DEPT

Delivering personalisation in a new digital landscape

What consumers really think and how to take action

Introduction

The e-commerce industry went through a much-cited growth spurt as a result of the COVID-19 pandemic, accelerating 10 years in just 90 days according to McKinsey. Following a period of such immense growth and transformation, Dept wanted to find out if the retail e-commerce industry is leveraging the personalisation opportunity to its full potential.

In 2019, we conducted a consumer study to find out what shoppers really thought about personalisation. In 2021, we've run the study again to see: how consumers' perceptions have changed (if at all); identify any gaps in retailers' current strategies; and make recommendations on the best ways brands can take action in the new digital reality. We also wanted to look briefly at the impact of COVID-19 on online shopping to understand the extent to which it will be favoured over physical shopping in future.

Our research focuses on the personalisation techniques delivered by retailers and brands (featured on the next page) with a strong e-commerce presence in the UK, through the lens of UK consumers. We've uncovered shoppers' likes and dislikes as well as what they want to see in the near future, helping companies to distinguish where best to focus and drive forward their personalisation efforts.

We found that the advancements made across the e-commerce industry as a whole throughout 2020 and 2021 are not reflected in retailers' and brands' personalisation efforts, leading to a lack in consumer awareness and understanding of the true benefits it can offer.

Rather, many consumers are left frustrated by the irrelevance of some personalisation methods and many have concerns around data sharing. But it's not all bad, there is a clear appetite for more creative, ambitious personalisation; many consumers are just waiting for brands to raise the bar. Just don't keep them waiting too long.

Why now?

Personalisation is a stalwart of e-commerce, playing a key role in retailers' digital strategies. It has become all the more important as a result of the pandemic, with 75% of consumers trying new store websites and brands during the crisis, leading them to reconsider brand loyalty of where they shop. With competition drastically increasing overnight, e-commerce brands had to up their game to effectively engage and convert new and returning customers; and many brands focused on replicating the in-store experience via digital channels to try and meet the varied, personal needs of consumers. Here's how to take things further…

⊙ Retailers and brands included in this consumer study:

very

NIKE

Wickes

wayfair

THREAD

PRETTYLITTLETHING

Superdrug

TED BAKER
LONDON

ZARA

IKEA

JOHN LEWIS
& PARTNERS

JD

Dr. AirWair
Martens

Holland
&Barrett

H&M

MARKS &
SPENCER

GYMSHARK

FIGLEAVES

next

Dunelm

boohoo

amazon

Currys ● PC World

Boots

Clarks

Paul Smith

ao.com

asos
discover fashion online

BLOOM
&WILD

Argos

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About the study

About the study

The research and data covered in this report examines how UK customers view the use of personalisation techniques in retail e-commerce. The participants were not selected according to prior knowledge of personalisation, specific spending habits, or affiliation with any particular brand.

Although it is difficult to verify each participant's level of understanding or recognition of personalisation, we validated the understanding by explaining the concept of personalisation at the start of the survey. Visual retail e-commerce examples were provided to support questions where relevant.

From analysing the data, we can ascertain that younger participants may perceive certain levels of personalisation as 'the norm' in comparison to more senior audiences.

1,002

participants

499
male

503
female

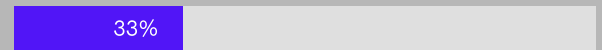|	
aged 18-24	198
aged 25-34	200
aged 35-44	199
aged 45-54	203
aged 55-65+	202
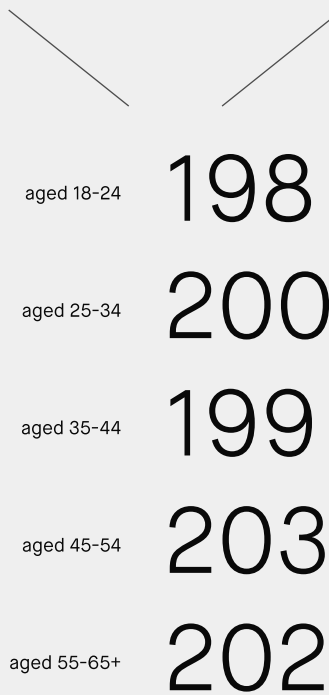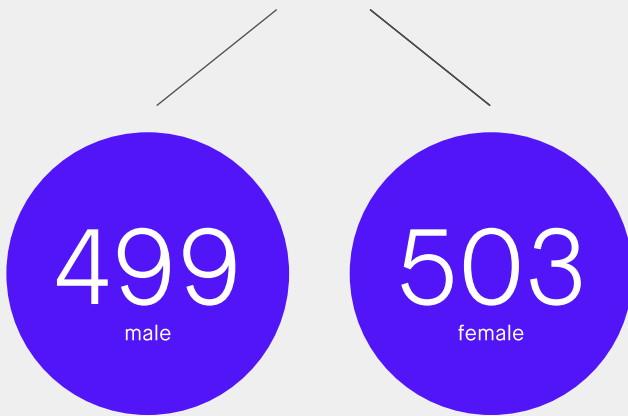
Aware of personalisation

100%

Experienced personalisation

96%

Spend £50-100 online per month (+4% on 2019)

33%

45-54s have overtaken 35-44s
as the highest spenders online

45-54s spend

># £150

online per month

55-65+ spend the least

< £50

online per month

Top five personalisers:

amazon *Boots* **Argos** H&M ✔

02

Consumer views

Consumer views

Our research examined the most common personalisation techniques currently used by e-commerce brands. To start, we wanted to understand the extent to which consumers were aware of retailers personalising their experiences.
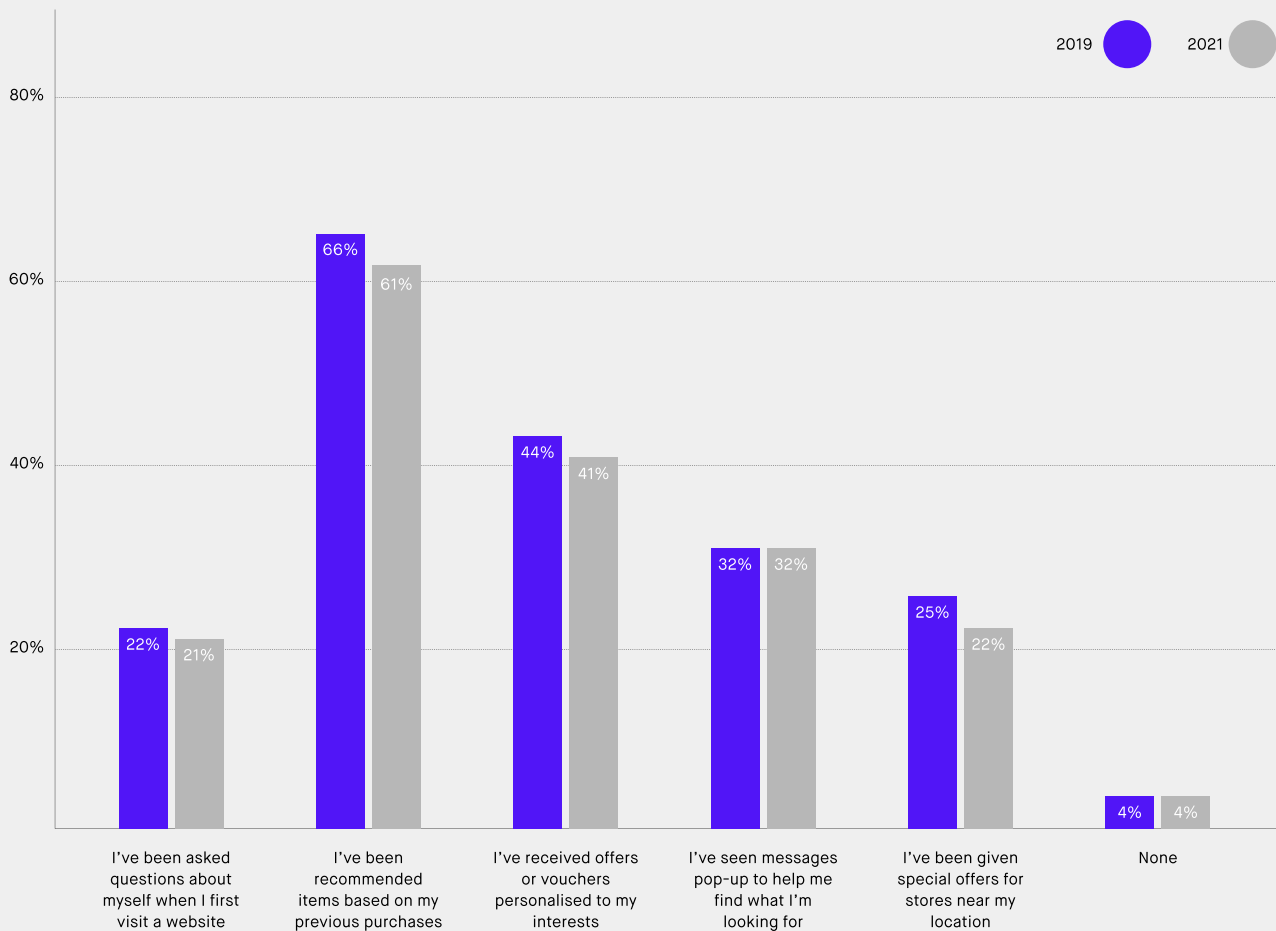
The table to the right shows the retailers and brands that consumers are aware are using personalisation techniques. It's unsurprising that Amazon tops the list again, however it is interesting to note that it has seen the largest decrease, with 6% less recognition than in 2019. This may be a result of the company implementing more sophisticated personalisation, or a stronger consumer understanding of what 'the norm' level of personalisation is, at least for Amazon.

Boots saw the highest increase of 4%, closely followed by fashion retailers H&M and Boohoo which gained 3% recognition each. The majority of others have remained stable, either gaining or losing 1% recognition of their personalisation efforts between 2019 and 2021.

BRAND	2019	2021	CHANGE
Amazon	56%	50%	-6%
Boots	12%	16%	+4%
Argos	17%	16%	-1%
H&M	12%	15%	+3%
Nike	--	14%	NEW
JD Sports	13%	14%	+1%
ASOS	15%	14%	-1%
M&S	12%	13%	+1%
Next	13%	13%	--
Very	11%	10%	-1%
Boohoo	7%	10%	+3%
Superdrug	--	10%	NEW
John Lewis	9%	9%	--
IKEA	--	7%	NEW
Currys PC World	--	7%	NEW
Pretty Little Thing	5%	7%	+2%
Zara	6%	7%	+1%
Dunelm	--	7%	NEW
Holland & Barrett	--	4%	NEW
Clarks	--	4%	NEW
Wayfair	--	4%	NEW
Wickes	--	3%	NEW
ao.com	4%	2%	-2%
Dr. Martens	--	2%	NEW
Gymshark	2%	2%	--
Ted Baker	--	2%	NEW
Bloom & Wild	2%	2%	--
Paul Smith	--	1%	NEW
Thread	2%	1%	--
Figleaves	2%	1%	-1%

2A Experiences and perceptions

Q: What types of personalisation have you experienced online?

