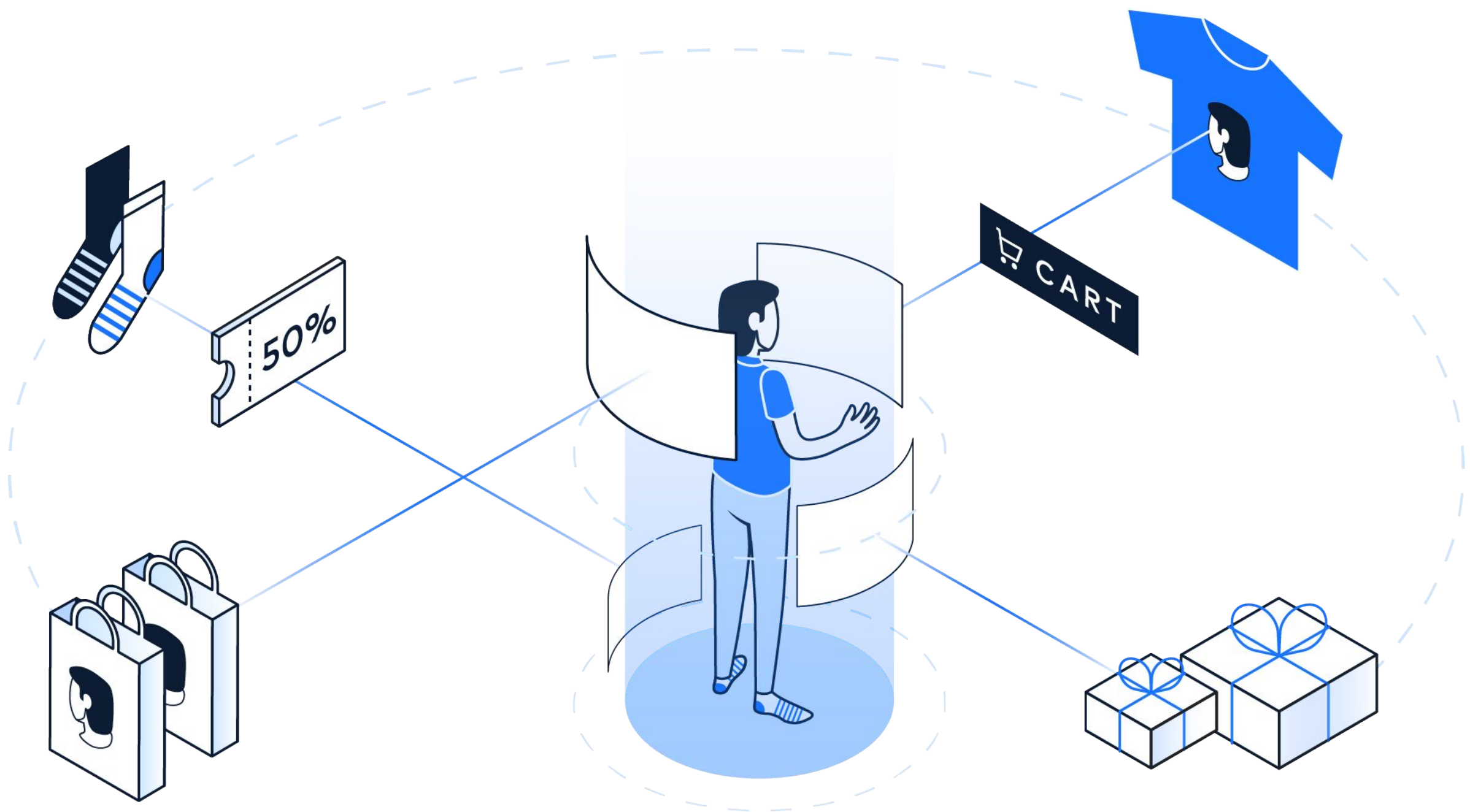


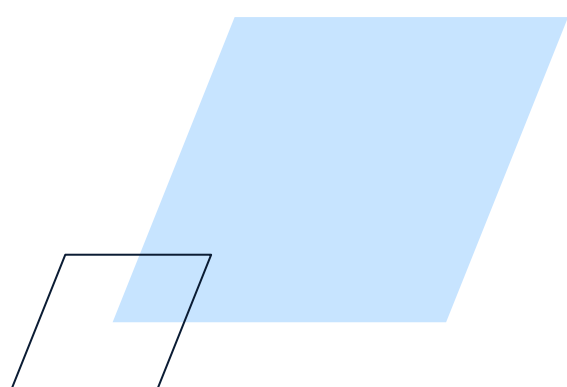


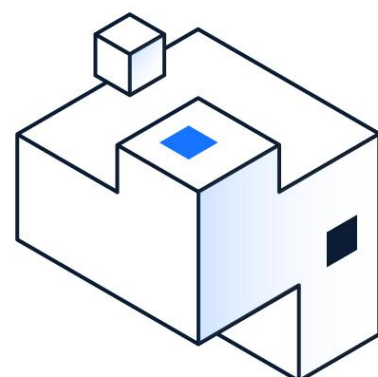
A TALON.ONE EBOOK

# Essential Guide to Personalizing Promotions



Find out how you can give your customers a better online experience with personalized promotions





**“It’s long been the case in physical retail that consumers see shopping as an experience, and not simply a means to an end. But the same now also applies to ecommerce.”**

This ebook will provide a comprehensive overview of personalization in the context of ecommerce and promotions. We’ll explain:

- Why personalization is important
- The essential role of software and data in promotion personalization
- How to initiate a personalization strategy for your digital promotions



# Personalization in modern ecommerce

The modern consumer is spoilt for choice when shopping online. Interactive features and experiences are more prevalent than ever, and the shopping process has never been easier. The evolution of ecommerce has only sped up during the pandemic and customer expectations are growing each year.

**“84% of customers say the experiences a brand provides are as important as its products and services” - Salesforce**

Businesses are now fighting against each other to be the best in their field. Customer service, convenience, green credentials, and most of the usual concerns are still high on the agenda. But personalization has also become a top priority for consumers. This means it should be a top priority for businesses too.

# Defining personalization



Personalization in ecommerce involves tailoring different parts of a brand's offering around the preferences of a specific customer or group of customers.

Ecommerce brands personalize many different aspects of their business to increase their appeal to both existing and potential customers. Examples include:

## Products

Products with personalized designs, customizable features, personalized packaging/gift wrapping, etc.

Personalized products for different regions, countries or markets.

## Customer service

Personalized interactions with each and every customer, both online and via-phone. AI Chatbots and interactive help services.

Customer service representatives equipped to offer refunds, apology gifts, coupons, etc.

## Content & experiences

Personalized on-site experiences, personalized messages, graphical elements, gamified features.

