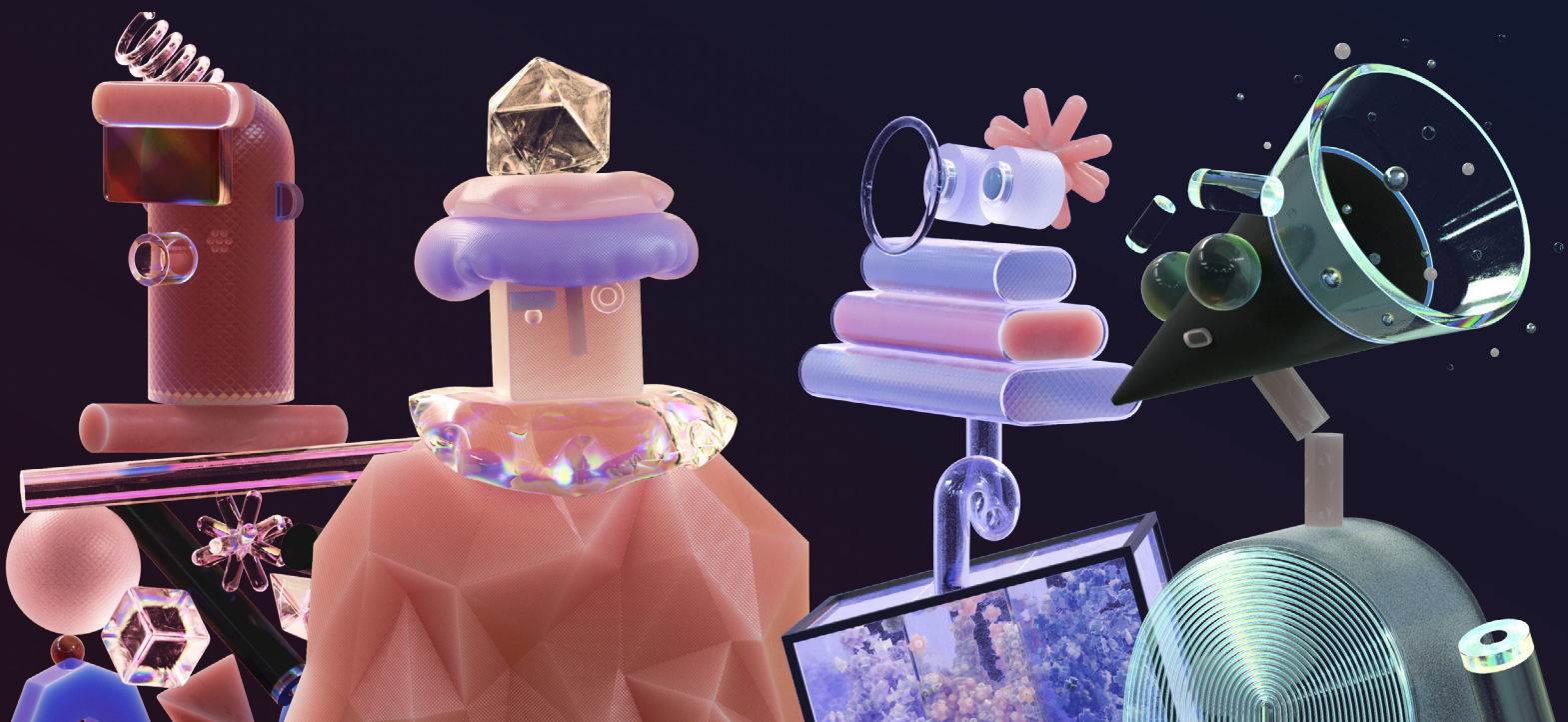# Medallia

LET'S GET PERSONAL

Your Official Guide to Personalizing Customer Experiences

Four dynamic approaches to begin, improve, or perfect
your brand's personalization strategy

Introduction

In this rapidly changing and increasingly complex world, successful brands must be agile change agents in all aspects of their business. When setting out to acquire their most coveted asset — loyal customers — savvy brands know that every experience matters. Winning the hearts and wallets of today's consumer means deploying a customer-focused, tech-enabled experience strategy that offers value, convenience, accessibility — and of course, personalization.

Personalization is all about creating an emotional connection that makes customers feel seen, heard, valued, and uniquely understood at all stages of their journey. In a recent Medallia market research study on personalization, **82%** of respondents said "personalized experiences" drive their choice of brand in at least half of shopping situations.

