



KEYPOINT
INTELLIGENCE

| *InfoTrends*

SERVICE AREA:

Customer Communications

ANALYSIS

THE POWER OF PERSONALIZATION

How Personalized Content Can Improve the Effectiveness of Communications

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contents

Document

Introduction	2
Key Highlights	2
Recommendations	3
Consumers Notice Personalization!	3
Enterprises are Capitalizing on the Opportunity	6
Personalization Matters in Videos Too!	8
InfoTrends' Opinion.....	10

Tables and Figures

Figure 1: Personalization Increases Engagement and Loyalty	3
Figure 2: Personalization Improves the Effectiveness of Direct Mail	4
Figure 3: Consumers Spend More Time with Personalized Direct Mail	4
Figure 4: Consumers Spend More Time with Personalized Digital Marketing Campaigns.....	5
Table 1: Personalization Increases Engagement with Direct Mail.....	5
Table 2: Personalization Increases Engagement with Marketing e-Mails	5
Figure 5: Personalization is Key to Improving the Customer Experience.....	6
Figure 6: Top Direct Marketing Priority	7
Figure 7: Personalized Videos Encourage Follow-Up.....	8
Figure 8: Comfort with Personalization	9



Introduction

At one time, the act of customer personalization simply involved incorporating the recipient's name in various parts of the communication. Thanks to ongoing technological innovations in customer segmentation and data mining, today's enterprises now have access to more information about their customers than ever before. In parallel, consumers' expectations are also shifting—people understand that their providers have access to a great deal of their personal information, and they now expect any communications to reflect this level of knowledge.

Savvy businesses are learning how to leverage this knowledge to create truly personalized communications that reflect consumers' preferences, needs, and behaviors. To further complicate matters, consumer preferences will change and evolve over time. As a result, business marketers must be flexible and stay informed about their customers so they can continue to deliver the best possible experience and foster brand loyalty. Armed with a wealth of personal information, enterprises have the ability to create trusted one-on-one relationships with each of their customers. By incorporating an increased level of personalization, businesses can improve the customer experience by delivering more relevant and valuable campaigns. This document cites recent research data from Keypoint Intelligence – InfoTrends (InfoTrends) to explore how personalization can increase the effectiveness of customer communications.

Key Highlights

- ◆ Personalization drives customer loyalty and engagement, and it is also a key factor in improving the effectiveness of direct mail.
- ◆ According to InfoTrends' research, about half of respondents spent much more time reviewing direct mail and direct marketing campaigns when they were personalized and relevant.
- ◆ Improving targeting and personalization was the top direct marketing communications strategy among enterprises that planned to increase their direct market spending.
- ◆ Consumers were generally more likely to follow up with a company that sent a personalized video rather than a generic one.
- ◆ Personalized videos can be a great way to further engage existing customers, but a campaign that is based purely on personalized videos may not be the most effective strategy for attracting new customers.



Recommendations

- ◆ **Recognize the power of personalization.** Personalization is a great way to improve the overall customer experience, foster loyalty, and establish a relationship between a business and its customers. Consumers understand that enterprises have access to more of their personal information than ever before, and they expect businesses to leverage this knowledge. For many consumers, personalization has become a requirement for delivering communications that get noticed and drive action.
- ◆ **Use increased personalization when marketing to younger demographics.** Although InfoTrends' research has consistently shown that consumers of all ages respond to personalization, individuals under the age of 35 are particularly likely to notice and engage with personalized communications. Personalization can be a great way to attract the attention of younger consumers.
- ◆ **If you use videos, make sure they are personalized!** Personalized videos can be a great way to further engage existing customers and keep them coming back for more. Most consumers—regardless of whether they were already familiar with a business—were open to some level of personalization in the videos that they received.

Consumers Notice Personalization!

InfoTrends' research has consistently shown that consumers notice personalization, and it often plays a key role on how they interact with transactional and marketing communications. Earlier this year, InfoTrends conducted a survey of 4,000 consumer respondents in North America and Western Europe. When these respondents were asked how their transactional communications providers could make them more engaged and loyal customers, rewards and discounts were the most popular answers. At the same time, however, personalization was also a key factor—29% of respondents noticed personalized offers and another 25% appreciated a personalized experience.

