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ANNUAL
ECOMMERCE
PERSONALIZATION
REPORT



As leading brands and retailers seek to transform how they engage with and retain customers amid heightened market competition, they're increasingly pursuing eCommerce personalization initiatives as a primary strategy.

However, true real-time 1:1 personalization remains an elusive—yet rewarding—target for most companies. To be successful in their endeavors, eCommerce leaders need to understand key market trends and value drivers related to the adoption of personalization solutions and platforms.

In 2020, Reflektion partnered with WBR Insights, a leading retail market research firm, to conduct an in-depth survey into eCommerce personalization to understand the key challenges and trends occurring in the market as digital commerce practitioners evaluated and applied personalization technologies to their business. The 2020 Reflektion eCommerce Personalization Industry Survey captures market insights from 165 digital commerce and marketing leaders across North America.

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TABLE OF CONTENTS

- 05 Key Takeaways**

- 06 eCommerce Personalization Insights**
 - Top eCommerce Technology Initiatives
 - Importance of eCommerce Personalization for Driving Engagement
 - Importance of Personalization Capabilities
 - Personalization Profile
 - eCommerce Personalization Metrics

- 18 The Power of a Unified eCommerce Personalization Platform**

- 21 About the Survey Respondents**
 - Job Level
 - Job Function
 - Company Online Revenue
 - Retail Segment
 - Average SKU Count

KEY TAKEAWAYS

98% of respondents agree eCommerce personalization is important for driving engagement among customers.

01



79% of respondents believe there is value in a single, unified platform for delivering eCommerce personalization. Respondents indicate the primary benefits of a single platform are improving customer focus, productivity, and business growth.

02



Within eCommerce personalization, 53% or a majority of respondents rated each of the following features as important: **AI/ML, omni-channel targeting, merchandising controls, and advanced analytics.**

03



Most eCommerce and marketing leaders have already taken the first step in personalizing emails to retarget shoppers on their sites with first-generation solutions and over **43% plan to continue making investments in improving the personalization of retargeting emails** with next-gen solutions over the coming 12-18 months.

04



Moving beyond the personalization of retargeting emails, the next three most important areas of technology investment in the next 12-18 months will be **personalizing product recommendations (39%), content personalization of web and email (39%), and category or landing pages (37%).**

05



Among major technology initiatives planned for this year, the top three are **eCommerce personalization (63%), omni-channel marketing (47%), and analytics (45%).**

06



The most important key performance indicators (KPIs) for eCommerce personalization are **Conversion Rates and Average Order Value**, both immediate near-term benefits.

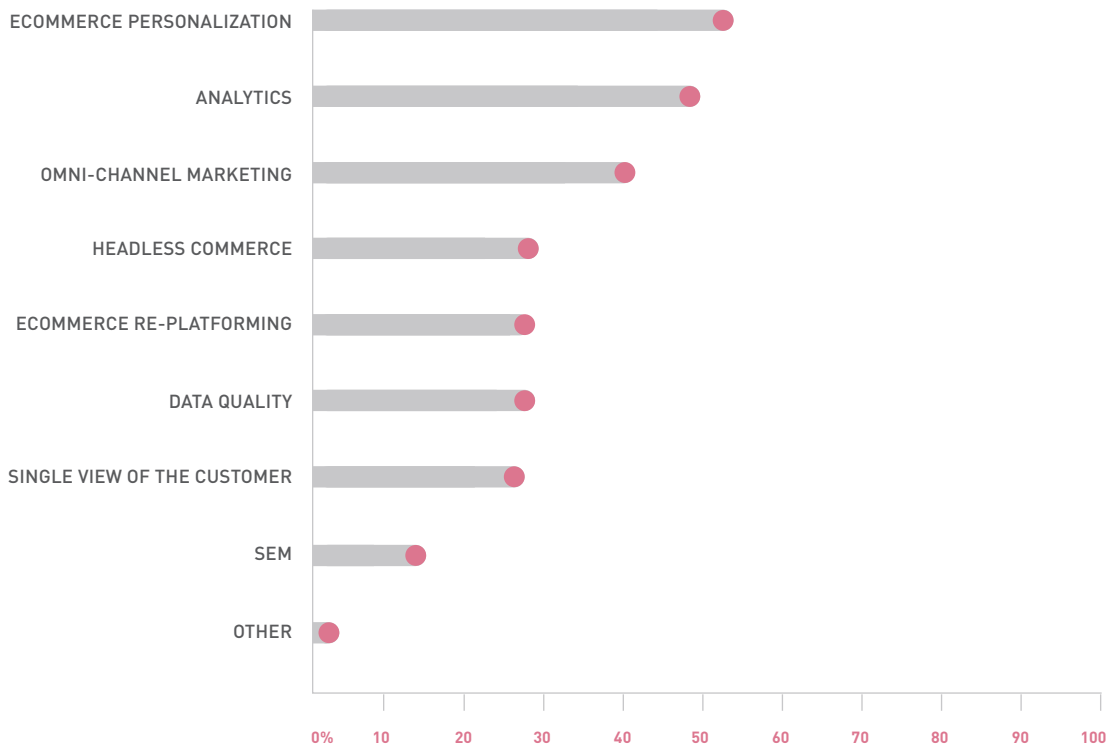
01

ECOMMERCE PERSONALIZATION INSIGHTS



Top eCommerce Technology Initiatives

What are your top three eCommerce technology initiatives?



