# Table of Contents

The Case for Extreme Personalization ................................................................. 3

   The Challenge ........................................................................................................... 4

How an Omnichannel Commerce Platform Can Support the 4Ps of Marketing ............ 5

   Pricing ....................................................................................................................... 5

   Product ...................................................................................................................... 7

   Place ......................................................................................................................... 8

   Promotion ................................................................................................................ 9

The Rewards of Extreme Personalization ................................................................. 13

   Less Churn, Higher-Value Customers ................................................................. 13

   A Trusted Brand and More Predictable Revenue .............................................. 13

About Elastic Path .................................................................................................. 15
The Case for Extreme Personalization

Extreme personalization, sometimes referred to as marketing to a customer segment of one, is the holy grail of the multi-channel world. To get to extreme personalization, marketers must have what they need to reach out directly to a real individual, rather than a general marketing persona.

The underlying technology that powers extreme personalization is an omnichannel commerce platform.

This book brings together real-life scenarios, including those from our customers, to illustrate the new merchandising techniques available through an omnichannel commerce platform, in a multi-channel world.

70% of buying experiences are based on how the customer feels they are being treated.

McKinsey
The Challenge

Today, most commerce systems remain siloed. Point of sale systems in-store are not connected to online catalogues or carts. Nor are they connected to a customer profile. Mobile apps don’t always aggregate information for use in the back office. Pricing, billing and fulfillment systems are duplicated for different channels.

Multiple channels and continuously evolving touchpoints have made CRM systems very hard to keep up to date if they haven’t actually become irrelevant.

For customers, the silos result in uneven cross-brand experiences. The gap between the in-store and online experience is cavernous. What’s bad for customers is bad internally too. The silos mean that sales, billing and fulfillment staff can’t readily access a clear, unified picture of each individual customer.

Extreme personalization comes down to one simple reality: customers expect your company to know who they are -- no matter what method or touchpoint they are using. Instore, online, through Facebook or on a phone, customers want to receive the highest quality experience from your brand.

By 2020, the customer will manage 85% of the relationship with an enterprise without interacting with a human.

Gartner
How an Omnichannel Commerce Platform Can Support the 4Ps of Marketing

Here we’ve illustrated seven new merchandising practices across all four “p’s” of marketing: product, place, price and promotion. Many of these use-case scenarios come from our experience working with customers to help them in their quest for extreme personalization.

Pricing

Dynamic Pricing: Incremental Purchases Affect Topline Revenue

Online
When a customer selects a custom bundle of products, or more than one product across any categories, individual product prices can adjust dynamically based on rules set by merchandisers.

A common example of this is when a cell phone user purchases a new bundle of plans, devices and add on services. The selection of a particular device should affect the availability and/or selection of other items. Pricing is updated according to the selection made and the system dynamically displays upsell recommendations based on the choices the shopper has made.

Prices can also be associated with a selling context, or any specified condition that you can collect information on. For example, you could price one way for anonymous shoppers who come to your offering using their iPhone because they were attracted to an ad you placed on Facebook. Or, you could show different prices for people using your iPhone app, who are signed in and have a high-value gold customer status with your organization.
Experience-based Pricing: Customers Buy More When Immersed in Your Brand

Contextual, or experience-based pricing allows you to adjust pricing based on customer behavior, past purchases, touchpoints and current status. It addresses the needs of individual consumers with innovative package and pricing structures, and uses context to set the price for an experience in a dynamic way.

Online
Experience-based pricing is well understood in the video game industry. Game pricing has evolved from charging a flat fee for each game, to contextual pricing within the game after a relatively low initial purchase price. Once players are involved in the game, they are offered the opportunity to purchase superior powers, weapons and defenses for an additional cost.

In-Store
The buying experience itself can also set the context for in-store pricing. A customer shopping for cosmetics in Sephora is going to have a completely different experience from the person shopping for the same thing at Nordstrom. Product quality notwithstanding, the experience itself dictates differential pricing.

In-Store
At its most basic, dynamic in-store pricing takes place when the sales assistant is able to bargain with you regarding price in real-time. If you have ever shopped in Asia, you will understand that the list price is not the ‘real’ price. In an online world, the in-store POS system can automatically apply discount pricing when items are scanned for purchase. Add on another layer of sophistication and the sales associate could monitor which SKU’s a customer has selected with the help of a bar code reader and then be informed that they can offer a 15% discount on the fly.

Benefits
Dynamic pricing supports bundling and can reward customers who purchase more than one item at a time with conditional discounts. For example, if a customer buys 2 items, they get a 10% discount, 3 items 15% discount and so on. Incremental purchases increase topline revenue in a shorter period. Customers feel like they are getting a deal and sellers accrue more revenue.
Product customization based on selling context, customer preference and available options will become pervasive. Making this possible across multi-channels requires a commerce platform that accesses pricing and products from a central catalogue, governed by adjustable rules that do not require intervention by an IT professional.

