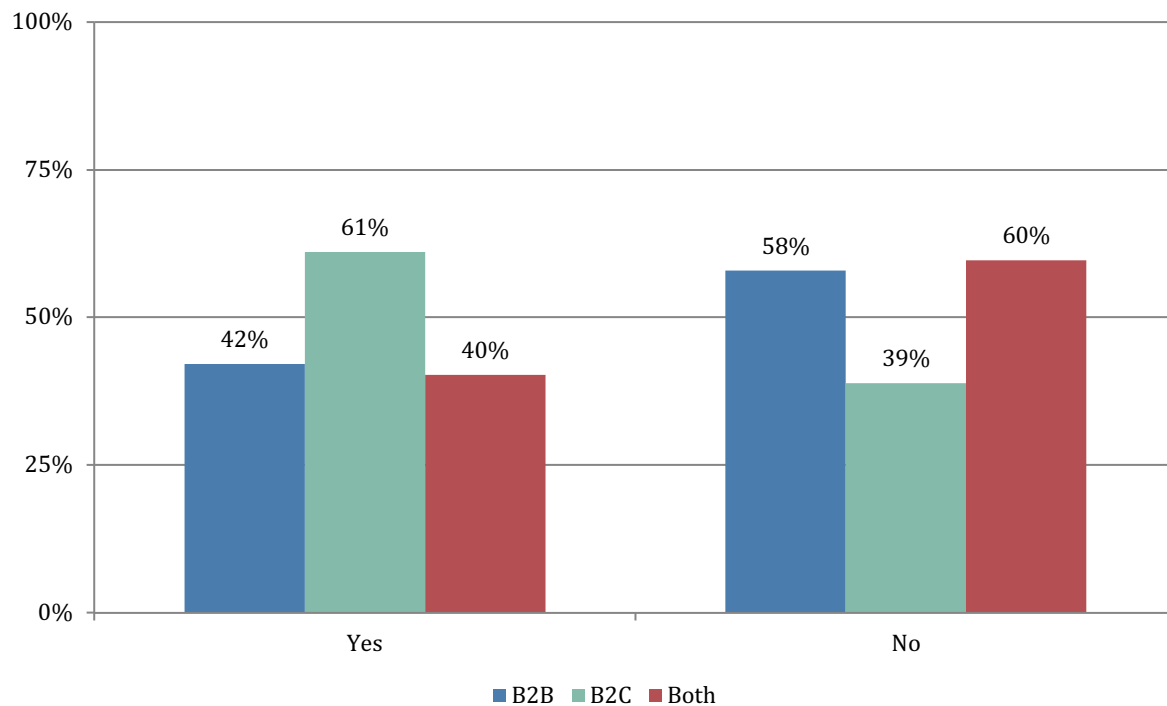
Do you feel you have sufficient data and insights for effective personalization?



Sample Size: 241 (80% of Respondents)

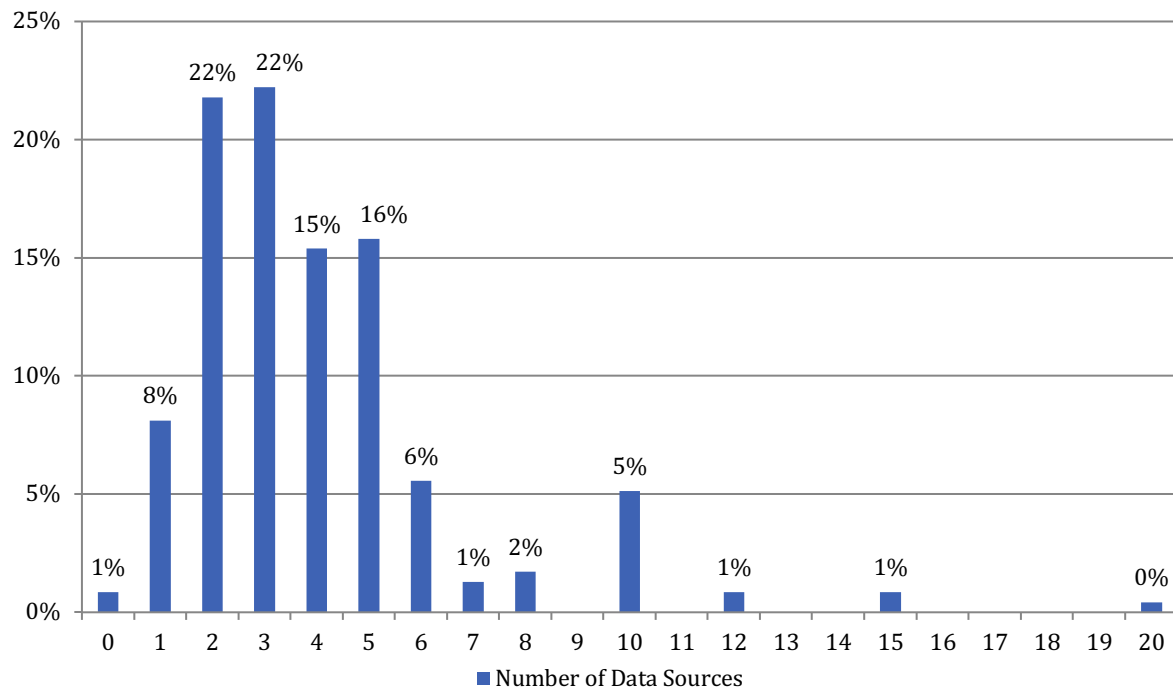
Marketers at B2B and hybrid B2B/B2C companies feel this data challenge more deeply – 58% of marketers at B2B companies and 60% of hybrid companies feel they don't have sufficient data and insights for effective personalization compared to 39% of B2Cs.

Cross tab: Do you feel you have sufficient data and insights for effective personalization?
By B2B vs. B2C



A lack of centralized customer data and insights may impede companies' progress toward personalization: nearly half (48%) store their customer and visitor data in 4 or more different systems. The median and most frequent answer (mode) was 3 systems, while the mean was 4.

In how many different systems do you store customer and visitor data?

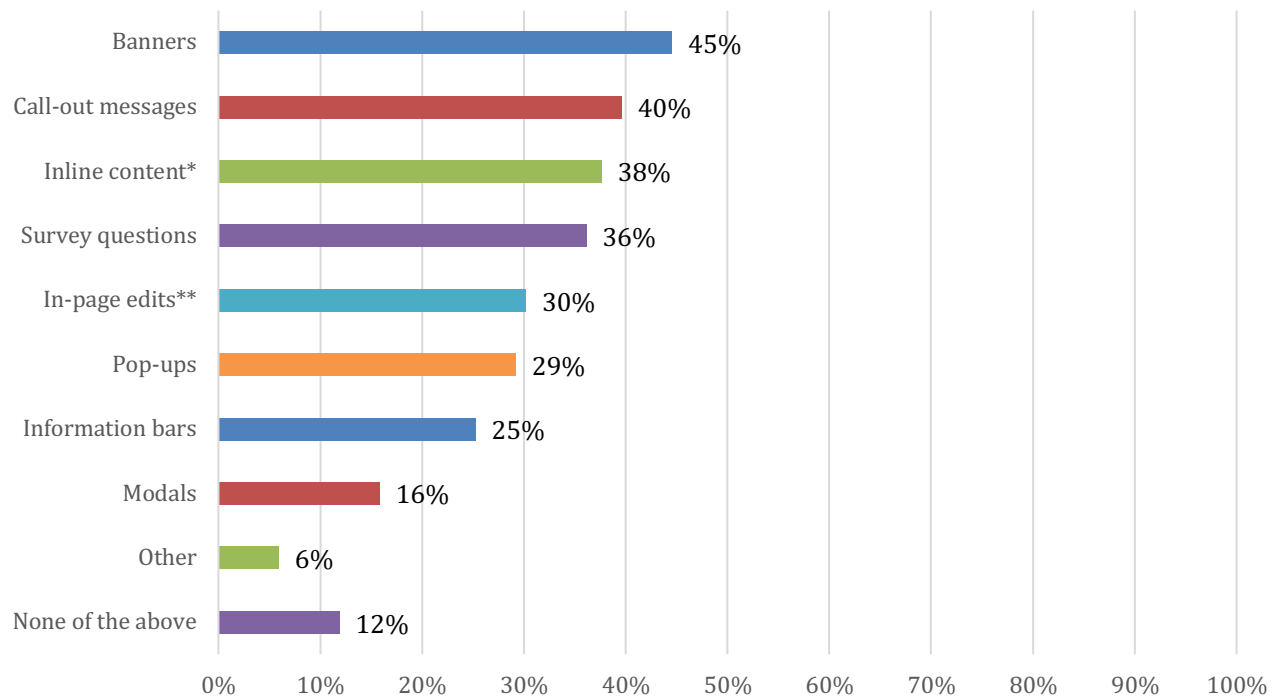


Sample Size: 235 (78% of Respondents)

PERSONALIZATION FORMATS AND TYPES

The most commonly used personalization formats are banners (45%), call-out messages (40%), inline content (38%), and survey questions (36%). Modals are the least commonly used format (16%), and 12% of companies do not use any of the options.

What personalization formats do you use?



