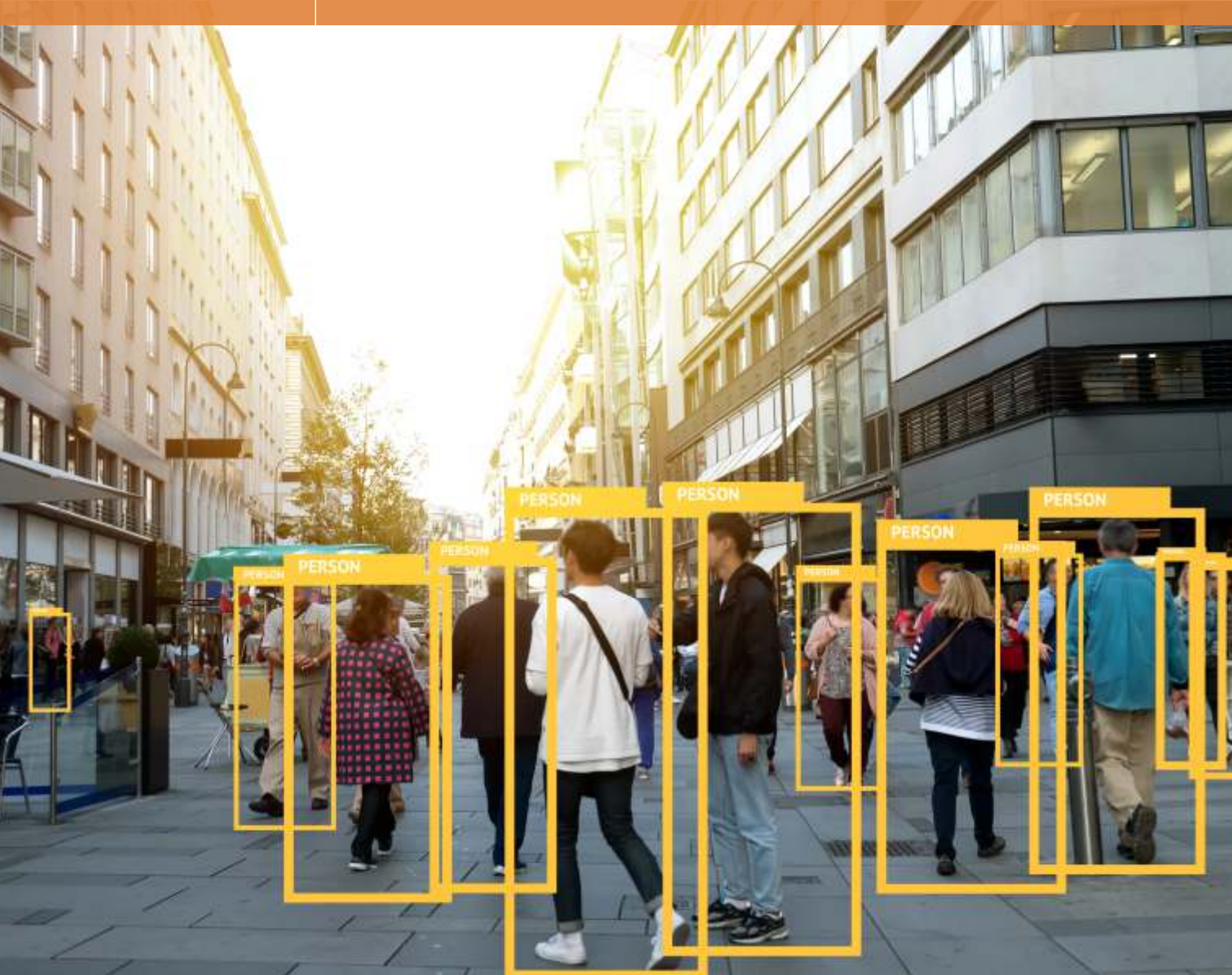


ATINDERPAL SODHI,
SUBJECT MATTER EXPERT,
RESEARCH & ANALYTICS

HYPER-PERSONALIZATION: A MARKETING PRIMER FOR ENHANCED CUSTOMER EXPERIENCE



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- Atinderpal Sodhi, Subject Matter Expert, Research & Analytics

"We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better."

- Jeff Bezos, CEO, Amazon

The above statement is a testament to the significance of Customer Experience (CX) for any business that aspires to scale the peaks of success.

