


Qubit.

Taking a first step on the path to personalization

Starting the journey towards better,
more valuable customer experiences.



Contents



Executive summary	3
Introduction	5
Personalization is everywhere	7
- Building personal brand relationships	8
- Personalization helps decision making	10
- Why personalization matters	12
- Essential requirements	14
Learning to walk	16
- Choose high performing tactics	17
- Solve the right problem on mobile	19
- Use strategies that scale	21
Putting this into practice	25
- A framework for success	26
Progressing on the path to personalization	34

Executive summary

Personalization is gaining momentum as organizations look to provide effective, memorable customer experiences that create value and inspire loyalty. For many businesses, personalization and the technology underpinning it can seem daunting and complicated. However, for anyone seeking growth in these highly competitive times, it can make all the difference.

This guide is intended for anyone with organizational or practical responsibility for digital customer experience. If you're just starting out, we'll guide you through taking your first steps, before taking a look at some more powerful automated techniques involving product recommendations, social proof and mobile discovery.

Wherever you are on the journey to personalization at scale, this guide will help you put initiatives in place that will quickly demonstrate tangible results, and show you where personalization can ultimately take you.

Expertise you can count on

With more than eight years of working on personalization initiatives with in-house marketing, ecommerce, product and development teams at companies including **L'Occitane**, **NET-A-PORTER** and **Emirates**, Qubit's understanding of digital strategy and personalization for ecommerce is second to none. Based on robust research and tried and tested techniques, this guide is designed to be a definitive introduction to personalization.



Introduction

Online personalization means targeting the onsite experience at the individual. It's about providing consumers with the right message at the right time. You need to ensure that the content they view is relevant to them, and present products that you already know they need.

The basic premise of this cutting edge strategy is as old as commerce itself: give the customer what they want.

Personalization consists of a variety of tactics and techniques, while related concepts like **A/B testing** and **conversion rate optimization (CRO)** also have a part to play. With the right set-up, and the right tools for where you are on your personalization journey, the effectiveness of each tactic can be measured easily against your goals.

A/B testing is a methodology used to evaluate the effectiveness of an experiment. Many personalizations can be A/B tested to see if uplifts in conversions, revenue or order values have been achieved.

Conversion rate optimization involves general enhancements made to a website, such as fixing a navigation or checkout. Unless these changes are directed towards a segment of users, they are not considered to be personalization.

What's in this guide

The purpose of this document is to show that even if you have limited data and limited resources, you can still get a head start with personalization by following a few simple steps:

1. **Mobile is where your customers are - give it the attention it deserves.**
2. **Use simple rule and template based approaches if you're just starting out.**
3. **Prioritize techniques that will drive real, tangible growth in revenue.**
4. **Apply 'plug and play' automated solutions (including AI) over manually intensive ones.**

The guide makes extensive use of research based on Qubit's dataset of billions of customer journeys, so you can be confident that our recommendations are backed up by real-world performance.

Personalization is everywhere

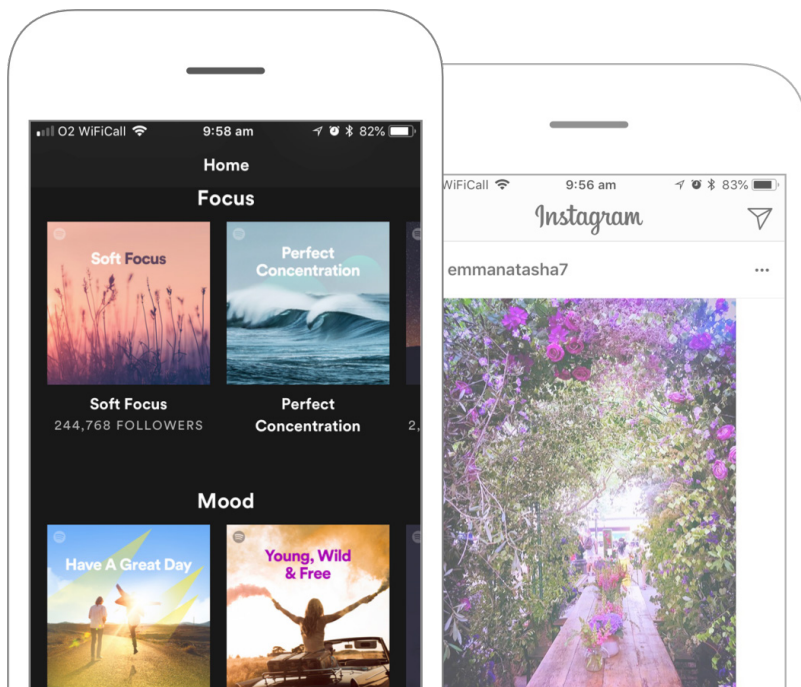
(if you know where to look)

If you're still getting to grips with the idea of personalization, you might think that these are quite rarefied techniques. But in fact consumers are already exposed to plenty of personalized experiences.