2019 ● **2021** ●

I've been asked questions about myself when I first visit a website	22% / 21%	
I've been recommended items based on my previous purchases	66% / 61%	
I've received offers or vouchers personalised to my interests	44% / 41%	
I've seen messages pop-up to help me find what I'm looking for	32% / 32%	
I've been given special offers for stores near my location	25% / 22%	
None	4% / 4%	

Very few people either have not experienced, or not noticed, brands adopting personalisation techniques, with 96% of participants sharing the different types they have witnessed. We've delved into each of these further to understand to what extent consumers find each of them helpful, or not.

96% of consumers have experienced personalisation

I've been asked questions about myself when I first visit a website

This technique is the least common one that brands are adopting, with only 21% of respondents experiencing it, a minor 1% decrease in the volume of people reporting to have experienced it in 2019. Of those that have been asked questions about themselves, 70% deem it quite (42%) or very (28%) helpful, indicating that customers respond well to it and that, perhaps, more brands should be using this technique to gain a better understanding of their audiences.

For brands that do implement this technique, we recommend that they adopt a more engaging approach than simply asking customers to complete a form. Aim to create something that enables data collection in a way that feels distinctly unlike completing a form. Doing so will help to create a stronger value exchange between consumer and brand, in turn developing greater transparency between the two.

I've been recommended items based on my previous purchases

Previous purchase information is one of the deepest pools of e-commerce data that brands can activate to create tailored recommendations to individual consumers. This includes 'you may also like…' and 'customers also bought…' prompts that are consistently used across sites, apps, email and other channels. The prolific use of this technique is reflected in our study.

Previous purchase recommendations are the most common type of personalisation, with the majority (61%) of participants sharing that they had experienced this while shopping online.

However, this is a 5% decrease in the volume of people who had experienced it in 2019, which could suggest that this type of personalisation is becoming more sophisticated (perhaps focusing on promoting truly relevant auxiliary or consumable products related to a previous purchase) and that consumers are therefore noticing it less.

Of those that have experienced it, 78% of participants classed this approach as quite (47%) or very (31%) helpful, the latter seeing a 5% increase in the volume of people that ranked it in the highest position in 2019. The volume of people saying this method is not very helpful also decreased slightly by 2%, suggesting overall that this straightforward technique is one of the most effective.

Previous purchase recommendations are the most common type of personalisation

That said, in 2019 we found that consumers became frustrated when brands simply pushed products they have already bought. This frustration remains, with participants keen to share their dismay, showing that some retailers have not yet mastered the basics.

"9 times out of 10 they will be suggesting that I want to buy something I've just bought.
I just bought it! Why would I want to buy it again?"

"I'm often recommended items that I have already bought, which is pointless."

I've received offers or vouchers personalised to my interests

Offers based on personal interests is the second most popular personalisation technique, which 41% of participants have experienced. Overall this is ranked the most helpful type of personalisation, with 88% of those that have experienced it saying this method was quite (41%) or very (47%) helpful. This method has also seen the largest shrinkage of 'not very helpful' rankings, with only 1% of people who'd experienced it marking it in the lowest category, compared with 9% in 2019.

Recommendations based on interests may be more useful than those made based on previous purchases, as consumer interests are more reliable. For example, if a customer previously purchased a gift for someone, that product may not be of interest to them personally and, therefore, recommendations for anything similar or complementary would be redundant, and potentially damaging. Whereas recommendations for products a brand knows a customer is interested in have the potential to be much more successful. It's also important to note that monetary gain (i.e. offers, discounts and promotions), as referenced in this question, may further encourage customers to make purchases for products aligning with their interests, and may encourage them to view this type of personalisation more favourably.

This favourability was also demonstrated when asking all participants (whether they have experienced it previously or not), what types of personalisation would be most helpful to them. More than half (55%) of respondents ranked 'emails with offers based on my interests' in the

top three, in addition to 44% ranking 'recommendations based on my lifestyle and preferences' in the top three most helpful techniques. Only 7% of respondents ranked these as the least helpful approaches.

I've seen messages pop-up to help me find what I'm looking for

Pop-ups are widely used to alert users to different things, from newsletter subscriptions to discounts and chatbot assistance. Almost a third (32%) of respondents have seen pop-up messages on websites to help them find what they are looking for, the same volume as in 2019. Of those, 77% deem it to be quite (43%) or very helpful (34%), with responses for 'very helpful' increasing 8% on 2019 statistics. That said, this technique also received the strongest negative reaction, with 8% of people who'd experienced it rating it not very helpful or not helpful at all.

It's possible that the context of pop-ups influences consumers' perception of whether they are helpful or not. For instance, a negative experience could be when a pop-up appears on mobile and is difficult to navigate away from, interrupting the consumer journey; whereas a positive experience could involve a discount pop-up appearing before a customer makes a purchase, enabling them to save money.

88% of consumers rank offers based on interest as a helpful type of personalisation

"I'd like brands to have less pop ups. They're intrusive and ruin the shopping experience!"

I've been given special offers for stores near my location

Although location technology is becoming increasingly ingrained in marketing activity, location-based personalisation techniques are the least familiar with consumers. Only 22% of respondents had experienced this method, a 3% decrease in the volume of people who'd experienced it in 2019. Despite this, 79% of those who'd experienced it ranked it quite (36%) or very (43%) helpful. This shows that the technique is largely well received but suggests that there has been a lack in adoption or progression of this method throughout the last two years, which could be attributed to the restrictions on stores and decrease in visits due to the pandemic.
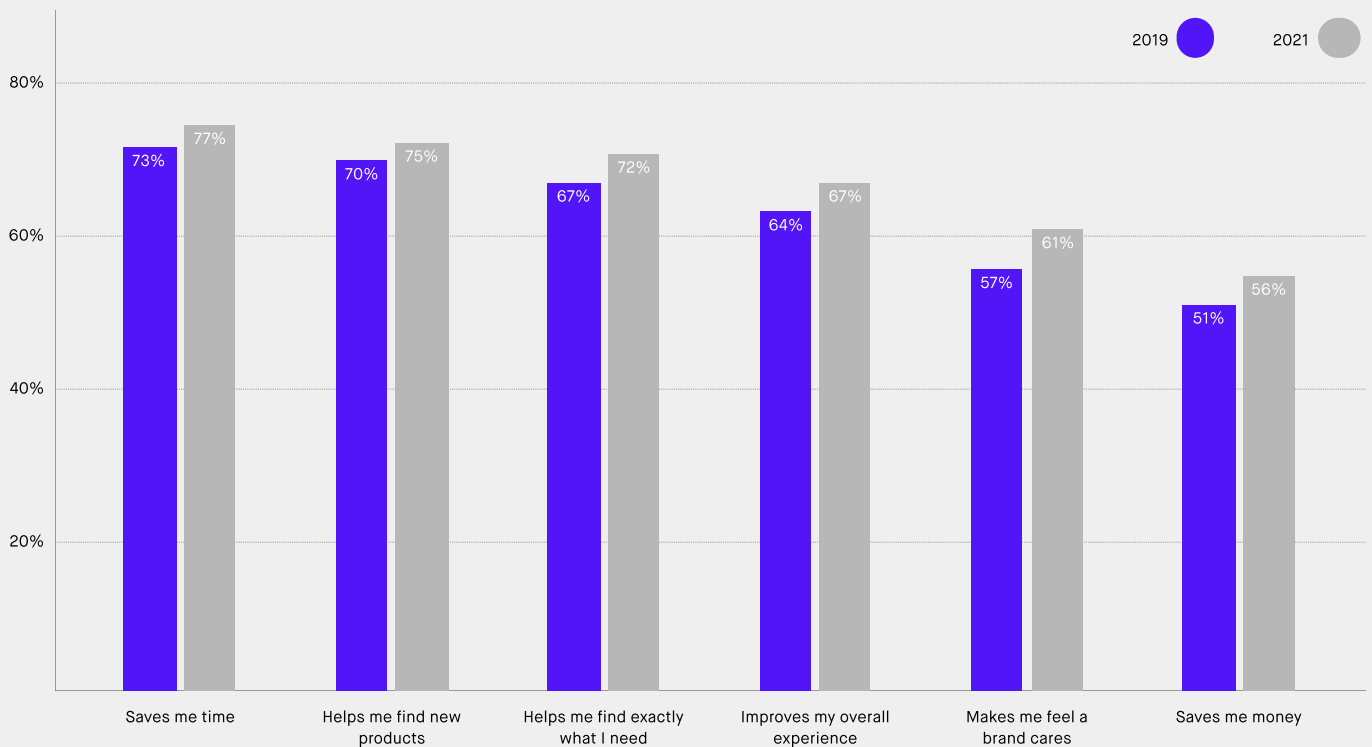
In addition, when asking all participants (whether they have experienced it previously or not) what types of personalisation would be most helpful to them, a quarter of participants ranked 'receiving a notification with offers for stores close by' in the top three most helpful techniques. However, other figures (covered later in the report) suggest that consumers are hesitant about sharing location data. Brands can combat this contradiction by educating consumers on the value of sharing their location data to improve their shopping experience and building trust that their information will be stored and handled securely.

Only 22% of consumers have experienced location-based personalisation

Q: What do you like about personalisation?

We gained respondents' views on why they like personalisation by asking them to rate the advantages and disadvantages on a five-point scale of strongly agree to strongly disagree.

Below we have summarised the percentage of respondents that 'strongly agree' and 'agree' with individual statements:

2019 ●   2021 ●

	Saves me time	Helps me find new products	Helps me find exactly what I need	Improves my overall experience	Makes me feel a brand cares	Saves me money
2019	73%	70%	67%	64%	57%	51%
2021	77%	75%	72%	67%	61%	56%

Sentiment has improved consistently across the board, with more people agreeing or strongly agreeing with positive statements about personalisation in 2021 than they did in 2019. What consumers like the most has stayed the same, with time saving, helping people find new products, or helping them find exactly what they need securing the top three spots.

Notably, the biggest increases came from the 'strongly agree' ranking. There was an average 5% increase in the volume of people strongly agreeing with five out of the six statements.