Personalization has always been one of the main drivers of CX across industries, especially in travel and hospitality, due to higher customer centricity. However, with evolving customer awareness, the focus is now shifting toward unique, individualized experiences.

In today's digital era, customer touchpoints have increased significantly. The number of e-mails and messages circulated has surged.

According to a research¹ conducted by the University of California, San Diego, in 2016, people received about 105,000 words within half a day through channels such as mobile phones, the Internet, e-mail, TV and radio.

In the wake of such information overload, mass communication of products / offerings will most probably end up being categorized as 'noise' in the customer's mind.

An effective mechanism to break through this noise is hyper-personalization. It requires brands to walk the extra mile and push personalization to an individual level by enabling adaptive content, functionality and interaction in real-time.

For example, a leading global hotel chain re-invented its existing marketing program by developing multiple predictive response models. The company was able to pitch best-fit ancillary offers for each customer and maximize revenue.

As per a survey conducted by Adobe's CMO.com, 94 percent of marketing professionals across multiple industries believed that

personalization is 'important,' 'very important,' or 'extremely important' for meeting their existing marketing objectives.² Customers were also found willing to pay an average of USD 98 to enjoy personalization benefits such as fast-track security, preferred seating and enhanced meals during travel bookings.³

Though brands have easy access to transactional and social media data, the transition from mere customer loyalty schemes to hyper-personalization of customer engagement entails a major overhaul of a host of practices within the company. It ranges from developing an efficient hyper-personalization framework, aligning the organizational structure for seamless collaboration and leveraging the necessary technologies.

¹ <https://www.tech21century.com/the-human-brain-is-loaded-daily-with-34-gb-of-information/>

² <http://www.cmo.com/features/articles/2015/2/18/mind-blowing-stats-personalization.html#gs.wamgloc>

³ <https://flightchic.com/2016/10/30/big-spenders-air-travellers-would-pay-up-to-100-for-these-extras/>



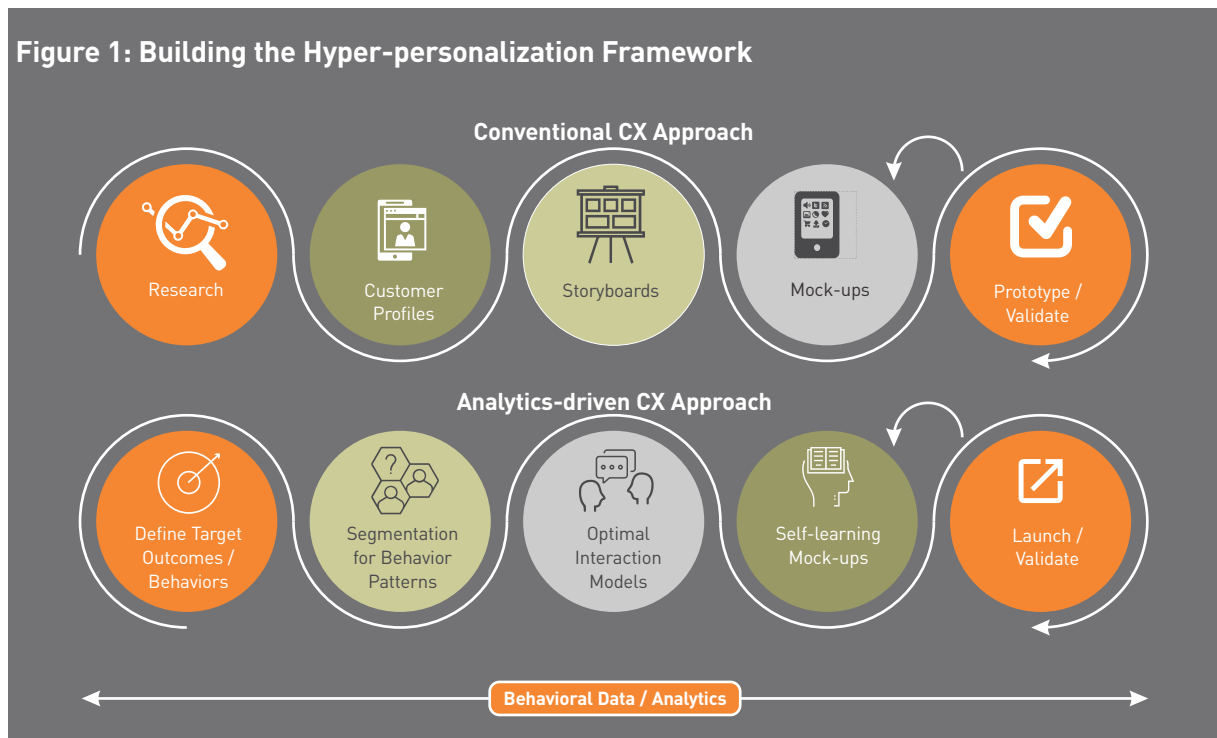
Developing an Efficient Hyper-personalization Framework

