CONSISTENT PERSONALIZATION EVERYWHERE CONSUMERS SHOP

7th Annual Consumer Personalization Survey

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President of e-tailing group

MYBUYS

Leading Personalization Provider to IR 500 6 Years in a Row

the e-tailing group

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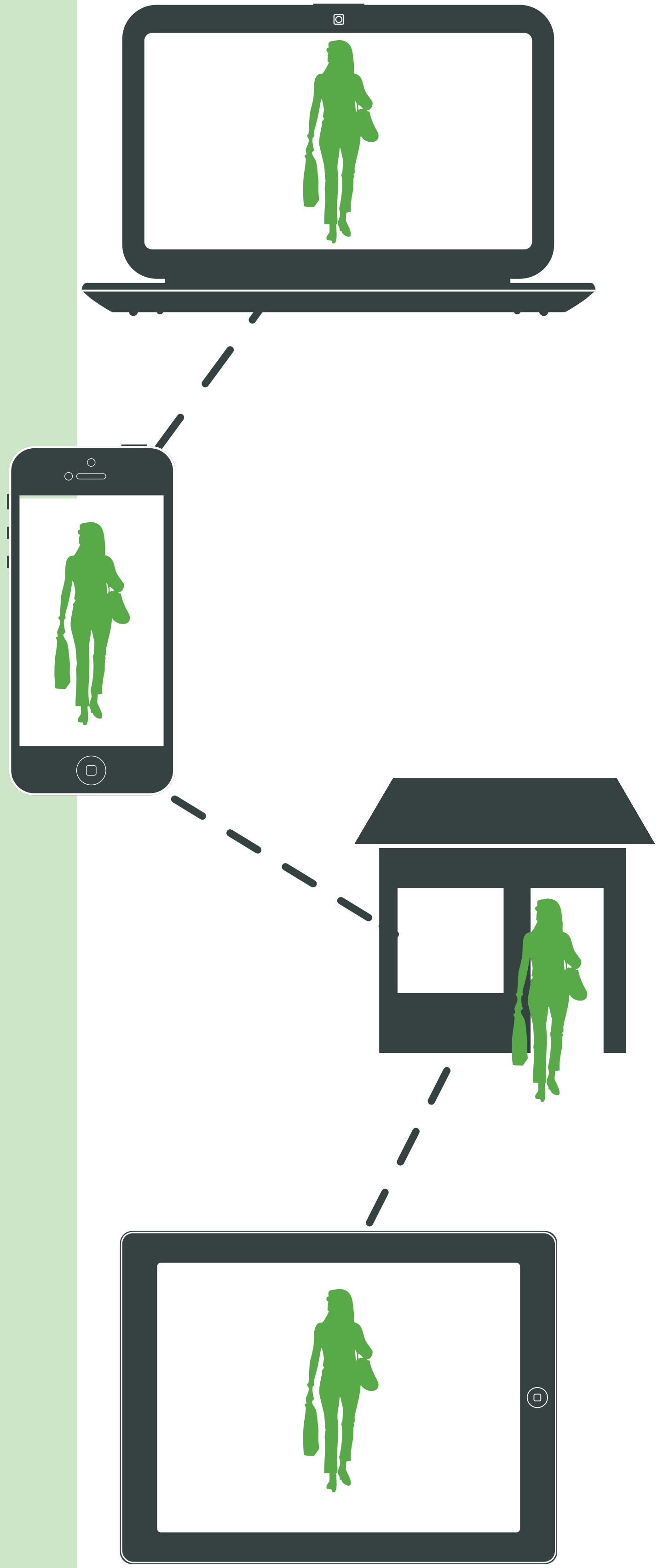
INTRODUCTION AND SURVEY OBJECTIVES

No one can refute the fact that the customer is in control of the buying process when they fluidly shop across channels, navigating each journey using multiple devices. Expectations are heightened in every aspect of the shopping experience from the digital to the physical store, and now more than ever, they are interconnected.

At the same time, personalization has continued to evolve as savvy retailers push the envelope to better target their customers in hopes of delivering more relevant engagement across every channel. From sophisticated onsite execution, elevated targeted email and retargeting, to in-store adoption via mobile devices and ereceipts, one can't help but notice personalization's evolved presence.

Retailers are well aware of the challenges of marketing intelligently to reach consumers on all devices being used during their path to purchase. Having been conditioned to experiencing personalization on the desktop makes consumer expectations and interest across channels just as high. The pressure is on for retailers to meet these evolving expectations. As has always been the case, consumer information is central to facilitating a sophisticated level of personalization.

MyBuys was one of the first personalization companies to stake out a thought leadership point-of-view by monitoring personalization with the e-tailing group through annual personalization surveys and reports. This report marks a seven-year collaboration, and our research once again clearly shows that personalization is now an expectation rather than a desire, and when not present, consumers become frustrated. I have always admired their interest in exploring current trends and sharing them with the industry. Our goal once again is to evolve personalization for every consumer and every retailer willing to tackle the tough questions that are on the minds of both consumers and their retail partners in this arena.