Sample Size: 202 (67% of Respondents)

To clarify two of these terms, respondents were presented with the following footnotes:

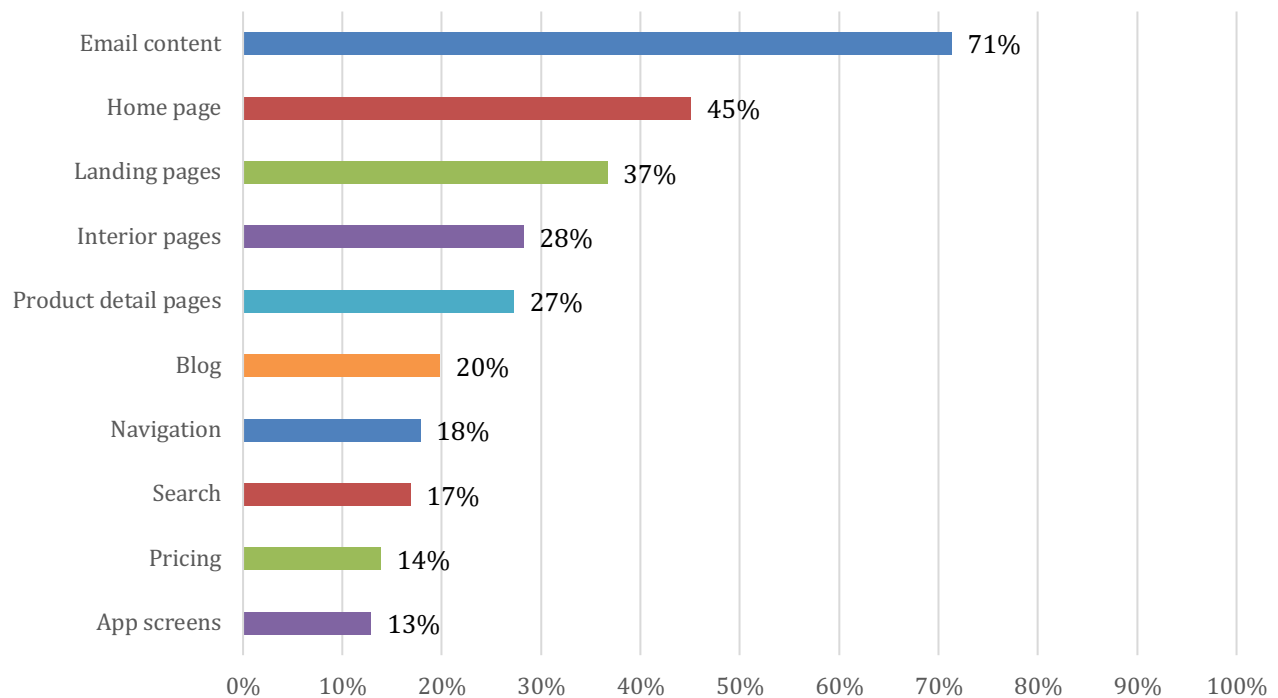
* Inline content allows you to dynamically **add or insert** sections of content on a page/screen/email

** In-page edits allow you to **modify or remove existing text or images** on a page/screen/email

As email is the most common channel for personalization, it's no surprise that 71% of marketers apply personalization in email content. The webpages most often personalized are home pages (45%) and landing pages (37%), followed by interior pages (28%) and product detail pages (27%).

One-fifth of marketers personalize their blogs (20%), while nearly as many provide personalized navigation (18%) and personalized search experiences (17%).

Where do you utilize personalized experiences? - Top 10

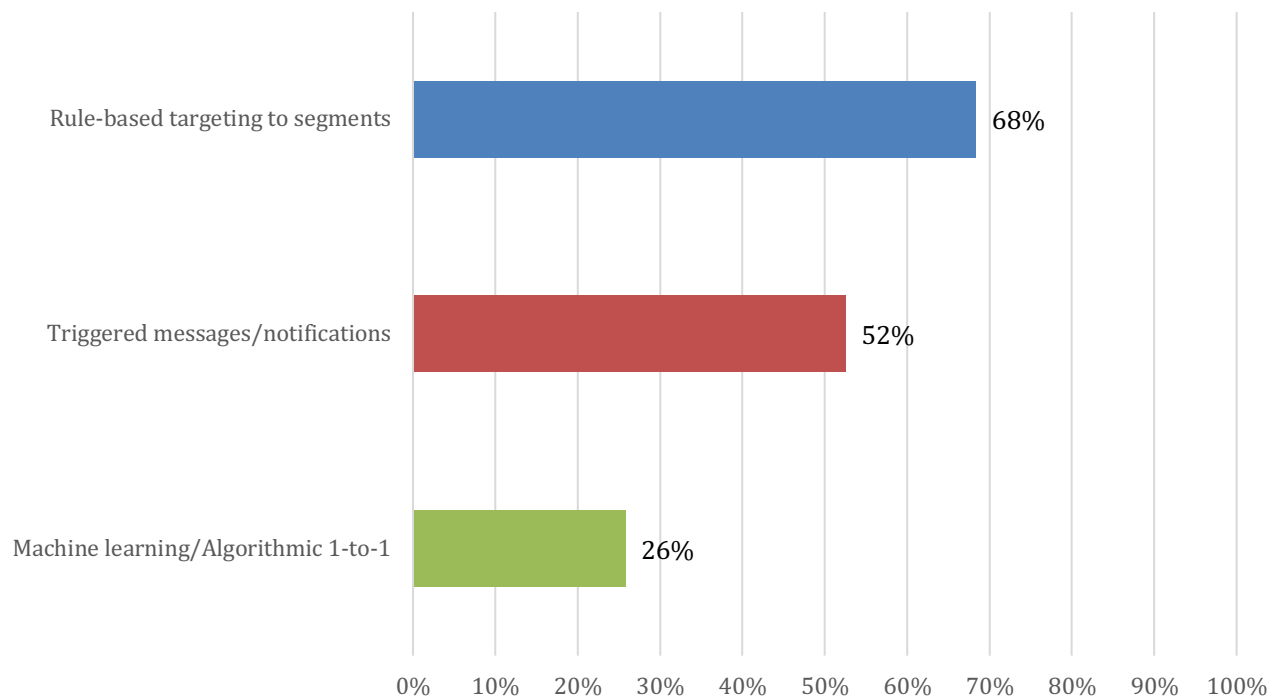


Note: Showing only the top 10 most selected options.

Sample Size: 202 (67% of Respondents)

Marketers most often utilize rule-based targeting to segments (68%) and triggered messages/notifications (52%). One out of four (26%) uses machine learning/algorithmic 1-to-1 personalization.

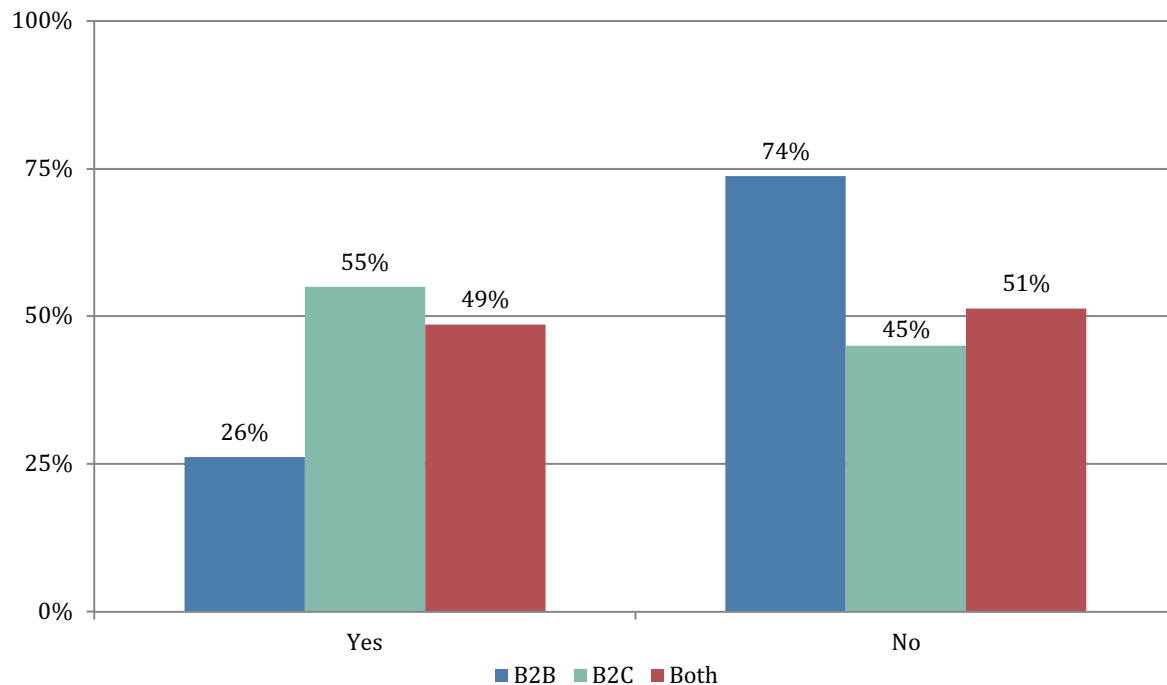
Which approach to personalization do you utilize?



Sample Size: 202 (67% of Respondents)

Among those not yet using machine learning, 26% of marketers at B2B organizations, 55% at B2C organizations, and 49% at organizations that are both B2B and B2C plan to within the next year.

Cross tab: Do you have any plans to begin using machine-learning/algorithmic personalization in the next year? By B2B vs. B2C



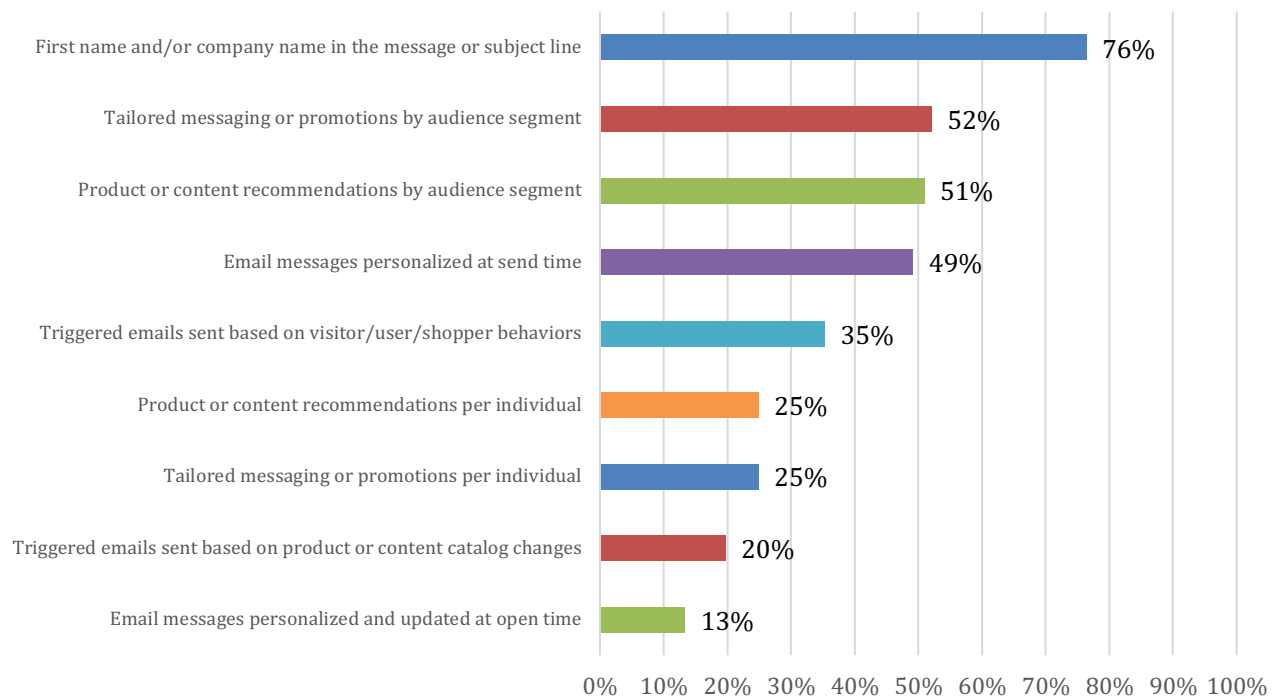
Sample Size: 110 (37% of Respondents)