Interactive features that take into account customers' preferences and their regular shopping behaviors.

Personalized graphical elements and on-site content that fits each customer or customer segment's interests.

## Marketing and advertising

Personalized communications with customers, including email, notifications, SMS, etc.

Personalized targeted ads.



## Promotions

Promotions are a strategic tool that many businesses overlook. They're also one of the easiest and most effective ways to offer your customers a personalized online shopping experience.

Promotions come in all different shapes and sizes. Some are great for helping you work towards long term business objectives, like customer loyalty and brand recognition. Others are better suited for short-term goals like sales and customer acquisition.

Whatever your objective, whether it's sales or marketing related, personalization helps you make your promotions more effective. Promotions can be personalized in all sorts of ways:

### Referrals

Personalized referral rewards for existing customers and potential new customers.

Referral programs that allow customers to refer multiple friends, receiving better rewards each time a new friend signs up.

Personalized, shareable referral codes for each customer

### Discounts

Special, location-specific discounts on popular products at certain times of the year.

Immediate cart discounts or discount on certain products on customers' Birthdays each year.

### Gift cards

Special Gift cards that allow customers to save and spend loyalty points or cash with discounts on their favorite products.

### Loyalty

Tiered loyalty programs with personalized rewards each time customers collect a certain number of loyalty points.

Free personalized gifts for your VIP loyalty program members.

### Coupons

Personalized coupons for your customers each time they complete certain actions (visit your site multiple times in a week, sign up for email marketing, abandon their cart or session, share your posts on social media etc.).

Send personalized coupons to customers via email and other communications channels on special days (one year after their first purchase with your brand, etc.).

### Bundles

Offer your customers personalized product bundle options based upon their purchase preferences.