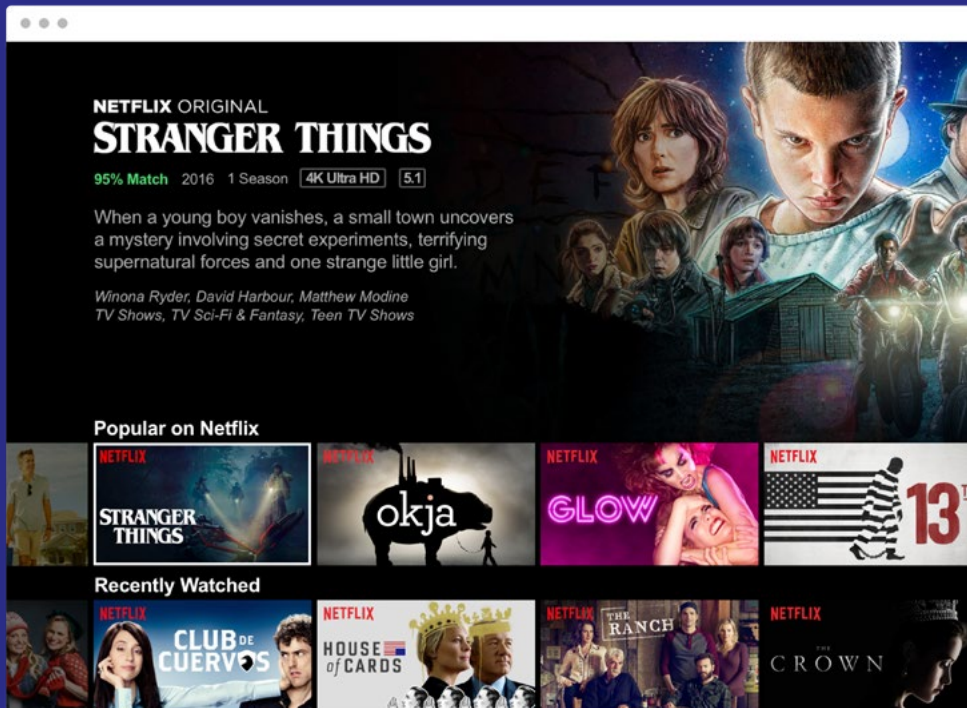
Building personal brand relationships

Brands like **Instagram**, **Netflix** and **Spotify** personalize heavily, which you can usually spot from contextual cues such as: *in your area* or *because you watched this*. Brands tend to use these approaches to

encourage visitors to explore more, deepening engagement and in turn generating even more data about user behavior and preferences that can be analyzed for insight and improvement.



Netflix: Recommendations based
on previous user behavior



Personalization helps decision making



Personalization techniques are often used to solve problems that seem on the face of it quite simple, but which conceal thorny issues of data and interpretation. For example, in a catalog with billions of tracks, how do you find new music that fits the listener's individual taste? Or if you're recommending interior design ideas, how do you match your customer's style and budget?

People have limited time and attention, and if they aren't enjoying the experience on your site, they'll be spending it elsewhere.

These issues matter regardless of whether you view yourself as a competitor to these kinds of businesses. The new and returning customers visiting your site will come to you with a set of expectations they may not even be aware of. Will you deliver a relevant experience? Will they actually care about the content you show them? Does one of your competitors speak more to them as an individual?

The answers to these questions are crucial in deciding whether you can provide a meaningful customer experience, increase revenue, and establish a footing from which you can differentiate your business in the long term.

“

We've been able to consistently deliver differentiated experiences to customer segments, and that's had a **significant impact on the bottom line for the business.**”

Gui Aboim

Head of Ecommerce Optimization, Thomas Cook

Why personalization matters

● In *Getting 6% more*¹, our analysis of 2 billion user journeys, we found that tactics delivered to a specific subset of users (in other words, personalization) are, on average, three times more effective than the same tactic delivered site-wide. And, if the highest performing personalization strategies are implemented, ecommerce businesses can enjoy uplifts in revenue per visitor (RPV) of up to 6%. With this potential degree of uplift, there are few other digital investments that can compete.