When asked how they are personalizing their email campaigns in particular, three out of four companies (76%) indicated that they incorporate customers' first names and/or companies' names into the message or subject lines.

Half personalize by tailoring messaging or promotions by audience segment (52%), providing product or content recommendations by audience segment (51%), or personalizing email messages at send time (49%).

Only a quarter of email campaigns (25%) are personalized down to the individual level, including product or content recommendations and tailored messaging or promotions. A mere eighth (13%) of respondents are personalizing emails at open time.

How are you personalizing your email campaigns?



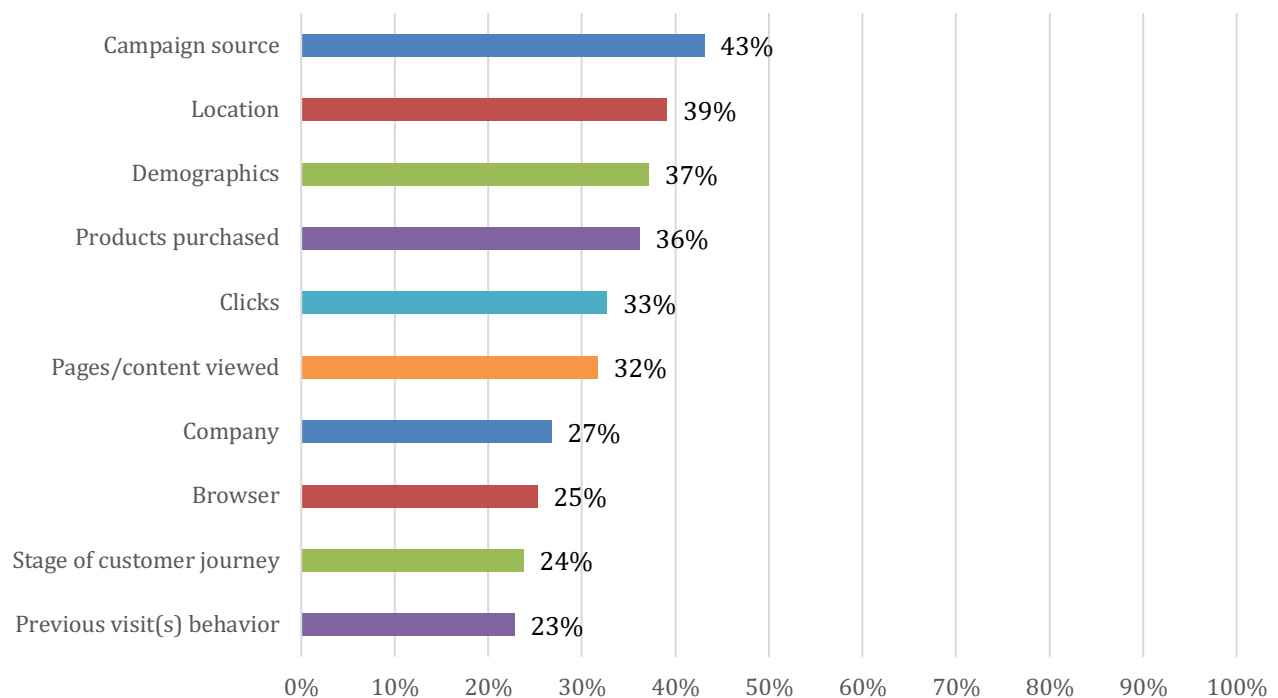
Sample Size: 173 (58% of Respondents)

Marketers most often consider campaign source (43%), location (39%), and demographics (37%) when targeting their audience to personalize the customer experience.

A third look more closely at individual user behavior – including products purchased (36%), clicks (33%), and pages/content viewed (32%).

Marketers less frequently consider a user's stage of the customer journey (24%) and previous visit behavior (23%).

Which of the following criteria do you use for targeting your audience in order to personalize the experience? - Top 10



Note: Showing only the top 10 most selected options.

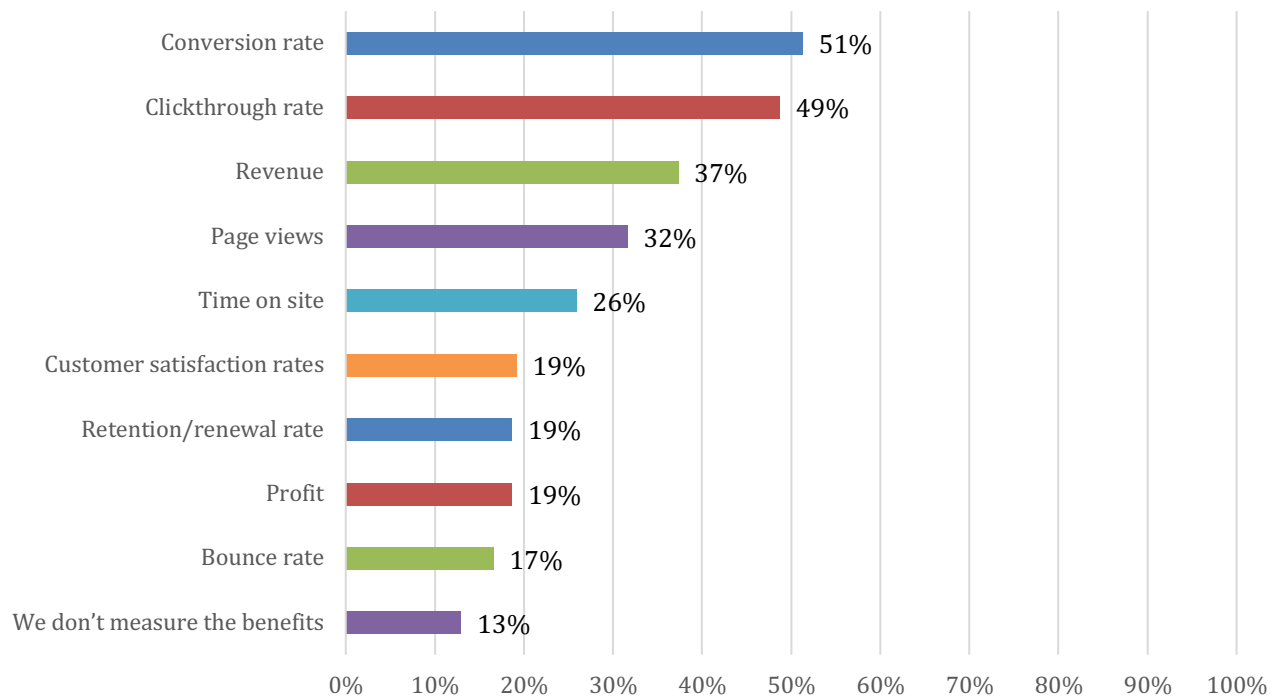
Sample Size: 202 (67% of Respondents)

MEASUREMENT AND BUDGETS

Marketers gauge the value of personalization by looking at improvements in conversion rates (51%) and clickthrough rates (49%) most often.

Marketers also cite increased revenue (37%) and page views (32%) as means their company uses for measuring the effectiveness of personalization.

Do you measure the value of personalization by improvements in...? - Top 10

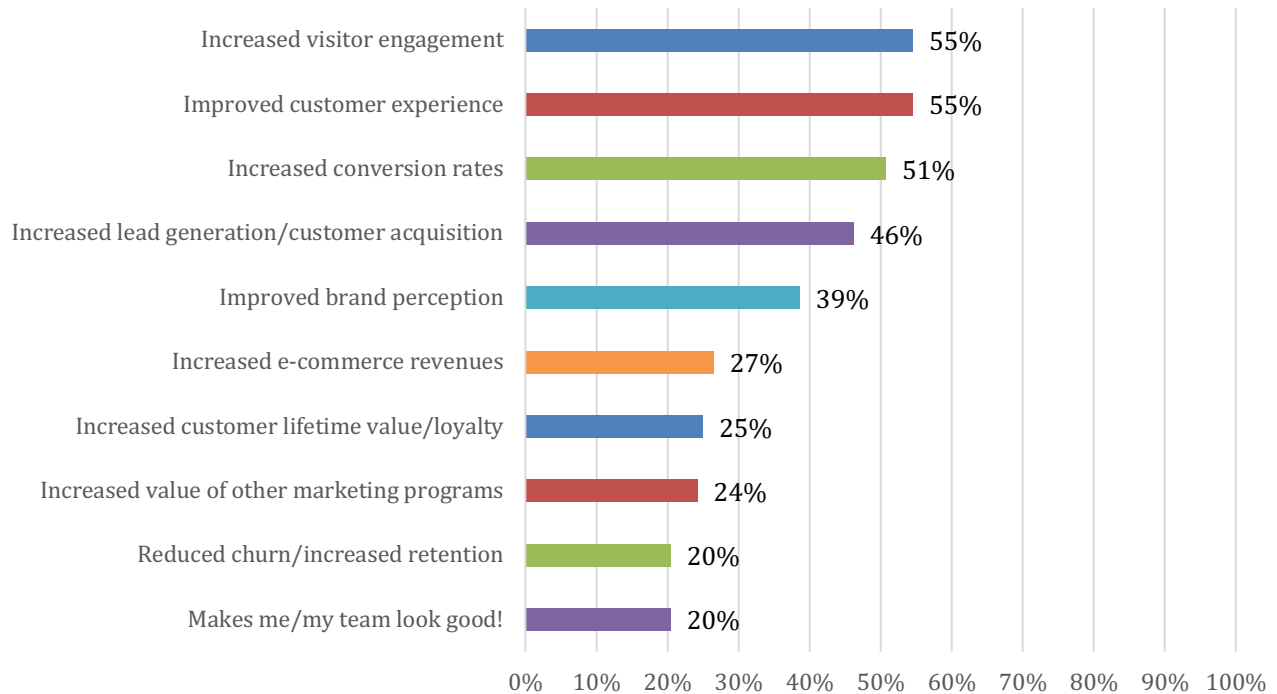


Note: Showing only the top 10 most selected options.