55%

of digital commerce and marketing leaders affirmed personalization as a top priority within their current technology initiatives

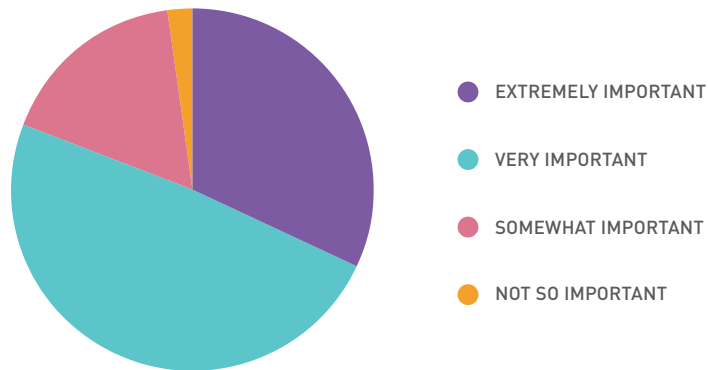
Recognizing eCommerce personalization as a critical success factor, an overwhelming 55% of digital commerce and marketing leaders affirmed personalization as a top priority within their current technology initiatives. Personalization was followed in importance by the ability to make strategic data-driven decisions through the use of analytics (51%) and effectively influencing customers through multiple channels (42%).

These results clearly indicate that eCommerce leaders are investing broadly and strategically on a number of interrelated initiatives. For instance, delivering a consistent, real-time experience through personalization across multiple channels has been proven to create a 'flywheel' effect that drives improved business performance. In addition, the use of analytics can inform eCommerce leaders as to what personalization strategies are working best and justify greater investment.

The rest of this survey will dive deeper into what technologies, metrics and types of personalization are important to business leaders when they pursue eCommerce Personalization initiatives.

Importance of eCommerce Personalization for Driving Engagement

How important is eCommerce Personalization for engaging customers?



Overall, 98% of the survey respondents agree that eCommerce personalization is important for driving greater engagement among customers. Within the group, 33% confirmed eCommerce personalization is extremely important, while 49% cited it as very important. These results confirm that eCommerce leaders consider personalization a critical cornerstone of their business and technology strategy to build and enhance customer relationships.

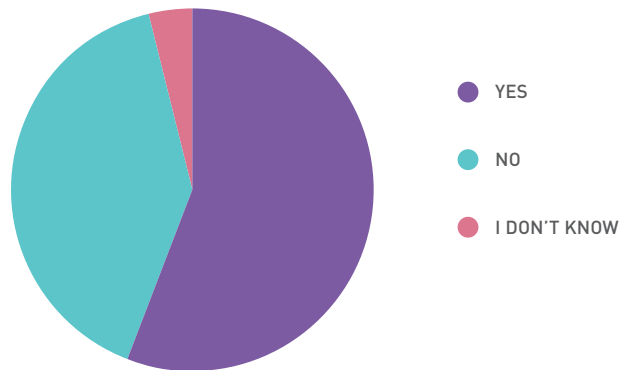
98%

of survey respondents agree that eCommerce personalization is important for driving greater engagement among customers.

eCommerce leaders now consider personalization a critical cornerstone of their business and technology strategy to build and enhance customer relationships.



Do you believe Personalization should be a bigger priority in your organization than it is currently?