It's also clear that site owners across the globe are making personalization a priority. A survey conducted by Internet Retailer and Qubit² found that investment in personalization ranks highly or very highly against other technologies for 70.7% of respondents.

An increase to conversion rate is certainly desirable, but might only be directed towards lower order value products and therefore doesn't offer a complete picture of site performance.

Revenue per visitor

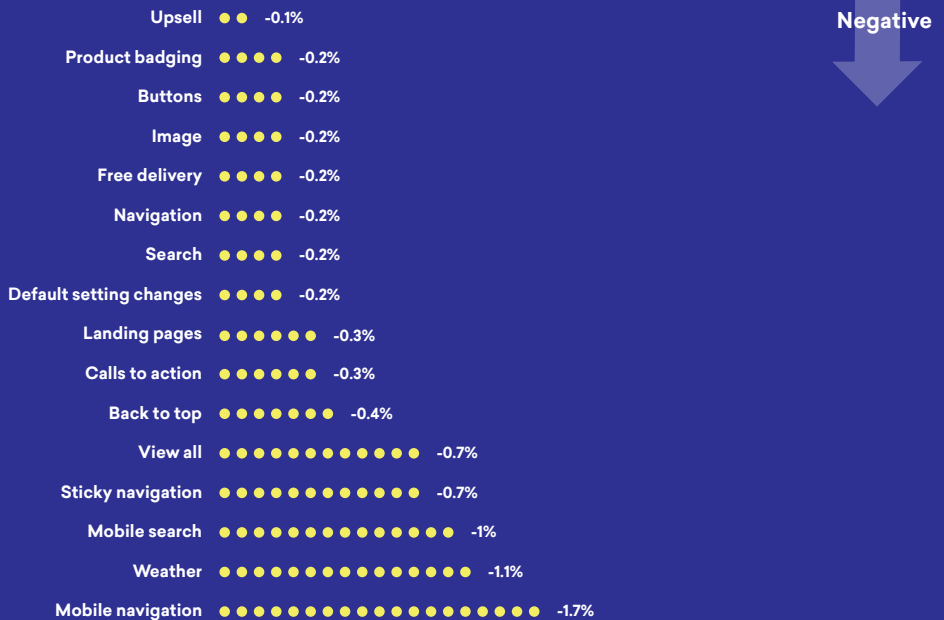
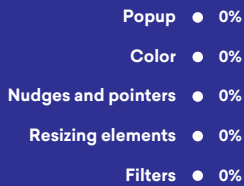
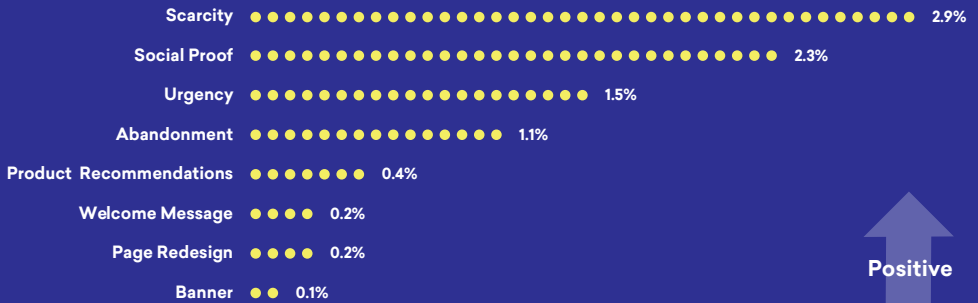
is the ultimate ecommerce metric as it represents the product of conversion rate and revenue per converter.

An increase to RPV means that you are earning more revenue from each visitor across the whole of your website.

¹*Getting 6% more*, Qubit 2017

²A survey of 58 fashion and beauty executives conducted by Internet Retailer. *Catalysts of change*, Qubit 2017

The A-to-Z of what drives revenue on site



Essential requirements



Most effective personalization techniques will require a moderate amount of data to get started, but in this guide we'll also be looking at a few tactics that will work even if you're starting from scratch.

On a technical level, collecting visitor data is key.

If you're selling through an ecommerce platform such as Shopify Plus, Magento, Demandware or SAP Hybris, personalization technology can be plugged in to your system and will be

good to go with just a few tweaks. This means that while you're getting started, you can be collecting the data you need for more sophisticated personalization further down the line.

Technology and expertise require investment, so if you're looking to prove the value of personalization to your senior management, these techniques should help you move fast, get quick results, and demonstrate success.