# Why is personalization important?



Personalization offers benefits to customers and businesses alike. Customers get an improved shopping experience through:

- More relevant products
- More relevant promotions
- Better value for money
- More fulfilling customer–brand relationships

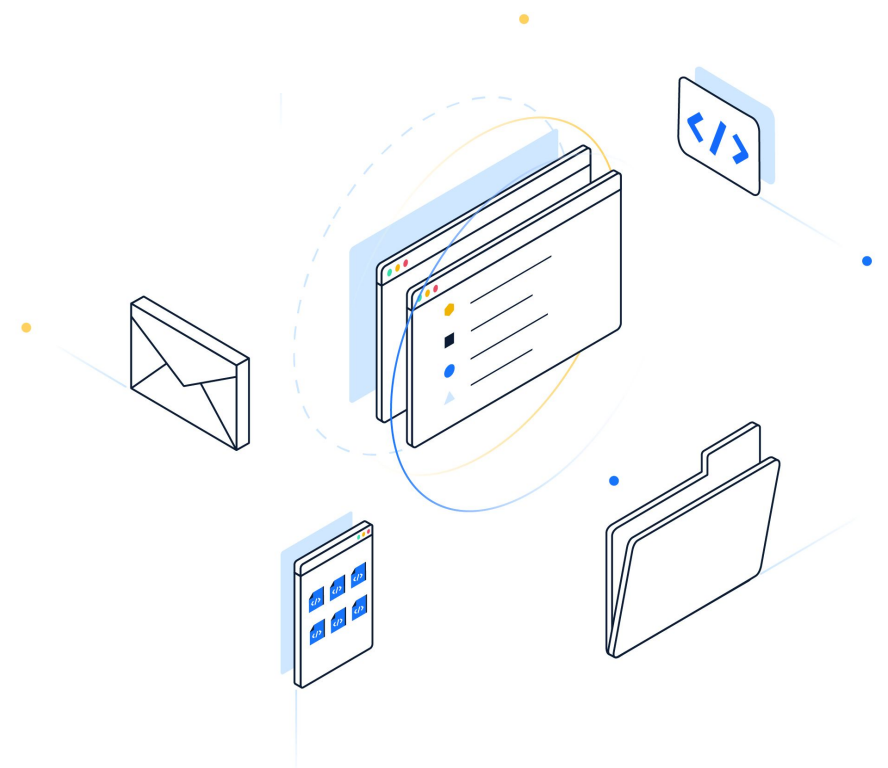
**“80% of shoppers are more likely to buy from a brand that offers personalized experiences” - Epsilon**

Personalization allows you to better meet the needs of each customer whenever they visit your site. But customers’ needs and objectives can vary between visits. Understanding how they change increases the likelihood of customers returning to shop with you.

Personalization has different benefits for businesses. It allows them to foster more genuine relationships with customers and maximize the value of these relationships in the long run. Personalization offers businesses increased:

- Customer loyalty
- Customer engagement
- Control over how they sell their products

# Creating opportunities to learn more about your customers



The key to effective personalization is building an accurate, dynamic fingerprint of your customer and their motivations each time they interact with your brand.