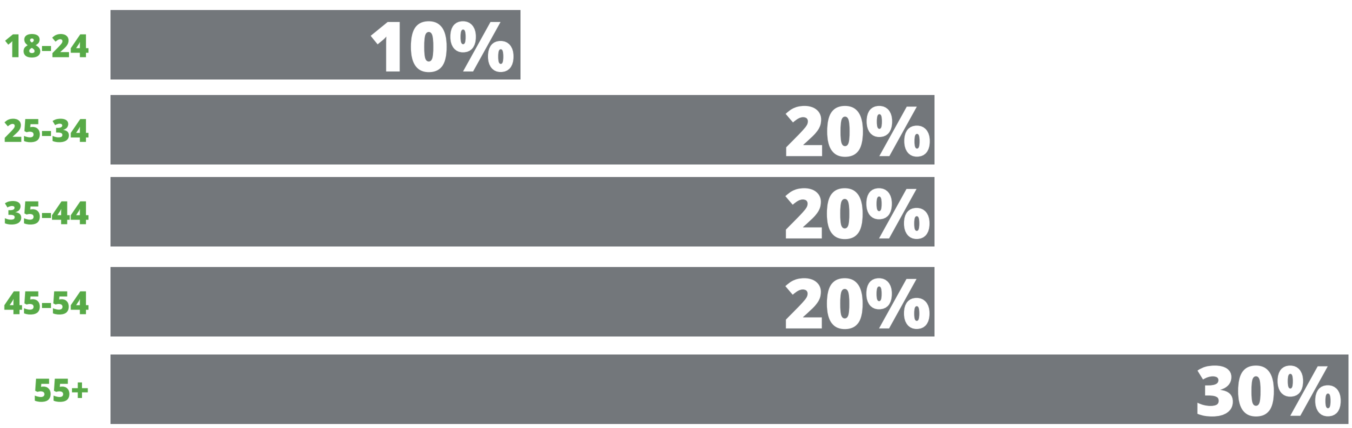


METHODOLOGY AND SAMPLE SUMMARY

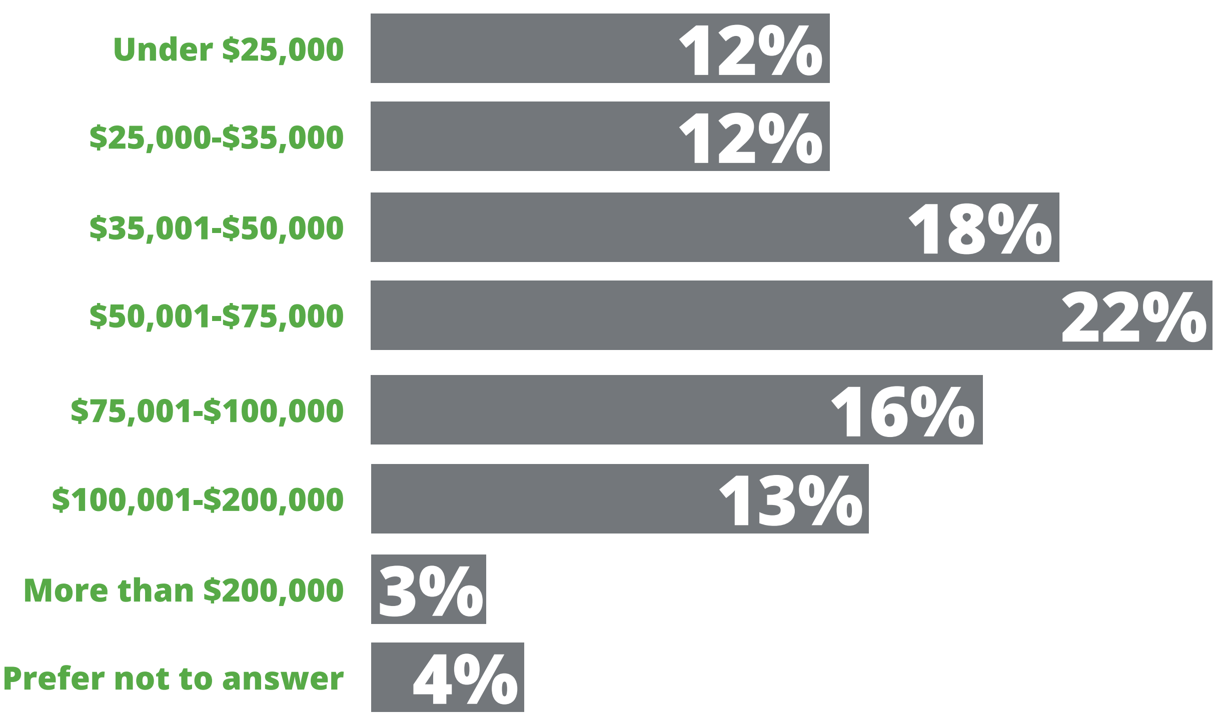
1004 Consumers Completed an Online Questionnaire December, 2014

- *50% female / 50% male*
- *Shopped online 4 or more times in the past year*
- *Spent $250 or more online annually*
- *100% owned a smartphone*

What is Your Age?



Which of the following best represents your combined annual household income before taxes?



KEY THEMES

Three key themes emerged from our research, which sets the foundation for this eBook. Research from each theme will be articulated along with strategies and retailer food for thought. The findings and “food for thought” should be examined as retailers prioritize personalization and develop their integrated strategy and execution plans.

Demographic insights will be integrated as behavior by younger segments contrasted significantly with their older counterparts. Their coming of age with personalization indicates that its presence has shaped their omnichannel shopping behavior as well as their expectations. As a result, younger segments expect that retailers will deliver a consistent, personalized experience that leverages insights from every channel.

1 IT’S A GIVEN: Personalization Must Be in Play

2 Personalization is Critical Across Every Touch Point

3 Cross-Channel Efforts Pay Off Online and In-Store

IT'S A GIVEN: PERSONALIZATION MUST BE IN PLAY

"In this day and age, personalization is something that we can't do without. We are always looking for new ways to improve the JomaShopper experience, and we are pleased with the levels of service and value that MyBuys brings us."

-General Manager, Jomashop

Shoppers are Comfortable With Personalization

Over time, consumers have let us know through their shopping behavior that they are comfortable with having their interests and behavior shared. In return for the shared information, shoppers have been the recipients of relevant offers and expedited shopping trips, reaping countless rewards from the exchange.

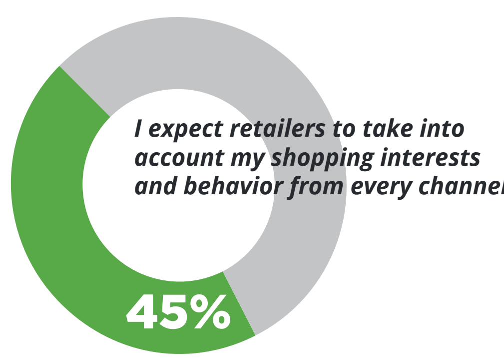
Fueled by increased mobile usage and a move towards even greater shopping across channels, it's insightful to see that **50% of shoppers** want their personal information used to coordinate a better overall shopping experience. Similarly, 49% of shoppers want retailers to take into account their in-store purchases when marketing to them afterwards.

These results indicate it's no longer about "if" this information is comfortably shared by consumers, but how retailers can best use the information to improve every shopping interaction. Not surprisingly, the younger generation has taken the lead in comfort level, where 69% are comfortable sharing information, while only 46% of their 55+ counterparts express a similar sentiment. They are also looking for that behavior to be delivered in a coordinated fashion across channels (66%) more than their 55+ counterparts (35%).

I'm comfortable having my shopping interests and behaviors used by retailers...

60%	In order to expedite my shopping experience on site
60%	So they can deliver relevant offers throughout the year
58%	In return for a more personalized experience
58%	As I believe I will receive a better overall experience
50%	To coordinate a better shopping experience across the channels I use

In order to receive the best overall and more personalized shopping experience:



The Frustration Factor

1-in-3 shoppers express frustration when retailers don't factor in purchase behavior

Over the years, retailers like Amazon have set the stage for personalization. With the evolution of technology we've seen more and more retailers push the boundaries of personalization across channels and devices. In the e-tailing group's proprietary ***Mystery Shopping,*** we have watched the relevancy of onsite execution continue to rise from 4.32/5.00, where 5 is most relevant, in 2013 to 4.62 in 2014.