The only statement that did not see an increase in strong agreement was that it improves shoppers' overall experience. However, this statement accounted for the largest decrease in people saying they disagree, suggesting there is still a positive trend.
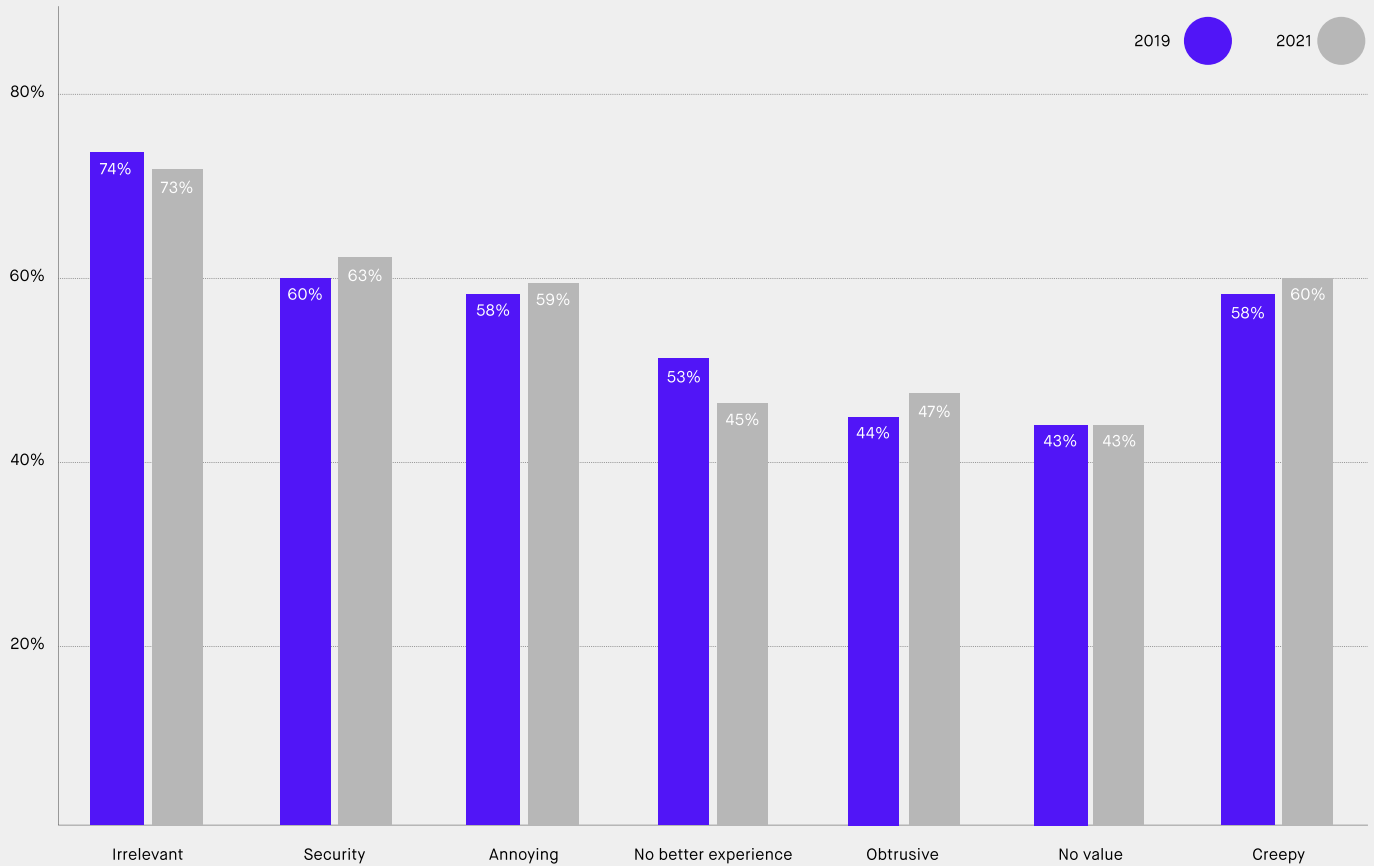
Consumers feel more favourably towards personalisation than they did in 2019

Q: What do you dislike about personalisation?

We also asked participants why they dislike personalisation in the same way.

The responses below are for the percentage of people that strongly agree or agree with the statements:

2019 ●   2021 ●

	Irrelevant	Security	Annoying	No better experience	Obtrusive	No value	Creepy
2019	74%	60%	58%	53%	44%	43%	58%
2021	73%	63%	59%	45%	47%	43%	60%

Whereas sentiment has improved for the positive associations with personalisation, it has largely stayed the same when it comes to the reasons people dislike it, with some minor fluctuations for individual statements. The top three reasons why people dislike personalisation are that it can be 'irrelevant', 'creepy' and 'unsecure'. It is worth noting that although 63% agree that security is a concern regarding personalisation, this statement also saw the largest increase (+5%) in people strongly disagreeing with the statement.

73% of consumers find personalisation to be irrelevant to a degree

Perhaps the most concerning finding is that the majority of negative sentiment (73%) is for a belief that personalisation can be irrelevant, which contradicts the core purpose of personalisation. This suggests that brands may not be doing enough to enable customers to experience the full and varied benefits of well-executed personalisation. Alongside this, 63% claim to be concerned about security, suggesting that companies have not built adequate trust amongst their audiences that they will handle their information sensitively and securely.
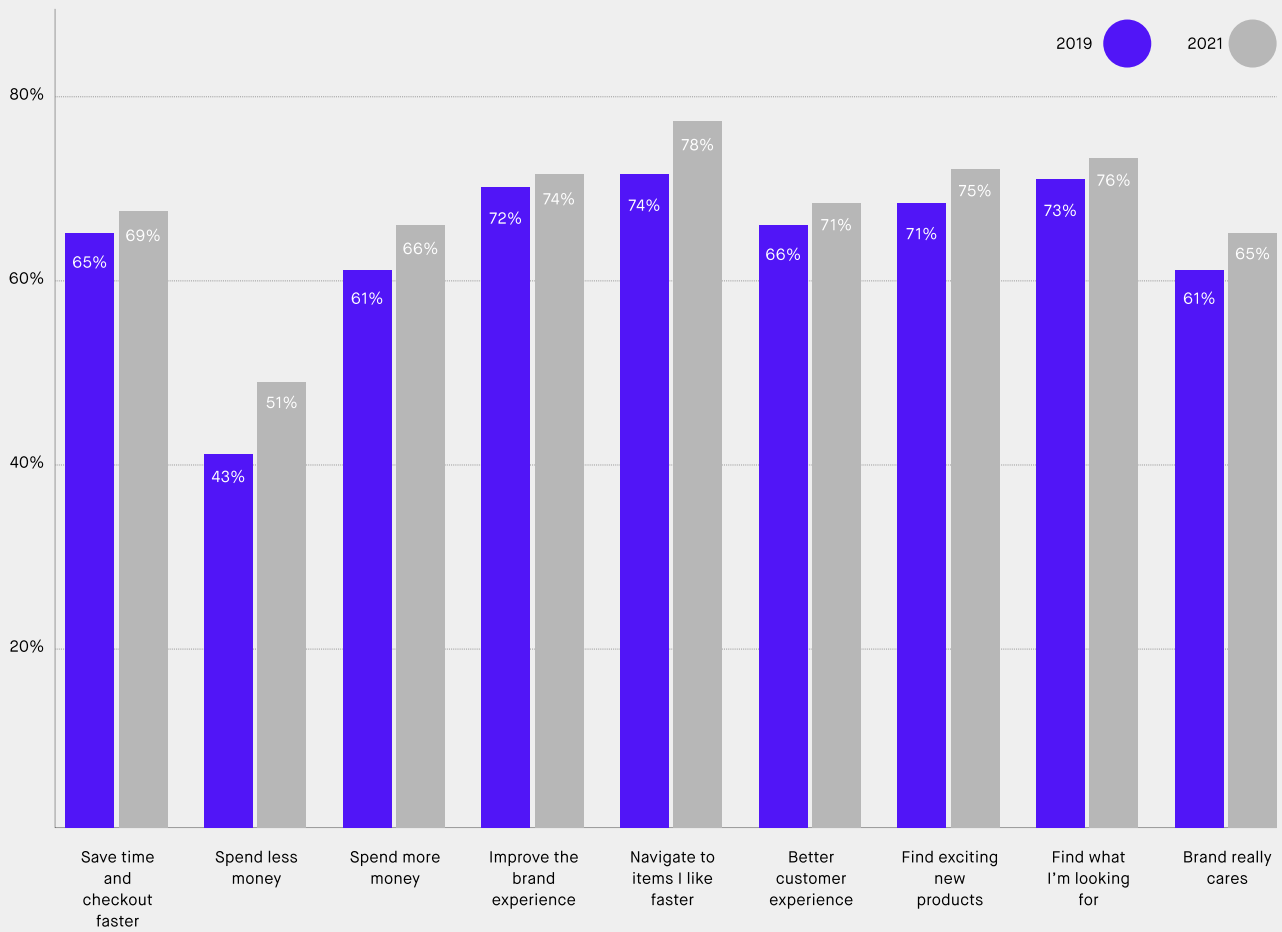
In summary

Overall, feelings are strong both for and against personalisation. However, positive sentiment is stronger than negative when reviewing these insights holistically; meaning that consumers like and see the benefits of personalisation more than they dislike it. As in 2019, personalisation is still in the domain of being perceived as both good and bad, suggesting that not enough progress is being made by retailers. The topic is certainly controversial, but these insights create an opportunity for brands to maximise the positives and address the negatives in order to drive future personalisation progression.

"I'd like brands to have less pop ups. They're intrusive and ruin the shopping experience!"

2B Impact on consumers and brands

Q: What behaviours do you believe personalisation encourages?

2019 ● 2021 ●

Behaviour	2019	2021
Save time and checkout faster	65%	69%
Spend less money	43%	51%
Spend more money	61%	66%
Improve the brand experience	72%	74%
Navigate to items I like faster	74%	78%
Better customer experience	66%	71%
Find exciting new products	71%	75%
Find what I'm looking for	73%	76%
Brand really cares	61%	65%

The results of this research help us to illustrate consumer behaviours encouraged by personalisation and any impact they have on a brand: its image; influence on satisfaction; and, ultimately, customer loyalty.

We asked participants to tell us what they believed were the benefits of the personalisation that they had experienced, and there were steady increases across the board for behaviours encouraged. This could again suggest that

consumer sentiment towards personalisation has improved slightly. On the whole, it is interesting to acknowledge that consumers are noticing personalisation less, yet they claim that it encourages more positive behaviour, indicating that brands' personalisation techniques are becoming more sophisticated or subtle.

The most notable increases in behaviours encouraged from 2019-2021 were for helping customers spend less money (+8%), encouraging customers to spend more money (+5%) and providing a better customer experience (+5%).

It is clear that age matters when it comes to behaviours encouraged by personalisation, as there are stark differences in responses when analysing them by age bracket. On average, 18-24s are 12% more likely to respond in these ways, whereas those aged 55-65+ are 15% less likely to do so. This indicates that personalisation could become more significant within online shopping experiences as the 18-24 age group matures, gains more spending power and becomes a more dominant audience in the market.