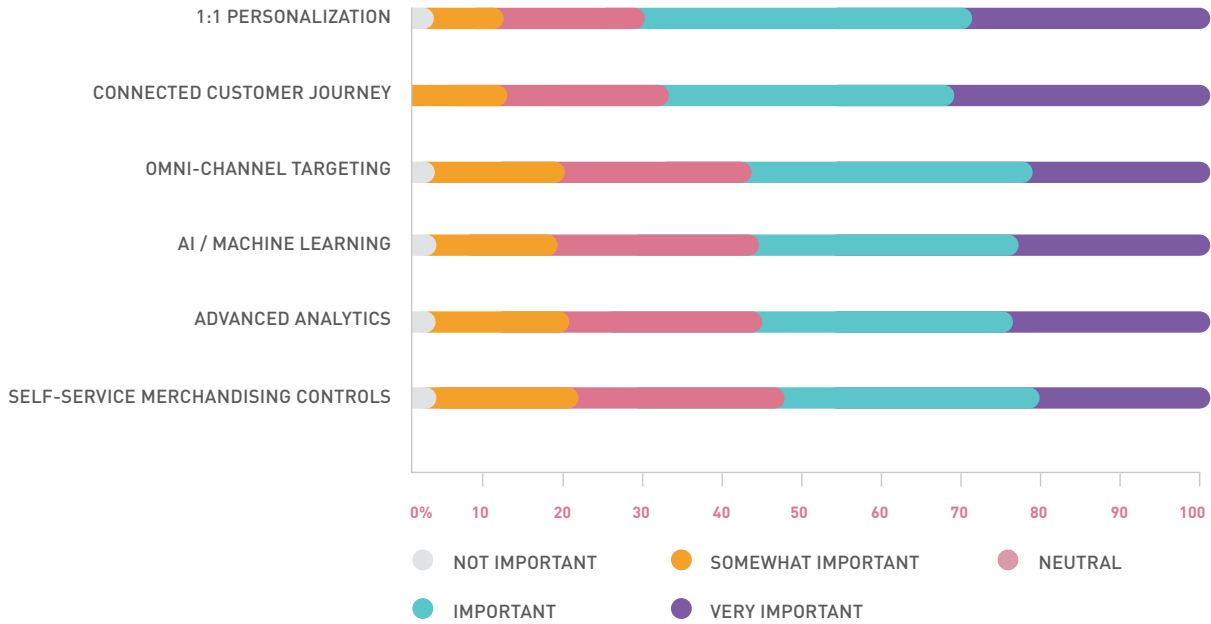
The response to this new question in our 2020 survey demonstrates that eCommerce personalization is viewed as important already given 40% of respondents believe it has the right level of priority. However, a clear majority of respondents (56%) believe eCommerce personalization should receive an even greater priority to improve customer engagement and the company's overall business results.

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Importance of Personalization Capabilities

How important is it for your eCommerce Personalization solution to include the following capabilities?



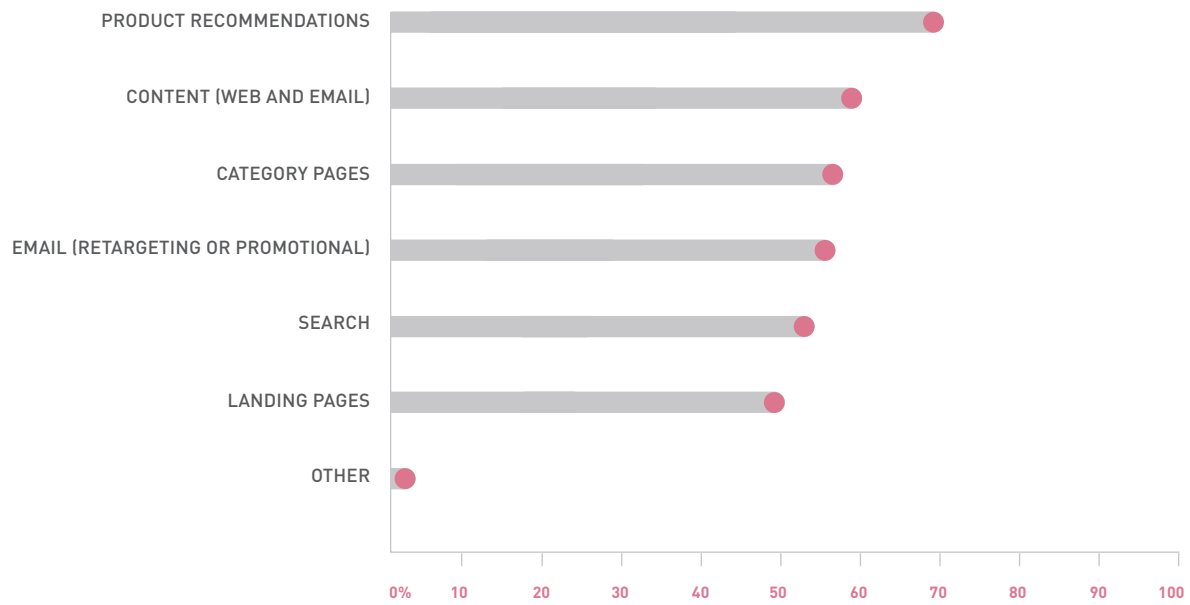
While further exploring the underlying capabilities found within eCommerce Personalization solutions, over three quarters of survey respondents (81%) confirmed the capability of personalizing to the individual or 1:1 level as important and to be included in any eCommerce personalization solution. This response demonstrates the maturity of eCommerce and Marketing leaders' understanding of the need to move beyond basic first-generation segment-based targeting to real-time 1:1 personalization.

Additionally, 79% of respondents placed importance on connecting the customers' shopping journey across various touchpoints to maximize their eCommerce personalization success. Finally, another interesting finding on this survey question, 50-60% or a majority of marketing and eCommerce respondents rated each of the following capabilities as important or very important: AI/ML, omni-channel targeting, self-service merchandising controls, and advanced analytics. Based on this, it can be inferred that eCommerce leaders want greater capabilities bundled into their personalization solution for higher business flexibility, lower total cost of ownership and ease of managing vendors.