Bearing this in mind, shopper frustration noticeably increases when retailers fail to apply best practices. Consumers are looking for real-time product recommendations along with emails that take into account past browsing behavior to ensure accurate and relevant messages. And now they are taking their expectations one step further by not distinguishing between online and offline execution. **Thirty-four percent report being frustrated** when retailers don't take into account their in-store purchases when sending out subsequent marketing offers.

The age of spray and pray may finally have come to an end, particularly for those who know the value of a truly personalized experience. Forty-five percent of the 25-34 year old segment report being frustrated when onsite product recommendations do not change in real-time vs. 27% of 55+ segment.

Can you access the behavioral data necessary to gain a 360-degree view of the consumer?

I AM FRUSTRATED WHEN RETAILERS...

32%	34%	37%	38%	39%
Advertise products online that do not take into account my past browsing behavior	*Do not take into account my in-store purchases when marketing to me*	*Do not take into account my online purchases when marketing to me*	*Send emails recommending products that do not take into account my past browsing behavior*	*Do not update product recommendations in real-time based on my browsing behavior*

Top-2: Strongly/Somewhat Agree

3 out of 4 shoppers are willing to allow retailers to use store purchase data for personalization purposes

Given the omnichannel mindset of today's shoppers, we explored in great detail perceptions about the use of store purchase data. We specifically asked, "How willing would you be to allow a retailer to utilize information gleaned from your in-store purchases in order to provide you a more personalized shopping experience wherever you shop (website, email, mobile, etc.)?"

The findings clearly point to consumer willingness and desire to have this information included in their customer record and are therefore reflected in their marketing efforts. Ninety-two percent of younger shoppers are willing to share in-store purchase data in order to receive a more personalized shopping experience wherever they shop, in contrast to 70% of the 55+ shoppers.

IT'S A GIVEN: PERSONALIZATION MUST BE IN PLAY

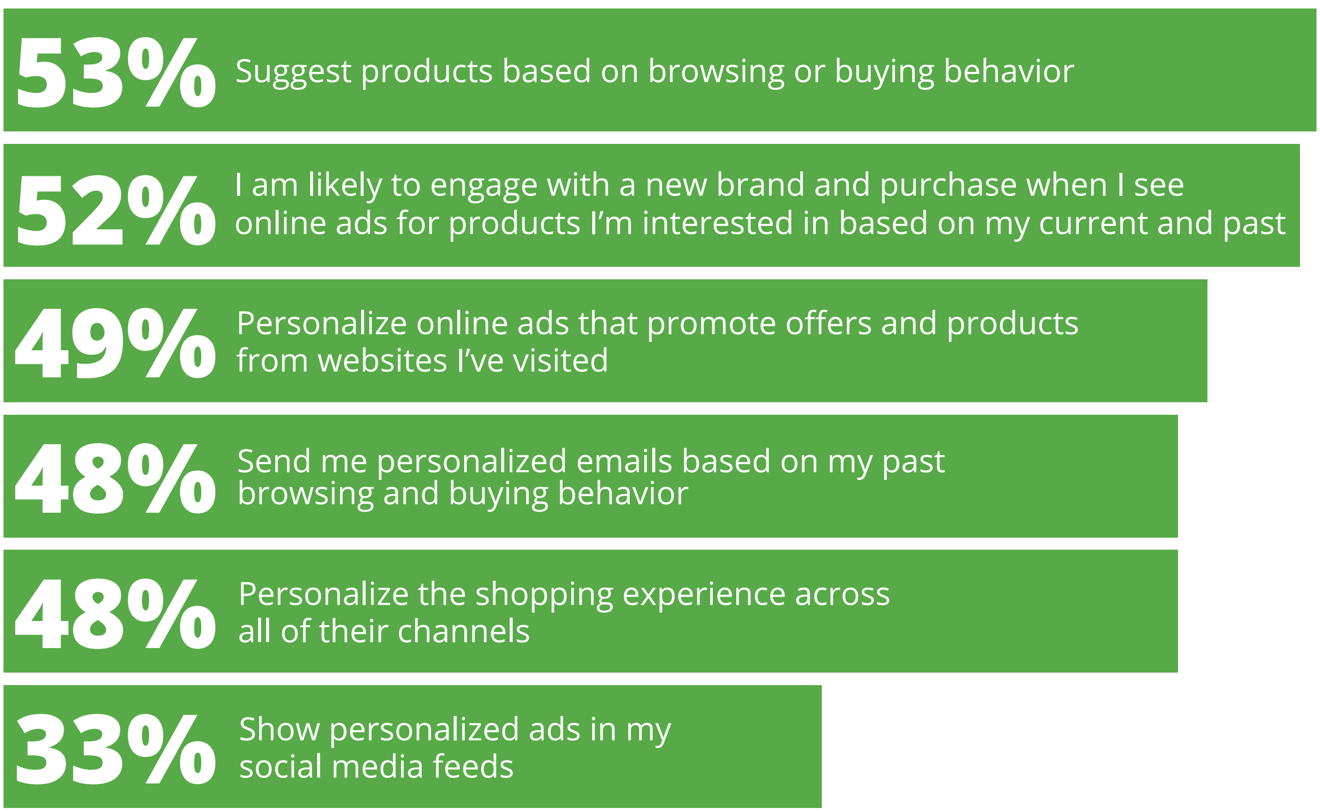
Shoppers Purchase More When Retailers Personalize Online and Off

Shoppers continue to value personalization and have grown to expect it – to the extent that receiving a truly personalized shopping experience translates into a form of loyalty. We're now seeing the majority of shoppers agree that they purchase more from onsite product recommendations, engaging more with brands when they come across relevant online advertising or receive targeted emails.

How can you leverage in-store customer information to personalize across channels?

I PURCHASE MORE FROM RETAILERS WHO...

Top-2: Strongly/Somewhat Agree



The bottom line is that consumers are purchasing and engaging more when they receive a truly personalized shopping experience in a consistent and coordinated fashion.

"Showing personalized recommendations creates greater customer lifetime value. The recommendations are very relevant, which customers appreciate. Our staff has also watched the MyBuys algorithm get smarter and the recommendations get more personalized as we ourselves repeatedly browse the site. Our customers are having a similar experience as recommendations become more closely tailored to their behavior and preferences with each visit."

-VP, eCommerce, Helzberg Diamonds

IT'S A GIVEN: PERSONALIZATION MUST BE IN PLAY

Consumers Perceive Behavior-Based Communication as a Service Rather Than an Annoyance

While a new marketing vehicle may test the limits of personalization, consumers readily adopt and appreciate it when it provides a valuable service. One need only think back to retargeting and cart abandonment in their earliest iteration to appreciate the acceptance and subsequent adoption of new technologies.