The top three behaviours encouraged are:

78%
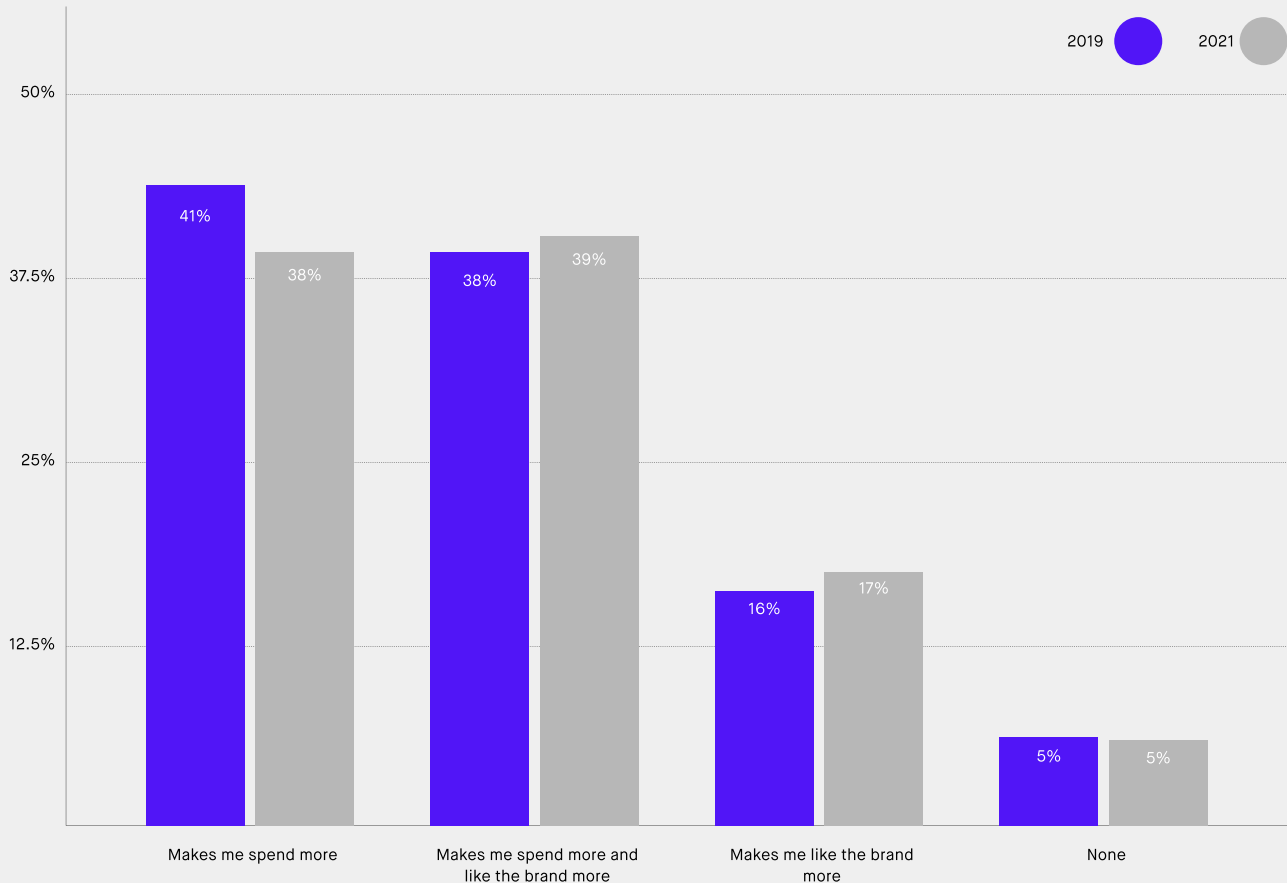helps customers navigate to items they like faster

76%
helps customers find what they are looking for

75%
helps customers find exciting new products

Q: Why do you think retailers use personalisation?

2019 ● 2021 ●

	50%				
	37.5%				
	25%				
	12.5%				

- Makes me spend more — 41% / 38%
- Makes me spend more and like the brand more — 38% / 39%
- Makes me like the brand more — 16% / 17%
- None — 5% / 5%

When asked why they think retailers adopt personalisation methods, a slight majority (39%) said that it was to make them spend more as well as make them like the brand more. However an additional 38% said that it was purely to make them spend more money.

It appears to be encouraging people to buy only, not helping the consumer

Q: Are you likely to spend more if a brand uses personalisation that is relevant to you?

2019 ● 2021 ●

	Yes	No	Unsure
2019	38%	33%	30%
2021	43%	31%	27%
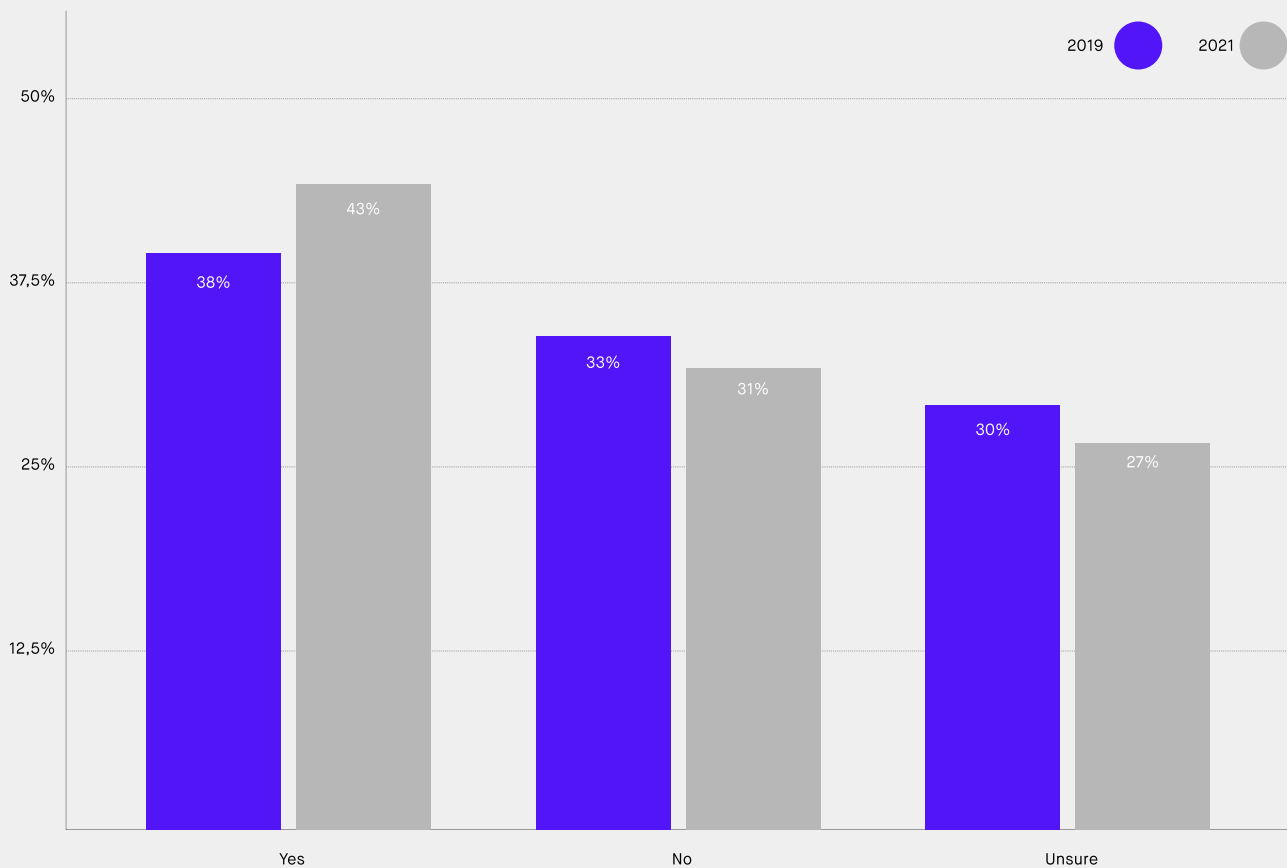
To get more of an understanding of how personalisation can impact consumers' spending habits, if at all, we asked whether they would be likely to spend more with companies that used personalisation techniques that were relevant to them. Interestingly, although only 38% of participants said that brands used personalisation solely to make customers spend more, 43% said they would be more likely to spend more. This highlights the importance of relevancy and the impact it can have.

The results differ significantly across age groups, with more than half (56%) of 18-24s and 54% of 25-34s stating they would spend more, compared with 35% of 45-54s and 21% of 55-65+. Also when analysing by gender, 47% of females would spend more compared with only 37% of men.
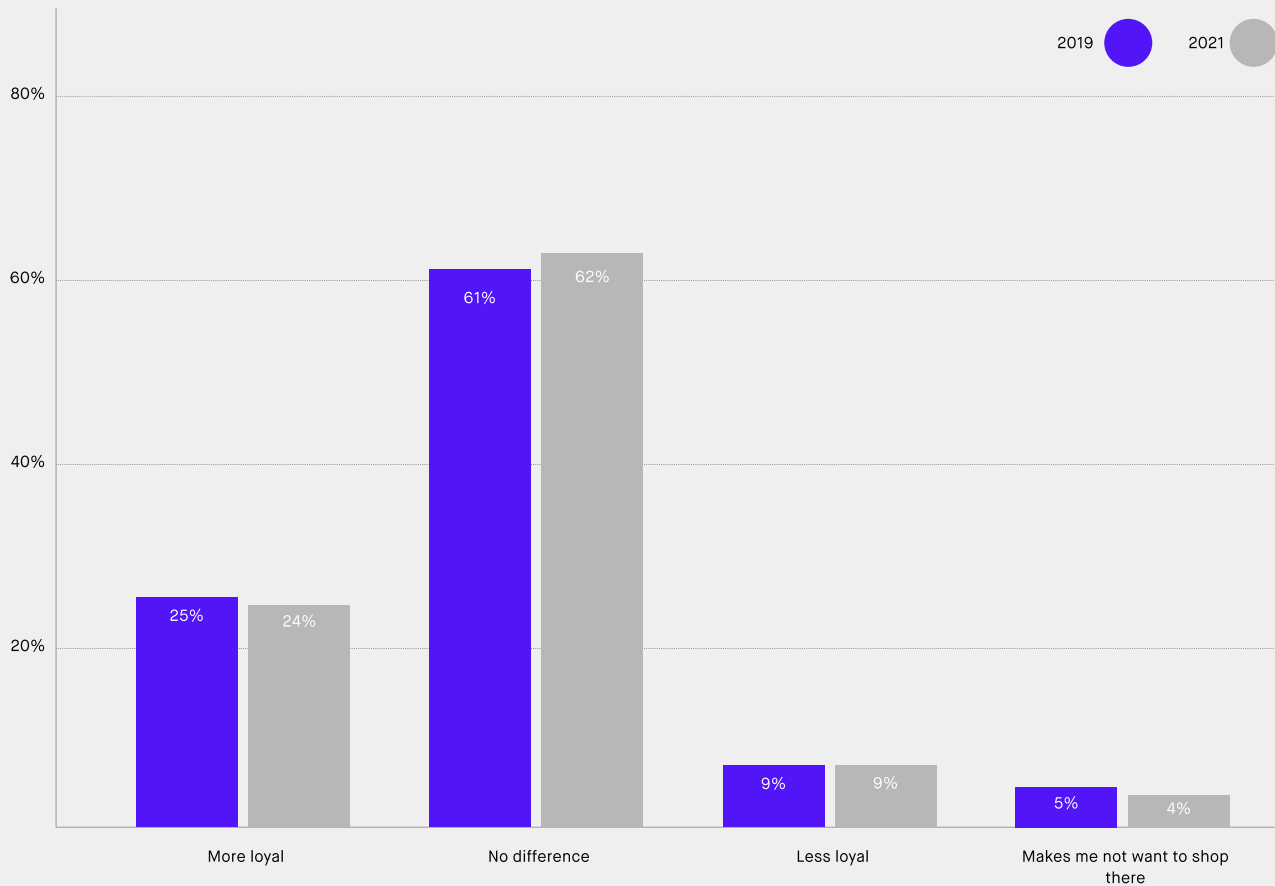
43%

of consumers would
spend more as a result of
relevant personalisation

56%

of 18-24 year old
consumers would spend
more as a result of
relevant personalisation

Q: Does personalisation make you more loyal to a brand?

