



Why Advanced Machine Learning Matters in Personalization



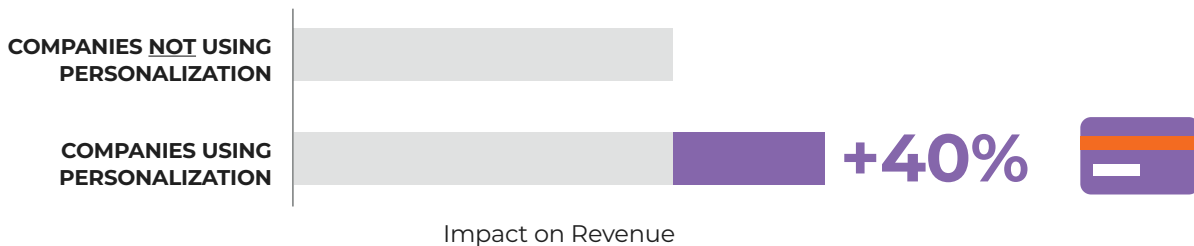


Introduction

Machine learning (ML) is no longer a technology limited to big players like Netflix, Facebook, Tesla, etc. Today, it's available and increasingly adopted by many marketers and merchandisers. But the need for advanced ML has become more apparent with growing digital targets, heightening competition, discerning shoppers, and (since Covid), a sudden interest from the C-suite in all things digital.

To exceed digital targets and meet the expectations of consumers and internal stakeholders, marketers and merchandisers need the ability to deliver 1-to-1 personalized experiences at scale. A recent report from McKinsey found that companies that capture more value from personalization grow faster. Those with above-average revenue growth see 40% more revenue from personalized marketing actions or tactics (McKinsey 2021).

1-to-1 personalization is key to succeeding in today's digital landscape, but without advanced ML, 1-to-1 personalization is not possible.



What Is Advanced ML

Machine Learning (ML) is a subset or branch of AI (Artificial Intelligence). It's the process of a system learning from data inputs and using those inputs to recognize patterns, develop conclusions, and in some cases, produce outputs. The value of ML is in automating the decision-making that can come out of AI analysis and enhancing marketers' ability to use large amounts of data within marketing processes.

At the core of a superior ML solution is a good model—it's a difficult thing to evaluate but avoid classic models and be wary of 'deep learning.' Reinforcement learning models are a great balance of fast learning and accurate decisioning with an appropriate level of data, making these models very suitable for marketing use cases like personalization.

Beyond the model, superior ML solutions are easy to use and understand, and therefore fast to adopt. They provide users with visibility over decisions, alongside the ability to tweak outputs (like promoting or demoting products or content). An advanced ML solution should be able to be applied across various digital interaction use cases, not just product recommendations.

Key Criteria For Advanced ML

- ✓ Applicable to multiple use cases, covering the whole customer journey (not just recommendations)
- ✓ Easy to use and adopt
- ✓ Easy to understand
- ✓ Access to insights
- ✓ Open data-entry & export
- ✓ Expertise to support you
- ✓ Balance of control and scalability



Why Advanced ML & 1-To-1 Personalization?

We know the power of personalization; marketers have seen a steady flow of stats streaming in from analysts and solutions for years. For a glimpse at the impact at a more granular and tangible level, Monetate's research shows that customers exposed to three or more personalized pages convert at two times the rate. Similarly, visitors exposed to 1-to-1 personalization (even just once) converted 110% more than those not exposed to Monetate ML. That is huge.

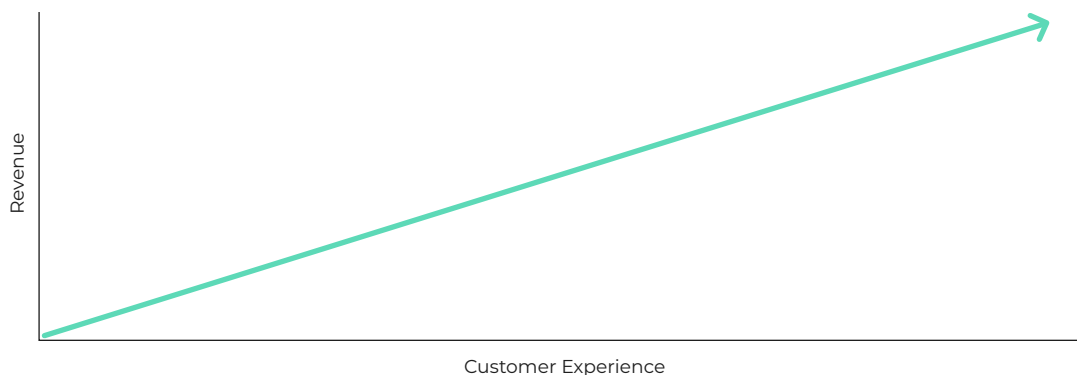
The goal is clear: to personalize as many elements of the customer journey as possible to every visitor. However, it is impossible without advanced ML as you can't scale. With an ML solution with fully integrated testing & personalization capabilities, you can scale on two axes.