Yet, only **26%** of respondents rated the level of personalization in their most recent brand interaction as "high" (a 9 or 10 score on a 0-10 scale). This stark contrast illustrates the gap between consumer expectation vs. their actual experiences, and the opportunities that exist for brands who deploy personalization in an informed, authentic, and meaningful way.

An effective personalization strategy can drive incremental customer transaction volume and spend, while decreasing churn and attrition.

It will directly benefit organizations in all industries by actively engaging with their customers throughout their journey to create promoters and deepen relationships at each stage of their journey:

In the Recent Past:
Acknowledge or remedy

In the Present:
Address or engage in real time

In the Future:
Influence and orchestrate

Within this guide, we'll explore four key approaches to personalization that brands can deploy to deliver exceptional experiences, generate customer loyalty, and boost business prosperity.

Four Dynamic Approaches to Personalization

Because customers interact with your brand in various ways, there's no one approach to personalization. Instead, we can think of it as a multi-faceted yet interdependent strategy. To lay the foundation, we categorize personalization into four approaches, or styles:

- Responsive
- Situational
- Segmented
- Individualized

Brands that truly personalize every experience likely use all of these approaches in a dynamic and simultaneous manner. This is not a step-by-step or incremental process in which a brand moves from one stage, or approach, to the next. It should all tie back to brand priorities and how personalization supports the execution of a brand's vision.

For example, within one company, the marketing team can use a segmented approach to tailor messaging, while the contact center deploys a situational approach to empower employees who directly interact with customers, and the digital team applies an individualized approach to automate and orchestrate future (or next-best) experiences.
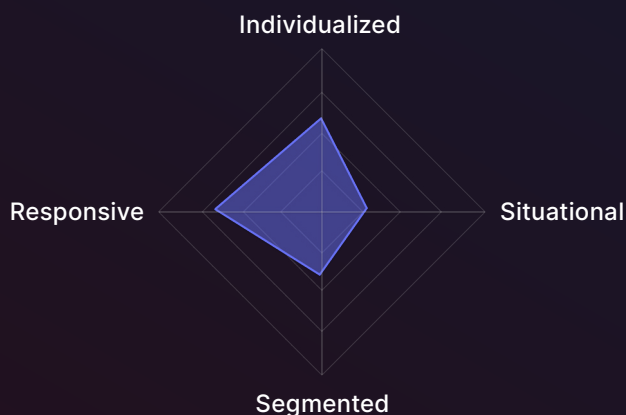
Personalized Experiences Matter

It is not uncommon for a customer to be more dissatisfied with a brand due to customer service friction points or user experience obstacles than with the brand's actual product or service. For example, going through too many steps or speaking with too many people; trouble navigating a website, app, or phone system; or interacting with an employee unfamiliar with the customer's situation all outrank dissatisfaction due to the price being too high, products being sold out, or other issues.

Brands that excel at personalization generate **40%** more revenue from those activities than average players.

Individualized

Responsive

Situational

Segmented

RESPONSIVE

Deploy responsive personalization after an experience has occurred

Let's delve into the responsive approach to personalization. As it suggests, this involves how a brand responds to a customer's experience after it has occurred. It is an excellent way to create an open dialogue and acknowledge what a customer says and does, coupled with personalized responses and recommendations. The quality of the brand's response demonstrates to the customer that they are valued.

An example involves a brand that proactively responds to a customer's positive or negative feedback within 24 to 48 hours. They inject personalization by using the customer's preferred communication channel and acknowledging the origin or context of their feedback. Closing the loop like this is a relatively simple way to elevate and differentiate a customer's experience with a brand.

Key considerations that can guide the design of a responsive approach include:

- Follow-up/recovery-driven
- Learning orientation
- Context-driven engagement

A responsive approach works best when it is implemented in a programmatic fashion. Brands that use this approach collect customer feedback and behavioral data to tailor their future content and messaging. Personalization tactics are typically applied after a customer's experience has concluded, they utilize solicited, unsolicited, and/or observed feedback, and the team tests tactics to see what works best. In addition, responsive outreach helps increase the likelihood of future interactions, additional purchases, and enhanced customer loyalty.

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Organizations who use a responsive approach should align customer feedback with operational data to test — and perfect — the most effective personalization strategies.
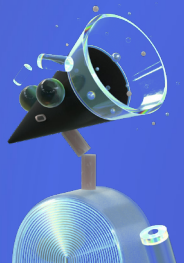
SEGMENTED

Strategically segment and effectively engage after an experience has occurred

A segmented approach to personalization is beneficial to brands when they have a comprehensive understanding of their customer base. Brands leverage this foundational knowledge to create targeted groupings of customers and personalize their experiences with relevant messaging and timely engagement.