Learning to walk

To make personalization work for you, it's essential to get the right foundations in place. To put your best foot forward. This means both choosing wisely from the available technologies, but also examining your current priorities and set up to ensure you're focusing your energies in the right direction.

Choose high performing tactics

Fine-tuning site aesthetics has become easier and easier with today's JavaScript tools and WYSIWYG controls, and has long been one of the central preoccupations of a lot of conversion rate optimization projects.

Changing calls-to-action from *Buy Now!* to *Shop Now!*, or creating sticky navigation are easy tactics that can make it feel as though you're having a direct impact on traffic. However, our research has shown that these

approaches, which are often time-intensive and hard to scale, are unable to match the returns possible through automated personalization.

As such, a manual CRO approach may not represent the best use of your resources.

Focused personalization tactics like scarcity, social proof, product recommendations and abandonment recovery are demonstrably much more effective.

Top performing tactics on mobile

Scarcity

2.9%

Social proof

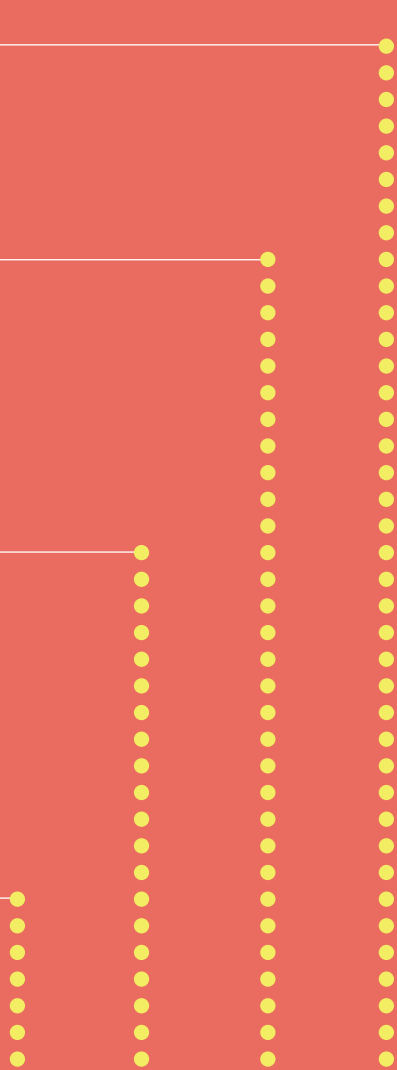
2.3%

Urgency

1.5%

**Product
recommendations**

0.4%



Solve the right problem on mobile



Mobile is now the main battleground for most online businesses, with approximately twice as much traffic arriving from smartphones as from computers. These devices have changed everything – not the least of which is our estimation of good versus bad user experiences.

With double the traffic of other channels, small improvements (and small failures) on mobile can have a profound impact further down the funnel.

If you're going to start personalizing anywhere, start with your mobile customer journey.

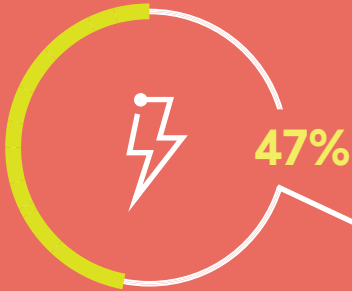
In fact, our recently published research³ has revealed that that mobile now influences 19% of purchases made on computers – rising as high

as 33% for some companies – meaning that every investment you make in personalizing your mobile interface will enhance performance across all of your channels. This halo effect almost doubled between 2016 and 2017, so retailers need to act or risk being left behind by an intensifying trend.

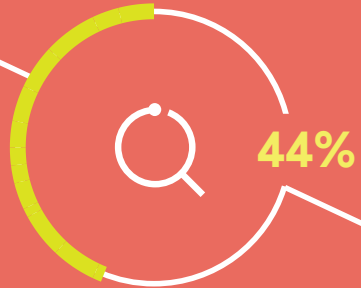
Previously it was assumed that the checkout process was the main problem with mobile journeys. However, the research also shows that consumers regard checkout issues as only the fourth biggest impediment to converting on mobile, behind faster browsing, ease of finding what you want, and better product discovery. This insight has prompted the development of Qubit Aura, our automated solution for mobile product discovery, which we'll look at in more detail later.