Figure 1: Personalization Increases Engagement and Loyalty



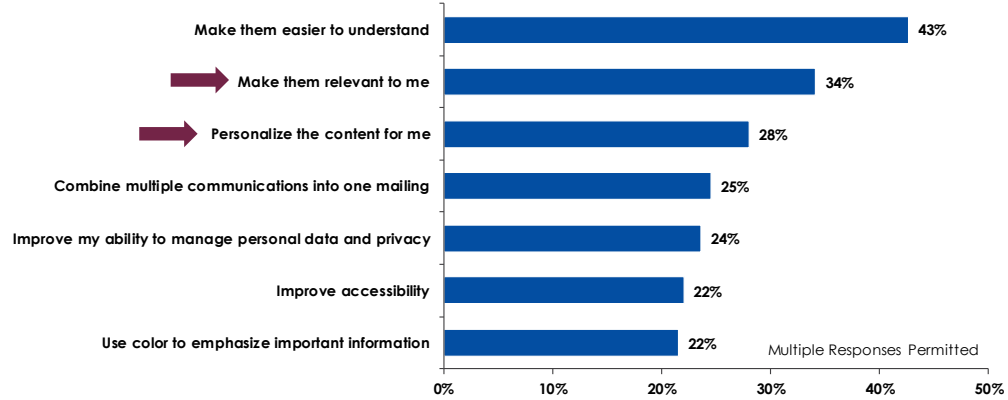
N = 4,000 Consumer Respondents in North America and Western Europe
 Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018



Personalization was also a key factor for improving transactional communications that were sent via direct mail. Over a third of respondents stated that transactional communications sent via direct mail could be improved by making them more relevant, and personalization is a critical component of relevance.

Figure 2: Personalization Improves the Effectiveness of Direct Mail

How can your providers improve the transactional communications they send via direct mail? (Top Responses)



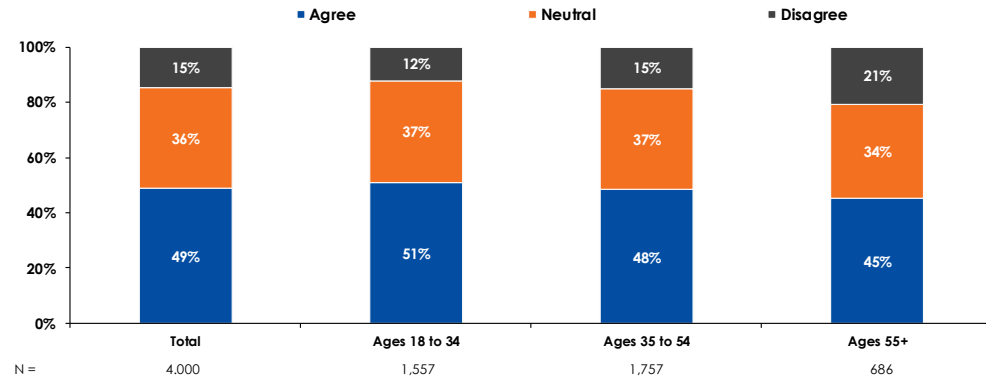
N = 4,000 Consumer Respondents in North America and Western Europe
 Source: Annual State of Transactional Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2018

According to InfoTrends' most recent marketing communications research, about half of total respondents spent much more time reviewing direct mail and direct marketing campaigns when they were personalized and relevant. It should also be noted that younger generations were more likely to pay attention to messaging when it was personalized. This was true for direct mail as well as digital communications.

Figure 3: Consumers Spend More Time with Personalized Direct Mail

What is your level of agreement with the following statement?

— "I spend much more time reviewing direct mail that is personalized and relevant to me than I do with generic direct mail."