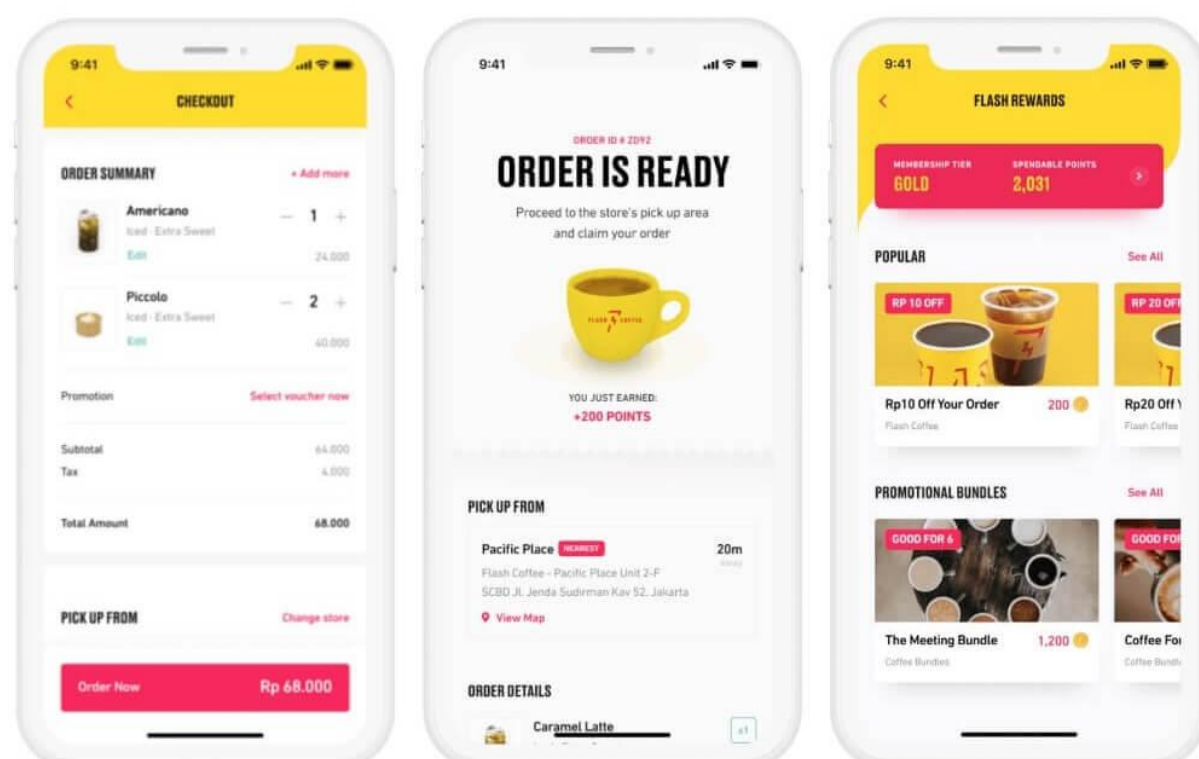
Customer data is a precious commodity that's essential for building personalized promotions. But it's hard to obtain. As a result, you need to leverage every possible opportunity to learn more about your customers and their shopping preferences.

Common sources of customer data include email marketing data, website analytics data and payment data. But there's more you can do to improve the reservoir of customer data at your disposal.

## Loyalty programs as a source of data:

Many businesses turn to loyalty programs for more detailed insights on specific customers or customer segments. They allow you to gather data on your customers' consumer behavior **consensually** and **on your own terms**. Loyalty program data is **first party data**, meaning it's collected by your business straight from the customer.

You can track customers' favorite products, product categories, reward preferences, whether they actively refer other customers — anything you like.





## Building feedback mechanisms into your site:

Data is essential for building a personalized shopping experience for your customers. And so is feedback. Your customer support team takes customer complaints and other queries. But you need different channels for feedback on personalization.

This means dedicated feedback channels in your ecommerce shop, where customers can rate their experience with personalized product recommendations, rewards, experiences, etc. Feedback prompts and boxes where customers can leave comments or simply rate their experience will help you optimize and improve your personalization efforts.