2019 ● 2021 ●

	More loyal	No difference	Less loyal	Makes me not want to shop there
2019	25%	61%	9%	5%
2021	24%	62%	9%	4%

When respondents were asked specifically about how personalisation impacts loyalty, there were only slight changes to the 2019 data. Just 24% of participants said that personalisation makes them more loyal to brands, while the vast majority of respondents (62%) said that it makes no difference to their loyalty, suggesting that, overall, any progression of personalisation methods from 2019-2021 has still not been able to impact customer loyalty.

It seems that personalisation is still being delivered with a short term focus on conversion, rather than how it can benefit brand-consumer relationships in the long term.

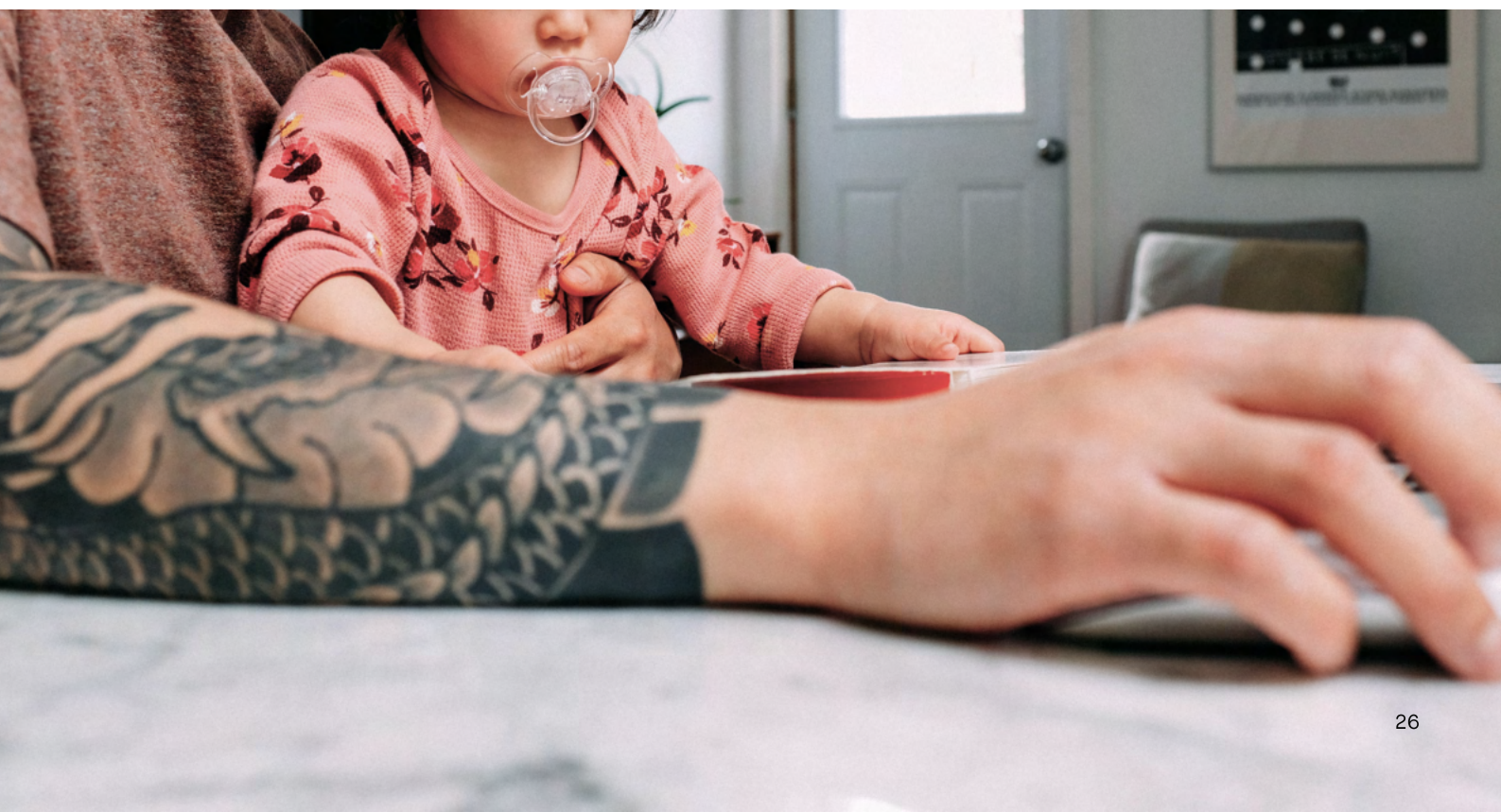Personalisation has no impact on loyalty for 62% of consumers

2C Using consumer data

E-commerce data pools are vast. Brands have access to huge volumes of consumer information, from recently viewed items, abandoned baskets and social media engagements, to brand preferences and past purchases. The list goes on. More data-mature companies are connecting their various sources of consumer information within customer data platforms to gain a single customer view that can drastically improve personalisation and marketing relevancy.
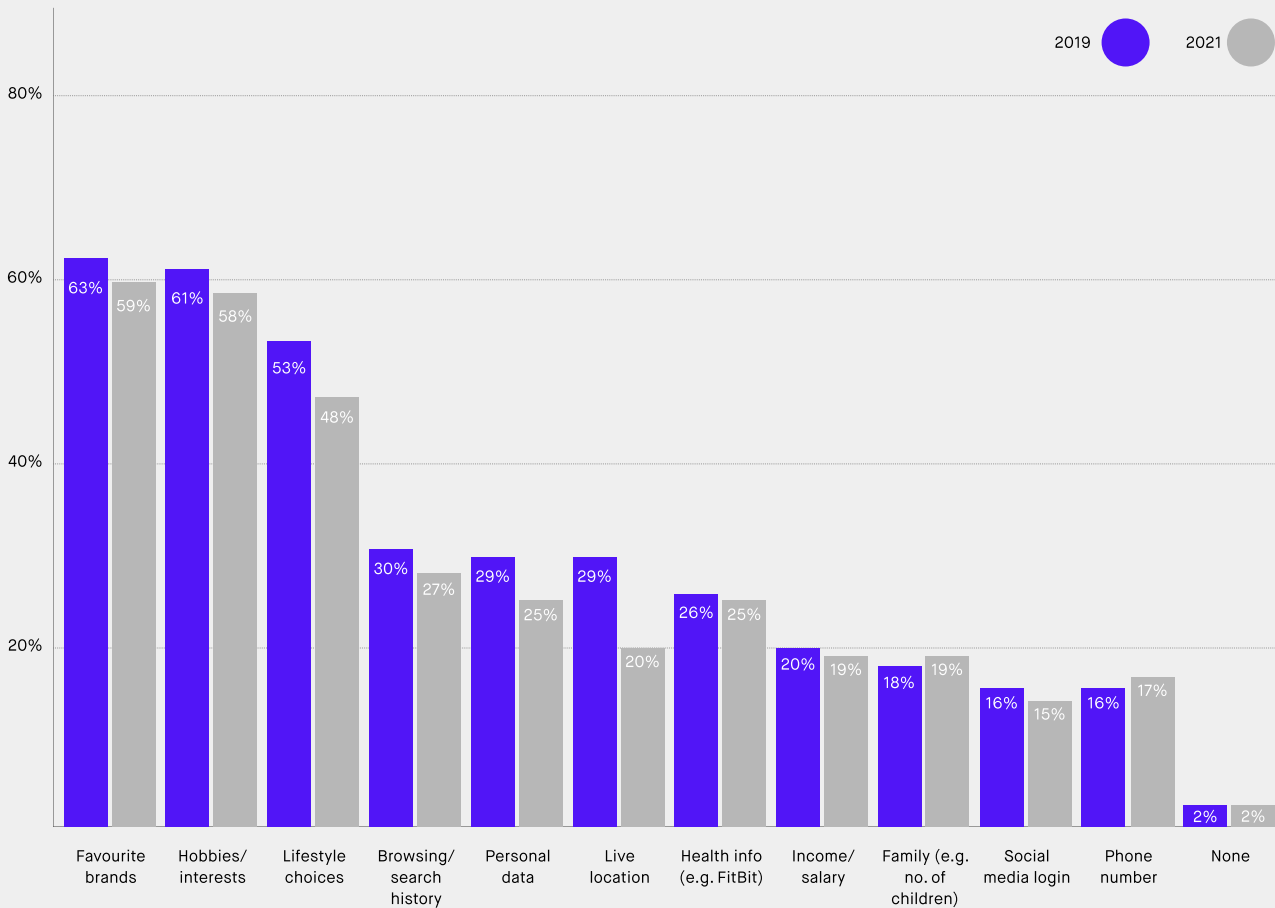
Data is key to improving personalisation, enabling brands to make decisions and implement actions based on insight rather than instinct. However, it is also reliant on the customer voluntarily sharing certain information, and there is definitely controversy surrounding the topic.

When we asked if consumers would be willing to share more data with brands if it would improve personalisation, 56% of participants said yes - a 4% increase on 2019, widening the gap between those who would and would not to 12 points, rather than four.

56% of consumers would share more data to improve personalisation

Q: What type of data would you share?

2019 ● 2021 ●

	Favourite brands	Hobbies/interests	Lifestyle choices	Browsing/search history	Personal data	Live location	Health info (e.g. FitBit)	Income/salary	Family (e.g. no. of children)	Social media login	Phone number	None
2019	63%	61%	53%	30%	29%	29%	26%	20%	18%	16%	16%	2%
2021	59%	58%	48%	27%	25%	20%	25%	19%	19%	15%	17%	2%

Although 56% of participants said they would be willing to share more data, when asked about the type of data they would be willing to share, they are less willing to share specific types information with brands than they were in 2019, highlighting the gap in consumers' understanding of what 'data' is or can be.

Consumers are most comfortable sharing data that doesn't make them identifiable

There have been minor changes from 2019 to 2021, with the majority of people remaining more comfortable with sharing information about their preferences than information that has the potential to make them identifiable. The top three data sources that consumers are most comfortable sharing are favourite brands (59%), hobbies and interests (58%), and lifestyle choices (48%). However, it's important to note that even these higher performing categories are on average 5% lower than they were two years ago, suggesting that consumers have growing concerns around data sharing.