At first, receiving email reminders that you have items in your cart or seeing targeted display ads when perusing the web was shocking, yet now it's part of the shopping vernacular.

Cart abandonment emails see the highest receptivity at 58% with site abandonment emails close behind, where 1-in-3 consumers find them receptive.

Digital Receptivity

While abandoned cart emails were sent by 35% of the EG100 in our 2014 Mystery Shopping, abandoned site emails are not an industry standard today, despite the fact that **1-in-3 consumers** would be receptive to receipt of such an email.

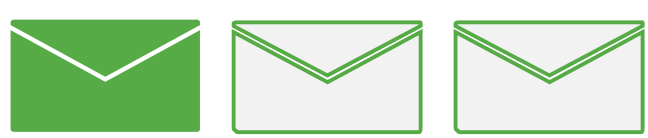
Growth can be expected given the efficiency and and economics of such a strategy. Having grown up with such experiences, the younger segments are once again more receptive, with generic site abandonment at a 26% gap. This compared to the more familiar cart abandonment, which saw a 14% differential among older audiences.

Are you optimizing email and site abandonment strategies?

ABANDONED CART EMAILS

58% ARE RECEPTIVE

ABANDONED SITE EMAILS



32% ARE RECEPTIVE

IT'S A GIVEN: PERSONALIZATION MUST BE IN PLAY

Omnichannel: Resistance vs Receptivity

From an omnichannel perspective, where one might expect more resistance than receptivity, **1-in-3 consumers is open to communication via any means**, including email, display advertising and text messaging, or even a call from an associate.

My take on these findings is that in a time-starved world, hearing from a retailer is an asset rather than an annoyance. When a shopper is interested they will pay attention to the messages put forth and if they are not interested they will simply ignore them.

Retailer Activity Upon Product Being Previewed in Retail Store

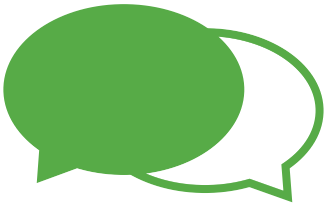
EMAIL SENT

38%

DISPLAY AD PRESENTED

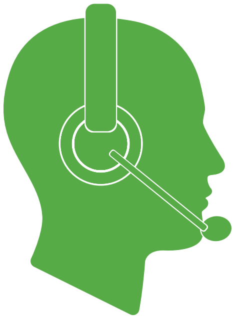
37%

TEXT MESSAGE SENT



32%

CONTACTED BY SALES ASSOCIATE



27%

As we would expect, when asked "How receptive are you to receiving the following types of communication?" the comfort factor among the youth segment is significantly greater than that seen in 55+ market.

Receptive (Very + Somewhat)	25-34	55+	Age Gap
Receive an email that you have left a site without purchasing anything, encouraging you to revisit	44%	18%	26%
Leave a store and see an online display ad highlighting a product that you were looking at in the store	48%	27%	21%
Leave a store and receive a text message about a product you were looking at	42%	22%	20%
Leave a store and receive an email from a retailer about a product you were looking at	47%	28%	19%
Leave a store and receive a call from a sales associate about a new product that's similar to the one you viewed in-store	35%	18%	17%
Receive an email that you have left items in your online cart that encourages you to return to the site and make a purchase	67%	53%	14%

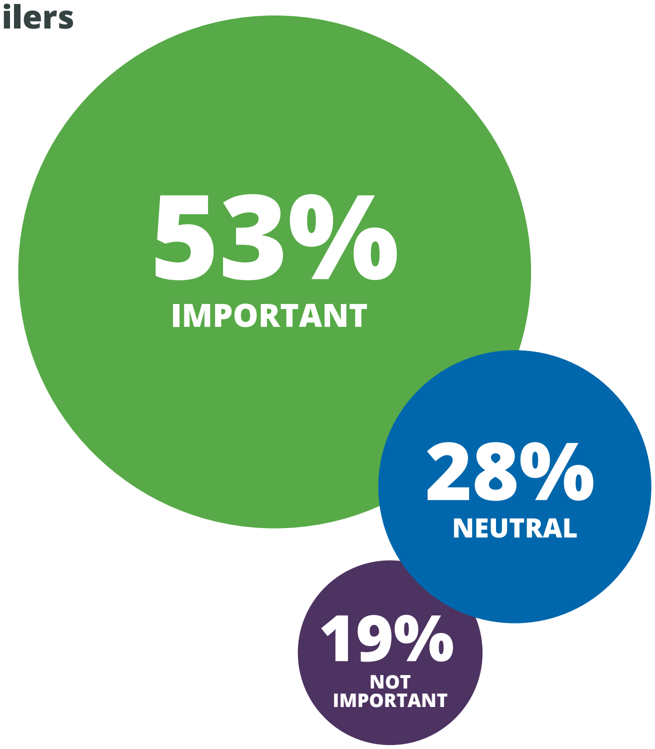
IT'S A GIVEN: PERSONALIZATION MUST BE IN PLAY

Bottom Line: Shoppers Like to Be Known

The majority of shoppers believe it's important to be recognized across devices for personalization purposes

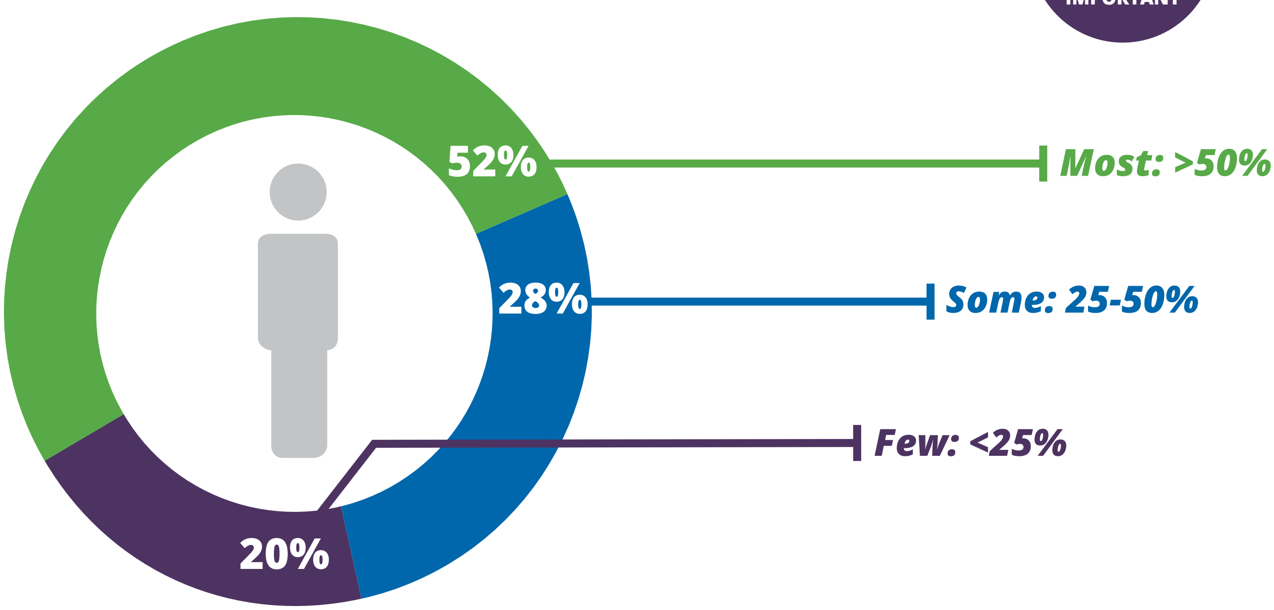
When asked, "How important is it to you when shopping online that retailers recognize you as the same person, regardless of the device you are using, so that you receive personalized and consistent shopping experiences," the majority (53%) found it to be important.