³The growing influence of mobile discovery on ecommerce revenue, Qubit 2018

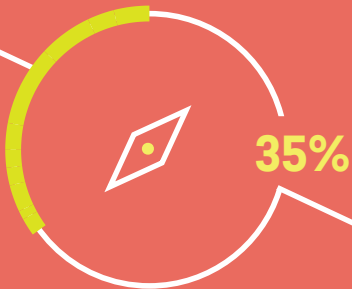
What would encourage consumers
to buy more on mobile?



Faster browsing



Easier to find
what they want



Better discovery

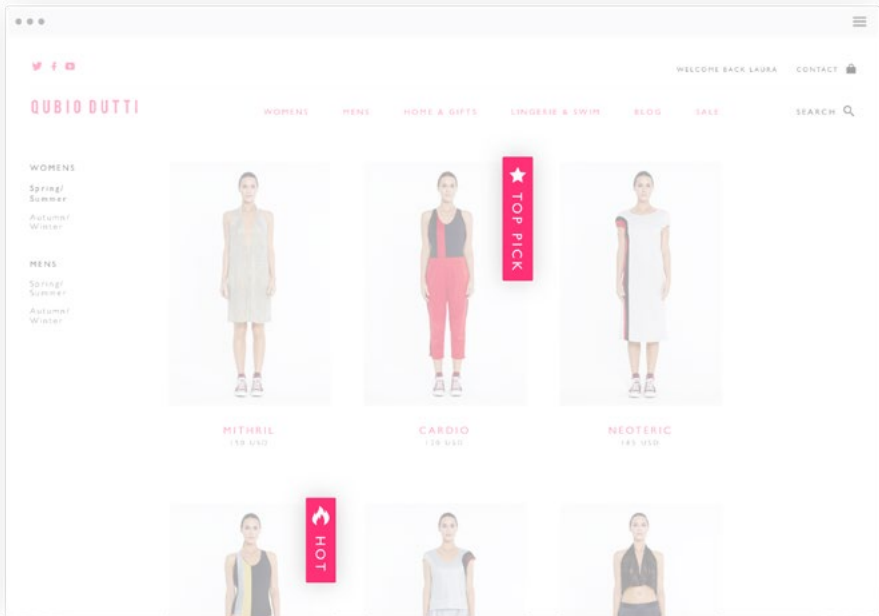


Easier payment

Use strategies that scale



You don't need a large, dedicated team or a big pool of historical data to start personalizing your online experiences. Using **rule-based triggers**, **templates**, and **machine learning**, you can make improvements to the customer journey that are scalable and valuable.



Rules-based personalization

In this approach, personalization tactics are deployed based on rules you've set in advance. These represent some of the quickest wins in personalization, and while the returns may not be as large as more complex 1:1 approaches, they'll quickly yield positive results and are the best place to start.

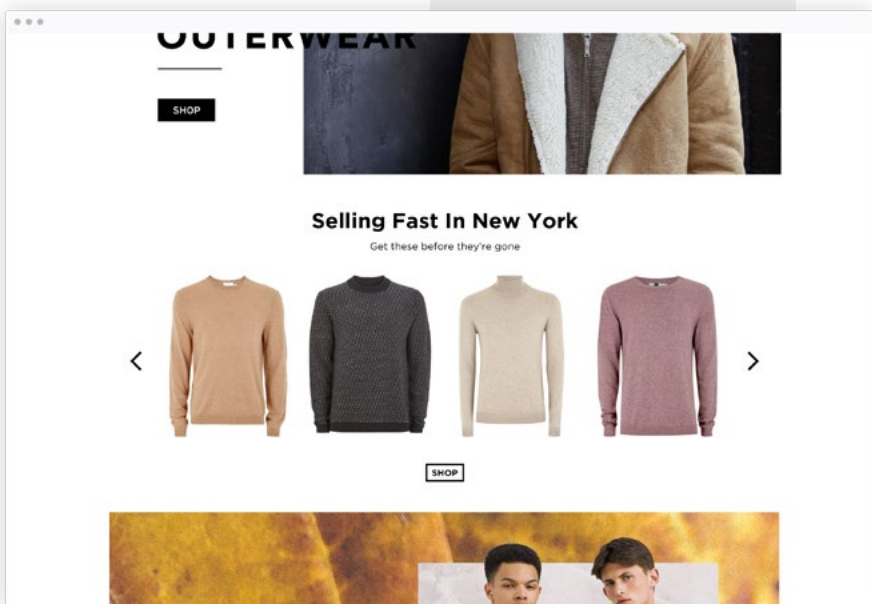
- Add badges to new inventory items in a certain category to show to customers who have previously purchased products of that type.
- Set countdown timers to appear on product pages when two hours or less are left for next day shipping to engaged non-purchasers.
- Show tailored welcome messages to visitors depending on their traffic sources.