The discrepancy between the type of personalisation features customers want to see and the data they are willing to share makes it apparent that people are still wary and unsure about brands asking for and collecting their data. This suggests that not all consumers are aware of the link between data collection and personalisation. It also seems that the consumers who are aware of the link prioritise data protection over personalisation, with numerous comments that efforts are largely in favour of the brands as opposed to shoppers.

The data source that saw the biggest decrease (9%) in people being willing to share was 'live location', which is interesting considering the earlier finding that a quarter of respondents put 'receiving a notification with offers for stores close by' in the top three most helpful types of personalisation. Again, this could be linked to the fact that stores were closed for prolonged periods of time and consumers spent most of their time at home, so there's less need or desire to share their live location.

There always seems to be a trade-off when it comes to supplying data to get a discount or offer. The retailers just use this data to predict your shopping habits or sell it on to other retailers

"I like the idea of when you are out shopping and near a certain store you receive an email or message telling you about a voucher or discount code you can use in-store, there and then."

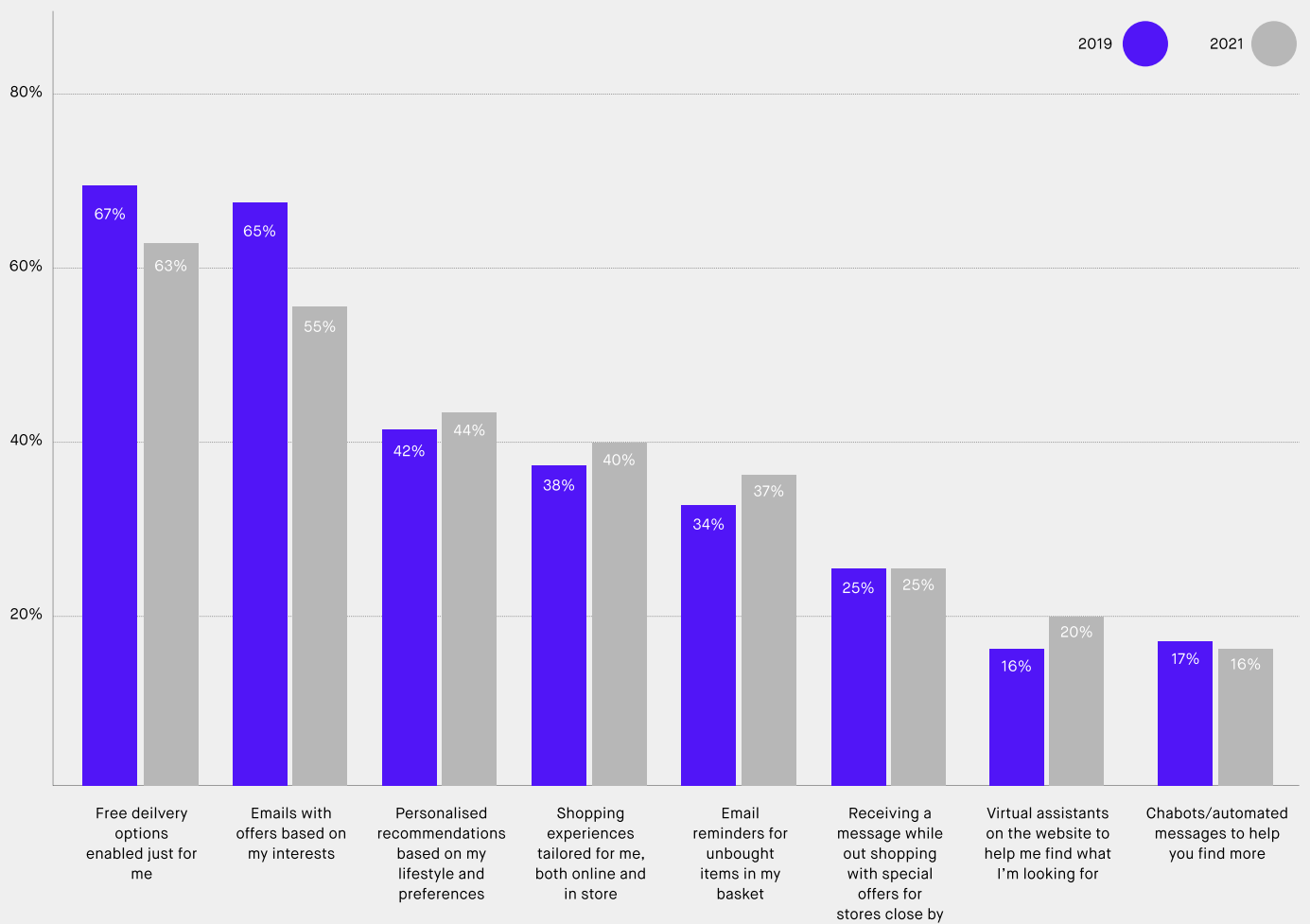# Q: Why would you not share your data with brands?
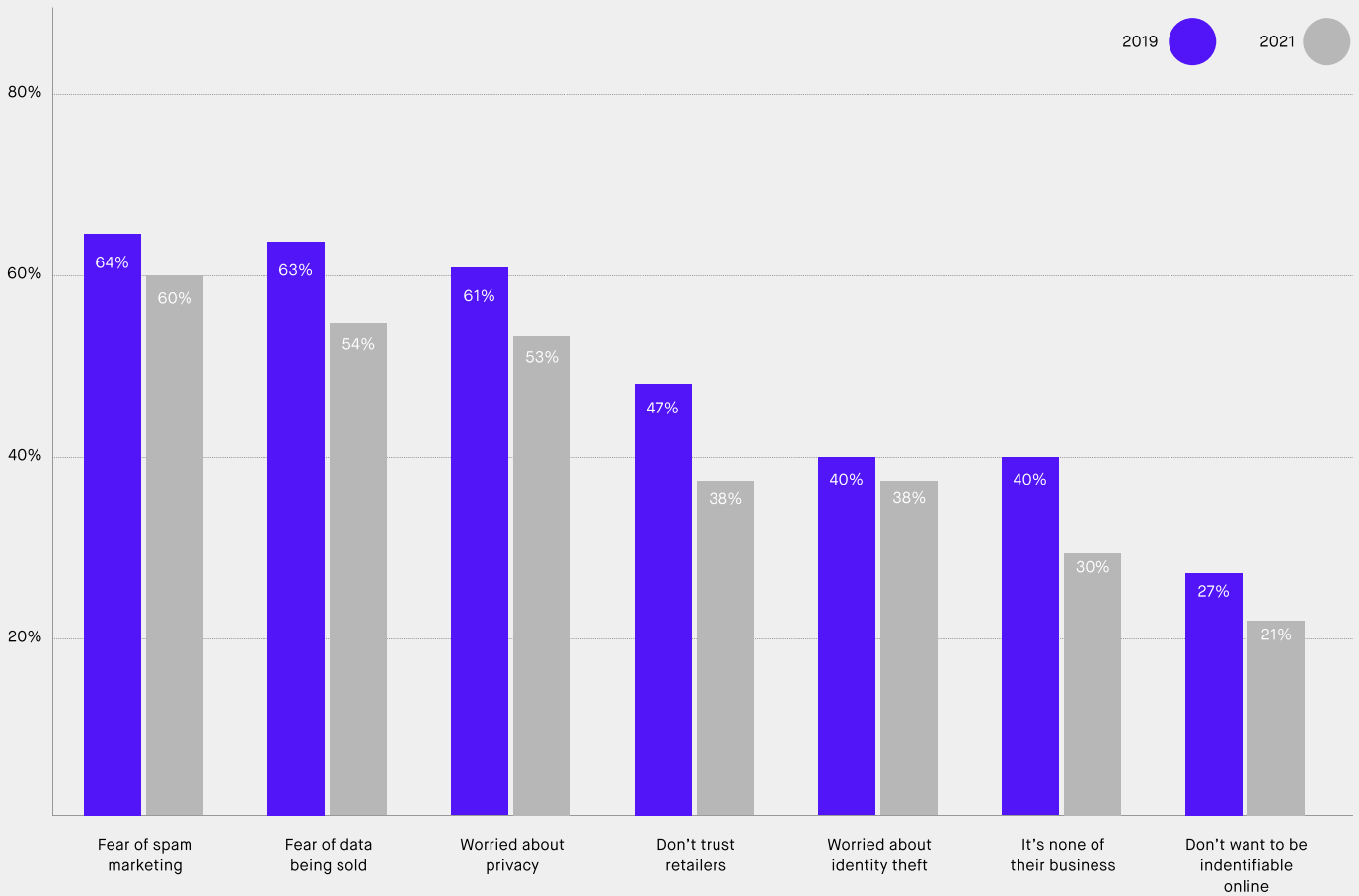
Interestingly, and in contrast to the previous insights on data sharing, consumers are less concerned about the risks of sharing data than they were in 2019. The concerns have remained in the same order of significance with fear of spam marketing (60%), fear of data being sold (54%), and privacy worries (53%) taking the top three spots. However, there has been an average 7% decrease in these scores across the board.

When considering this alongside the previous insights, this could suggest that consumers' digital maturity has accelerated during the period and/or that they feel more in control of the data they share and, therefore, less concerned about the 'risks'.

2D Future improvements

Q: What types of personalisation would be the most helpful?