1 Delivering 1-to-1 decisions to every visitor

With superior ML, you can move away from rules-based segmentation (where it's impossible to deliver anything beyond broadly targeting groups of customers). With 1-to-1, a decisioning engine pulls in everything known about a visitor and makes a unique decision and action based on that individual at that exact moment in time.

2 Personalizing every element of the customer journey

An integrated superior ML solution will enable the deployment of 1-to-1 personalization across all digital interaction use cases (messaging, layouts, content, recommendations algorithm, social proof, site search, etc.). Many solutions boasting ML technology will be limited to recommendations or other elements of the customer journey. With a fully integrated solution, you can personalize more of the customer journey resulting in better outcomes for your business and your customers.



The potential impact of 1-to-1 personalization on the customer experience and, as a result, revenue is profound.

A Deeper Look at the Benefits of Advanced ML



More Accurate Decisioning

Solutions that have been touting machine-learning capabilities for a decent length of time will have decisioning engines that have had lots of data to learn from. More data (in this case) means more accurate decisions and faster.

“Training time” refers to the effort of training the machine to make accurate decisions. Less advanced or newer machine learning models require lots of training and handholding in the form of trial, error, manual fiddling, and time to get up and running.

A advanced ML engine will be easier and faster to deploy and will start making performance-increasing decisions sooner.



Curation & Merchandising Control

ML is critical to delivering tailored experiences at scale. But, while the need for scalable personalization has increased, the same business and merchandising guardrails exist. Marketers and merchandisers still need to tweak, adjust and promote different products, creative assets, etc.

Merchandiser-friendly solutions should enable users to promote or demote specific attributes or products to align with campaigns or promotions, like pushing a new line of clothing or burying low-margin items based on a top-down initiative. On the theme of merchandiser control, recommendations containers should also allow slot-level control with a whole container, giving users the power to deploy different configurations of algorithms or pin certain products for set customer segments.

Product recommendations on their own are not 1-to-1 personalization, but they're a crucial aspect. Merchandisers need to layer on their expertise and act on business needs, working in harmony with a personalization decisioning engine.



Visibility Over ML Decisions

Deep learning presents risks even with excellent data and a high-profile, high-volume problem to solve. Marketers have little to no transparency as to why certain decisions are made, making it hard to build on the outcomes with other programs.

Extracting insights and analytics to justify the investment can be challenging and reporting to other parts of the organization is also difficult. For some systems, the machine makes decisions, and the marketers and merchandisers are hands-off. This separation doesn't just make adoption difficult but also impacts the ability of those

teams to influence customer experiences/product promotion and align with business priorities and guardrails.

Without visibility, there is also the risk of bias in the system, even with good data, derail outcomes. It's not easy to know whether the right data or algorithm was implemented as the machine quickly evolves and makes additional changes.

Advanced ML shouldn't be a black box—it will provide visibility over which data points/context has influenced the decisions of the ML engine. This visibility is critical and can also be used across other campaigns and initiatives or deepen your customers' understanding.



Ability to Scale

Without advanced ML 1-to-1 personalization is not possible. Many solutions will tout 1-to-1 capabilities but simply don't have them due to a lack of definition in the market and audacious tech marketers trying to win business based on buzzwords.

Before ML, "personalization" would mean delivering targeted messaging or product recommendations to different customer groups. This is what many now refer to as "segmentation." Segmentation is a valuable tool for marketers but is limited in its flexibility to deliver relevant experiences to every customer. Separate experiences for your top customer segments may be lucrative and worth the effort. Still, the creation of experiences and the rewards from slicing and dicing ever smaller groups of customers diminishes as you create smaller and smaller segments. Trying to deliver rules-based segmentation to all your visitors on just one channel is nearly impossible, never mind trying to cover cross-channel.