Templated campaigns

Templated personalization approaches aren't strictly automated, as they do require some customization, but they are simple and easy to scale. By setting up pre-defined, reusable templates, user experience teams can alter content fast, without needing to delve into the code or employ additional manpower or resources.

- Create homepage carousels, updated with the latest sales or customer category preferences.
- Use minibag messages that prompt visitors to purchase additional products to cross the free shipping threshold,
- Set a basket page message which mirrors the email campaigns visitors have received.





Machine-driven personalization

Most personalization experts see artificial intelligence (AI) as the future of the industry. These programs are able to replicate or imitate human capabilities, often faster and on a much larger scale than would be possible for an individual contributor. This makes them ideal for complex and data-intensive tasks. Machine learning (ML) underpins many AI systems, where algorithms are provided with training data so that they can learn to identify patterns and make decisions, without expressly being told to do so. Together, these technologies are at the heart of most cutting-edge personalization platforms.

For instance, product recommendation engines (popularized by Amazon) use ML to predict customer preferences by analyzing the journeys of millions of customers. The data allows them to understand which products are rapidly increasing in popularity, identifying upsell and cross-sell opportunities based on the behavior of similar customer segments. These predictions, generated from large-scale analysis of relevant internal data, enable retailers to recommend products with a high degree of success.

“Customers are buying products online and the challenge is making sure the experience you’re delivering is relevant when they have thousands of products to choose from.”

Maya Moufarek Chief Marketing Officer, Chemist Direct

Putting this into practice

The key to delivering effective personalization, and delivering results, is building a solid foundation. From there, you can add scale, sophistication and nuance.

Starting out with a focus on mobile, and prioritizing strategies which are effective, scalable and automatable means you will start seeing results, while getting a better understanding of your customers, and the phases they go through when they interact with your brand.

A simple framework for success



Discover

Help customers find something they will love.



Explore

Encourage customers to look deeper into your catalog.



Reassure

Validate and support customers in their purchase decisions.

Implementing appropriate strategies at each of these stages will not only have an impact on immediate conversion, but should also enhance loyalty, creating increasing value over time.

Retailers working with Qubit have already demonstrated success with all of these types of personalization, with average uplifts for each tactic detailed in *Getting 6% more*.





Discover

Help customers find something they will love.

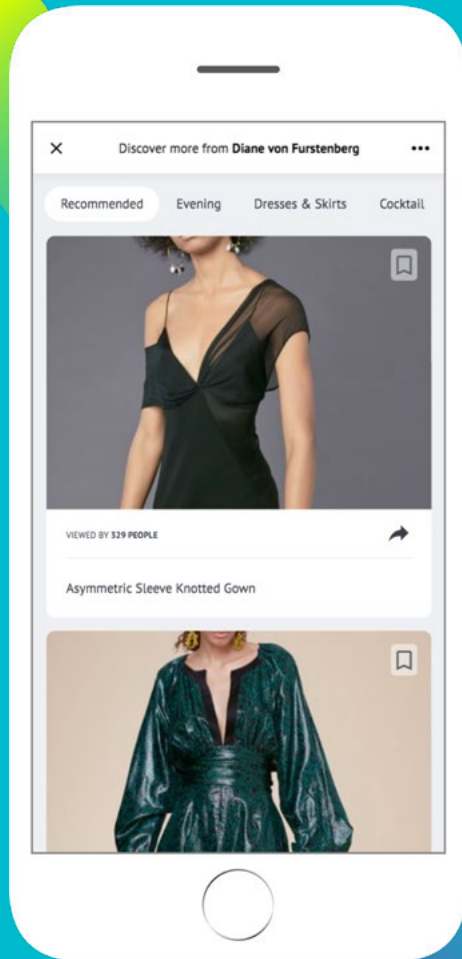
It makes sense to address any issues attached to discovery on the largest, most competitive channel. In other words: make mobile better. Some of this can be handled manually, but if you want to make an impact at scale, an AI tool like Qubit Aura can be a game changer.

Diane von Furstenberg, a global luxury fashion brand, have seen a **4x increase** in mobile conversions since adopting Qubit Aura; and **ColourPop**, a Los Angeles based cosmetics company are experiencing a **31% open rate** and a **4.2% uplift** in RPV with Aura's help.