Personalization Profile

CURRENT USAGE AND SATISFACTION

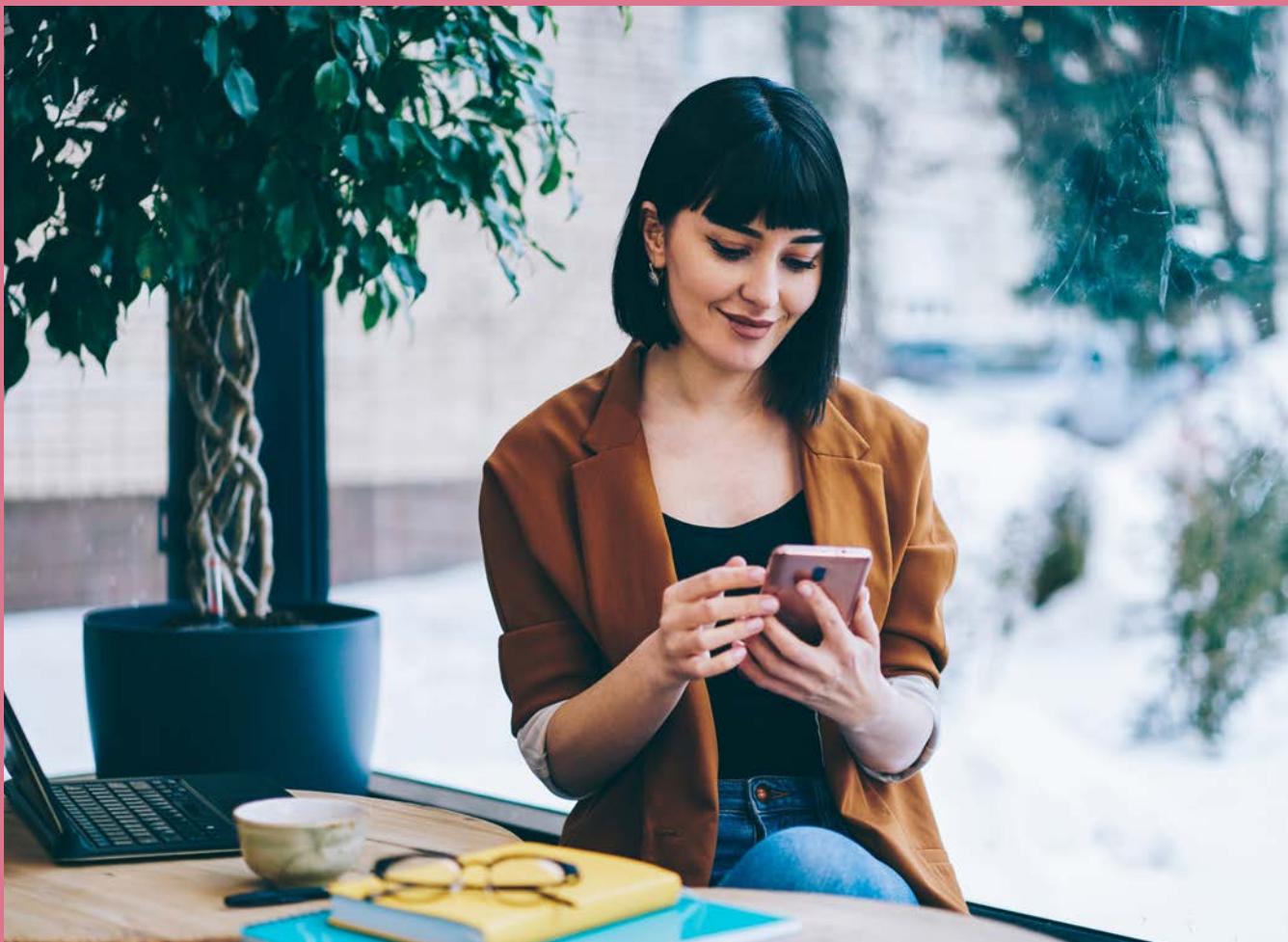
Which types of eCommerce Personalization is your organization performing today? (Check all that apply)