With advanced ML, you can achieve individualized personalization at scale and use wider data to develop new segmentation that quickly adapts to changing behaviors. Advanced ML automates the process.

Simply set a goal like reducing bounce or increasing RPS and let the ML do all the heavy lifting.



Applicable to All Aspects of the Customer Journey

Product recommendations are a key tool for a marketer or merchandiser, but they're just one part of the customer journey. You can also apply a advanced ML solution to content, layouts, product recommendations, messaging, search, social proof, badging and more, or to the use case of your choosing rather than being limited to recommending products.

Many solutions will tout deep learning (DL) technology but (in the rare case that technology provides DL/AI/ML), the applications will be limited to recommending products. Advanced ML gives marketers and merchandisers access to deliver compelling experiences at scale to each stage of the customer journey. More applications of superior ML results in greater engagement and ultimately more revenue.










Integrated & All-Encompassing

To improve customer experiences, marketers and merchandisers rely on a growing number of platforms and services. Separate solutions require different platforms to learn and log into, separate data sources, product feeds, training, contracts, etc. A advanced ML solution shouldn't add to the list of solutions; it should allow you to become more efficient and save costs while maximizing performance.

To maximize the applications of ML (see above) and improve operational effectiveness, a superior solution will allow you to consolidate vendors while retaining access to best-in-class technologies.

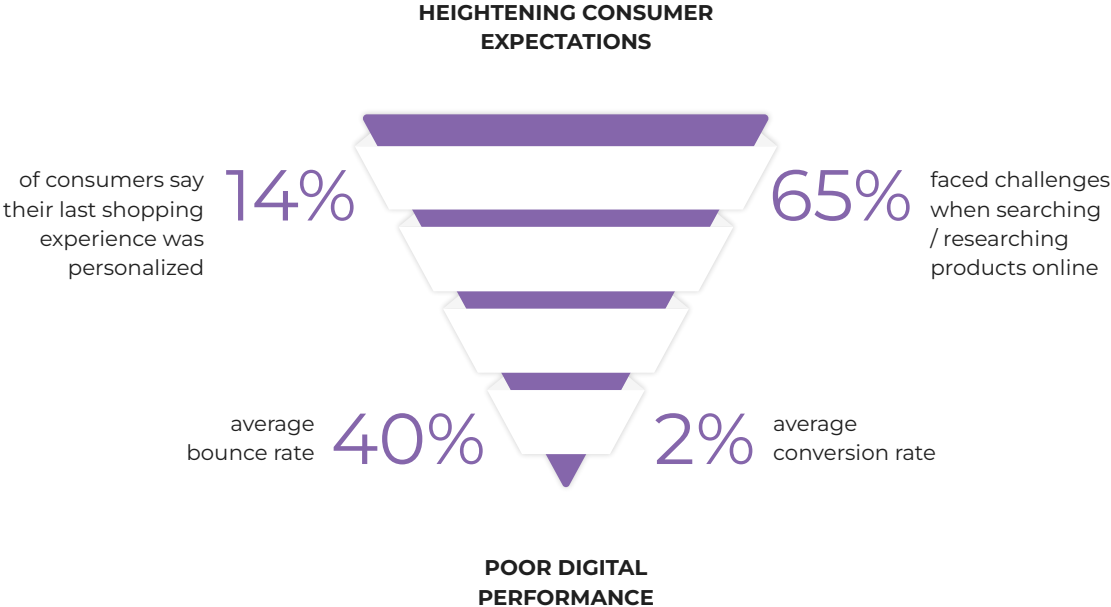
Access to 1-to-1 capabilities is now essential for marketers, but there are still times for testing, rules-based recommendations, and segmentation. Access to these key capabilities enables you to see fast ROI from quick-to-deploy initiatives like testing and recommendations while you get the pieces together for more advanced 1-to-1 omnichannel experiences. **Look for solutions that include the following capabilities:**

-  **Analytics & Reporting**
-  **Testing & Experimentation**
-  **Segmentation & Targeting**
-  **Site Search**
(and wider search and discovery capabilities)
-  **Product Recommendations**
-  **Merchandising Tools**
(Social proof messaging, badging, product/gift finder)
-  **1-to-1 Personalization**



The Impact of Advanced ML in Personalization

It's no secret that ML-powered personalization drives performance and better customer outcomes. According to McKinsey (2021), "Companies that grow faster drive 40 percent more of their revenue from personalization than their slower-growing counterparts."