With a segmented approach, brands create targeted groups of customers using commonalities like recent purchases, spend frequency, feedback data, how long they've been a customer, channel preferences, demographics, and more. Consider this a 1-to-many technique that enables strategic and meaningful interactions with a targeted group of customers to generate impactful engagements.

Key considerations that can guide the design of a segmented approach include:

- Creating targeted segments of customers

- Gathering and using as much behavioral and transactional data as possible

- Coordinating tailored messaging and experiences that resonate on a personal level and influence future interactions and purchases

This approach lets brands engage in an elevated way with high-priority customers, both established and emerging. Segmented personalization can deliver more relevant and differentiated experiences for these customers, and help brands collect more data to continuously refine and determine the most effective engagement tactics.

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Use a segmented approach to drive relevant and differentiated interactions, heighten interest and purchase intent, and gather data to "test and learn" the most effective outreach tactics, especially with high-value customer groups.

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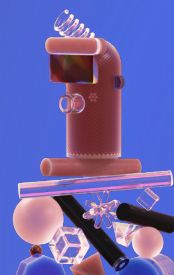
SITUATIONAL

Empower employees to personalize and influence experiences in real time

A situational approach to personalization centers on empowering your employees with multichannel data to deliver "in-the-moment" customer experiences on the front lines. Brands using this adaptive approach take into account the entire customer journey in order to meet the immediate needs of their customers.

One example is a contact center in which an agent has instant access to an entire customer profile, including their full history and context across all channels and touchpoints. There's no need for the customer to reshare information or repeat details, which is a common irritant and experience detractor. In addition to elevating customer experience, this situational approach also enhances the agent's engagement, helping them feel supported, trusted, and able to confidently deliver on their brand's promise. Employees are empowered with real-time information and data to effectively engage and efficiently interact with customers.

Consider this use case: A telecommunications company deployed situational personalization by creating a Next Call Prevention program in their call center. Its genesis was to prevent the next call by anticipating a customer's unspoken future need. For example, if a parent called to

add a line or activate a new phone for their child, the brand knew a common follow-up question would be how to activate parental controls.

Through a situational approach, agents are encouraged to proactively share information with the customer, which personalizes the experience, exceeds expectations, and efficiently prevents another call to an already bustling contact center.

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A well-executed situational approach gives employees the tools, techniques, and data they need to effectively and immediately serve the customer.

INDIVIDUALIZED

Curate value-add experiences in the customer's current and future journey

This is it — the 1:1 orchestration of personalized experiences in real time, at scale, across all channels and touchpoints. Individualized personalization tactics are dynamically curated in the moment to support and engage with customers and effortlessly achieve the desired outcome.

Brands can position themselves in a caring and helpful light by sharing proactive recommendations based on past purchases, as well as tailored messaging on specific promotions, rewards, and special offers. For example, let's say a brand detects, via a digital signal, that a customer is contemplating the online purchase of a pair of running shoes. The brand can then automatically deliver dynamic content, like a discount code for this specific customer. Perhaps it's based on past purchase history (i.e. loyalty) or to generate goodwill with an emerging, high-value customer.

When this approach is deployed at scale, it can be a game changer for brands as it fosters customer enthusiasm and long-term loyalty. Since individualization is journey-based, it requires brands to have a deep understanding of a customer's journey — starting with intent, what they truly need, channel preference, and more.

This approach also empowers brands to take immediate and proactive action.

Let's say a customer is interacting on a brand's digital channel. With advanced digital behavior analytics, the brand knows the customer is experiencing difficulty or frustration. In response, the customer is immediately offered an opportunity to speak with an agent (with a callback option so they don't have to wait on hold). This "in the moment" service recovery can prevent the customer from abandoning a purchase or going to a competitor's site.

One caveat: This approach is highly dependent upon robust data that drives the decision engine that defines orchestrated capabilities and executes automated action. Brands are encouraged to think about the depth of data they can access and how they can deploy it to curate 1:1 customer experiences at scale.