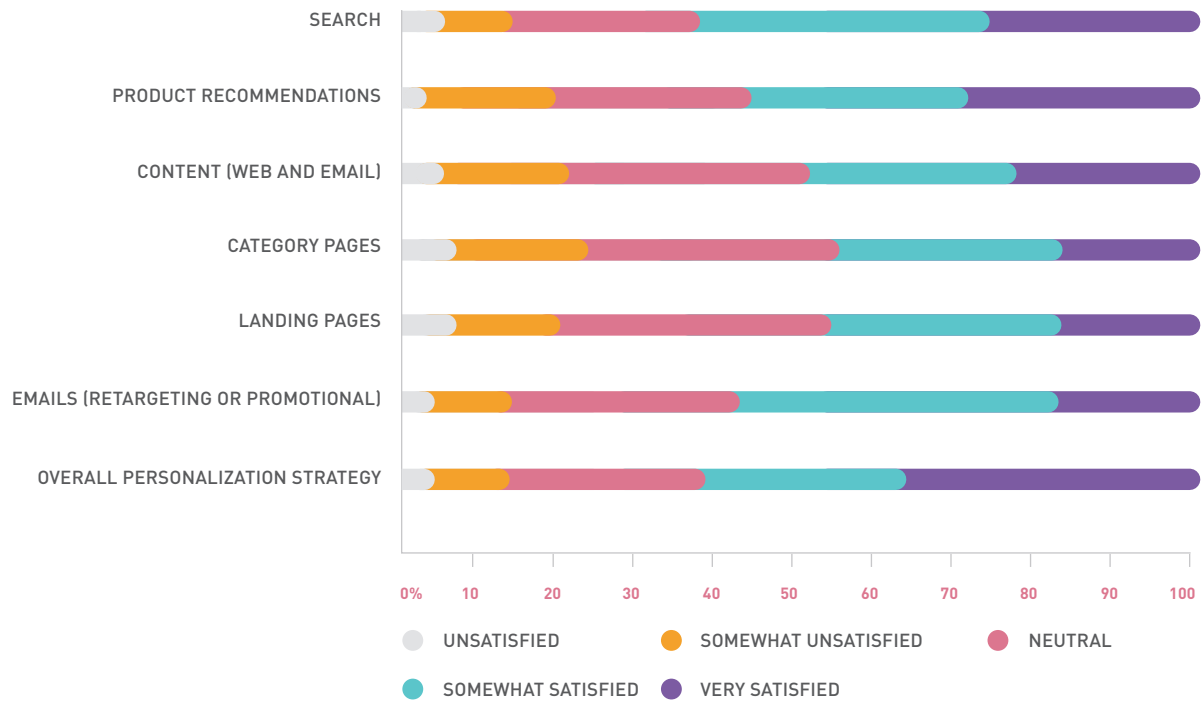
It's no surprise to see Product Recommendations (69%) as the leading type of eCommerce personalization in place today given the heritage of legacy, first generation personalization solutions and their focus on segmenting groups of visitors. With one third of survey respondents in Marketing management roles, it's also consistent to find Content (web or email) being used by 58% of respondents today. Most companies today have employed basic rules or segmentation approaches to achieve early success with personalizing product recommendations and email marketing campaigns. What's also interesting is to see that only 5-7% fewer respondents are employing personalization to assist across other channels such as search, pages, and email retargeting.

REFLEKTION TIP

Do not miss out on personalizing both Search and Recommendations. When customers click on recommended products after completing a search, personalization efforts can improve conversion rates by 3.7x as compared to if only using product search.



How satisfied are you with the performance of each type of eCommerce Personalization your organization has in place?

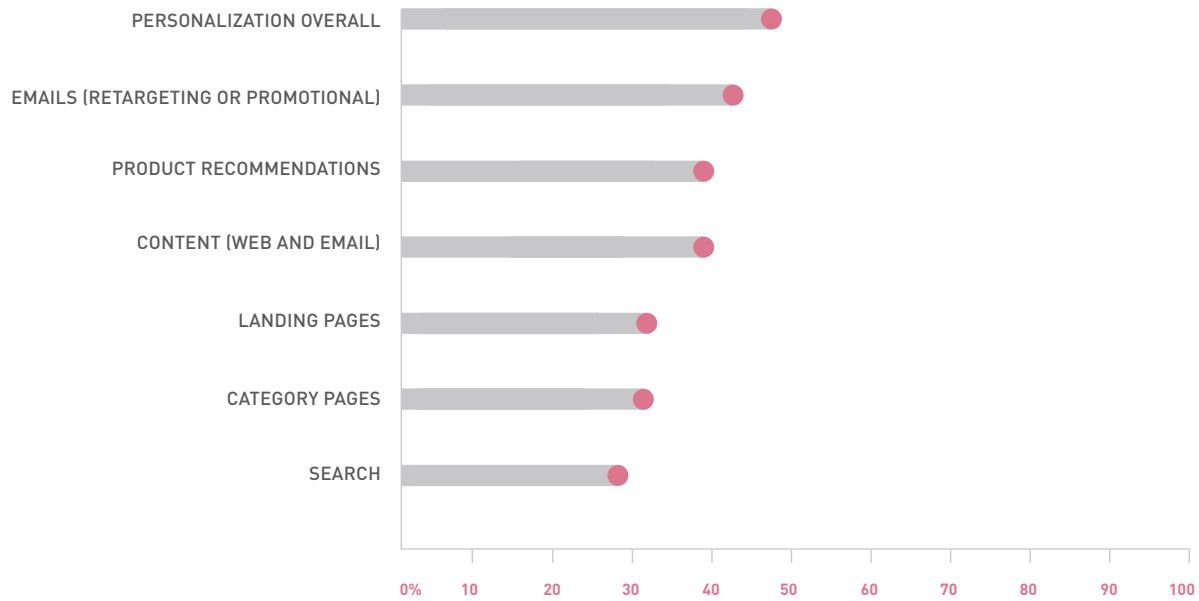


When studying satisfaction of respondents' current personalization efforts by type, we discover great dissatisfaction around personalization of content, category and landing pages. This is logical, as most companies are not dynamically generating personalized content, category and landing pages but rather are taking manual approaches to their creation. On the other side of the spectrum, the survey conveys that the greatest level of satisfaction is with personalizing search and product recommendations. As mentioned above, this is expected given most early efforts have been placed in this area by eCommerce professionals.