We asked participants what types of personalisation they would find most useful, regardless of whether they had experienced them or not. The table below shows the percentage of people that ranked each method in the top three positions of helpfulness:

Legend: 2019 (purple) • 2021 (grey)

Category	2019	2021
Free deilvery options enabled just for me	67%	63%
Emails with offers based on my interests	65%	55%
Personalised recommendations based on my lifestyle and preferences	42%	44%
Shopping experiences tailored for me, both online and in store	38%	40%
Email reminders for unbought items in my basket	34%	37%
Receiving a message while out shopping with special offers for stores close by	25%	25%
Virtual assistants on the website to help me find what I'm looking for	16%	20%
Chabots/automated messages to help you find more	17%	16%

The two most helpful methods of personalisation, exclusive free delivery and email offers, are the same as in 2019, although it's important to note that email offers saw the largest decrease (10%) in favourability; which could signal an increase in consumer demand for more sophisticated experiences. Favour for the mid-weight categories (personalised recommendations, tailored experiences and unbought item reminders), has increased slightly during the period, bolstering the earlier finding that consumers appreciate help navigating to items that they like, as well as offers and discounts.
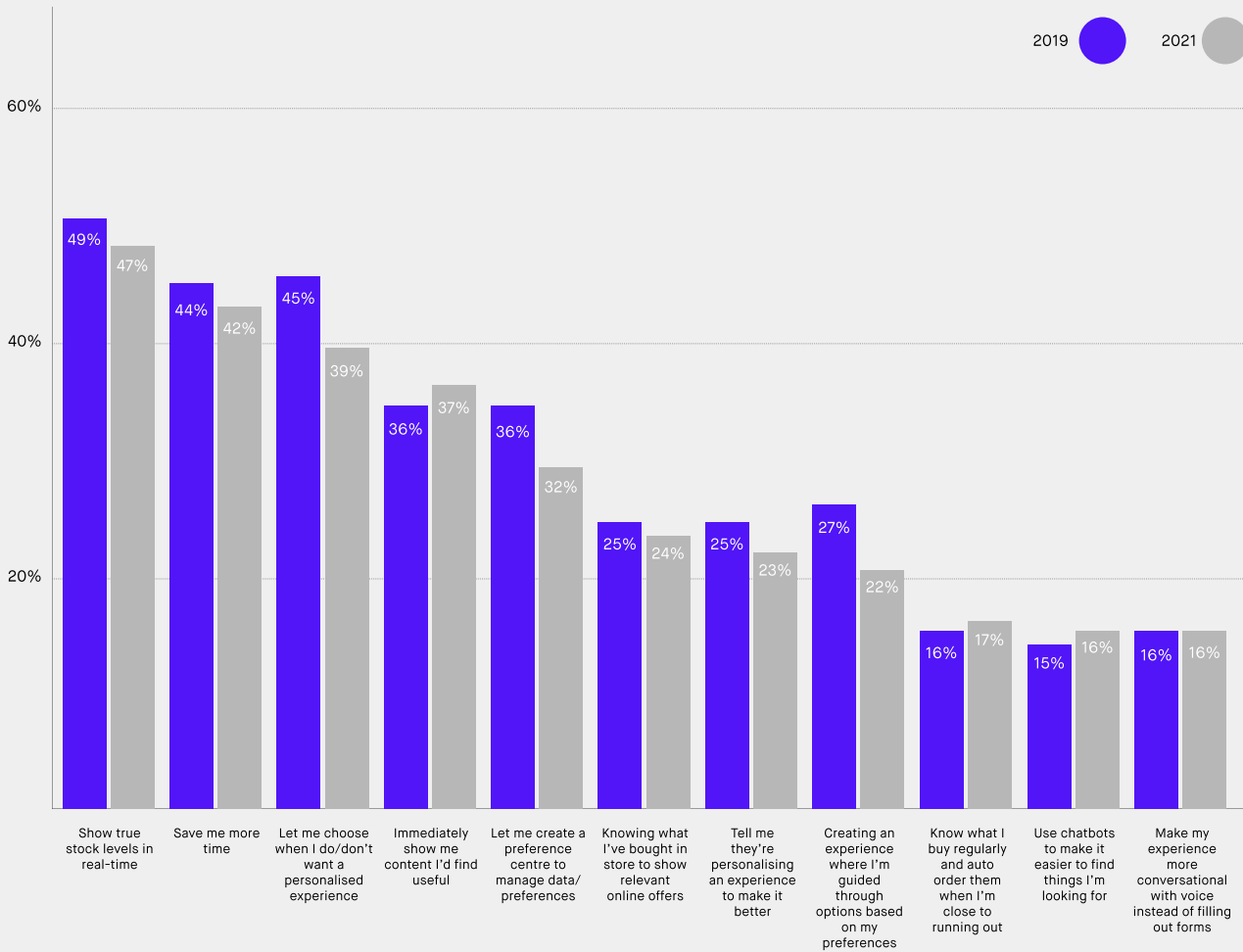
It's also interesting to note that consumers' negative perceptions of these different methods are as strong as their positive ones. When looking at what personalisation methods consumers ranked as the least helpful, chatbots and virtual assistants were ranked as the least helpful by 66% and 58% of participants respectively.

Consumers ranked chatbots and virtual assistants as the least helpful personalisation methods

Q: What types of personalisation would improve your online shopping experiences?

Legend: 2019, 2021

Bar chart data:

Category	2019	2021
Show true stock levels in real-time	49%	47%
Save me more time	44%	42%
Let me choose when I do/don't want a personalised experience	45%	39%
Immediately show me content I'd find useful	36%	37%
Let me create a preference centre to manage data/preferences	36%	32%
Knowing what I've bought in store to show relevant online offers	25%	24%
Tell me they're personalising an experience to make it better	25%	23%
Creating an experience where I'm guided through options based on my preferences	27%	22%
Know what I buy regularly and auto order them when I'm close to running out	16%	17%
Use chatbots to make it easier to find things I'm looking for	15%	16%
Make my experience more conversational with voice instead of filling out forms	16%	16%

When it comes to improving the online shopping experience, consumers had the most favour for personalisation that: shows them true stock levels in real time (47%); helps to save them time (42%); allows them to choose when they do or don't want a personalised experience (39%). The latter is reinforced by the fact that almost a third (32%) of participants would like access to a preference centre where they can manage their data and levels of participation in personalisation.

In addition to these specific improvements, consumers were keen to share how they think brands can be even more creative and ambitious with personalisation…

"Let the buyer put in their budget and then make personalised recommendations for items within their price range so that they can get the things they like, not be too overwhelmed with an unnecessary amount of items and not be tempted to overspend."
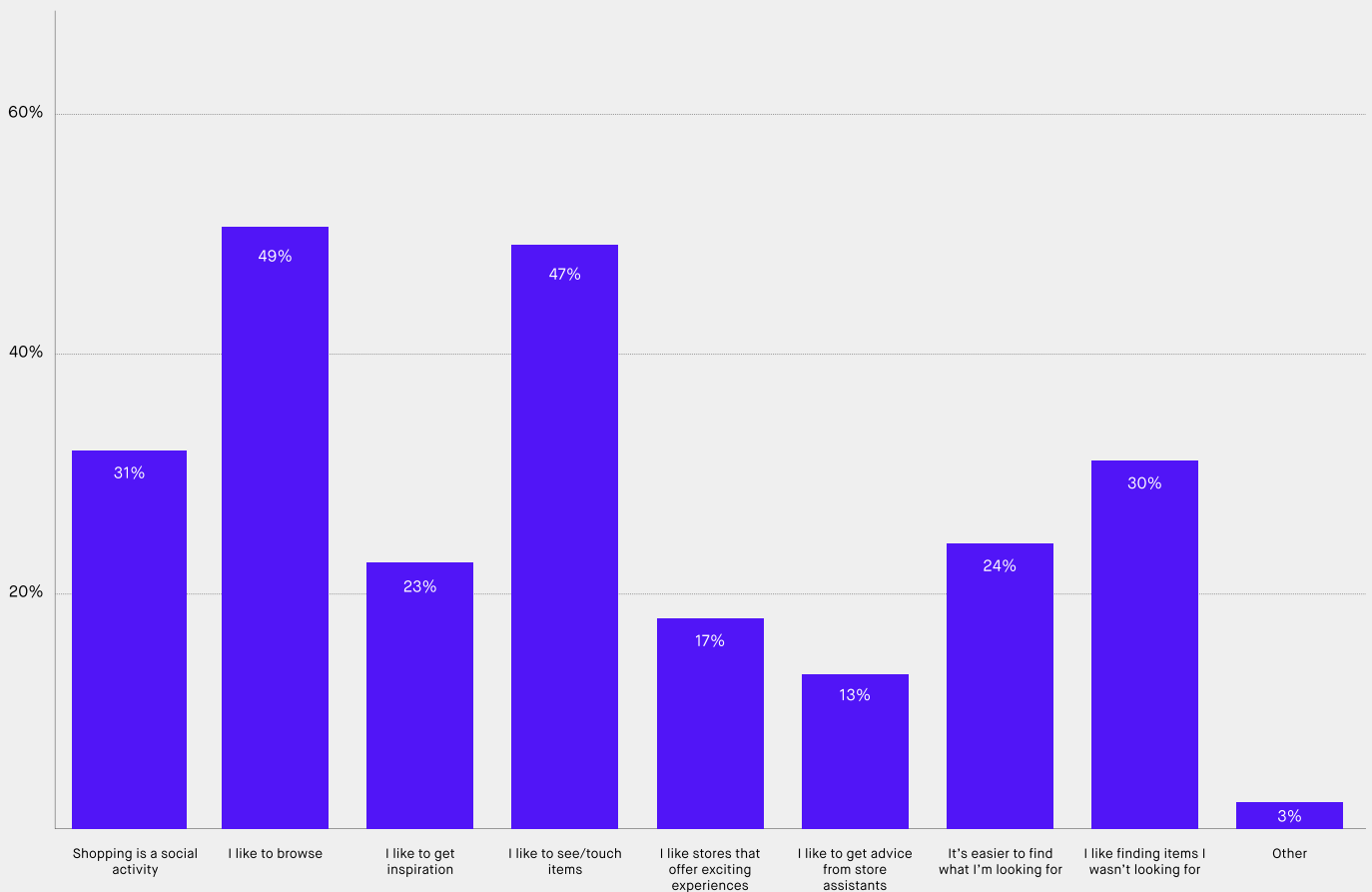
"I'd like to be able to go the whole hog and enter a shopping space that is mine to curate and choose from. I should be able to build my own shopping Eutopia like Minecraft!"

"It would be great to be able to upload a photo and my measurements so that I can virtually see what clothing products would look like on me. Also, recommending what size I would need based on items I've previously ordered from other brands would be really helpful."

2E COVID-19 trends

Q: What will be your main reasons for visiting physical stores in future?

We also wanted to understand whether the surge in online shopping caused by the pandemic would remain, or if consumers would return to carrying out the majority of their shopping in stores. Almost two thirds (63%) of respondents said they would continue shopping online after stores reopen, compared with 37% who would do less. To delve a little deeper into this, we asked about consumers' reasons for visiting stores in future:

Reason	Percentage
Shopping is a social activity	31%
I like to browse	49%
I like to get inspiration	23%
I like to see/touch items	47%
I like stores that offer exciting experiences	17%
I like to get advice from store assistants	13%
It's easier to find what I'm looking for	24%
I like finding items I wasn't looking for	30%
Other	3%

The two most popular reasons why consumers will choose to shop in physical stores rather than online are to be able to browse (49%) and to see and touch items (47%). The social element of shopping is another key driver, which almost a third (31%) of consumers selected as a reason for returning to in-person shopping, closely followed by finding items that they may not have been looking for (30%). With some strong feelings in favour of physical shopping, brands will need to consider how these can be replicated in the digital space.

63% of consumers will continue shopping online after the pandemic

03

Key takeaways and actions

3A Experience over everything

Our study highlights how consumers value personalisation when it is useful to them, with the top reasons for why they like it being that it helps them find products and saves them money, and they dislike it when they are overtly sold to.

The days of personalisation strategy containing little more than first name addressed emails and happy birthday discounts are long gone. Other industries are raising the bar and, in turn, customer expectations. Take Spotify as an example, it's daily playlist recommendations and annual 'Spotify Wrapped' campaign (recently complemented by its 'Only You' campaign) deliver a true one-to-one, personalised experience for users. These activities are built on data, which is applied in a way that creates an engaging experience for users that isn't at all perceived as 'creepy'. The campaigns are also delivered without any immediate conversion, strengthening the value exchange as users don't feel at all like they're being sold to; yet we predict that these activities have a huge positive impact on Spotify's customer loyalty and retention.