“The challenge for commerce brands is to bridge the discovery that happens on Instagram and similar tools, and make this discovery phase become native and within our walls. Qubit Aura provides a seamless transition between discovery and shopping on mobile web.”

Felipe Araujo Director of eCommerce, Diane von Furstenberg

Looking good: Qubit Aura curates an
AI-fueled product feed on mobile





Explore

Encourage customers to look deeper into your catalog.

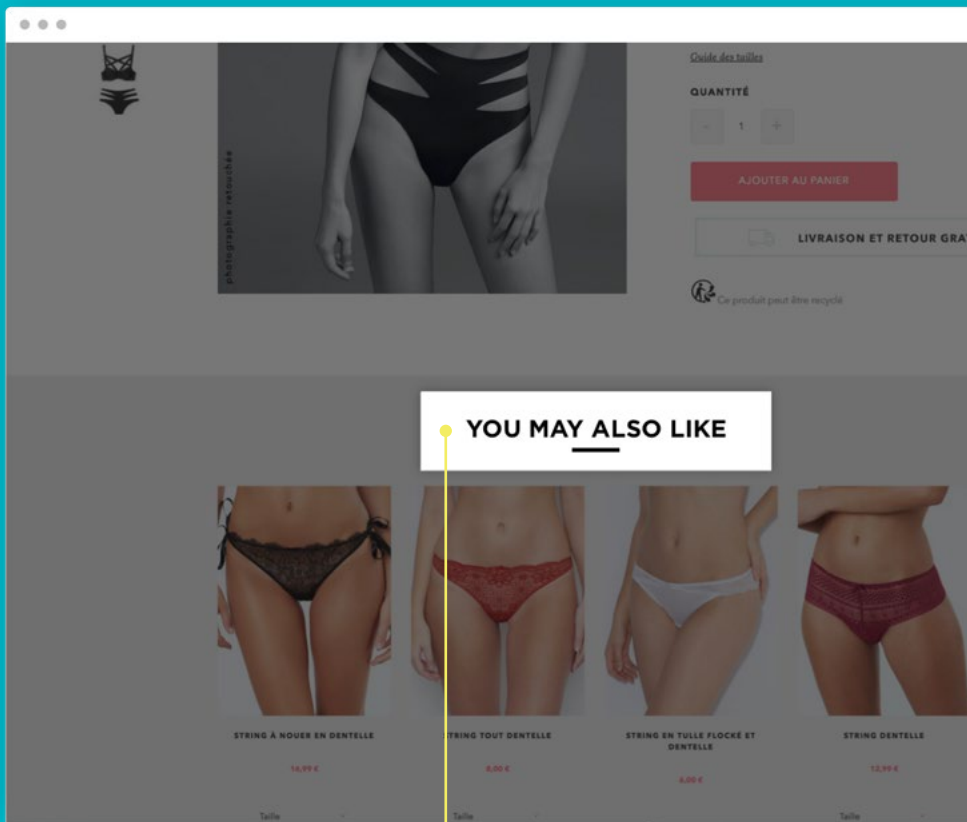
Exploration requires more time and thought; so product recommendation is the ideal tool to take the customer to the next stage in their journey.

Etam, a global lingerie brand based in Europe, saw a **3x increase** in RPV after one deployment of Qubit's product recommendations

solution, which allowed them to control what their customers were seeing throughout the user experience. And **Hobbs**, a women's clothing, footwear and accessories retailer drove more than **£2.3 million** in revenue across multiple domains using product recommendations.

“The first experiences we launched...showed an immediate impact on RPV. However, combining these with other techniques like social proof and product recommendations we were able to get even more incremental revenue and influence our customers at scale.”

Jonathan Attali Director of Ecommerce & Innovation, Etam



3x

increase in RPV
for Etam with product
recommendations



Reassure

Validate and support customers in their purchase decisions.