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FUTURE PLANS

What types of eCommerce Personalization are you investing in over the next 12-18 months? (Check all that apply)



Looking ahead over the next 12-18 months, we see continued investment in personalizing retargeting emails (43%) by respondents. Product recommendations and content (web and email) at 38% are also areas that many eCommerce professionals understand are more strategic to improving site conversions and driving overall customer experience. From the projections, it's apparent that personalizing product recommendations, search and emails together are gaining greater attention and investment than other types of eCommerce personalization which surveyed in the 28-32% range. In fact, a major takeaway is that all areas are receiving a material level of investment which begins to point to the importance of one platform that can deliver a unified eCommerce personalization experience across the buyer journey.

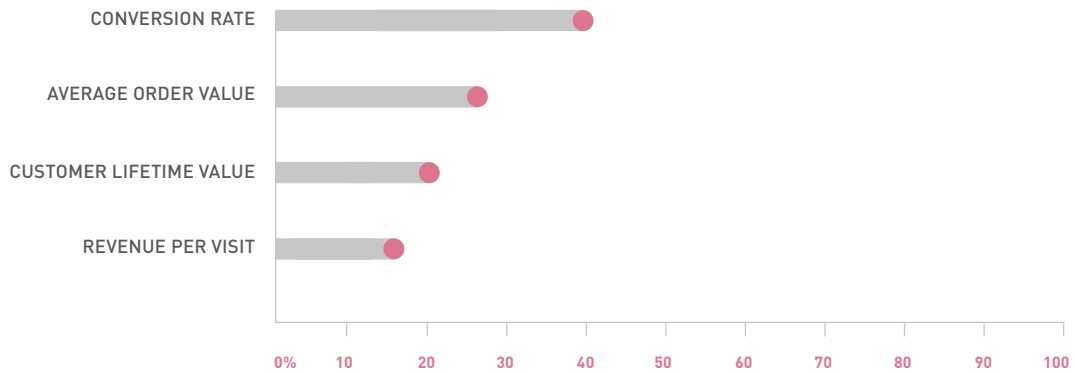
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eCommerce Personalization Metrics

What is the most important metric for eCommerce Personalization today?



When asked to select the most important metric for eCommerce personalization today, the clear #1 metric was Conversion Rate at 37%. About 10 percentage points behind at 26% was the Average Order Value (AOV) metric. These top two metrics point to the importance every leading Brand and Retailer is today placing on near-term immediate results rather than longer term results such as Customer Lifetime Value (CLV). Conversion rate and AOV are absolutely critical near-term metrics given their focus on growing site revenue, and especially at the individual order level.

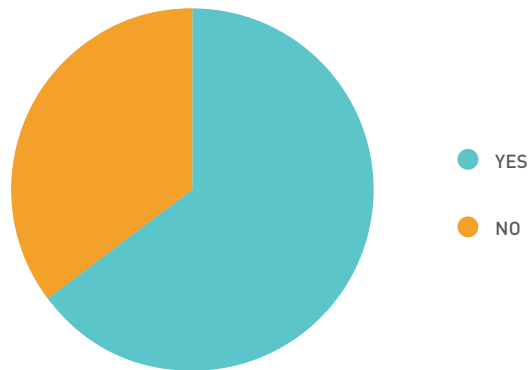
Conversion rate and AOV are absolutely a critical near-term metrics given their focus on growing site revenue, and especially at the individual order level.

02

THE POWER OF A UNIFIED ECOMMERCE PERSONALIZATION PLATFORM

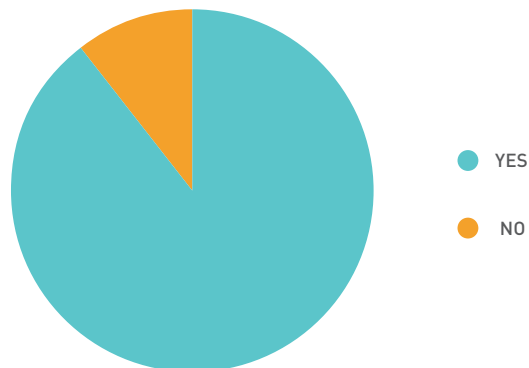


Do you use a single vendor for eCommerce Personalization today?



To verify our hypothesis that eCommerce and marketing leaders would benefit from delivering a unified personalization experience across the customer journey, we asked survey participants whether they use multiple eCommerce personalization vendors today. 65% of respondents indicated they do use multiple vendors today for personalization the eCommerce experience for shoppers. In our next question (below), we then asked if respondents would find value in having one platform.

Would you find value in having one platform for eCommerce personalization?



90%

of respondents confirm the value of one unified platform for eCommerce personalization

We noticed a significant gap between the number that would like to move to one platform versus who use a single platform today -- signaling strong industry interest in an end-to-end eCommerce Personalization platform. With almost 90% of the respondents confirming the value of one unified platform for eCommerce personalization, the writing is clearly on the wall -- eCommerce leaders want to connect the customer journey with one platform that personalizes the shopping experience across search, recommendations, email, content, and pages. Make sure to read the 'About Reflektion' section below to learn how this can be done today.