Benefits
Strike while the iron is hot. Being able to nimbly adjust pricing, depending on customer experience, allows your organization to gain incremental sales and revenues you may not otherwise have achieved. Customers will also feel better served when offered additional products and services while immersed in your brand experience.
Dynamic Bundling: Unlimited Product and Partner Possibilities

Online
When people buy more than one item in a “bundle”, usually they are selecting complementary products. In the movie industry for example, some outlets allow customers to download or stream movies and at the same time, offer merchandise related to the movie. So when sixteen-year-old Cody wants to watch the next Spiderman film, he can purchase the download and at the same time buy the t-shirt and the full set of Spidey films.

In the telecommunications industry, people can select phone model, plan type including calls and data and other add-ons – all of which are interdependent. The e-commerce platform can handle all of these complexities and more. As customers build their bundle, the system can respond dynamically to offer product recommendations based on what is in their basket.

While we might tend to think about certain industries for dynamic recommendations, the possibilities are limited only by the imagination of marketing. A cruise line for example, could offer customers who are ready to check out purchasing a cruise in the Mediterranean, many other items besides standard drink packages, excursions and insurance. Why not include lessons in Italian or Greek, eBooks on the history of cities on the itinerary, and any number of complimentary offerings. Partner with other organizations to make your offering a rich, comprehensive experience for your clients.

In-Store
In-store dynamic bundling takes place for certain products as well. For example, when a sales associate helps a customer select a particular gaming platform, then a number of games are automatically available for use on that platform. The sales associate allows the customer to choose two of those games for a discounted price as part of a package deal. This process can be automated using RFID tags on products and POS scanners that identify deals for customers as they place items in their “cart.”

Benefits
Dynamic bundling allows customers to choose from a greater number of options without encountering compatibility conflicts. This ensures that orders will not be incorrect and that customers are still able to customize their selections.
Place

The Internet of Things (IoT) gives merchandisers a whole new perception of what ‘place’ even means in the multi-channel universe. Coffee makers, laundry machines, fridges, stoves, cars, thermostats and many other items are becoming customer touchpoints. This ushers in a whole new era of personal contextual selling.

Now, you can place item purchase right into the context of when and where people use an Internet connected device. Say for example your company manufactures refrigerators. When the milk runs out, people can simply push a button on the fridge to reorder more. The milk can be delivered alone, or along with other commonly ordered items on a standard grocery list – all sourced and delivered by your local grocery partner.

There will come a time when your organization will be forced by competition to support this kind of ecommerce transaction because of the IoT.

Think about how your products might fulfill customer wishes to make their lives easier. Then build that service right into your products. With the right underlying omnichannel commerce platform, adding new channels is easy, so the only limitation is your imagination and your ability to conceive of your products in the IoT.
**Promotion**

If there is one area most impacted by multi-channel commerce, it is probably promotions. How do you ensure consistent messaging across many different channels? Precisely because brands have access to so many more mediums to reach out to customers, the final impact leaves a lot to be desired. Without an omnichannel commerce platform to orchestrate offers, pricing and products, creating a consistent brand experience is extremely difficult, if not impossible.

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**Benefits**

Building Internet connectivity into products allows you to communicate with customers in new, meaningful ways. Send them alerts on their coffee maker each month reminding them the need to descale their machine. Provide the details of the procedure to make it easy. Send them discounts and coupons they can take advantage of right from the machine.

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* The 2015 Digital Marketer, Experian

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Only 4% of brands engage in cross-channel marketing where the customer experiences a unified journey through integrated channels.
Targeted Promotions: Less Dollars Wasted, Fewer Brand Defections

**Online**
The online world has become a marketer's dream. Now you can create targeted campaigns using the typical demographics such as age, gender, home location, whether or not a customer is registered, and their lifetime value to your company. You can also add on new ways to target promotions when you take into consideration geo location, referring url, search terms, and any promotion codes or promo urls the customer has selected.

Create custom attributes like which touchpoint is the customer using? FaceBook? Twitter? A phone app? If so, which version of the app are they using? If your organization uses tiered pricing for membership, or loyalty points, which membership tier have they reached? All of these attributes can contribute to more accurate, targeted promotions based on rules that you create. Use them in combination with any of the above to craft unique campaigns that target very specific clientele groups.

**Benefits**
If 94% of consumers discontinue brand relationships because they are receiving irrelevant promotions, that is a lot of wasted marketing dollars. Improved targeting and promotional consistency across multiple channels should lead to fewer brand defections and increased revenues.

Self-Adjusting Promotions: Intelligent Incentives for Increased Brand Engagement

Anyone who has tried to orchestrate marketing campaigns for multiple segments knows this is not an easy task. At the same time through multiple touchpoints, companies are gathering big data regarding customer segments of one. Using decision support software in combination with constraints and business rules, you can leave the heavy lifting to software. Campaigns will self-adjust for an individual customer based on your knowledge of their past purchases, customer behaviors and preferences.