Importance of Consumer Recognition by Retailers Regardless of Device in Order to Receive a Consistent and Personalized Experience



Most consumers believe that retailers recognize their behavior across devices at least some of the time. While we commend the strong efforts of a few, the level of expectation suggests a better job must be done by all. Younger consumers are attuned to and experience greater recognition than older counterparts with 61% reporting recognition vs. 42% of their 55+ counterparts.

How many of the retailers where you shop online understand that you are the same person across all of the different devices you use and personalize your shopping experience accordingly?



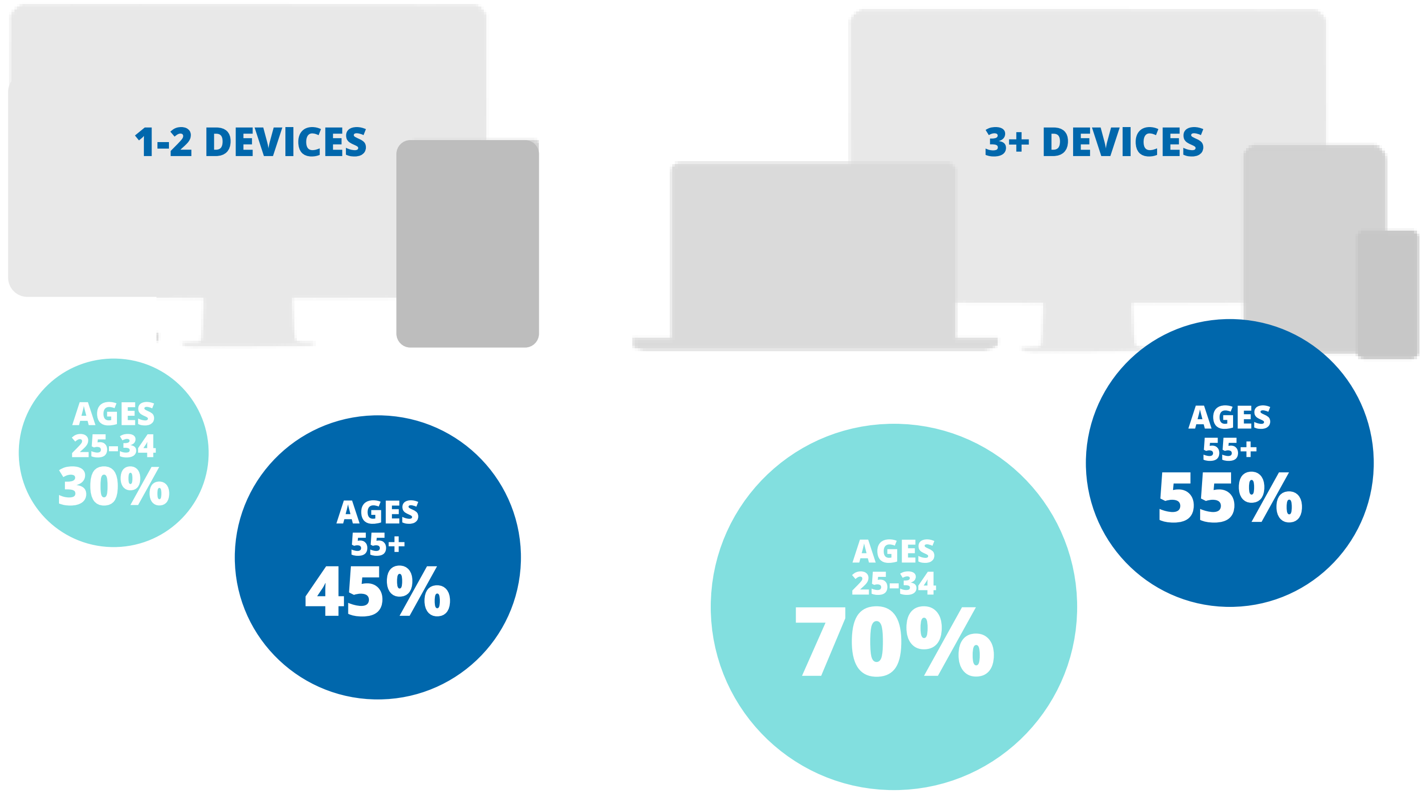
FOOD FOR THOUGHT

PERSONALIZATION IS A GIVEN

- *Are your systems well positioned to capture shopper browse and buy behavior across all channels?*
- *Do you have the ability to deliver a single brand experience or are you siloed, limiting cross-channel integration?*
- *How can you leverage in-store customer information to personalize across devices?*
- *Can you access the behavioral data necessary to build a 360-degree view of the consumer and subsequently deliver relevant offers wherever they shop?*
- *Are you optimizing email and site abandonment strategies?*
- *Knowing your target audience, are these initiatives imperative to the continued growth of your business?*

Mastering Personalization in a Multi-Device World

While mastering digital personalization is to be commended, any retail strategy that does not factor in multi-device usage is simply missing the mark. Shoppers on average use at least three devices to access the Internet and 25-34 year olds are even more likely to use three devices or more. When we consider the effects of device proliferation, accelerated usage, and influences on buying, it's clear coordinating efforts across devices and channels should be a key part of retailer strategies in 2015.



Research and Purchasing Behavior Through Multiple Devices

A look at researching and buying behavior sheds additional light on the importance of consistency in execution. Recent industry research reveals that 110% more shoppers than in 2013 used smartphones to research products in 2014, according to **NinthDecimal**. Results realized from the question "How often do you use each of these devices when researching products prior to purchasing online?" indicate that smartphones play a greater role "most of the time." Computer usage has declined 7% while smartphone usage remained commensurate.