Finally, upon completion of the multiple choice survey questionnaire, we asked participants an open ended question to describe the value they expect from deploying one platform for eCommerce personalization. After studying and grouping the frequency of responses, we discovered the majority of responses fit within one of three benefit areas. Survey respondents believe one platform for eCommerce personalization would help them:

Develop Better Customer Experience



- Deeper, efficient understanding of customer preferences & behavior
- Better relevance while targeting customers
- Elevated customer relationship and retention
- Faster planning, testing and introduction of new customer-centric strategies

Achieve Improved Productivity



- Single point of engagement to deliver more consistent results
- Amplify personalization with centralized data availability across departments
- Improved flexibility and consistency, shorter approval cycles and faster reporting
- Higher optimized campaigns for marketing
- Better omni-channel execution
- Ability to focus on more strategic aspects

Drive Higher Business Growth



- Improved customer conversion and cross-selling
- Ability to think strategy-first rather than channel first (tactical)
- Lower total cost of ownership and operation

03

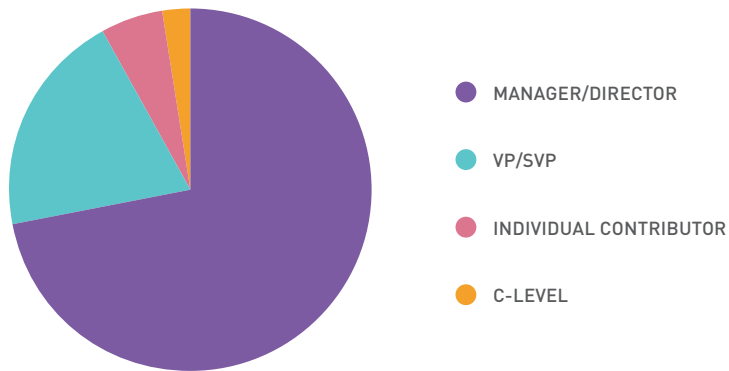
ABOUT THE SURVEY RESPONDENTS



Designed as an online questionnaire with a goal of 165 responses, the survey was targeted towards eCommerce and marketing professionals within IR500 companies. The respondents were very experienced professionals that typically have either already implemented eCommerce personalization or are actively considering it for their organizations.

Job Level

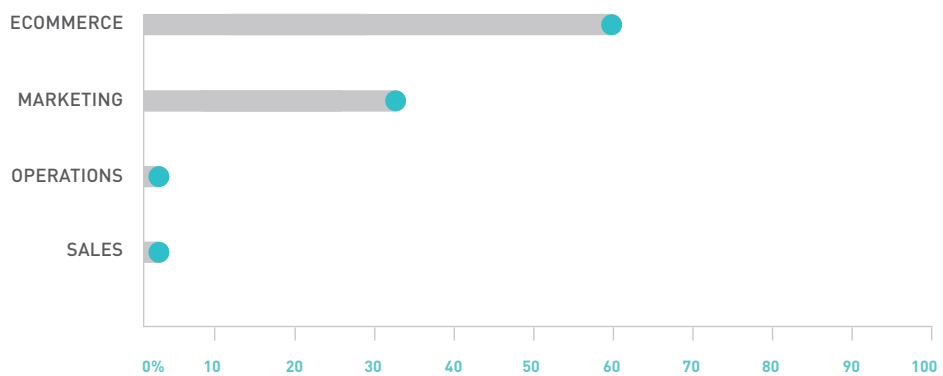
What is your job level?



The majority of survey respondents were at Manager/Director level (72%), followed by VP/SVP level (20%), and Individual contributors (5%). C-level executives also made up 3% of the respondent pool. The obvious seniority of the survey participants reinforces the experience and knowledge of the responding eCommerce professionals.

Job Function

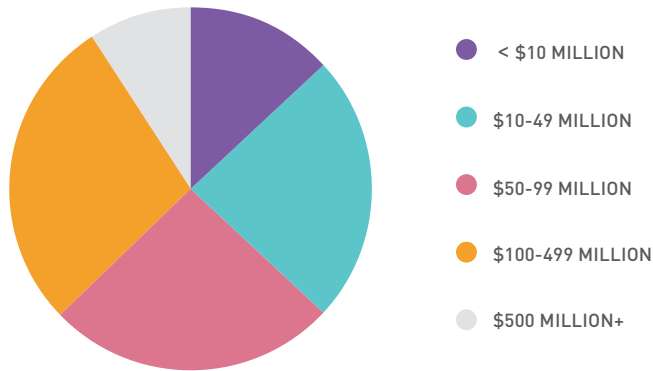
What is your job function?



Not surprisingly, the majority of respondents were eCommerce professionals at 61% closely followed by Marketing at 33%. 3% of the respondents identified themselves as within the Operations function -- a role that often times spans Marketing, Sales, Service and eCommerce.

Company Online Revenue

What is your company's online revenue?