**Online**
For example, say you are running a segment-based campaign selling winter boots for 15% off. The software runs through recent purchases from existing customers and detects all those who have not purchased winter boots in the last two years to present them with that offer. If the software detects that a customer has recently purchased winter boots, it automatically sends them an offer for 15% off of hats, scarves and gloves. For most marketing teams, this is practically impossible, but not with an omnichannel commerce platform.
Marco is a “bargain hunter” browsing a web site on his mobile phone looking to purchase a new watch. His path through the mobile site starts on the “sales” page and he spends more time looking at lower priced items. Marco has not signed in and is not registering as a customer after hitting 10 pages. The system automatically offers him a 10% discount on a set of the products he has browsed through if he registers for an account – incenting him to become a part of your community. After browsing through another 5 pages, Marco has still not signed up, so the system sends a new 15% discount offer on the most viewed product.

**In-Store**
An in-store beacon detects Kasha’s smart phone as she enters a location. The beacon can identify her path through the store and identifies that she revisits the discount zone. Because Kasha has been in the store for more than 5 minutes, the system sends her phone a coupon for $10 off any item. She leaves the store and then re-enters half an hour later. The system “knows” all of this and increases the coupon to $15 off.

**Benefits**
Using the observed behaviors from potential and actual customers to intelligently offer incentives increases their inclination to engage with your brand – leading to increased revenues.

**Loyalty Programs: A Must-Have from Coffee to Luxury Goods**

Loyalty programs help companies earn a higher percentage of a client’s wallet over a longer period of time. For low-value, high volume items like coffee, a stamp card and rewards for repeat visits might work, but what if you are selling a much higher value item? Like a computer, an airfare, a diamond or a car? To build a cohesive profile, a unified view of your customers’ experience is imperative across all channels.

**Online**
Companies that use loyalty programs as a central entry point through which customers can browse for products online, receive discounts, earn and redeem points, share on social media, and view branded content can influence the entire user experience while capturing data about the actions of individual customers. This information gives brands the ability to personalize future interactions while providing a real-time look at the overall trends and behaviors of their entire customer base.
Then using that information, you can craft a program that makes sense on an individual basis, but without having to go through each customer’s actions and preferences by hand. An omnichannel commerce platform can ensure that communications – whether they are price related, or promotion related – are consistent across all channels and take into consideration the “position” a loyal customer has achieved.

**In-Store**
Companies have begun to replace reward cards with mobile apps. Not only does this trend mean that customers don’t have to carry a zillion loyalty cards around, but also a mobile app improves your ability to communicate new programs and incentive levels with high-value customers. Mobile apps allow your organization to personalize bonuses and coupon offers based on past purchases. Customers can choose to load coupons and bonus points for use in-store and the phone itself becomes the loyalty card on check-out where a clerk scans a barcode on the phone screen.

**Benefits**
Getting a customer to download an app, while more difficult, makes brand communications more personal and direct.

Without an omnichannel commerce platform to aggregate customer interactions across all channels and touchpoints, you are unlikely to run the best loyalty programs. At worst, you could offend customers by not “knowing” their true value to your company.
The Rewards of Extreme Personalization

Less Churn, Higher-Value Customers
Regardless of industry, customers don’t see channels, they only see your brand. Brand-aware companies strive to build lifetime customer relationships for mutual benefit. Deliver excellent service, great products and convenience that competitors are just not capable of and you will gain and retain customers. Consistency of message, pricing and promotion across multiple channels is imperative to brand value.

No matter what industry you work in, high churn rates inevitably impact the bottom line in a negative direction. When you cultivate high-value customers, your company will need to worry less about acquiring new clientele by reducing churn.

A Trusted Brand and More Predictable Revenue
Increase customer retention across all channels, and your company will be in a better position to predict revenue. Not only will this improve your organization’s ability to manage cash, but also it will help you gain an upper-hand in supplier negotiations. And, investors will be more likely to trust your brand with their capital when your balance sheet performs well every quarter and every year. Year after year.

81% of companies with strong capabilities and competencies for delivering customer experience excellence are outperforming their competition.*

* Peppers & Rogers Group, Customer Experience Maturity Monitor, 2009
Take personalization to the next level

According to Gartner, by 2018 more than 50% of commerce sites will integrate technologies from more than 15 vendors to deliver a complete digital customer experience. Contact us today to learn how Adobe, Elastic Path, and our partner vendors, can power your digital experience platform using flexible commerce, content, and personalization.

Contact us today to get started >>

Gartner Positions Elastic Path as a Visionary in the 2016 Magic Quadrant for Digital Commerce
About Elastic Path

Elastic Path helps the world’s biggest brands generate billions in revenue with its patented ecommerce technologies. The company’s flexible enterprise software seamlessly brings omnichannel ecommerce directly into marketing clouds and experience management platforms – enabling a complete digital customer journey that maximizes engagement and drives higher revenue. Elastic Path customers are innovators who seek ultimate flexibility and business agility, such as McGraw-Hill Education, Virgin Media, Time Inc., LVMH, Breville, Garmin, TIBCO, Wine.com.br, TeliaSonera, Kiabi, Gina Tricot, and Motability.

For more information, visit [www.elasticpath.com](http://www.elasticpath.com).