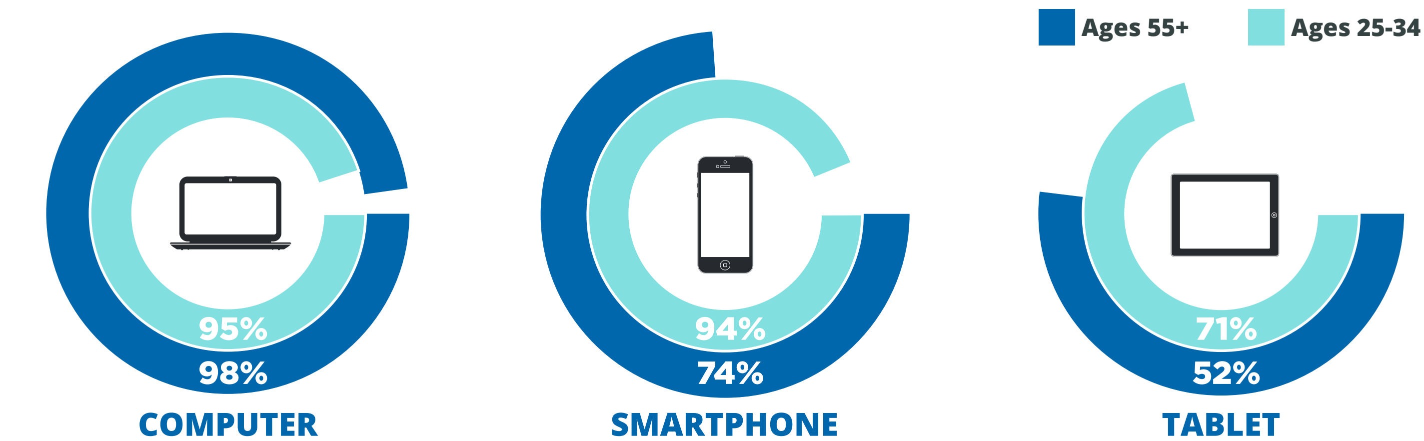
> ***"One team and one personalization platform handles email marketing, web recommendations, and retargeting. That saves us time, gives us more accurate customer profiles and recommendations, and drives better sales results. I don't know why many retailers use separate vendors to personalize across these channels - they dilute the returns of synergy and create more work for themselves."***

-Division VP of eCommerce & Marketing, Top 10 Retailer of Party Supplies

PERSONALIZATION IS CRITICAL ACROSS EVERY TOUCH POINT

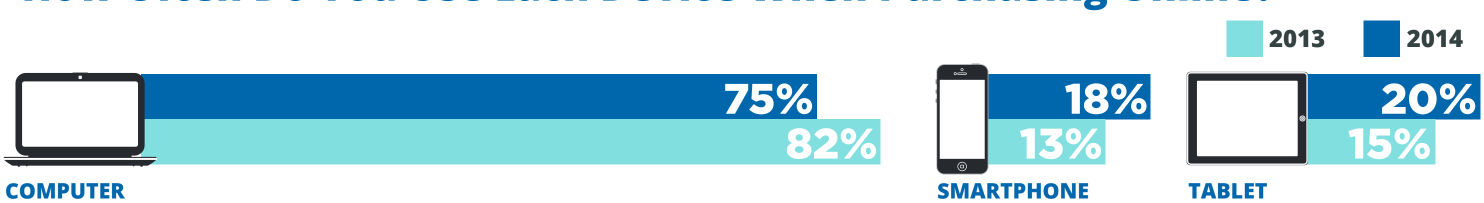
How Often Do You Use Each Device When Researching Products Prior to Purchasing Online?

While mobile is almost universally part of the younger consumers' research arsenal, its 70%+ penetration rate for the 55+ segment bodes well for personalization via these devices as well.

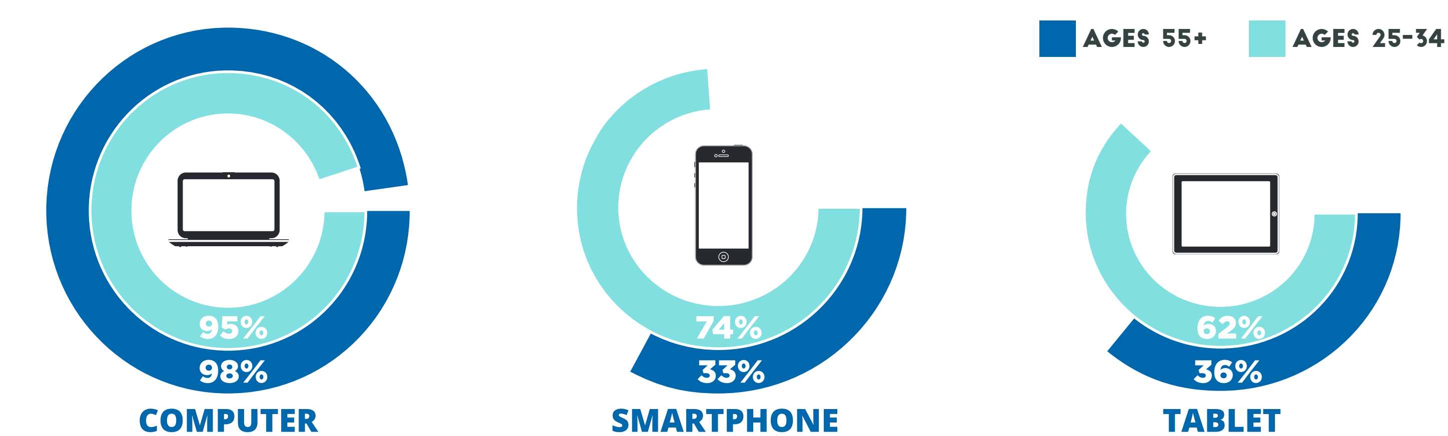


Mobile devices have gained ground in purchasing as well. While revenues directly attributed to mobile are rising significantly, traffic to retailers via mobile devices has accelerated beyond general expectations. Mobile accounted for a larger share of total online traffic and sales in 2014 vs. 2013. While smartphones and tablets accounted for 57% of online sales (a 19% year-over-year increase), mobile represented 35% of online sales, a 20% boost year over year, according to ***IBM Digital Analytics Benchmark.*** These dynamics suggest that tapping into mobile experiences and ensuring that personalization is consistently executed via all devices is now mandatory, no matter the market or customer base. While a 5% increase in purchasing usage is small today, it is most certainly an indicator of future behavior.

How Often Do You Use Each Device When Purchasing Online?