Sample Size: 193 (64% of Respondents)

The top five benefits of personalization that marketers are realizing include positive effects on the brand-customer relationship – such as increased visitor engagement (55%), improved customer experience (55%), and improved brand perception (39%) – and on the organization's bottom line, in the form of increased conversion rates (51%) and increased lead generation/customer acquisition (46%).

What are the main benefits you see from personalization for your organization? - Top 10

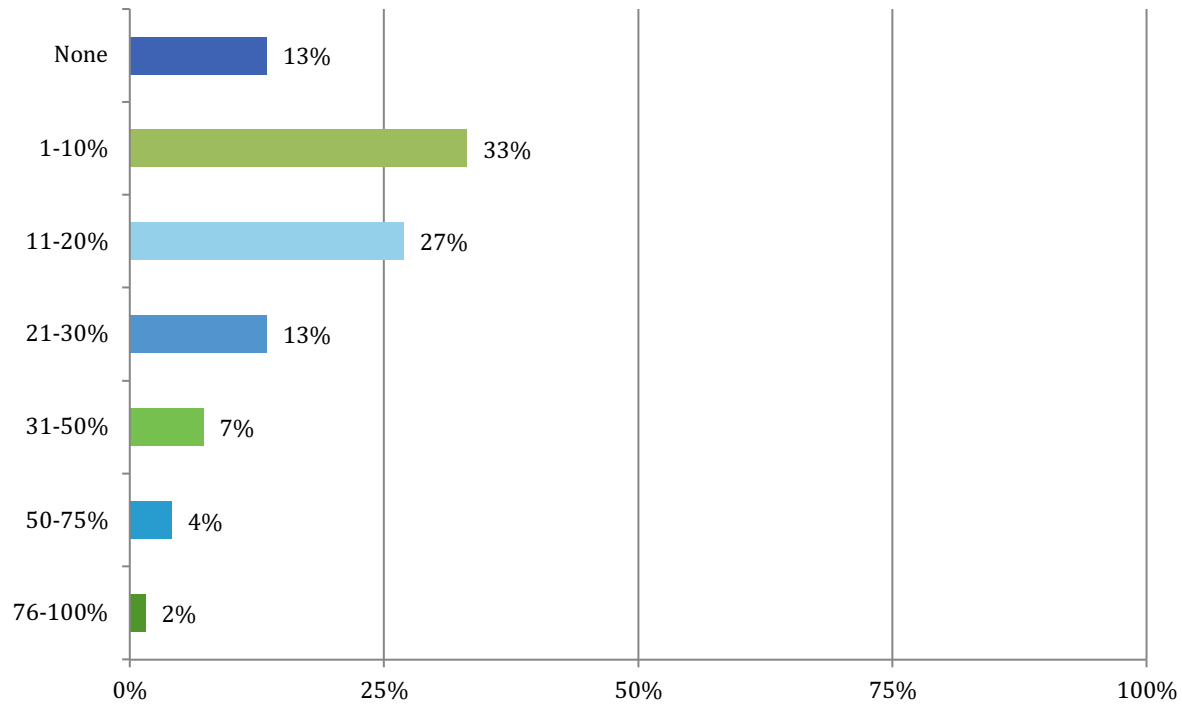


Note: Showing only the top 10 most selected options.

Sample Size: 132 (44% of Respondents)

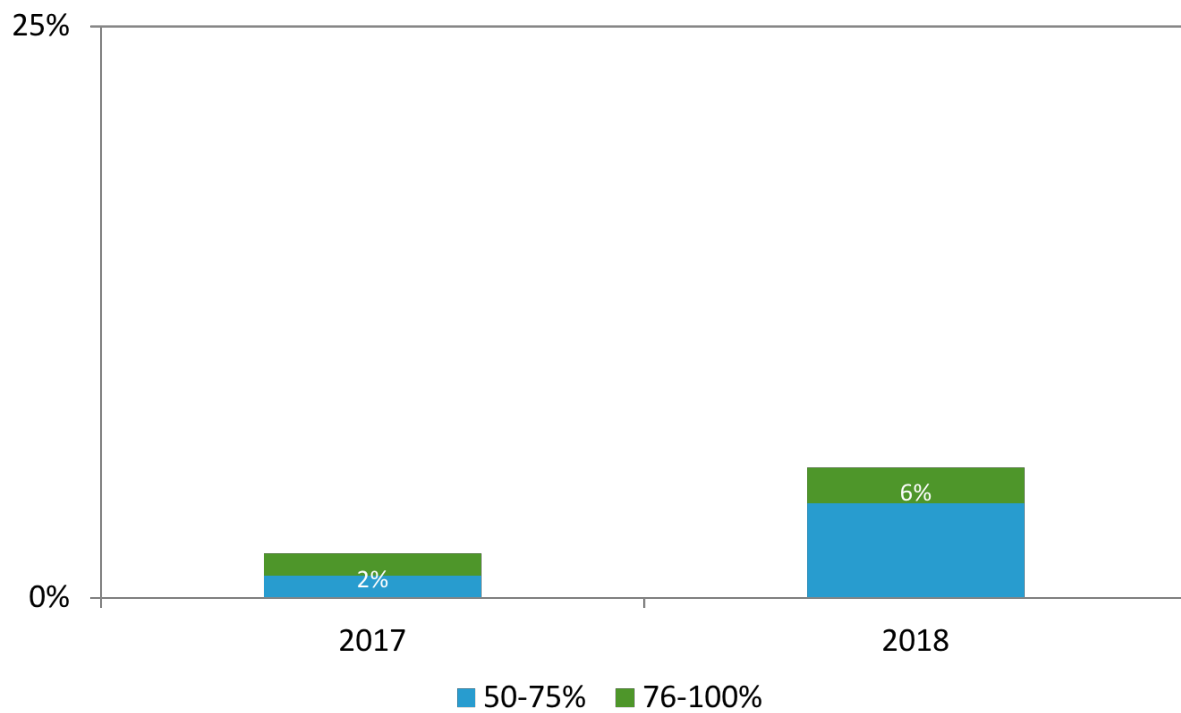
The majority of marketers (87%) report a measurable lift from personalization. Half (54%) experience a lift of more than 10%, while 13% report a lift of over 30%.

What percentage improvement or “lift” are you generally seeing from personalization efforts?



Sample Size: 193 (64% of Respondents)

And this year, 6% of marketers responded that they see a lift of over 50%, up from 2% from last year.

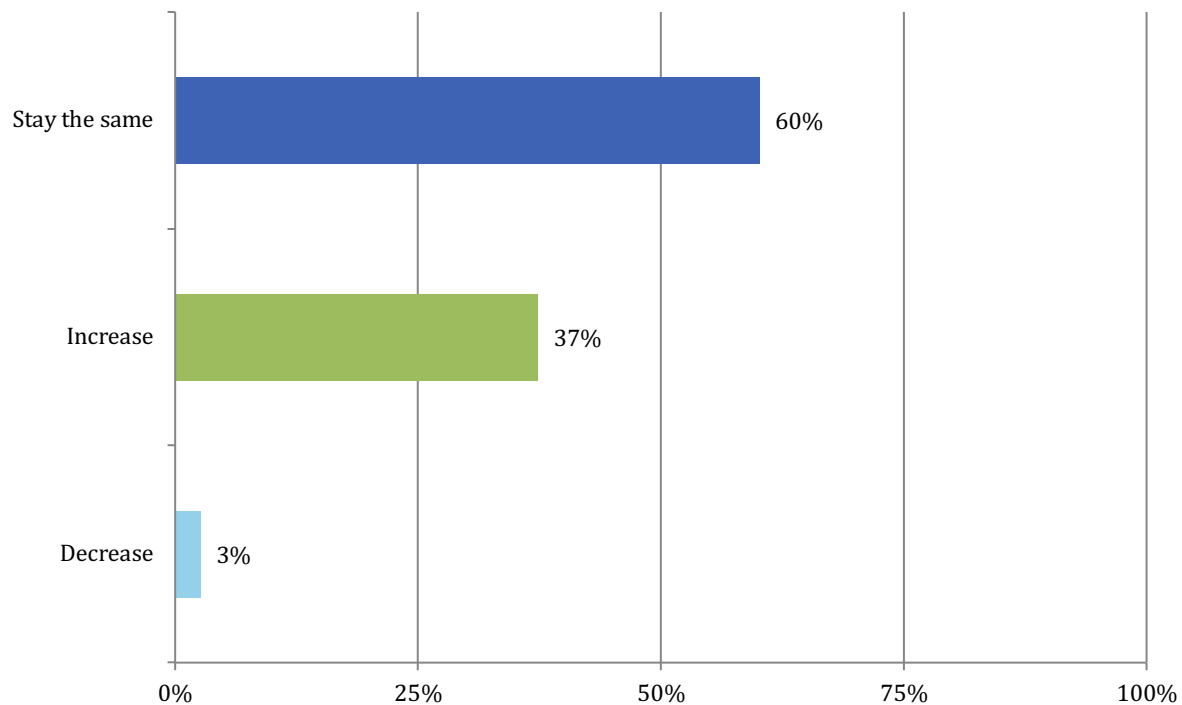


Sample Size: 2017 – 104 (50% of Respondents)

2018 – 193 (64% of Respondents)

The majority of respondents (97%) plan to maintain or increase their spending on personalization. For most companies (60%), the budget for personalization will remain the same in 2018 as the year prior.

