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# **Personalization At Scale: Retail Industry Spotlight**

Retail Results From The September 2022 Thought Leadership Paper, “Personalization At Scale: Bring Forth The Customer And Business Benefits Of Experience Excellence”

## Executive Summary

Personalization can help retail companies navigate recent turbulence with renewed strength and competitive differentiation. An emerging group of Experience Leaders pave the way with “personalization at scale,” a strategy to consistently deliver value to customers and benefits to the business by leveraging real-time data to create connected, contextually relevant experiences for every customer across all interactions and channels. Retailers must adopt personalization at scale to keep pace with customer expectations and take full advantage of personalization’s big payoff of higher conversion, deeper engagement, greater customer lifetime value, and fiercer customer loyalty.

In June 2022, Adobe commissioned Forrester Consulting to evaluate the state of personalization at scale within the retail industry. To explore this topic, Forrester conducted an online survey with 355 global retail decision-makers responsible for personalization programs/initiatives; an online survey with 478 global consumers who have recently engaged with a retail company via digital channels; and interviews with four retail decision-makers responsible for enterprise-level personalization programs/initiatives.



## Key Findings

**Retailers are struggling to meet high customer expectations.** Despite much of the media rhetoric around surprising and delighting customers, very few companies today are achieving this lofty goal. While 73% of customers across industries want to be delighted by great personalized experiences, just 18% of consumers said that the retail companies they've interacted with recently have met that standard. As such, many retailers are falling short of their own mission and must find ways to evolve from good to great customer experiences.



**Personalization at scale is hard, but worth it.** When properly executed, retail personalization programs are exceeding targets and expectations across revenue (68%), conversion rates (68%), and customer experience measures (63%). Additional benefits manifest in customer engagement and loyalty when personalization at scale is achieved across every channel, touchpoint, and interaction.



**Retailers have room to improve capabilities.** A proportionate number of retailers, as compared to other industries, qualify as Experience Leaders — those who practice and can execute on great personalization. However, on the other end of the spectrum, they're more likely than other industries to have brands categorized as Rising Laggards given their slightly less-developed data, content, and omnichannel orchestration capabilities relative to other industries and high customer expectations.



## Personalization Programs Are Worth The Investment

The retail industry has undergone significant overhauls as of late. Stores are increasingly being transformed into digital and physical centers of engagement as brands strive to keep pace with shifting consumer expectations.<sup>1</sup> Retailers are continuously tasked to serve digitally savvy, self-service customers who now evaluate in-store experiences using standards previously applied to digital experiences.<sup>2</sup> It's no wonder that personalization initiatives topped the list of retail investment priorities in 2021.<sup>3</sup> In our study, we found:

- **Retailers fall short of customer delight.** While 73% of customers across industries want company experiences to delight them, just 18% of consumers said that the retail companies they've interacted with recently have met that standard (see Figure 1). Given consumers expect more personalized experiences from companies they do more frequent business with, retail has a higher standard to meet than most other industries (e.g., financial services).
- **Consumers are prioritizing promotions.** Over half of consumers (53%) said they value personalized retail promotions most, reflecting a cost-conscious and opportunistic attitude toward products and services. One interviewed IT director noted: "You would be surprised how many people love those personalization coupons that pop up. 'Hey, you added something to your cart for 5 minutes, but you didn't check out. For 10% off, would you check out?' It's been a game changer. You can't give free shipping on everything, but if you happen to buy two or three items, then you can get free shipping. We're looking at the data to target what a customer may be buying next and using that data to generate patterns to say, 'Okay, I can leverage this technology.'"