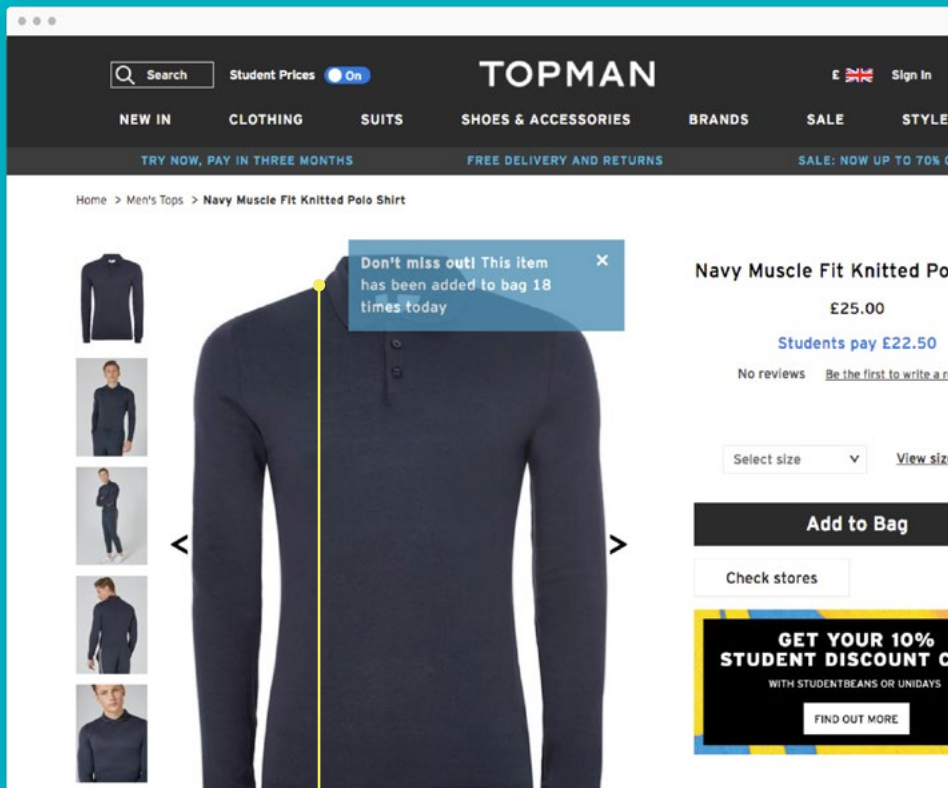
Reassurance gives people the confidence to buy, especially if it's their first time, and *Getting 6% more* confirms that social proof is one of the most successful ways to provide this.

Social proof is essentially a popularity counter that can be used to show how many people are viewing or buying a product at any given time.

Multinational men's fashion brand **Topman** have adopted Qubit's social proof solution across the customer journey, and are seeing a **3.27% uplift** in RPV as a result. **Mothercare**, a British retailer specializing in products for mothers and babies have also made effective use of social proof, badging popular products with reassuring messages.

“At Mothercare, we have 1,000s of product lines, we, therefore, need a technology that can surface relevant products to specific segments of customers at the right time.”

Jo Homer Head of User Experience, Mothercare



3.27% uplift in RPV
for Topman
with social proof

Progressing on the path to personalization



Once you've mastered the basics of personalization, you should have both the data and the expertise to start working on more advanced optimizations. Most complex personalizations begin with segmentation: grouping your customers into subsets with similar characteristics. This initial process of investigation requires foresight and planning in order to understand which types of segment might be appropriate, but it is vital to differentiate the customer experience and stand out from the competition.

You might start with some simple segments based on loyalty, recency, frequency and monetary value (LRFM) which you can use to target site-wide experiences more precisely.

The change you'll observe here is that the personalization process shifts from one that is automated to one that is more customized. This means that as your personalization aspirations and needs increase, so does the amount of resource that needs to go behind them.

Looking at what we've learned

If you're hoping to take your first steps in personalization, or grow this aspect of your business, then we hope this guide has offered you valuable insight and direction. To recap:

1. **Treat mobile with respect, and you'll reap the rewards; it may be your #1 channel.**
2. **Opting for automated scale before embracing more manually intensive solutions will set you up for long term success.**
3. **Proven revenue drivers will pay greater dividends than cosmetic improvements.**
4. **Once you're up and running with the basics, data is the lifeblood of personalization, so collect and structure as much as you can.**

Above all, no matter where you are on your journey, the most important thing is that you've started. As we've seen, the range of personalization tactics and strategies available covers everything from simple rule-based UI augmentation, to highly-segmented customized shopping experiences.

About Qubit



Qubit is the leader in delivering highly persuasive personalization at scale. In 2018 the company was named a 'Top Rated A/B Testing & Personalization Tool' by TrustRadius. Companies like NET-A-PORTER, Topshop, Emirates, Ubisoft, Thomas Cook, and Ladbrokes Coral are using the Qubit personalization platform to increase revenue, build loyalty and significantly improve their marketing efficiency. Every week Qubit is used to personalize approximately \$600 million in online sales.

Headquartered in London, the company has offices across Europe and the U.S.

For more information, visit: qubit.com