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An individualized approach leverages a journey-oriented view of the customer's experience to guide next-best actions and optimize desired outcomes.
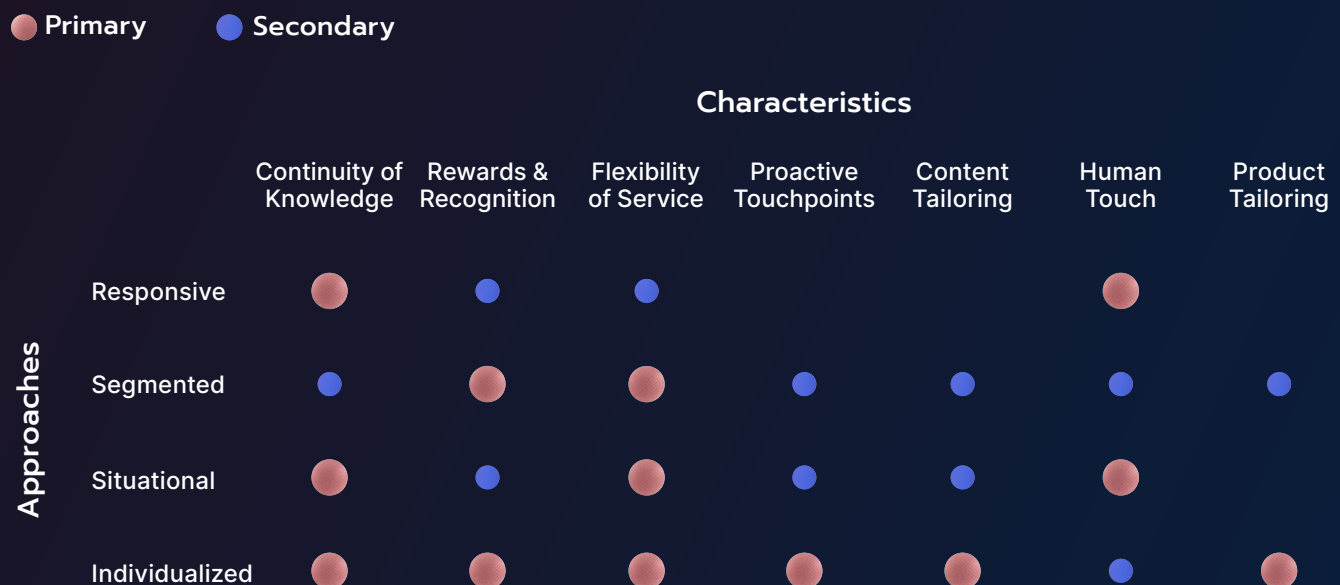
Finding the Right Path to Personalization

When it comes to personalization, there is more than one type to choose from — and they can be used together in a fluid and agile manner. Getting personalization right in one or two aspects of the customer experience, but leaving major gaps in the rest of the journey, will not suffice in the long-term.

As with any strategic undertaking, brands must deploy these approaches based upon their vision, ability, and business objectives, and determine how to best manifest them in their customer interactions.

If a brand wants to focus on human interaction, they should consider deploying a responsive or situational approach, whereas when prioritizing flexibility of service (with a need to be proactive and to automate), a situational or individualized approach may be favored.

● **Primary**   ● **Secondary**

Characteristics

Approaches	Continuity of Knowledge	Rewards & Recognition	Flexibility of Service	Proactive Touchpoints	Content Tailoring	Human Touch	Product Tailoring
Responsive	Primary	Secondary	Secondary			Primary	
Segmented	Secondary	Primary	Primary	Secondary	Secondary	Secondary	Secondary
Situational	Primary	Secondary	Primary	Secondary	Secondary	Primary	
Individualized	Primary	Primary	Primary	Primary	Primary	Secondary	Primary

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Steps to Personalize Experiences:

1 Take the Medallia quiz to find out your personalization style

2 Review your brand's customer journey maps

3 Identify critical moments and personalization opportunities

4 Engage with marketing & technology partners to understand current capabilities (data, AI, omnichannel integration, etc.)

5 Educate employees on how personalization can empower their effectiveness

6 Ensure customers that sharing personal data is safe and secure

As your brand embarks on its path to personalization, Medallia is here to help.
Get started by taking the quiz to understand which personalization approach you align with most!

Take the quiz →

About Medallia

Medallia is the pioneer and market leader in customer, employee, citizen, and patient experience. Medallia Experience Cloud captures billions of experience signals across interactions including all voice, video, digital, IoT, social media, and corporate-messaging tools. Medallia uses proprietary artificial intelligence and machine learning technology to automatically reveal predictive insights that drive powerful business actions and outcomes. For more information, visit **www.medallia.com.**

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