Compared to last year, how will your personalization budget/spending change this year?

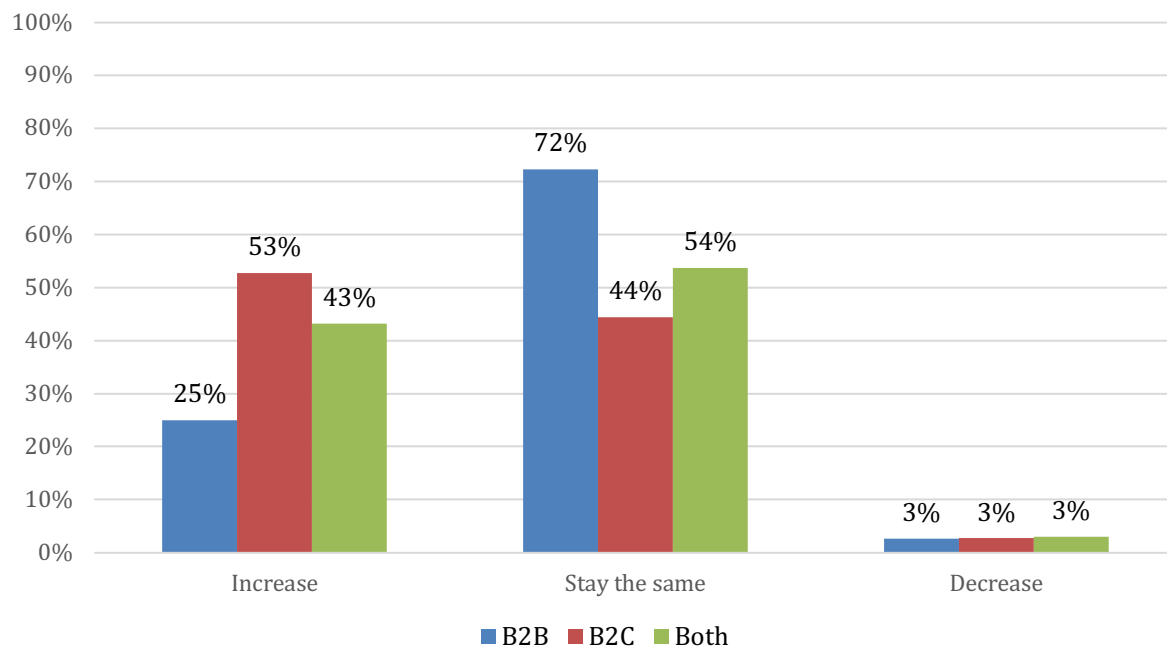


Sample Size: 193 (64% of Respondents)

Companies who market to consumers are more likely to increase spending on personalization in 2018: 53% of B2Cs and 43% of hybrids (B2C and B2B) will bump up allocations in their budgets, while just 25% of B2Bs will do the same.

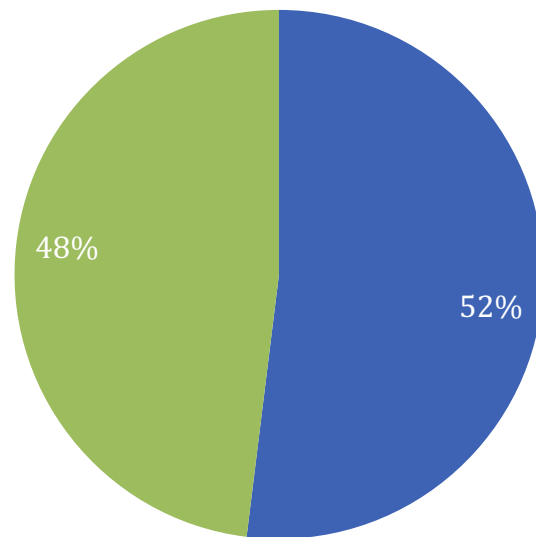
Companies who market to businesses only (B2Bs) are more likely to keep things steady: 72% will maintain current spending, compared to (44% and 54% respectively) of other company types.

Cross tab: Compared to last year, how will your personalization budget/spending change this year? By B2B vs. B2C



Over half of organizations (52%) have personnel focused on personalization in 2018.

Do you have personnel focused on personalization?

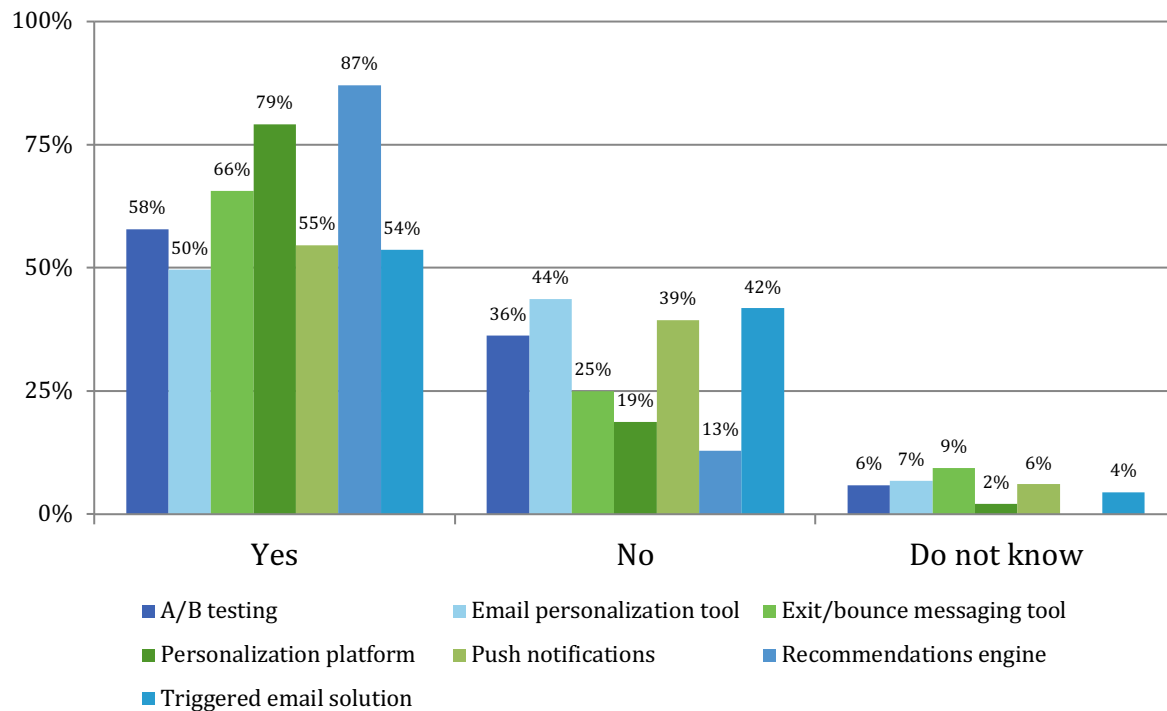


■ Yes ■ No

Sample Size: 179 (60% of Respondents)

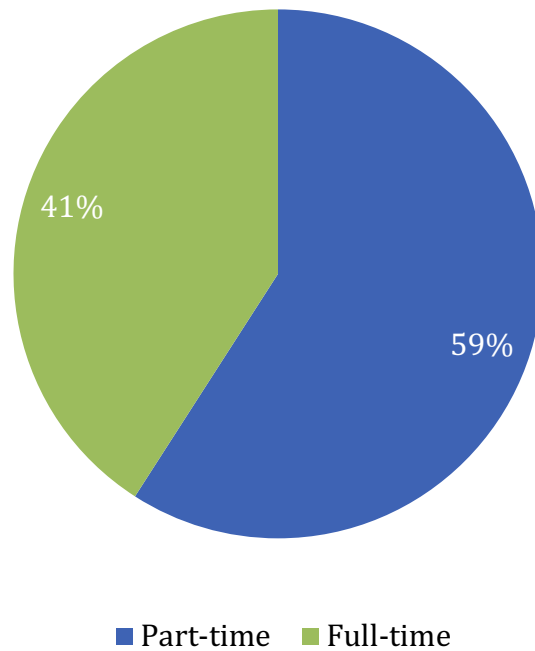
Companies who use recommendations engines and/or personalization platforms were more likely to employee personnel focused on personalization (87% and 79% respectively) than those using other solutions.

Cross tab: Do you have personnel focused on personalization? By tools used to execute personalization



Most staff working on personalization do so on a part-time (59%) rather than full-time (41%) basis.

Is this their full-time responsibility or their part-time responsibility?