*“Is this product recommendation relevant to you?”*

**“Are you happy with your current rewards?”**

**“Would you recommend us to a friend?”**

## Achieving real personalization

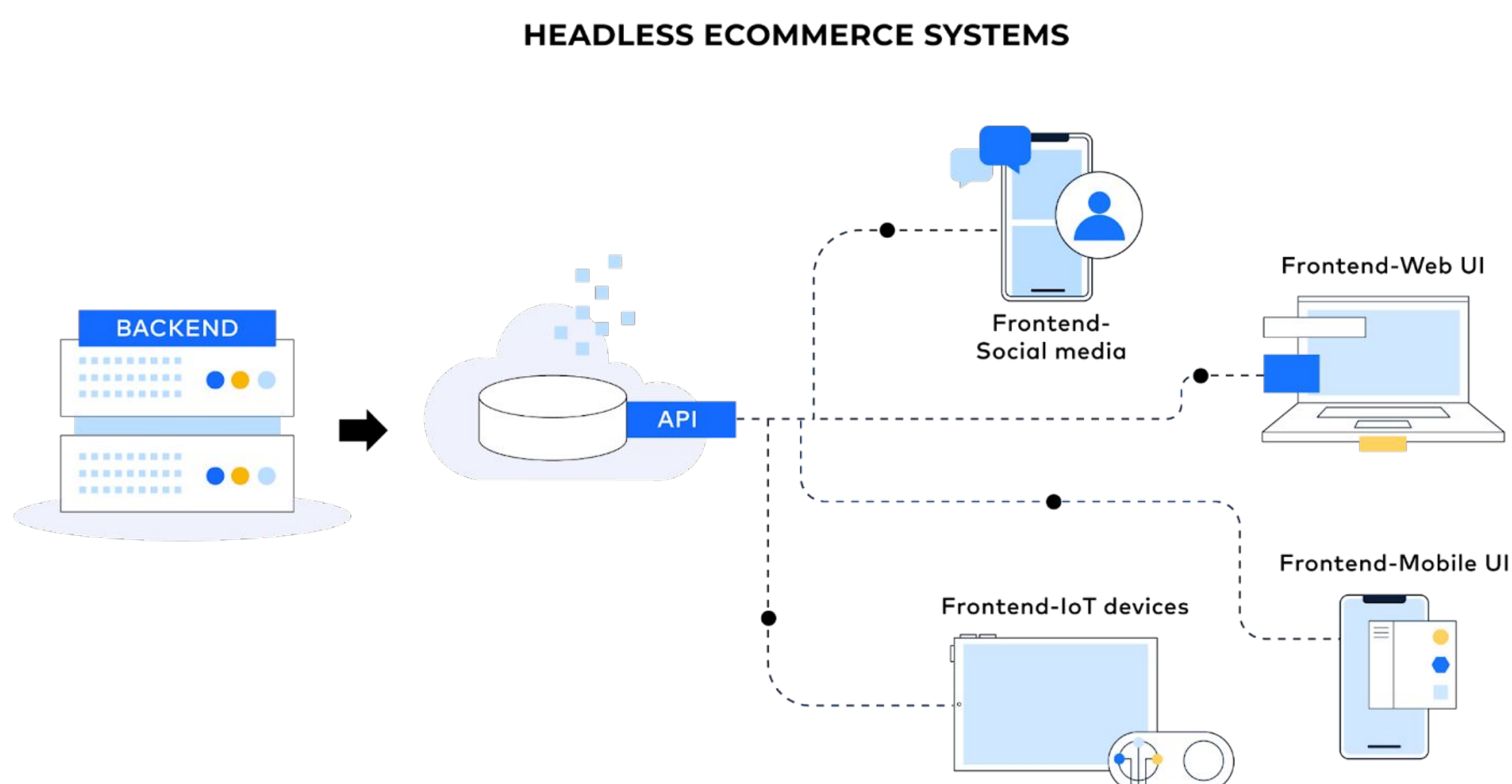
To achieve meaningful improvements in customer experience, brands need to work towards personalization in many different corners of their business. It's not enough to personalize one small part of your website, because it will highlight the lack of personalization elsewhere.

Choosing the right blend of personalization software for your specific needs can be difficult. With headless commerce systems now the norm, there's a practically unlimited number of ways to approach personalization.



For general online shop customization, interactive features and customer-specific personalization, many brands use **digital experience platforms** (DXPs). They offer a wide range of features for businesses looking to serve personalized experiences. But they tend to be cumbersome and difficult to operate in comparison to more specialized microservices.

Another essential part of ecommerce personalization is the **headless front end**. It enables consistent, responsive layout changes across many different front end interfaces. This is how personalization is pushed to the customer.



Then there are **customer support platforms**, which allow businesses to personalize their interactions with their customers.

And **flexible promotions software**, which allows businesses to create personalized promotions for any customer, in any ecommerce setting.

Businesses use these platforms, alongside many others, to provide 360 degree personalization at every stage of the customer journey.

# Personalization strategies

Your promotion personalization strategies should vary depending on a couple of different factors:

- The sources, quantity and quality of data available to you
- Your objectives for personalization
- Customer preferences

Here are a few options that you can implement. Each has their own potential benefits.

## 1. Customer segments and personas

Segmentation and personas are two of the most popular strategies used in personalization.

**Segmentation** involves putting customers into groups based around common characteristics, interests or other attributes. This makes it easier to serve these customers with promotions that meet their needs or match their interests.

Segmentation is great for campaigns where you want to split customers into groups around a single variable. For example, their preferred shopping channel, or their age bracket. This helps you serve promotions specifically around those preferences.

**Personas**, on the other hand, are hypothetical customer profiles built up around a wide range of characteristics, and interests. Personas are generalized in the sense that they represent an 'average' customer from a particular demographic. But, because they account for many different characteristics, they're effectively a way to unify a number of different customer segments at once.