Yet e-commerce is still some way behind, with personalisation efforts being largely focused on short term conversion, through email marketing and retargeting methods, rather than how it can benefit brand-consumer relationships in the long term. But in order to catch up, focus needs to be switched to creating a strong value exchange through experience; which in turn will have a positive impact on sales and loyalty.

The opportunity to strengthen the link between personalisation and loyalty has seen minimal progression between 2019 and 2021.

Just 24% of participants said that personalisation makes them more loyal, while the majority (62%) said it makes no difference. Meanwhile, 38% believed personalisation was adopted by brands simply to make them spend more money. Another 39% felt it was to make them spend more as well as make them like the brand more.

Brands also need to consider the reasons that consumers enjoy or currently prefer physical shopping experiences and recreate them in the digital space. People will still want to go into a store to feel and touch products, especially bigger ticket items, creating two clear opportunities for brands to get ahead of competitors. Firstly, through the seamless integration of in-store and online experiences, ensuring that consumers can pick up where they left off no matter whether they were last browsing physically or digitally; making personal, online recommendations for a consumer based on what they have browsed in a store, and vice versa.

Secondly, the rapid acceleration of extended reality (xR) and the metaverse provides the opportunity for brands to experiment with ambitious, immersive experiences. The metaverse is tipped by many as the successor to the internet as we know it today: a digital twin of our world, encountered in both augmented and virtual interconnected realities as a persistent and synchronous experience. These experiences will be interoperable, meaning brands will be able to translate digital experiences into the real world and vice versa, potentially providing an in-store experience to consumers without having to leave their homes.

24%

of participants said that
personalisation makes
them more loyal

38%

of participants believe
personalisation was adopted
by brands simply to make
them spend more money

"Obviously, companies want consumers to spend more, that's their ultimate objective. But it shouldn't be how they want their customers to feel. More attention needs to be given to developing loyalty, specifically how the customer experience can impact loyalty, so that customers feel happy about spending money with a company; because they gain something positive in return. Companies need to focus less on getting people to spend more or making them more loyal, these should be byproducts of delivering exceptional experiences. Shifting focus this way will have a positive impact on both customer spend and loyalty."

Lizzie Powell - Strategy Director, Dept

3B Increasing intelligence

Technology is now widely available to enable e-commerce companies to leverage their data in much more intelligent ways, yet few brands are currently taking full advantage of them. Artificial intelligence (AI) and machine learning can massively boost the impact of e-commerce experiences by increasing relevancy, which we've uncovered sparks the strongest negative feelings about personalisation, with 73% of respondents finding personalisation irrelevant on occasion. But there's no excuse for not delivering relevant suggestions and recommendations.

The killer example comes from Monzo. The challenger bank applies intelligence to its data to help customers save money. For example, after noticing a customer was buying a daily train ticket but not buying a season ticket that could make it cheaper, most likely because they can't afford the upfront cost, Monzo would offer them a short term loan for the same price as the season ticket.

Yes, Monzo will make money on the loan, but the consumer is saving significantly less by purchasing the season ticket, rather than having to buy daily train tickets. This is the kind of smart intelligence that we need to see being adopted in e-commerce.

AI and machine learning are often relied upon to show product recommendations to customers based on their purchase or browsing history, so they're not entirely new to the personalisation space. But it will be the retailers and brands that leverage this technology more ambitiously that will gain a competitive advantage by graduating from meeting customer expectations to anticipating their needs.

73%

of respondents find
personalisation irrelevant
on occasion

3C Getting to know you

With the majority of negative consumer sentiment for personalisation stemming from a lack of relevancy, greater focus needs to be put on gaining a truer picture and understanding of customers in order to make more relevant recommendations. Asking consumers questions was one of the least common types of personalisation experienced by study participants, yet the vast majority (70%) found it one of the most helpful. Our study also found that consumers are most comfortable sharing information that doesn't make them identifiable, such as hobbies, and that they appreciate receiving offers or vouchers personalised to interests; which is deemed the most helpful type of personalisation.

Asking questions or for feedback is one of the most basic tactics that many brands either don't get right or don't even touch. This can be done in multiple ways to gain valuable insight, such as a star rating following a purchase or by asking whether an item is a gift; which can help brands understand what is or isn't of personal interest to a consumer and prevent irrelevant items being recommended to them in future. But by taking more of an interest in customers, brands are more inclined to know what they want, make more relevant suggestions and improve conversion.

Any attempt to gain more in-depth information from consumers should be built into an experience, in support of creating a strong value exchange between brand and consumer. Dept worked with Lyst to do just this, creating a campaign that encouraged customers to 'discover their fashion DNA' that gave the brand lots of valuable insights to inform personalisation tactics.

Using relatable, scenario-led questions in a quiz format, Lyst was able to effectively gather lifestyle-oriented data to generate a better understanding of its users, based on their preferences.

As this information was gathered, it was directly linked into Lyst's existing database of website analytics, paths to purchase, onsite user journeys and favourited products or categories. Adding this new data and filtering results into categories enabled Lyst to formulate well-rounded user personas and frame future marketing campaigns with highly personalised touchpoints. The quiz indulged customers with expert design and interactivity to provide them with insight into how their lifestyle preferences position them on a global scale, a strong value exchange for Lyst to gather user data.

Which quiz will you choose?

FOR HER

FOR HIM

Click to make your selection above

3D Data aggregation
and activation

Personalisation begins with data collection. The more data and insight that can be gathered to improve the experience, the better. The challenge here is that consumers can be wary about sharing certain information with brands; 44% of participants in our study said outright that they would not share more information to improve personalisation. While this certainly needs addressing by improving communication about how data is used in order to build trust and encourage data sharing (more on that next), companies can still take action by better activating the data they already have.

Brands have access to a wealth of customer insights that are not reliant on the customer providing them, such as browsing history and previous purchases. What more data-proficient companies have in common, is that they understand how to best aggregate and action this data.

One of the most effective ways to do this is through the implementation of a customer data platform (CDP). Abandoning data silos, CDPs collect and analyse customer information from a variety of different sources, such as the CRM, web forms, in-store systems, email, social media and many more; creating a single customer view that includes demographics, behavioural and transactional insights, helping businesses better understand customers' journeys, wants and needs. CDPs assist brands in better identifying customer segments and understanding behaviour.

When looking beyond data silos, unified customer data allows companies to prioritise and target users in different ways than before. When intelligence is applied to this strengthened customer view, companies can start to make decisions based on facts rather than instinct or opinion; driving sales by leveraging past trends to make future predictions.

Rituals wanted to be able to predict the behaviour of its customers and turned to Dept to build its customer data platform. We used machine learning to predict conversion intent by matching real-time browsing behaviour to historical conversion patterns, resulting in much more efficient retargeting by honing in on audiences based on their expected probability to convert. This approach saved 40% of Rituals' remarketing ad spend without reducing conversions.

The need to invest in first party data is also growing in significance following Google's announcement to move away from third-party cookies by the end of 2023. First-party data is fast becoming the cornerstone of all online activity, so brands that invest in strengthening their first-party data sources and strategies now will be future-ready.

44% of participants in our study said outright that they would not share more information to improve personalisation

"Good personalisation shouldn't feel like you're being manipulated into buying something.
As consumers, we don't want to be sold to any more than we already are. A sign of good personalisation is not knowing it's happening, yet the end result is still the same -
you purchase, and you become more loyal to a brand without feeling like you're forced into it.
The consumer knowing personalisation is happening can actually be a bad sign."

Jonathan Whiteside - Principal Technology Consultant, Dept

3E   Building trust

The perceived risks of sharing certain information with retailers and brands present a significant blocker to the future progression of personalisation. For example, only 22% of participants had experienced location-based personalisation, 79% of which advocated for its helpfulness, but 'receiving notifications with offers for stores close by' was ranked in the top three most helpful personalisation methods, regardless of whether participants had previously experienced it or not, yet the volume of consumers willing to share live location data saw the biggest decrease (9%) from 2019 to 2021.

The discrepancy between the type of personalisation features customers want to see and the data that they are willing to share makes it apparent that consumers are still wary and unsure about brands asking for and collecting their data. This is backed up by the fact that 63% of participants said security is one of the top three reasons why they might dislike personalisation.

Building trust between brands and consumers will be key to breaking down these barriers. If brands are to focus on securing this information, they will need to drastically improve communications about how they use data and demonstrate the benefits of providing such information, such as through well executed experiences, in order to build consumer trust and increase their willingness to share.

The opportunity to promote transparency and build trust may lie in giving consumers more control, switching to an opt-in approach rather than opt-out, or by creating preference centres where customers can manage their profile and participation in personalisation. This would enable consumers to take control of the types of personalisation they want to receive, if at all.

The majority (39%) of our study participants said they would like to choose when to participate in personalisation, almost a third (32%) said they would like to manage their data and settings via a preference centre and 23% want to know when an experience is being personalised to make it better for them.

We also found that consumers especially like to be directed to products that align with their personal interests, so opting in should naturally be an attractive feature to most customers. But this approach would work optimally when complemented by well-executed experiences that demonstrate the value of personalisation and clearly communicate why it would be beneficial for consumers. While it might sound scary to some, given that retailers and brands may 'lose' the opportunity to personalise to some customers, it may actually increase ROI as efforts will be directed towards those who are actively engaged.

Taking it one step further, some retailers and brands may choose to tier and target their personalisation efforts to different audiences dependent on their level of engagement with the company, and move away from the traditional process of sending emails to all 100,000 email subscribers, despite whether they open it and engage or not.

"I'd really appreciate an option to opt out of personalisation if I want to, for example if I want to browse everything or am shopping for a gift, but to also be able to turn it back on so that I can still benefit from a personalised experience."

04

Future focus

Future focus

Our study shows that the vast majority of retailers and brands are not at the forefront of what personalisation can deliver, which is reflected in consumers' feelings both for and against it. There is a clear discrepancy between the type of personalisation features customers want to see, versus what or how they want to contribute, which highlights numerous areas of focus for companies: maximising security; improving relevancy; and creating experiences.

Technology advancements have made it possible to personalise more elements of the customer journey in better ways than ever before, but these aren't being leveraged by the masses. It seems that when it comes to personalisation, companies have fallen into the trap of repeating what others are doing out of fear of missing out. They recognise that to better personalise, they need data, but little innovative thought goes into how to collect and activate that data.

Personalisation provides many benefits for retailers and brands, but it needs to have consumers on side in order to progress. That's why the focus of future efforts needs to be shifted towards creating value for the customer so that they are seamlessly and intuitively guided through a brand journey that makes sense. Companies need to leverage data and intelligence to identify gaps in the journey and adequately plug them to enhance experiences and increase efficiency.

Get in touch with our experts to find out how Dept can help your business accelerate its personalisation strategy and get ahead of your competitors.

For more information, or if you have any questions, please contact us:

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