Smartphone and tablet purchasing is favored by the young where tablets see a smaller gap as they serve as mini PCs, which are more in line with the needs of this older demographic.



FOOD FOR THOUGHT

PERSONALIZATION ACROSS EVERY TOUCH POINT

- *What percentage of your revenue and traffic is derived from mobile devices? What rate of acceleration do you expect?*
- *How effective is your mobile experience in connecting all of your channels?*
- *Do you have an integrated strategy across channels?*
- *Have you migrated your personalization efforts across all mobile experiences?*

The Importance of the Physical Store in Shaping the Customer Experience

Do you have the ability to utilize store-based information within a single CRM system?

As the physical store still garners more than 80% of retail sales, its role should not be underestimated when it comes to personalization. Mobile adoption has further fueled the shopper's ability to connect, fostering a quicker and more productive link with the store. Given consumers comfort level and expectations around personalization, retailers must assess how store-based behavior gets factored into marketing initiatives.

We asked consumers a variety of questions to understand their willingness, desire, and expectation of omnichannel marketing and information sharing. Forty-five percent of consumers have come to expect retailers to use their shopping interests and behaviors across all channels to deliver a better overall shopping experience, and 49% of consumers want this to happen. See the top beliefs they agreed with in the chart below.

Top 2: Strongly/Somewhat Agree

78%	I am willing to allow retailers to utilize information gleaned from my in-store purchases in order to provide a more **personalized shopping experience wherever I shop**
53%	Retailers who factor in my store purchases **deliver a superior shopping experience** across all online channels
49%	I want retailers to **take into account my in-store purchases when marketing** to me so I receive a more personalized shopping experience online and in-store
45%	I expect retailers to take into account my shopping interests and behavior from every channel (in-store, online, mobile, etc.) in **order to deliver the best overall shopping experience**

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The Impact of Consistent Marketing Across Channels

A comparison of web vs. store traffic influencers indicates that there are strong similarities between the two. Retailers must remember that there are many influencers when it comes to driving store traffic and invest and track accordingly.

Website and email are the biggest drivers, with personalized product recommendations holding a top-3 position. When filtering by age, these onsite or mobile product recommendations were extremely **influential for the 25-34 segments (82%)** while in the 55+ market, 27% reported them to be influential in prompting a store visit.

Email sees an influence of at least 75%, whether it be announcing new products or providing an abandoned cart service. Little difference is seen in email influence among all age groups. This consistency is likely due to its longevity as a marketing vehicle.

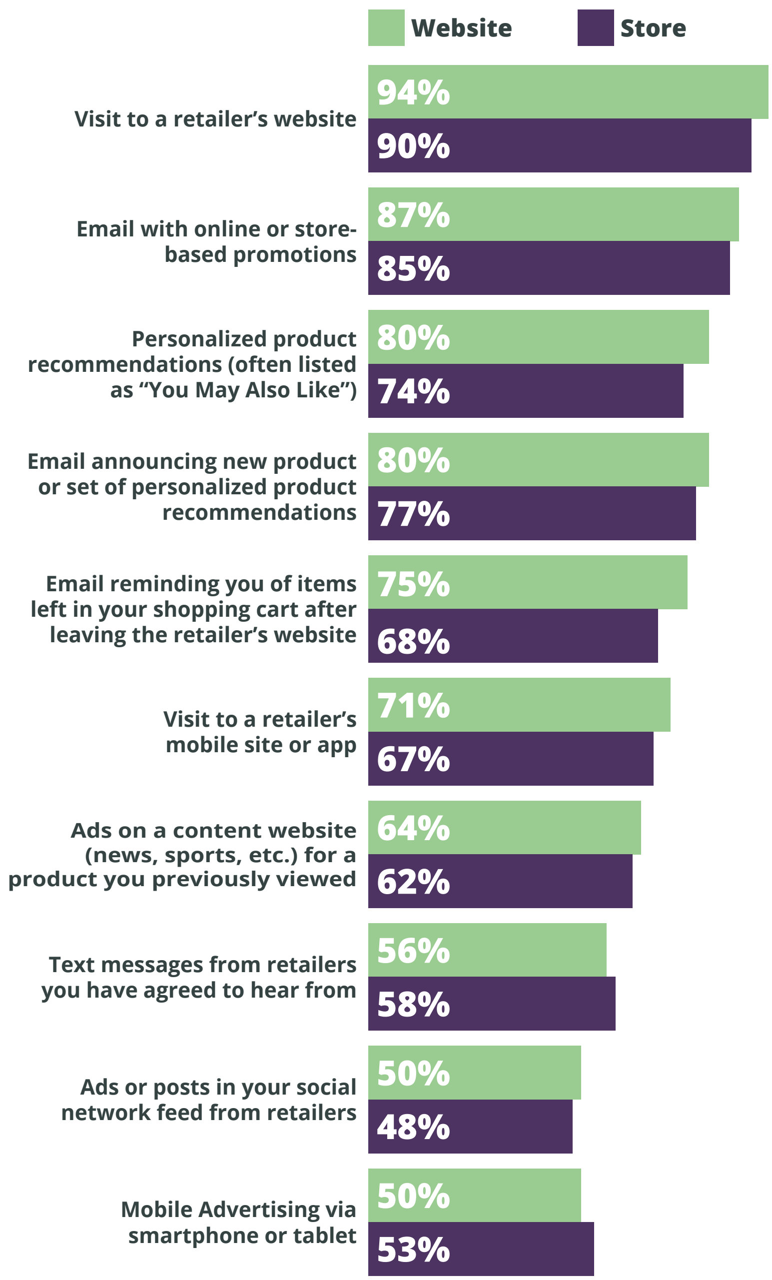
Retailers should take notice of the impact of the visit to a retailer's mobile site or app. Display advertising and mobile are also important influencers. This reinforces how critical it is for retailers to have a multi-dimensional approach.

Are you collecting mobile phone numbers for future marketing initiatives?

Both mobile and advertising see great gaps among age groups. This is indicative of the younger segment's use and comfort with mobile devices. In each of these three mobile-related circumstances, the younger segment reports greater influence than the older audience. Similar findings were seen with mobile advertising via smartphone or tablet. Seventy-one percent of the younger segment said this form of advertising is influential in prompting a store visit vs. 33% of the 55+ segment. On another note, ads or posts in a consumer's social network feed from retailers after visiting their website are influential in prompting a store visit, for 61% of the younger segment vs. 28% of 55+ counterparts.

Of the retailers you shop, how influential are the following activities in driving you to visit a retailer's website or physical store?