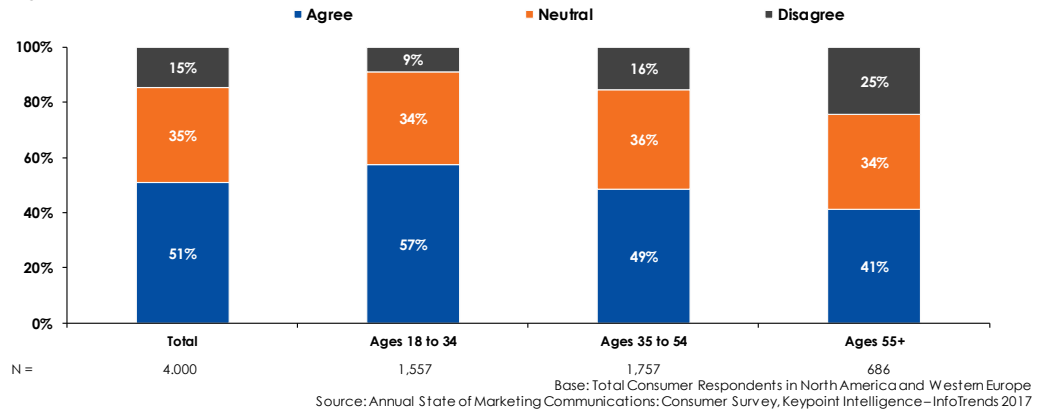


Base: Total Consumer Respondents in North America and Western Europe
 Source: Annual State of Marketing Communications: Consumer Survey, Keypoint Intelligence – InfoTrends 2017



Figure 4: Consumers Spend More Time with Personalized Digital Marketing Campaigns

What is your level of agreement with the following statement?
— "I spend much more time reviewing digital marketing campaigns that are personalized and relevant to me than I do with generic direct mail."



As was shown in the previous Figures, consumers—especially younger ones—will spend more time reviewing personalized content than generic content. The Tables below illustrate that personalization also plays a key role in prompting younger consumers to engage with communications. When respondents were asked to specify the factors that made them most likely to engage with direct mail and marketing e-mails, personalized content was the top response for individuals between the ages of 18 and 34.

Table 1: Personalization Increases Engagement with Direct Mail

Which factors make you most likely to engage with direct mail? (Top 3 Responses)			
	Ages 18 to 34	Ages 35 to 54	Ages 55+
1	Personalized content (48%)	Familiar/trusted sender (57%)	Familiar/trusted sender (66%)
2	Familiar/trusted sender (47%)	Relevance (51%)	Relevance (56%)
3	Relevance (45%)	Personalized content (44%)	Personalized content (37%)

Source: Annual State of Marketing Communications: Consumer Survey; Keypoint Intelligence – InfoTrends 2017

Table 2: Personalization Increases Engagement with Marketing e-Mails

Which factors make you most likely to engage with marketing e-mails? (Top 3 Responses)			
	Ages 18 to 34	Ages 35 to 54	Ages 55+
1	Personalized content (47%)	Familiar/trusted sender (54%)	Familiar/trusted sender (66%)
2	Relevance (43%)	Relevance (49%)	Relevance (49%)
3	Familiar/trusted sender (42%)	Personalized content (40%)	Personalized content (39%)

Source: Annual State of Marketing Communications: Consumer Survey; Keypoint Intelligence – InfoTrends 2017

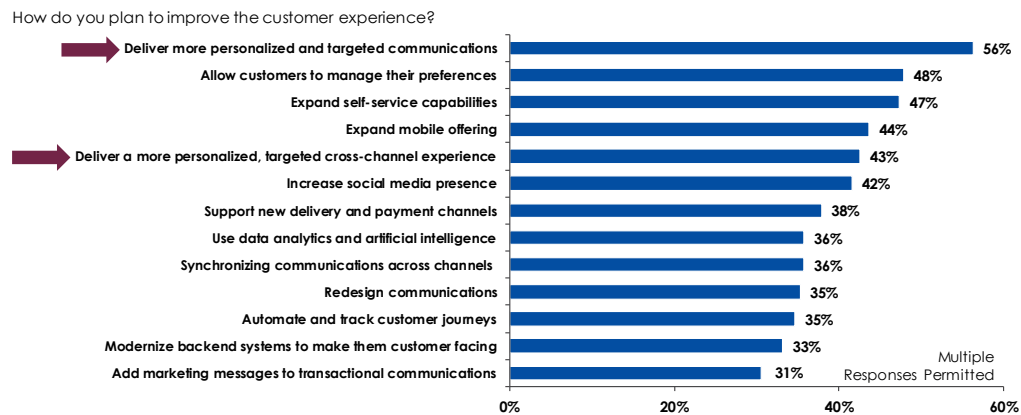


Enterprises are Capitalizing on the Opportunity

Personalization clearly attracts consumers' attention and increases their engagement. InfoTrends' business research confirms that savvy enterprises are using the power of personalization to their advantage.