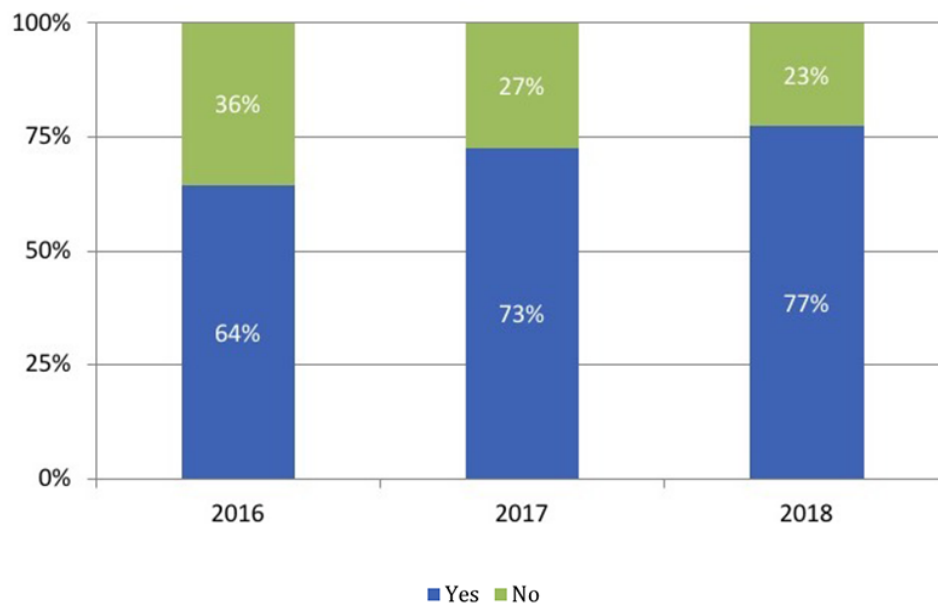


Sample Size: 88 (29% of Respondents)

LEVEL OF CORPORATE ADOPTION

Three out of four marketers (77%) believe personalization should be a bigger priority in their organization than it currently is – a number that has grown every year since 2016.

Do you believe personalization should be a bigger priority in your organization than it is currently?



Sample Size: 2016 – 165 (66% of Respondents)

2017 – 165 (80% of Respondents)

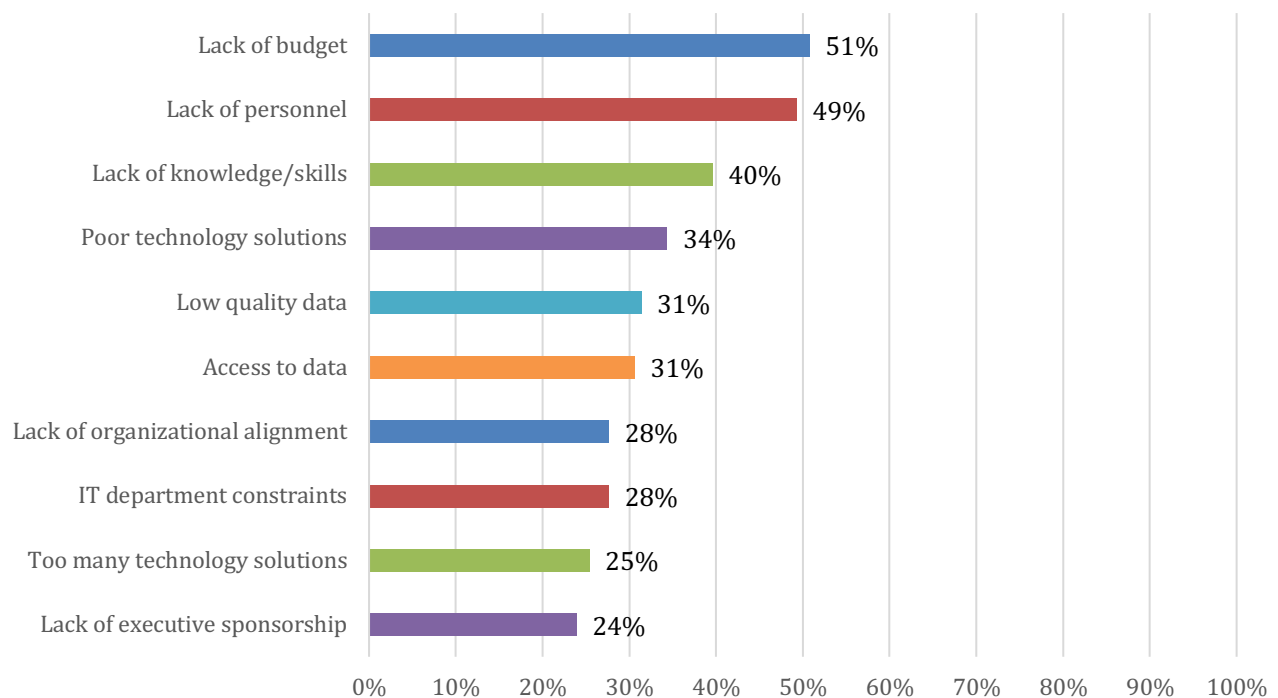
2018 – 173 (58% of Respondents)

Marketers said the greatest obstacles to making personalization a bigger priority in their organizations involve lacking resources – primarily budget (51%), personnel (49%), and knowledge/skills (40%).

About a third pointed to technical issues, such as poor technology solutions (34%), low quality data (31%), and access to data (31%).

Fewer mentioned a lack of executive sponsorship (24%) or company culture (18%) as hindrances, suggesting enthusiasm for personalization is present in many organizations.

What are the greatest obstacles to making personalization a bigger priority in your organization? - Top 10

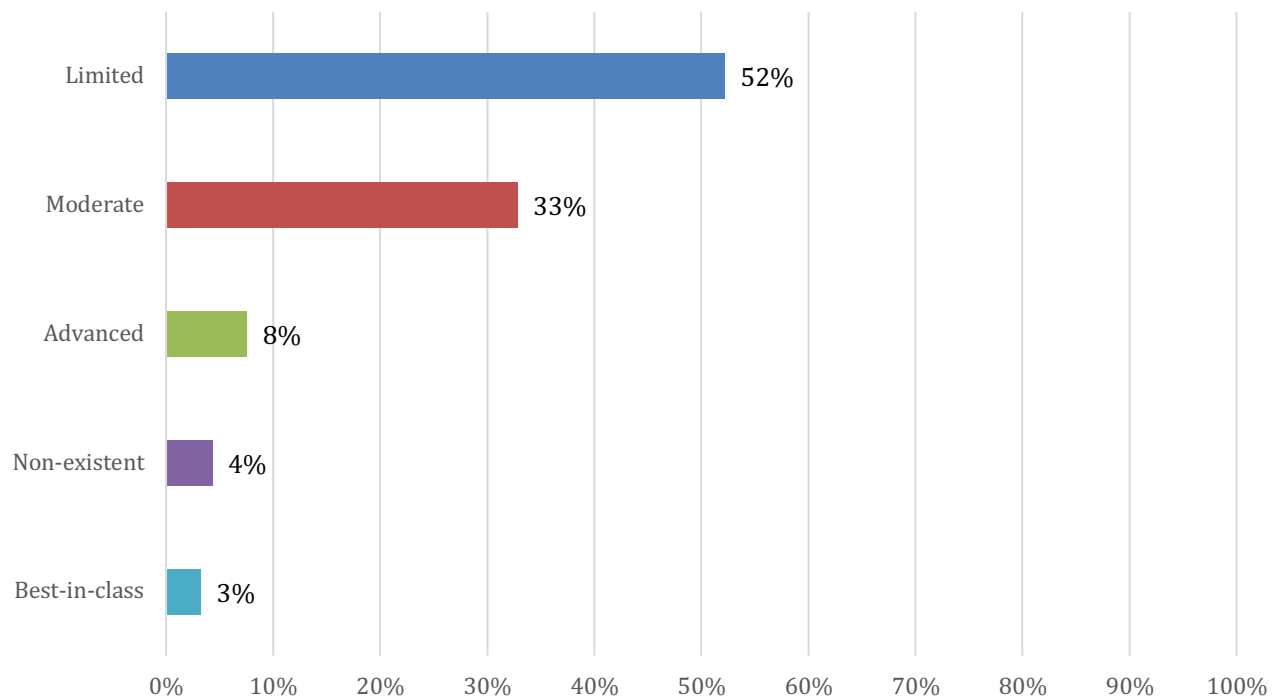


Note: Showing only the top 10 most selected options.

Sample Size: 134 (45% of Respondents)

Most marketers think their organizations have plenty of room to grow in terms of personalization maturity: half (52%) rated their organization's current stage as limited, while just one out of ten (11%) felt theirs was advanced or best-in-class.

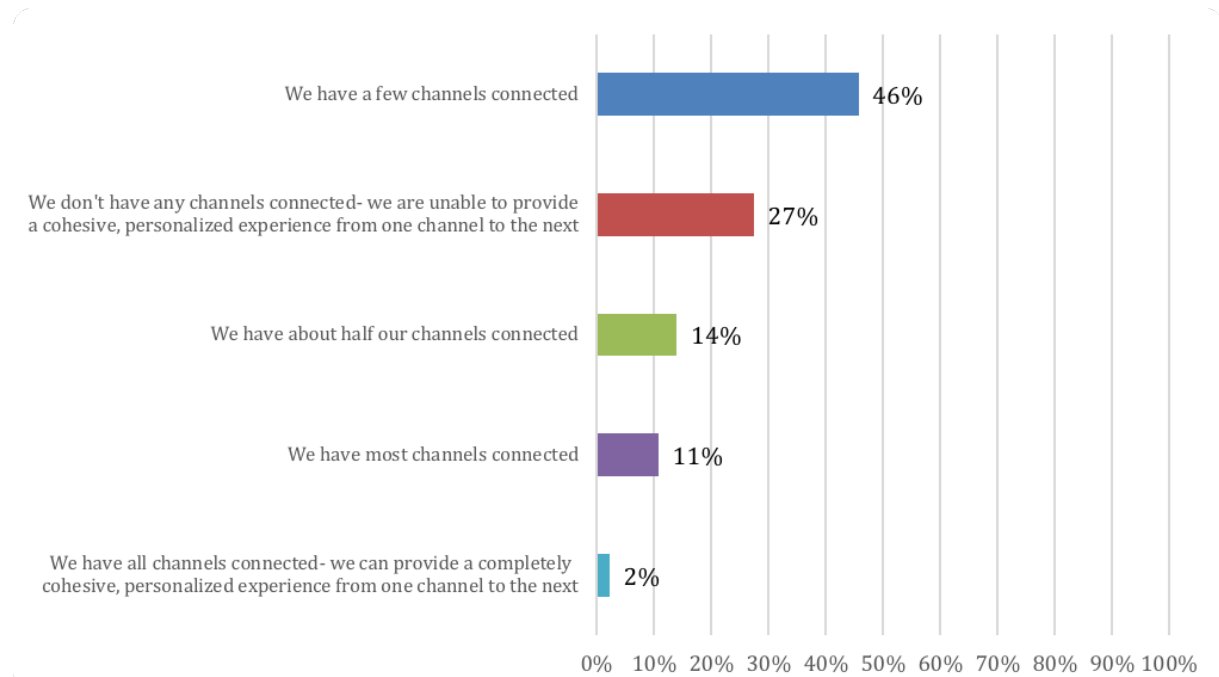
How would you rate your organization's personalization maturity?