The conventional CX approach to building a hyper-personalization framework lacks the edge provided by big data and hence limits accurate real-time discovery of individual preferences of customers. However, an analytics-driven CX approach adopts the classic approach of integrating advanced

analytics with flexible user interfaces. The difference between these two approaches toward CX is illustrated in Figure 1.

To develop a hyper-personalization framework, start by defining goals to be achieved and the intended behaviors for the target group.

Then, develop segmentation for behavior patterns, and for each segment, identify optimal interaction strategies and CX. Lastly, leverage analytical techniques and machine-learning to make an automated self-learning system and thereby optimize the design and underlying interaction patterns.



To gain the competitive advantage for a sustainable future, companies should harness the power of disruptive innovation, take risks and experiment. Hence, agile methods become essential to develop quick prototypes with short cycles, enabling businesses to

course correct faster in case of undesirable outcomes such as poor campaign performance or low marketing return on investment.

Companies should have the zeal to never settle only for available data if they want to enable hyper-

personalized customer journeys. The approach should be to determine the scope to better personalize individual interactions, figure out what data would be required to enable it and then identify the mechanism to obtain the data.



Aligning Organizational Structure & Leveraging Technologies

For an effective hyper-personalization exercise to be implemented, it is essential to:

- Enhance collaboration between the marketing, business and technology functions to ensure faster fulfilment of customer objectives
- Ramp up resource capability in big data and analytics and CX design to effectively mine huge data volumes and create effective campaign strategies

Based on a survey by Experian Data Quality,⁴ 99 percent of companies believe that a single customer view is a significant business need. A unified customer view is critical to enabling hyper-personalization. Hence, it is imperative to compile data from traditional sources [such as Enterprise Resource Planning (ERP), Customer Relationship Management (CRM) and data warehouses] and then integrate newer customer data sources such as social media into a 360-degree view of the customer, enabled by

robust technology architecture with the following elements:

- **Data Management Platforms (DMP)** that collect, standardize and process the company's internal and external data form the backbone of data-based marketing. DMP also enables media optimization by automation of digital media purchases and advertisement target segmentations
- **Marketing Automation Platforms** should be at the core of this architecture with leads and contacts management capability, a single customer view, smart synchronization with CRM, as well as other functions that enable individual level segmentation, real-time behavior monitoring and social listening
- **Web Personalization and Recommender Platforms** should be leveraged to offer personalized recommendations at the right time to the customers. These platforms can

help decode customer requests, organize results, predict behavior / needs and combine various data sources

- **Customer Identity and Access Management (CIAM) Platforms** help companies determine the trade-off between security and CX, produce a 360-degree view of the customer and leverage this information for customer analytics. With more customer data, come higher risks of privacy infringement. This calls for a cautious approach on an organization's part to ensure that:

Customers are aware of the company's intention of accessing their information

Customers have control and management of their preferences in sharing information

Great CX is delivered as a measurable consideration for sharing information

⁴ <http://www.targetmarketingmag.com/article/why-single-customer-view-foundation-marketing-success/>



No More Spray and Pray

Hyper-personalization is driving companies' strategic decisions today as evidenced by the following data:

- Nine out of 10 hoteliers think guests will expect their stay to be personalized by 2020⁵
- 41 percent travelers will choose a hotel that uses facial recognition technology to identify

guests and enhance personalization

- 74 percent online consumers get frustrated with websites when shown promotional or advertising content that has nothing to do with their interests

Mass segmentation is now history and it's time for companies to truly harness the power of individualized

customer insights. Developing the capabilities and organizational focus to leverage that data for hyper-personalized engagement will ensure revenue maximization and enhanced customer experience.

The clock is ticking; is your business ready to make the right offer to the right person at the right time?



⁵ <https://www.grantthornton.ie/globalassets/1.-member-firms/ireland/insights/publications/grant-thornton---hotels-2020-2016.pdf>

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