Each persona is a rough, but informed approximation of the average customer within each age cohort. Comprehensive customer personas can help you create more effective promotions because they help you understand your customers' motivations.



# Building your customer personas

You need to use data from your existing customers to build accurate personas that will add value to your business.

You can factor all sorts of parameters into your personas, but for the purposes of promotion personalization, preference-related data is most important. **This includes promotion preferences, product preferences, preferred shopping medium, favorite brands, etc.**



## **2. Contextual cues**

Another approach is contextual personalization. Rather than using specific customer characteristics or data to personalize promotions, you can use contextual cues instead.

This could be the customer's browsing location, the day of the week they're visiting your site, or the amount of time they've spent on a certain page. The more contextual cues you take into account, the better you'll be able to predict the customer's objectives. AI tools are key here because they can track many different contextual cues at once and automatically decide which promotions to serve in each situation.

## **3. A/B testing**

Use A/B tests to see which promotions work better for specific customer segments or your customer base as a whole. A/B tests provide reactive insights that can help you fine tune assumptions based on data.

## **4. On-site and off-site search**

Search data can also be a powerful tool in your drive for promotion personalization. You can use data about your customers' third party searches (the keywords they searched to reach your website) to personalize the products you show them.

Or you can take it a step further by using your customers' searches in your own on-site search bar to build more relevant promotions. Simple text analysis is a good start, but semantic analysis of their searches will help you offer more relevant product suggestions. You'll be able to link relevant product categories and themes, instead of just products that contain the same words.

## **5. Customer choices**

While it's not automatic personalization, giving your customers a choice between different products is another way you can personalize their shopping experience.



# Persona targeted promotions

Here is an example of a promotion that has been tailored to a specific generational customer persona — Gen Z.



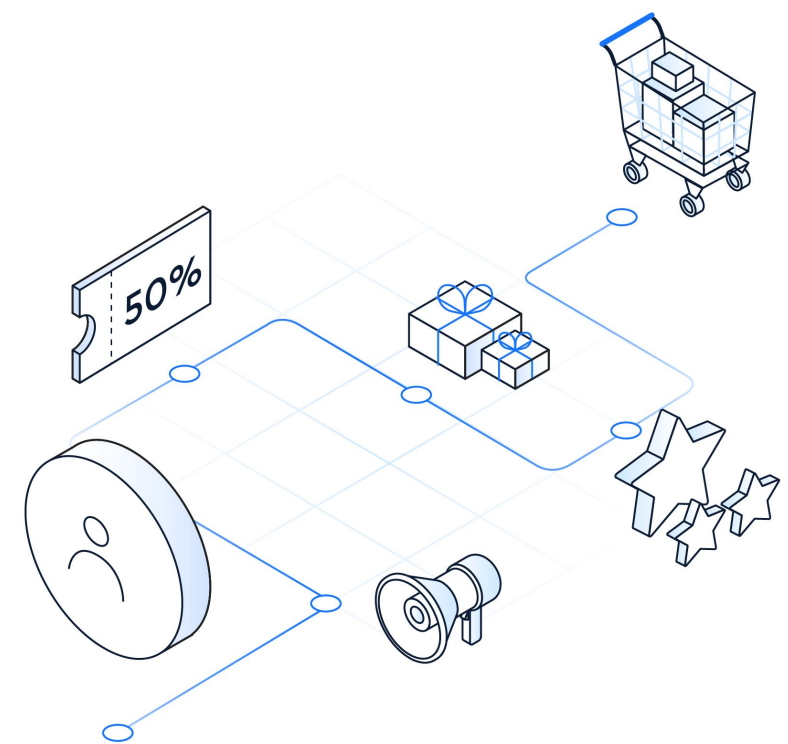
Example promotion:

**Coupon campaign** for **select partner brands** when **customers refer their friends**.

This promotion takes into account the Gen Z customer persona's promotion preference, offers discounts on brands that appeal to this age group, and ties it to the brand's wider objectives (obtaining more customers).

To personalize this promotion around specific customers, you could alter the coupons to give discounts on each specific customer's own favorite brand, or products you know they buy frequently.

# Adding personalization to your roadmap



## 1. Determine your strategy

The first step is to settle on a strategy that works for your business.