Sample Size: 186 (62% of Respondents)

The ability to connect different channels is essential for omnichannel personalization. A quarter of organizations (27%) have half or more of their channels' in sync, but just as many (27%) don't have any channels connected. The largest group of respondents, nearly half (46%), has connected a few channels.

Which of the following describes your company's approach to omnichannel personalization?

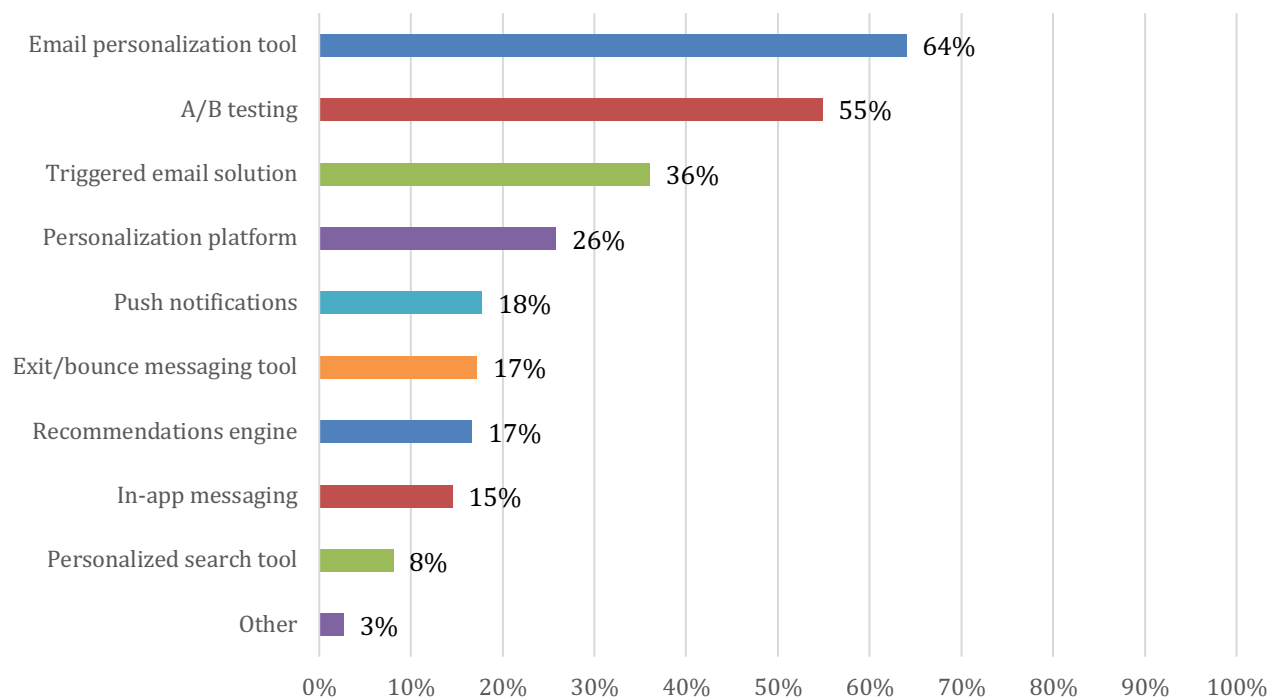


Sample Size: 186 (62% of Respondents)

The two tools marketers use most often to execute personalization across digital channels are email personalization tools (64%) and A/B testing (55%). Triggered email solutions (36%) and personalization platforms (26%) round out the top four.

Less common are exit/bounce messaging tools (17%), recommendations engines (17%), and personalized search tools (8%).

What tools are you using to execute personalization across your own digital channels?
- Top 10



Note: Showing only the top 10 most selected options.

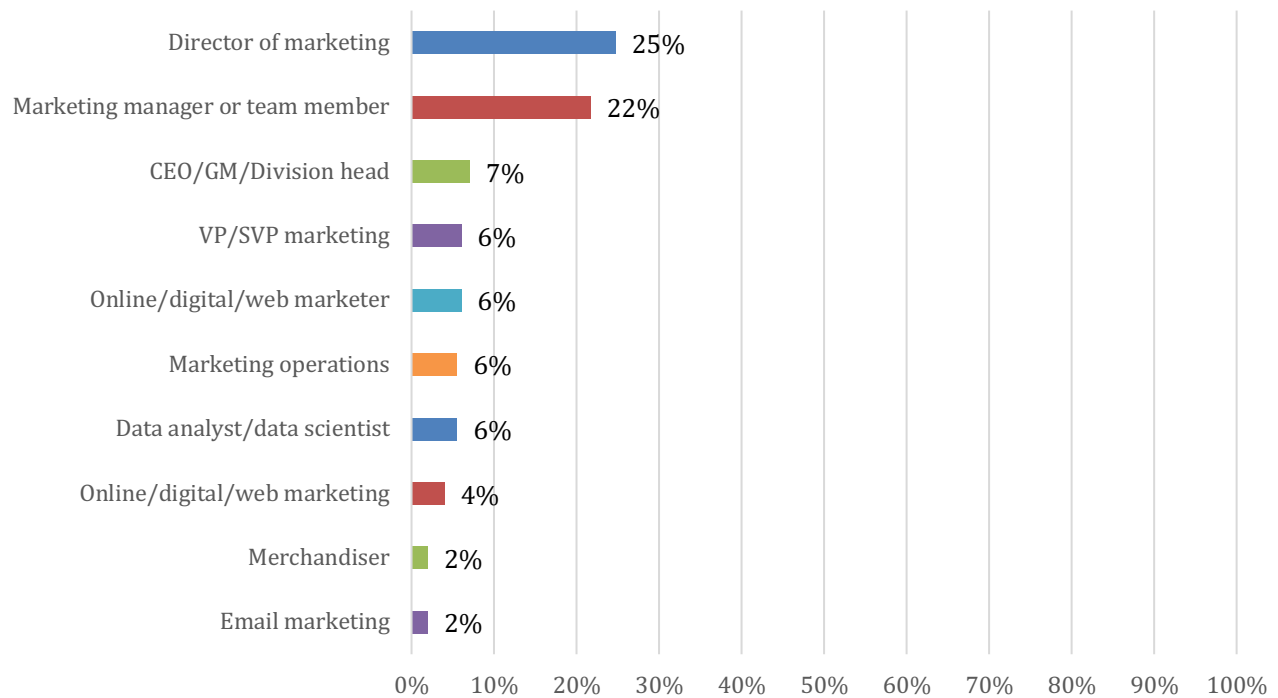
Sample Size: 186 (62% of Respondents)

DEMOGRAPHIC QUESTIONS

About half of respondents were either directors of marketing (25%) or marketing managers or team members (22%).

A few others were CEOs/GMs/division heads (7%), while another 6% were VPs/SVPs of marketing, online/digital/web marketers, in marketing operations, or data analysts/data scientists.

Which of the following titles best reflects your role? - Top 10

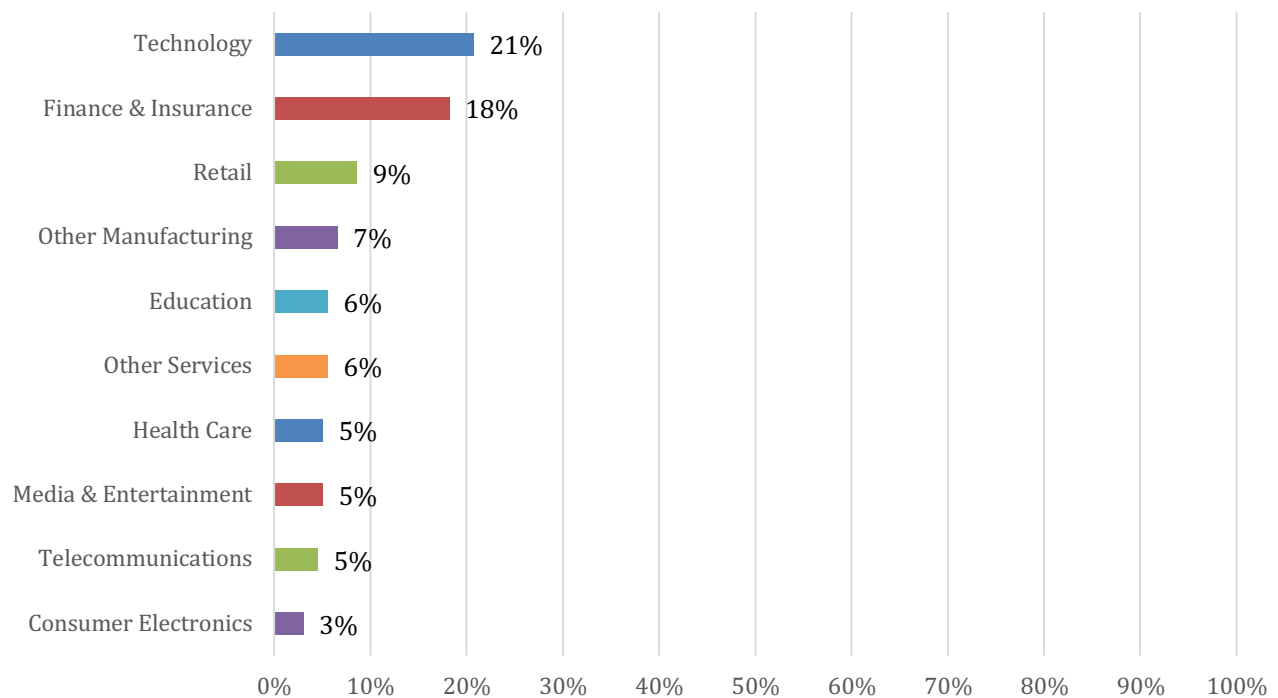


Note: Showing only the top 10 most selected options.