Source: McKinsey & Company COVID-19 US Consumer Pulse Survey 9/18-9/20 n=1026

Further demonstrating the correlation between more revenue resulting from more personalization, the Monetate Ecommerce Quarterly Report found that visitors who viewed three pages of personalized content converted at a [rate of 3.4%](#) versus 1.7%.

A [report by Accenture](#) found that 91% of consumers say they're more likely to shop with brands that provide offers and recommendations that are relevant.

On the flip side, only 14% of consumers say their last shopping experience was personalized, and 65% faced challenges when searching/ researching products online (McKinsey).

This discrepancy from the impact to the experiences felt by consumers today is due to the lack of businesses deploying 1-to-1 personalization.

What Does 1-to-1 Personalization Look Like? Here Are Some Examples:

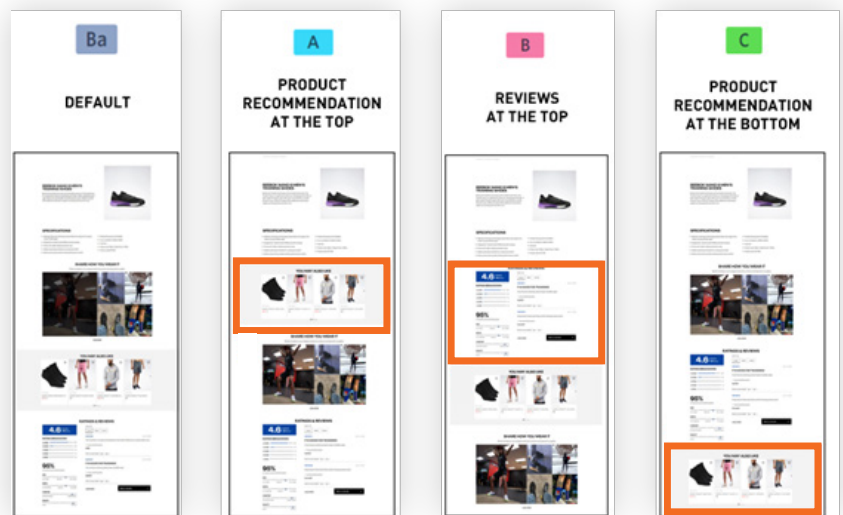
Reebok uses 1-to-1 personalization to deliver the most optimal PDP layout for each visitor.

With millions of customers worldwide, Reebok knew that cookie-cutter messaging and marketing wouldn't help them meet their goal of becoming the personalization leader in their category. **So the team identified three main objectives they'd need to meet to drive deeper onsite engagement, create more valuable customer relationships, and achieve their ambitious goal:**

- ✓ Double-down on AI to predict consumer intent and drive personalization at scale
- ✓ Create a one-to-one journey that is relevant and consistent across all touchpoints
- ✓ Use explicit and implicit consumer data effectively from various sources.

“Reebok’s ambition is to become the most personalized sports brand in the world by scaling custom experiences that are relevant and consistent across all touchpoints.” Christian Huber, Global Director Digital Experience at Reebok

A key area of the customer journey is the PDP on the Reebok website. The team utilized several out-of-the-box targets alongside feeding in their own customer data to influence the 1-to-1 decisions. The result? A dynamic PDP that adapts in real-time to each visitor, changing the priority of reviews vs. brand content vs. recommendations and more.



RESULTS

- **4.2% lift in RPS (Revenue per Session) over Black Friday 2020**
- **5.5% increase in ATC (Add-to-Cart Rate)**
- **12.2% improvement in CTR (Click-Through Rate)**

Reebok’s ambition is to become the most personalized sports brand in the world by scaling custom experiences that are relevant and consistent across all touchpoints.

Christian Huber

Global Director Digital Experience at Reebok

Room and Board Attains 80% Higher Conversion With AI-Driven Personalization



Room & Board turned to Monetate to leverage their rich customer data and extensive library of creative assets to implement a scalable AI-driven program.

However, with 17 different customer segments, and a need for individual messaging across those segments, personalization was a cumbersome and burdensome manual process, which ended up limiting the scale of their program.

Room & Board wanted to offer a seamless experience to customers, regardless of what device they were using, at any stage of the purchasing funnel.

STRATEGY

Alongside a host of other experiences, Room and Board deploy 1-to-1 personalization to select the best HP hero for each visitor based on 40+ contextual and behavioral attributes to determine content most likely to engage each visitor in real-time.