Are you going for highly granular personalization for each specific customer? Or do you want to offer a smaller selection of personalized promotions to larger segments of your customer base? What kind of promotions will you use?

The answers to each of these questions will have an impact on, not only the software you use, but also the amount and depth of customer data you'll need.

## 2. Equip yourself

Once you've built out a concept for your promotional strategy, it's time to think about the software you'll need to power it. Promotions software is a must. But you'll need a platform that can support the full range of promotional campaigns you want to offer your customers.

Additionally, you'll need a customer data platform to manage, store and process customer data from many different data sources. If you're working towards personalization in many different parts of your business, additional software will also be a necessity (customer service software, messaging software, etc.).

### 3. Roll out your promotions

Launching a series of new personalized promotional campaigns all at once increases the risk of:

- Something going wrong
- Overwhelming your customers
- Weakening potential campaign insights

Rolling out your new personalized promotions incrementally will make for a smoother transition into your new personalization strategy. You may even want to announce your new personalized promotions via marketing emails or other channels so your customers know what to look forward to.

### 4. Review & improve

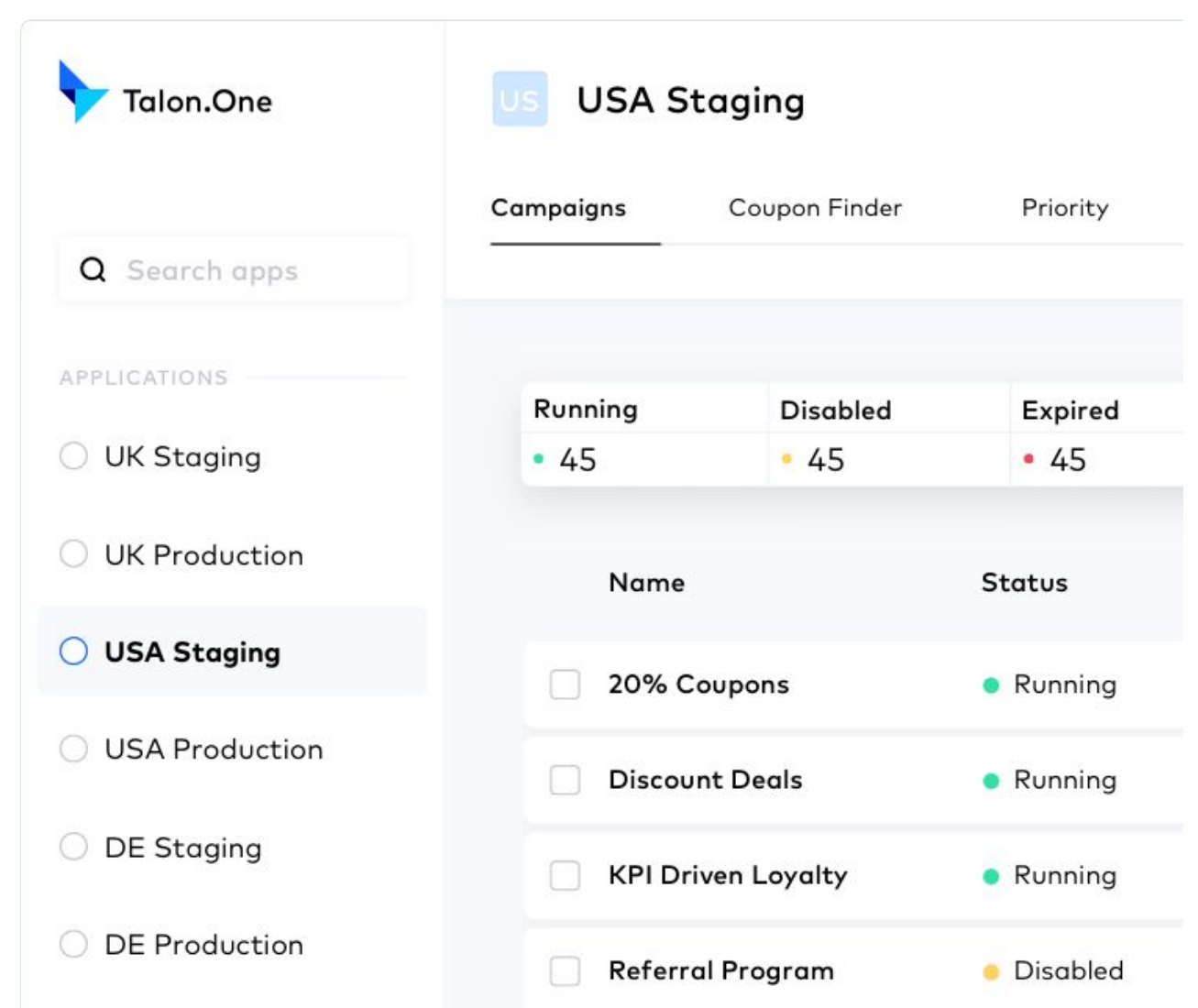
Finally, you'll want to review your campaigns and use any findings to improve them going forward. Reviewing campaigns will help you identify any shortcomings in your promotions strategy or campaign setup.