From a company size standpoint in terms of online revenue or GMV, the respondents were fairly evenly split across each of the tiers with a greater concentration of respondents in the \$10-500M range. After exploring various data slices, it was interesting to discover the results did not vary a material amount by company size. This distribution and the overall survey results confirm the broader industry recognizes the importance of beginning or continuing to invest further in an eCommerce personalization journey.

Retail Segment

What retail segment do you work in?

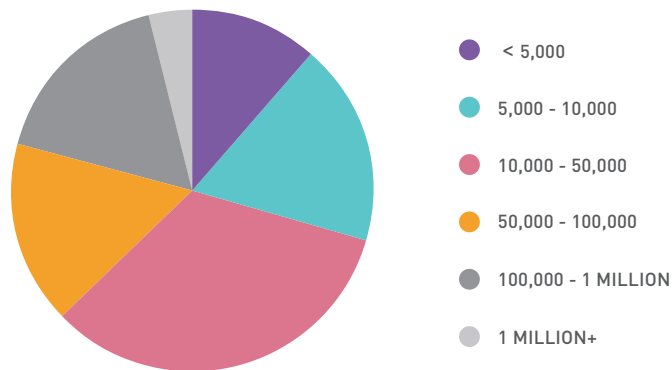
APPAREL & ACCESSORIES	19%	FOOD & BEVERAGE	6%
HOME & GARDEN	12%	JEWELRY	5%
HEALTH & BEAUTY	12%	AUTO & TRANSPORTATION	5%
FOOTWEAR	9%	PET & ANIMAL SUPPLIES	5%
SPORTING GOODS	7%	ELECTRONICS	5%
OTHER	6%	MEDICAL ACCESSORIES	1%
ENTERTAINMENT PRODUCTS	6%		

The retail industry segments were very well represented in the survey, with almost an even spread of respondents across a very wide variety of retail industry segments -- indicating a fairly uniform interest in eCommerce personalization. The leading segments were Apparel & Accessories, Home & Garden, and Health & Beauty.

If you or your team have an interest in diving into your specific retail sub-segment further, please feel free to contact our Reflektion team to arrange a 1-on-1 consulting session where we can provide insights specific to your retail segment of interest.

Average SKU Count

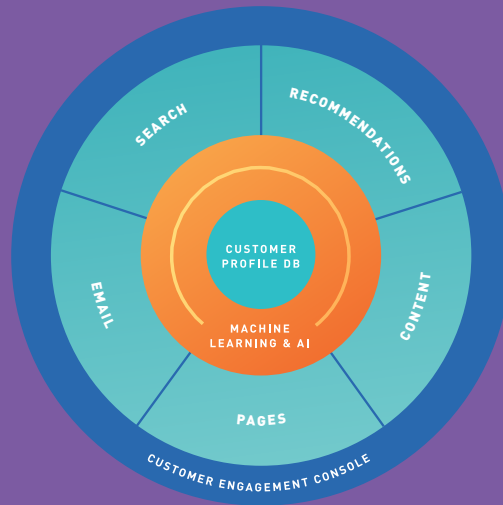
What is the average SKU count for your company's eCommerce site?



Over 88% of respondents represented companies and their eCommerce sites with product catalogs consisting of over 5,000 SKUs or individual products. As consumer choice expands and attention spans shrink, the imperative to personalize the online shopping experience becomes even more important. As catalog size expands, the role of Artificial Intelligence and Machine Learning technologies to scale personalization and identify purchase intent in real-time at the individual level becomes more important.

As consumer choice expands and attention spans shrink, the imperative to personalize the online shopping experience becomes even more important.





Reflektion Customer Engagement Platform

When stepping back and viewing the complete results of this year's 2020 eCommerce Personalization survey, the findings reinforce the strong value proposition of Reflektion's customer engagement platform which provides 1:1 eCommerce personalization at scale and in real-time across marketing channels - web, mobile, email, search and in-store.

Reflektion's always-on AI engine is continually learning behind the scenes and making associations between customer actions and product attributes. Moreover, each Reflektion module is learning from the customer interactions in other modules -- providing for a connected customer journey across all digital touchpoints. To demonstrate the value delivered every day, our robust analytics offering calculates direct revenue attribution, orders and conversion for brands and retailers seeking an edge over the competition. Leading retail brands such as Skechers, Reeds Jewelers, ULTA Beauty, Rite-Aid, and Petco rely on Reflektion's platform.

Founded by pioneers in Artificial Intelligence, Reflektion received several awards over the past two years including Best E-Commerce Web Platform by MarTech and two SIIA CODiE awards, one for Best eCommerce Solution and another for Best Overall Business Technology Solution. Reflektion is backed by world-class investors including Battery Ventures, Hasso Plattner Ventures, and Clear Ventures.

Speak with a Reflektion specialist today and experience the power of next-generation customer engagement.

San Mateo:
1510 Fashion Island Blvd.
Suite 100
San Mateo, California
94404 USA

Chicago:
444 N Wells St.
Suite 203
Chicago, Illinois
60654 USA