With Monetate, Room and Board delivered, and are continuing to see serious uplifts in engagement and key metrics. Room and Board also now see the maximum ROI from each of their creative assets as it's shown to the most optimal visitor at the most appropriate time in the customer journey.

RESULTS

- **80% conversion uplift**
- **50% uplift in homepage engagement**
- **10% higher AOV for visitors engaging in personalized content**



Leading Beauty Brand Push 1-to-1 Recommendations In-Store

A leading beauty retailer turned to Monetate to deliver personalized, engaging, and fun experiences across all channels, including apps, email, in-store, and more.

Creating meaningful relationships with customers is a top priority for all businesses but it's especially important for this brand. So they needed a way to create engaging in-store experiences that connected the customer journey across digital to touchpoints and then in-store.

Their team turned to Monetate to easily plug into their CEP (Customer Experience Platform) & CDP (Customer Data Platform). Using Monetate, the brand could push targeted push notifications and personalized app experiences to POS devices and in-store interactive screens based on proximity to the store and past behavioral information.



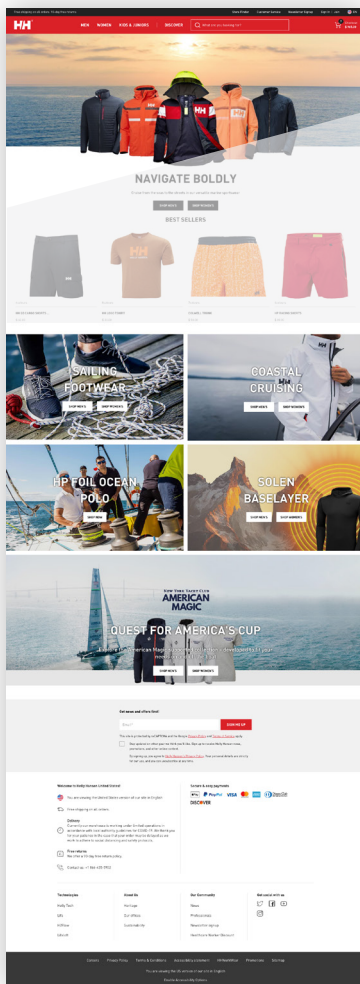
With Monetate, the leading beauty brand built meaningful relationships with their customers to drive LTV and repeat purchases.

Helly Hansen Applied 1-to-1 Personalization to Recommendations to Deliver Unique Experiences at Scale

As a result of their global presence and specialization in a broad swath of apparel, Helly Hansen has a widely varied customer base. Therefore, the company needed to make sure the shopping experience would be as relevant for a Spanish sailor as it would be for a professional skier in Colorado or a commuter in London.

Helly Hansen had a small team driving rapid growth. The teams wanted to create 1-to-1 Personalization Experiences on their homepage to create unique first-touch experiences for customers. To deliver segmented experiences to each of their customer groups, they needed a machine learning-driven approach that could account for many variables and scale easily.

With four product slots on the home page, creating variety was key. Similarly, they wanted to test product recommendations on other pages that could be tested and personalized with Slotting, Automated Personalization, and Dynamic Testing.