It's best to conduct reviews at two different points in the campaign lifecycle — mid-campaign and after the campaign has ended. If you notice poor performance midway through the campaign, you can make alterations and then compare results from the first and second halves. After the campaign has ended you can draw final conclusions and alter your setup for next time.



# Talon.One's Promotion Engine

→ The Promotion Engine allows you to personalize your promotions as much, or as little as you need.



Talon.One is a best-in-class microservice for promotions and loyalty. Our Promotion Engine allows customers to automate and personalize any type of promotional campaign.

Using coupons, dynamic discounts, referral programs, loyalty programs, and product bundles, you can improve your CLV and future proof your business.

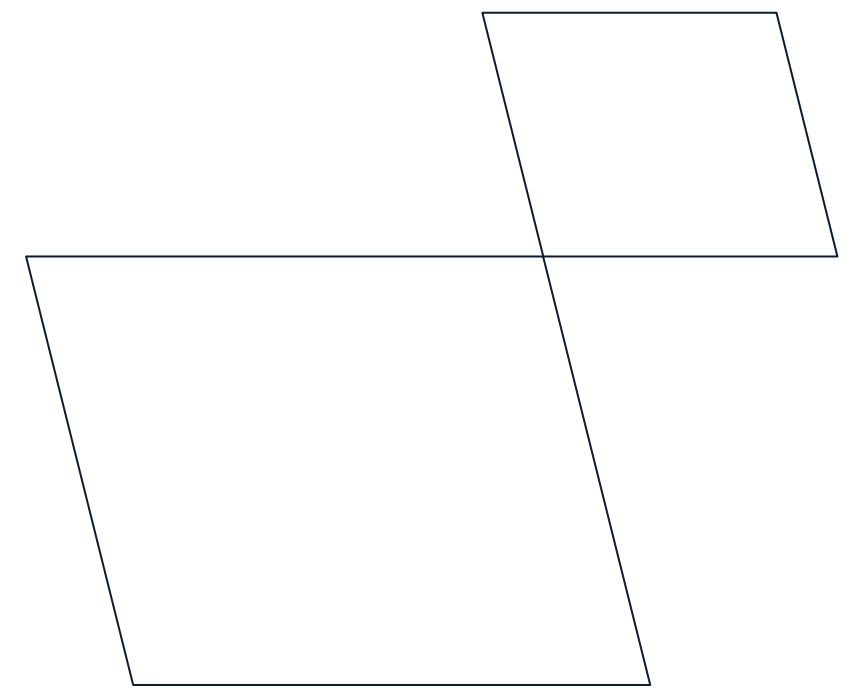
Incorporating Talon.One into a headless commerce stack is simple. It can be integrated with commercetools in a matter of hours [thanks to our custom connector](#).

Talon.One is an API-first engine and is fully MACH certified. So it's compatible with other MACH certified platforms by design.

Our API is often used together with other personalization and experience platforms like commercetools and Vue Storefront. Together, all three provide a comprehensive headless commerce solution for businesses looking to build scalable, reactive shopping experiences with a full range of promotional features. Talon.One also integrates fully with Braze, Optimizely, mParticle and a range of other business software, giving our customers full personalization capabilities.

[Book a demo online today](#) and discover how to future proof your business with Talon.One.





## **The World's Most Powerful Promotion Engine**

Create and deploy creative and targeted campaigns using any of your customer and live session data.

**MAKE YOUR PROMOTIONS POSSIBLE**

[promotions@talon.one](mailto:promotions@talon.one)

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