Of the 600 enterprises that participated in InfoTrends' most recent *Transactional Communications* research, nearly 32% considered improving the customer experience as the most important business objective in their transactional communications strategy. Of these respondents, over half (56%) planned to improve the customer experience by delivering more personalized and targeted communications. In addition, nearly 43% intended to improve the customer experience by creating a more personalized and targeted cross-channel experience.

Figure 5: Personalization is Key to Improving the Customer Experience



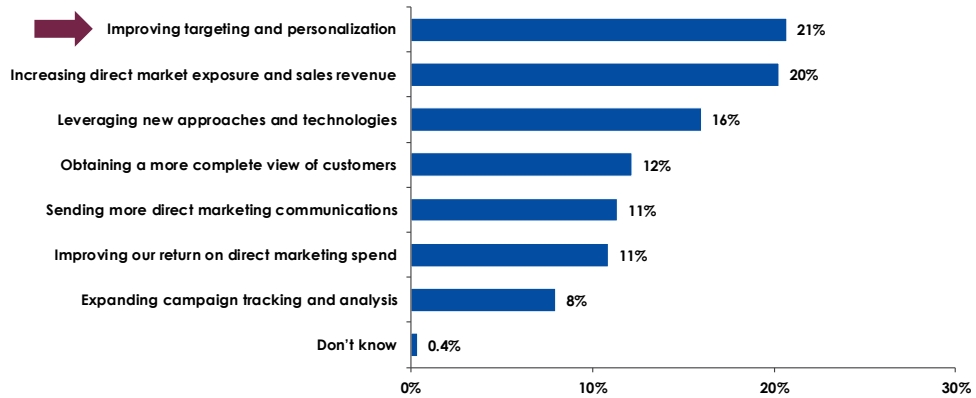
N = 190 Business Respondents in North America and Western Europe that consider improving the customer experience to be their most important objective
 Source: Annual State of Transactional Communications: Enterprise Survey, Keypoint Intelligence – InfoTrends 2018



InfoTrends' marketing communications research paints a similar picture. Of the 600 total enterprise respondents that completed this survey, nearly three-quarters planned to increase their direct market spending over the next two years. Among these respondents, improving targeting and personalization was the top direct marketing communications strategy.

Figure 6: Top Direct Marketing Priority

Which of the following represents your top priority relative to your direct marketing communications strategy?



N = 449 Business Respondents in North America and Western Europe that plan on increasing direct market spending
Source: Annual State of Marketing Communications: Enterprise Survey, Keypoint Intelligence-InfoTrends 2017

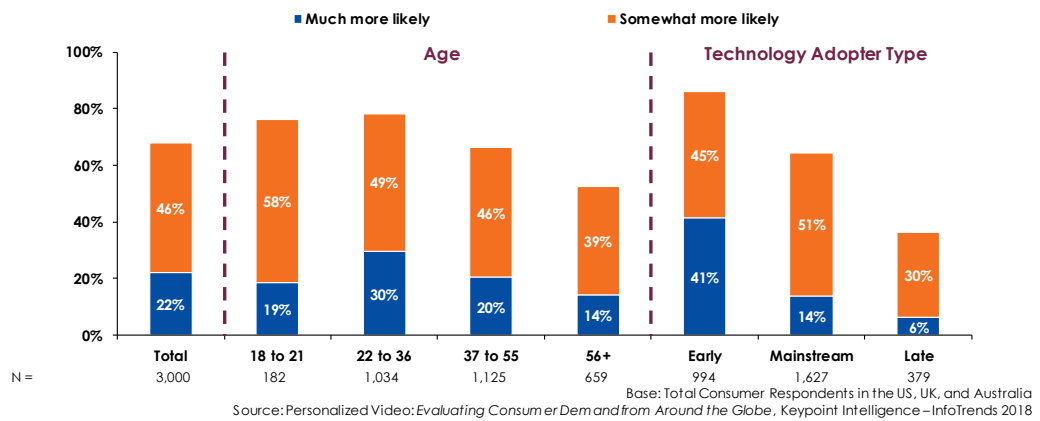


Personalization Matters in Videos Too!