Recommendations panel containing 4 slots



RESULTS

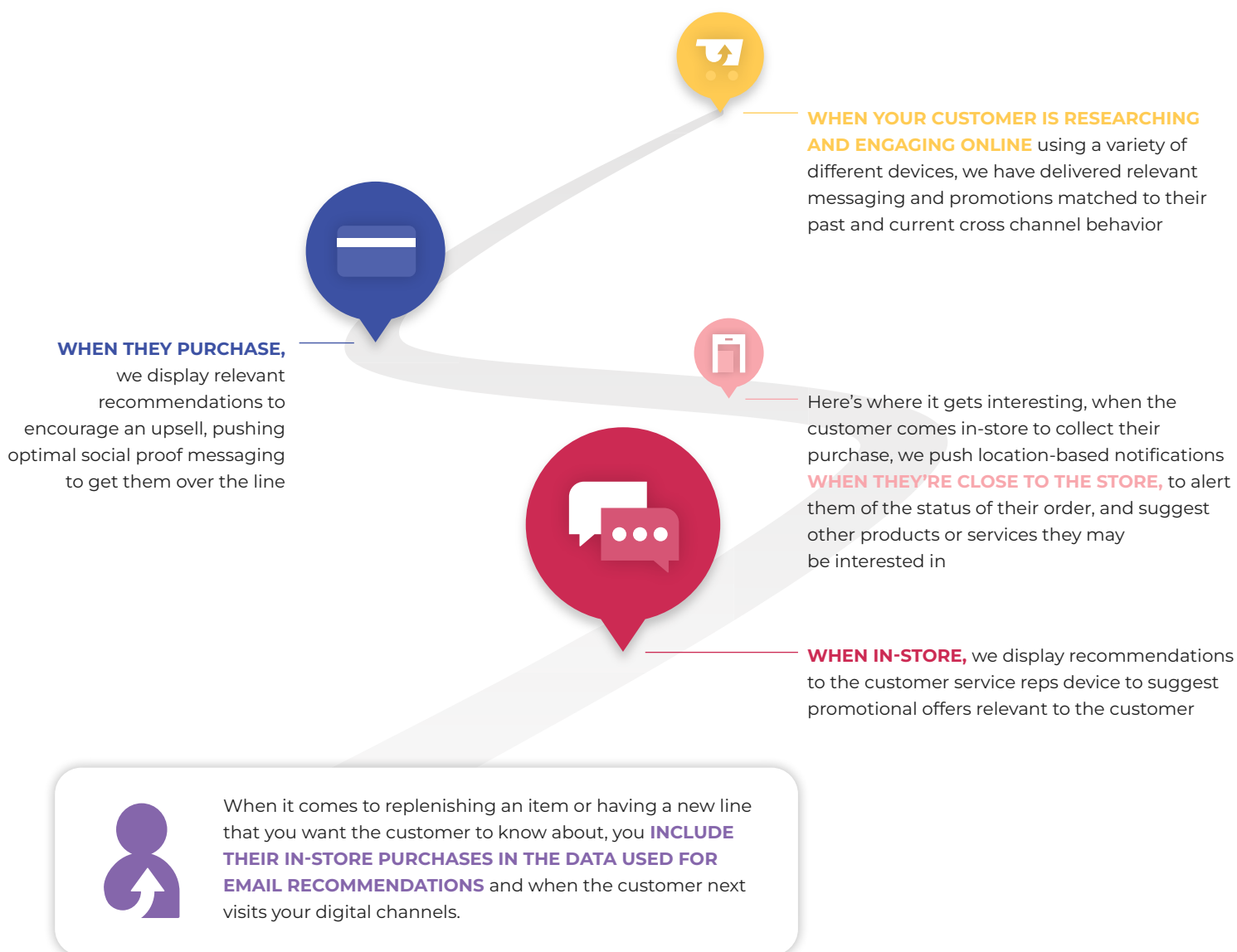
- Created a **28% increase in RPS in the men's section of the site with slotted recommendations**
- **Decreased returning customer bounce rates of 4% by using 1-to-1 Personalization on their homepage**
- **Monetate recommendations provided the company 50% more clicks than their old recommendation partner**

The (Not So Far) Future

A customer journey where personalization is extended to key stages like fulfillment and more aspects of Re-Engagement is now attainable.

We're now at a stage where marketers can deliver on strategic objectives like omnichannel personalization. With the right solution, businesses can delight customers with seamless shopping experiences beyond traditional digital channels and involve physical touchpoints like fulfillment.

Picture this:



Summary

Today, personalization solutions often promise the tools to deliver 1-to-1, but their use cases are limited to rules-based segmentation or recommendations. With the few that have 1-to-1 functionality, the ML modeling in use is closed off behind screens. Without advanced machine learning technology, it's simply not possible to deliver the experiences that customers expect today.

With this, Marketers and Merchandisers are distanced from customer experience delivery and understanding by data scientists, analysts, and developers. Advanced ML is about robust modeling, but as much as the ML, the solution it sits within is just as important.



Monetate is shaping the future of digital customer experiences. Powered by patented machine learning, Monetate empowers organizations to use relevant data to make the most intelligent and personalized decisions across touchpoints. Capabilities such as testing and experimentation, recommendations, and automated 1-to-1 experiences give brands the ability to deliver the right experience at the right time to their customers. Monetate has incorporated powerful capabilities from Certona to provide the most comprehensive personalization solution, all within a single platform.

Founded in 2008, with a presence in the U.S. and Europe, Monetate is trusted by leading organizations around the world and influences billions of dollars in revenue every year for top companies such as Reebok, Office Depot, and Lufthansa Group.

To learn more, visit [monetate.com](https://www.monetate.com)