Sample Size: 198 (66% of Respondents)

About four out of ten respondents worked in either technology (21%) or finance & insurance (18%). Other common sectors included retail (9%), other manufacturing (7%), education (6%), and other services (6%).

What is your organization's industry? - Top 10

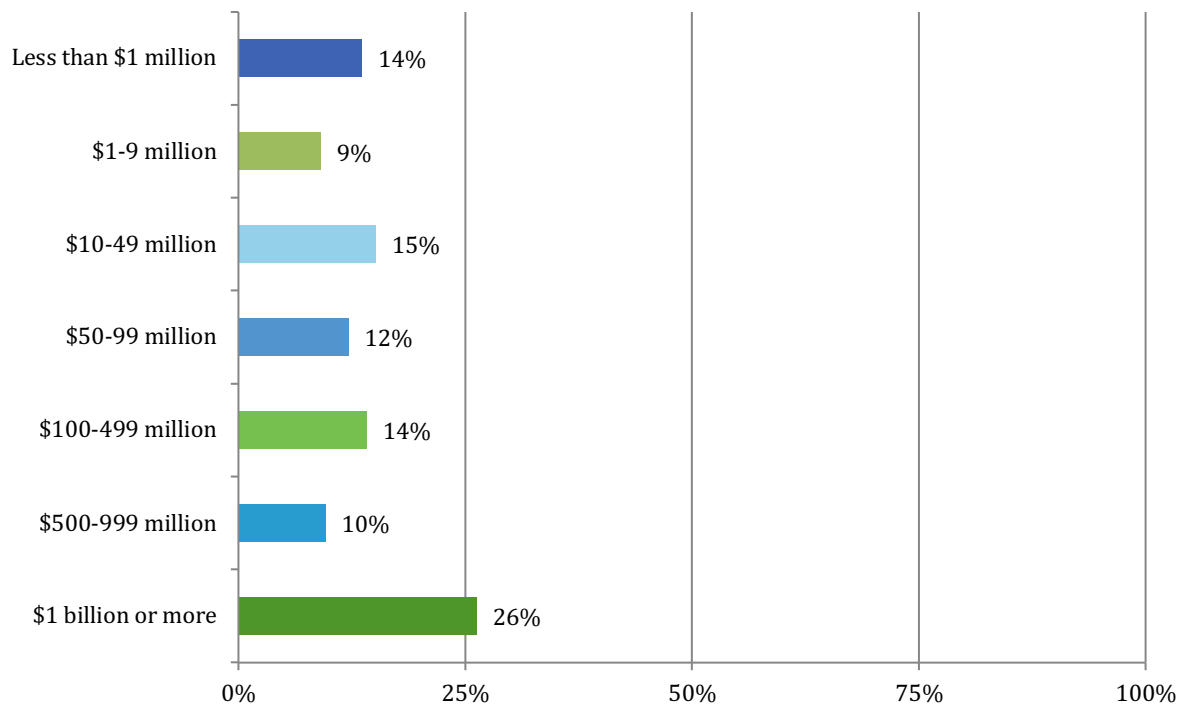


Note: Showing only the top 10 most selected options.

Sample Size: 198 (66% of Respondents)

More than a third of respondents (36%) came from organizations with \$500 million or more in annual sales (26% with \$1 billion or more). Another 15% worked at organizations with annual sales of \$10-49 million.

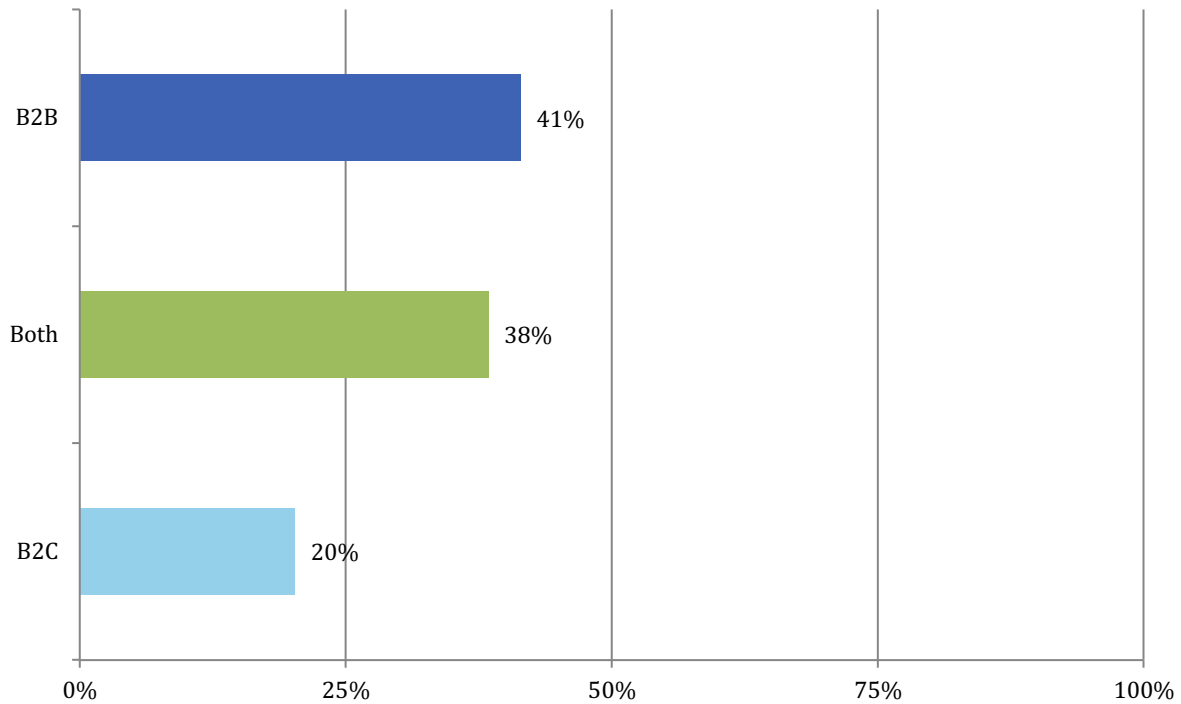
What are your organization's annual sales?



Sample Size: 198 (66% of Respondents)

For every 10 companies, 4 were B2Bs (41%), 2 were B2Cs (20%), and the remaining 4 were hybrids of the two (38%) in 2018.

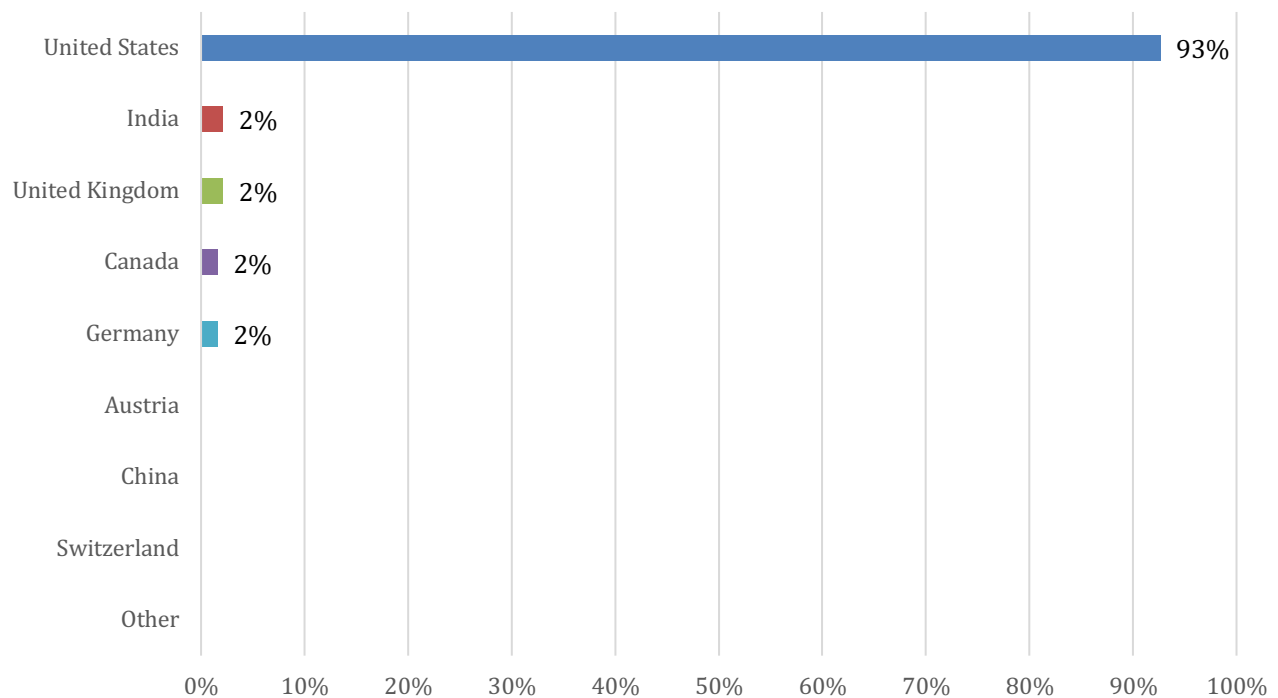
Is your company B2B, B2C or both?



Sample Size: 198 (66% of Respondents)

The overwhelming majority of respondents (93%) were located in the U.S. Another 2% each were from India, the U.K., Canada, and Germany. (Total exceeds 100% due to rounding.)

What country are you located in?



Sample Size: 189 (63% of Respondents)

APPENDIX A - RESEARCHSCAPE METHODOLOGY

On behalf of Evergage, Researchscape conducted a survey of 300 respondents from 5 countries in order to better understand the behavior, usage, and attitudes of marketing professionals toward personalization. The online survey was fielded from February 22 to March 28, 2018. The survey results were not weighted.

Throughout the research process, Researchscape followed a Total Survey Quality approach designed to minimize error at each stage. Total Survey Quality, also known as Total Survey Error, recognizes that multiple sources of error can reduce the validity of survey research.