Although personalization clearly improves the effectiveness of transactional and marketing communications, its power does not stop there. According to InfoTrends' research on personalized video from earlier this year, nearly 70% of total respondents were somewhat or much more likely to follow up with a company that sent a personalized video rather than a generic one. As shown in the Figure below, younger respondents and early adopters of technology were especially likely to respond to personalization in videos that their providers sent them.

Figure 7: Personalized Videos Encourage Follow-Up

How much more likely are you to follow up with a company that sends you a personalized video compared to a generic video?

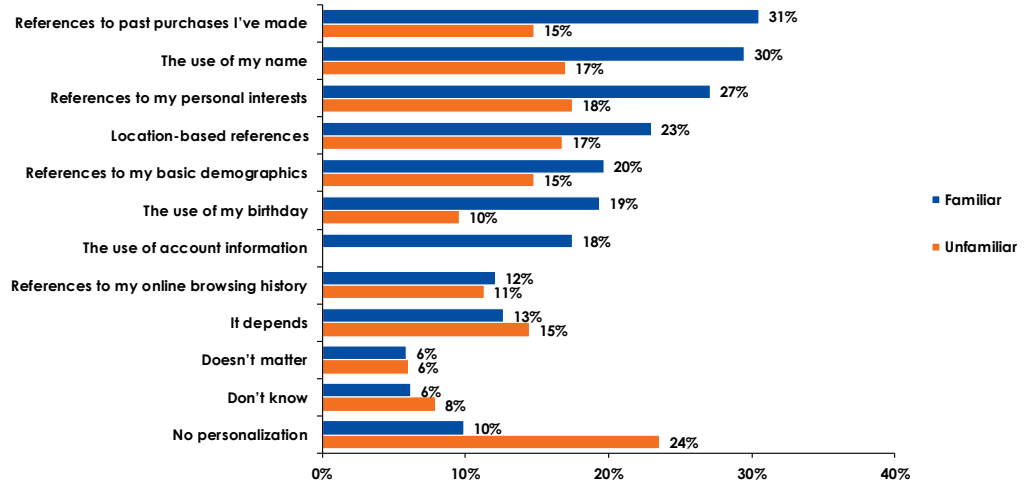


As with all forms of communication, though, personalized videos must be used correctly to be effective. When respondents to this same survey were asked about the levels of personalization they were comfortable receiving, their preferences varied based on their existing relationship with the company that sent the video. For example, although nearly a quarter of respondents preferred no personalization in a video from an unfamiliar company (e.g., a company they had not done business with in the past), only 10% felt the same about a video from a familiar company that they already did business with. Furthermore, a greater share of respondents were more comfortable with all types of personalization when they came from a familiar company. At the same time, however, it is important to note that the majority of consumers—regardless of whether they were already familiar with a business—were open to some level of personalization.



Figure 8: Comfort with Personalization

What levels of personalization are you comfortable receiving in a personalized video from the following types of businesses?



N = 3,000 Total Consumer Respondents in the US, UK, and Australia

Source: Personalized Video: Evaluating Consumer Demand from Around the Globe, Keypoint Intelligence – InfoTrends 2018

This points to the importance of establishing a relationship with a consumer. Personalized videos can be a great way to further engage existing customers and keep them coming back for more, but a campaign that is based purely on personalized videos may not be the most effective strategy for attracting new customers. When working with new customers, personalized videos should be part of a broader marketing mix that also includes direct mail and digital communications.



opinion

InfoTrends' Opinion

Today's consumers understand that their providers have access to a great deal of their personal information, and they expect business communications to reflect this level of knowledge. To deliver the best possible experience and foster loyalty, business marketers must stay informed about their customers' changing behaviors and preferences. By incorporating an increased level of personalization, businesses can improve the customer experience by delivering more relevant and valuable campaigns. Cutting across a number of InfoTrends' surveys, the message is clear—personalization gets noticed, increases customer engagement, and drives action!



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