Influential (Very+Somewhat)



Different Influences for Different Ages

Influence in Driving Store Traffic (Very + Somewhat)	25-34	55+	Age Gap
Mobile			
Visit to a retailer's mobile site or app	**88%**	**48%**	**40%**
Personalized product recommendations while on a retailer's website or mobile device	**82%**	**65%**	**27%**
Text messages from retailers you have agreed to hear from	**69%**	**48%**	**21%**
Advertising			
Mobile advertising via smartphone or tablet	**71%**	**33%**	**38%**
Ads or posts in your social network feed from retailers after visiting their website	**61%**	**28%**	**33%**

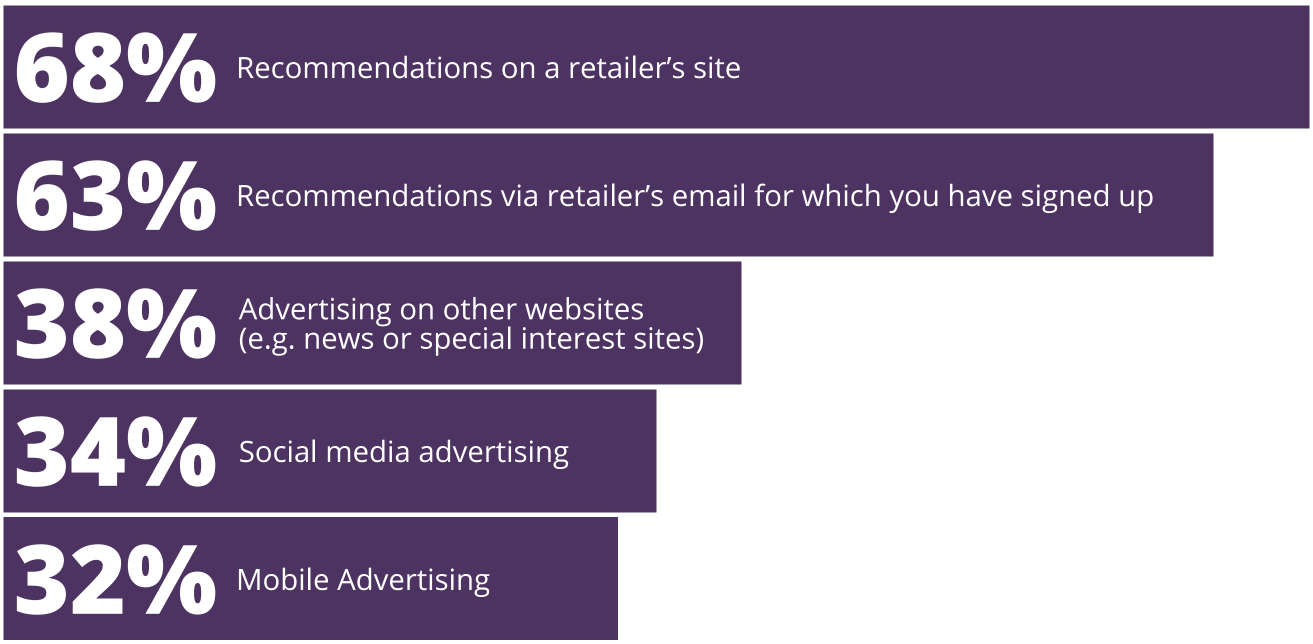
According to **NinthDecimal**, 73% of consumers are engaging with mobile advertising on personal devices before they visit a store. Keeping this in mind, we looked to assess the desirability of receiving such personalized advertising. Fifty percent responded that this was in-fact desirable, with a sizable gap between age segments. The e-tailing group's 2014 Mystery Shopping found that only 30% of retailers are collecting mobile phone numbers, which represents a missed opportunity.

Of course, most retailers won't be surprised by the fact that more than 60% of respondents find website and email recommendations desirable. What's more important is the fact that **1-in-3 find advertising desirable.** Website advertising tops the list at 38% while social media and mobile advertising follow close behind at 34% and 32% respectively. This further supports the premise that all channels and mediums while currently desirable for smaller groups will soon be universally accepted and expected across the board.

Have you optimized all of your marketing efforts including mobile and social with personalized advertising?

CROSS-CHANNEL EFFORTS PAY OFF ONLINE AND IN-STORE

Retailers have the ability to personalize online advertising, email and/or website recommendations that feature products related to your past shopping behavior. Desirability of receiving such personalized advertisements
Top-2: Highly/Somewhat Desirable



Factoring in one's customer base will be essential when determining an advertising channel's current and potential value. Once again, the younger segments are more embracing of digital advertising as the chart below indicates, suggesting long-term implications. Younger people are more receptive to mobile and social advertising, thus purchasing is more forthcoming.

Desirability of Receiving Personalized Advertising (Very + Somewhat)	25-34	55+	Age Gap
Mobile advertising	52%	17%	35%
Social media advertising	54%	19%	35%
Advertising on other websites (e.g. news or special interest sites)	55%	25%	25%
Recommendations on a retailer's website	79%	59%	20%
Recommendations via a retailer's email for which you have signed up	71%	59%	12%

FOOD FOR THOUGHT

THE PHYSICAL STORE PLAYS AN IMPORTANT ROLE

- *Does your marketing strategy include all the right influencers for your brand?*
- *Do you have the ability to utilize store-based information within a single CRM system?*
- *Have you optimized all of your marketing efforts, including mobile and social, with personalized advertising?*
- *Are you collecting mobile phone numbers for future marketing initiatives?*

The customers have taken charge, and are clearly voting in support of online personalization. As retailers, we must heed their wishes and ready our marketing efforts to ensure that all channels participate with the best execution in mind.

Imagine a shopping landscape where everything about the customer from their onsite to their in-store behavior is known and ideally centralized in one customer database. The retailer then personalizes in a coordinated and consistent fashion. By delivering personalization everywhere consumers shop, engagement is elevated and buying is more frequent along every customer's shopping journey.

the e-tailing group

ABOUT THE E-TAILING GROUP

The e-tailing group is a niche e-commerce consultancy that helps merchants deliver the right customer experience on their websites and across all of their channels while adeptly assisting technology companies to create and execute go-to-market strategies that simultaneously educate the retail community and deliver cost-effective thought leadership and lead generation. For more background about our research or for additional information on the e-tailing group, inc. please contact Lauren Freedman via email at LF@e-tailing.com, by phone at 773-975-7280 or visit the e-tailing group website www.e-tailing.com

MYBUYS

ABOUT MYBUYS

Our mission is to know every consumer so retailers and brands can give them what they want, when they want it, and where they shop. We know 250 million consumers, and have complete user profiles within our Active Shopper Database. We coordinate personalization across all devices, across display ads, email, and your site. MyBuys has been the #1 Personalization solution provider to the Internet Retailer Top 500 for 6 years running. Learn more about us at: www.MyBuys.com.