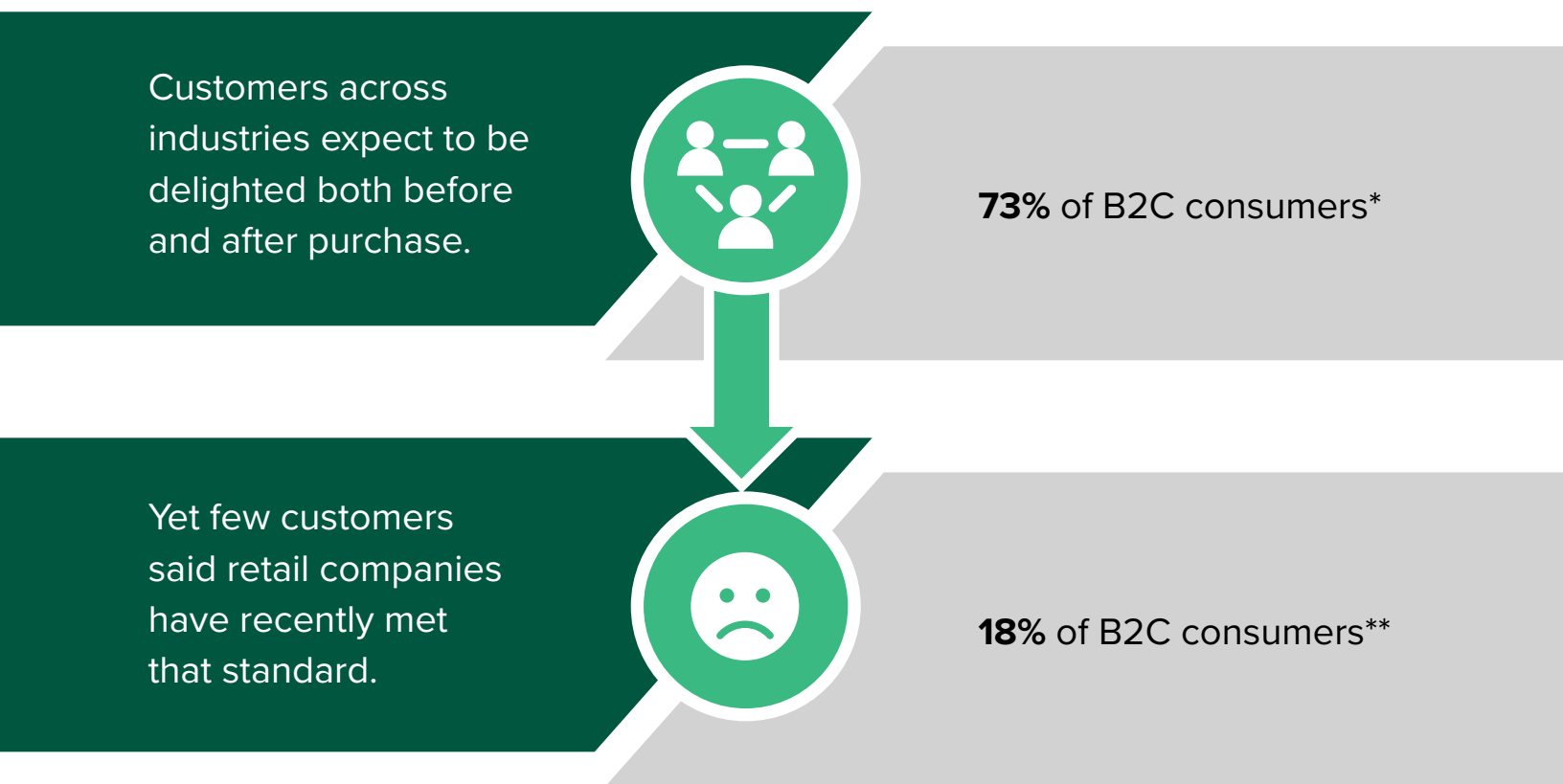


"If somebody can simply get their tracking number through a chat bot and are not holding 14 minutes for a customer service agent, that's a really big, quick win."

**Director, IT**

**Figure 1**

**Retailers aren't meeting customer expectations**



\*Base: 1,921 B2C consumers who have recently engaged with a company via digital channels

\*\*Base: 291 B2C consumers who have recently engaged with a retail company via digital channels

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, June 2022

“Omnichannel is when things get super difficult. You really have to step back and first thing, map out your technology. Then ask how is customer data, product data, and transactional data all connected? Then think about what strategies you’re going to put into place. And then ultimately, what’s it going to take to enact it?”

**VP, marketing/advertising**

Retailers have wrestled with personalization complexity and coordination for years. They still struggle to personalize their omnichannel strategy given the technical and operational challenges in orchestrating the right systems, processes, and people.<sup>4</sup> Managing inventory, returns, deliveries and more only add to the list of challenges. It's little surprise that 63% of retailers cited operating model capabilities as a core area for improvement. Implementing and operating a great personalization program is hard — but worth it. For those forging ahead on their personalization journey, they're already seeing the benefits; retail decision-makers reported that their personalization initiatives exceeded expectations for revenue (68%), conversion (68%), and customer experience measures (63%) (see Figure 2).

Figure 2



Base: 355 global retail decision-makers responsible for personalization programs/initiatives  
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, June 2022

## Adopt Personalization At Scale For Experience Excellence

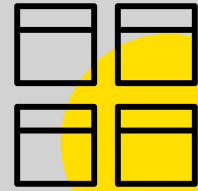
Personalization is not new, but to meet rising customer expectations, companies must aim for personalization at scale. The study identified three company types in terms of their ability to execute this strategy: Experience Leaders, Evolving Intermediates, and Rising Laggards. These company types represent high, medium, and low maturity, respectively, when it comes to practicing personalization. Retailers can follow Experience Leaders by:

- **Implementing a centralized, enterprisewide approach.** Retailers require strong partnerships across store operations, e-commerce, merchandising, logistics, and more to successfully coordinate personalization.<sup>5</sup> Eighty-one percent of retail respondents said a dedicated personalization center of excellence (PCoE) is responsible for defining their company's personalization at scale strategy, prioritizing use cases, and implementing solutions across the enterprise. Further, 58% of retailers said establishing a PCoE was one of most important steps to get started with a personalization program. One VP of strategy noted their company consolidated disparate teams and consumer insights groups into one master team: "[That way] you have one consumer insights team that thinks about things through omnichannel aspects" to feed the rest of the business.
- **Winning talent and leadership support.** Retailers have done well to increase personalization resources (46% vs. 42% across industries) and create cross-functional pilots to achieve quick wins (58% vs. 55% across industries). However, they can strive for more C-level or board-level support as the highest level of program sponsorship (73% vs. 84% across industries). Additionally, they can garner better cross-functional buy-in at the start and improve tech capabilities and integrations once their program is in motion; just 39% of retailers said their company took both of these approaches (vs. 44% and 43%, respectively, across industries). A key inhibitor toward more personalization support remains a lack of industry talent. As one director of IT put it: "It's very difficult to recruit. Even if I can hire someone, how long can I actually retain them for? It's always something on our mind as far as, why do they pick to work for us compared to somebody else?"

## LEAD WITH DATA, CONTENT, AND OMNICHANNEL CAPABILITIES

To gauge how retailers are performing against key capabilities, we applied best practices from Experience Leaders across industries to hone in on the areas making the biggest difference for brands. We found that retailers:

- **Offer recommendations and promotions, but leave opportunity on the table.** Retailers are following the important first steps of identifying needs for a data foundation (56%), establishing key customer segments (54%), and identifying key use cases (52%). However, they can improve their use of first-party data to power personalization. Only 31% of retailers consistently use first-party behavioral data (vs. 36% across industries), while 30% consistently use first-party omnichannel transactional data (vs. 35% across industries). Retailers can leverage AI, algorithms, and in-store Wi-Fi data to offer tailored product recommendations, discounts, and promotions; however, they still trail other industries in frequently leveraging advanced capabilities, such as real-time geographic and behavior-triggered experiences (36% vs. 42%), aggregating data across channels into a single customer profile (37% vs. 43%), and categorizing and labeling data to manage privacy (35% vs. 42%), revealing there's more opportunity for retail growth (see Figure 3).
- **Need to keep improving content capabilities.** Nearly two in three (65%) surveyed retailers said their companies have a large need for content capability improvement. Retailers show signs of content successes: 41% of surveyed retailers said they frequently use a unified work management tool for the creative production process and frequently provide creative teams with a single place to work in real time in keeping pace with other industries (see Figure 4). However, as one VP in marketing/advertising shares: “We’re not as far along in that. Content



“The stupid thing to say is that data is the new oil, because it’s not. It’s the type of data and how it’s structured that matters. It matters only to make sure that you have ways to cross reference data that make sense around something you’re pivoting on.”

**VP, strategy**



is not cheap to produce. It's definitely productive, but the scale is not there at the same level as product would be. It takes more to do content personalization, more planning, more production to deliver something at scale." This translates to personalizing experiences based on personas for now, so that they can measure results and assess the impact of their program before they go toward the aspirational one-to-one.

- **Must go deeper with advanced omnichannel capabilities.** Nearly half of retailers frequently build connected campaigns across owned channels using a single tool (45% vs. 40% across industries), while four in ten (39%) do the same across paid channels (see Figure 5). Yet retailers could prioritize more sophisticated practices, such as those involving decision engines (38% vs. 44% across industries) and real-time behavior triggers (36% vs. 41% across industries) to address customer needs across the entire path to purchase. For example, this could mean using greater AI to automate product recommendations based on customer geolocation. As one VP of marketing/advertising shares, the capabilities are only part way there: "From a journey perspective, we have 50% of what could be done. ... We have aspirations of integrating that across multiple channels. We're very far along the product path, not so much along the content and journey paths yet."

"Recommendations as far as, hey, these are items that are similar to items that you've looked at, or these are items that complement items that you've looked at and purchased — it's actually pretty convenient for the customer. Showing them different things that they could buy in that area has proved very valuable for us."



**Director, IT**

Retailers are just as likely to be Experience Leaders as those in other industries (17% vs. 16% across industries); however, they're more likely to be categorized as Rising Laggards (26% vs. 18% across industries) (see Figure 6). Generally, this is attributed to a number of factors such as more complex customer shopping journeys (vs. industries like insurance) and less capital available to make investments (vs. industries like banking). More specifically, this greater percentage of Rising Laggards can be tied to the lower scores our surveys revealed across core data, content, and omnichannel orchestration capabilities in addition to key use cases and tactics. In closing, we discuss what this means for retailers and what they can do to bridge the gap and better guide their brands toward experience excellence.

“For content personalization, you’ve really got to crawl a lot before you even walk. You have to narrow your scope to something very specific. Pick a certain product category on your site and build a strategy around that specific category and deliver content around that strategy to learn and adapt and understand what it’s going to take to get to scale.”

**VP, marketing/advertising**



“Relevance is important but also simple is important. I think sometimes we forget about simple, easy, quick. Customers don’t want long diatribes of content. They want quick widgets that are fast to digest.”

**VP, marketing/advertising**

Figure 3

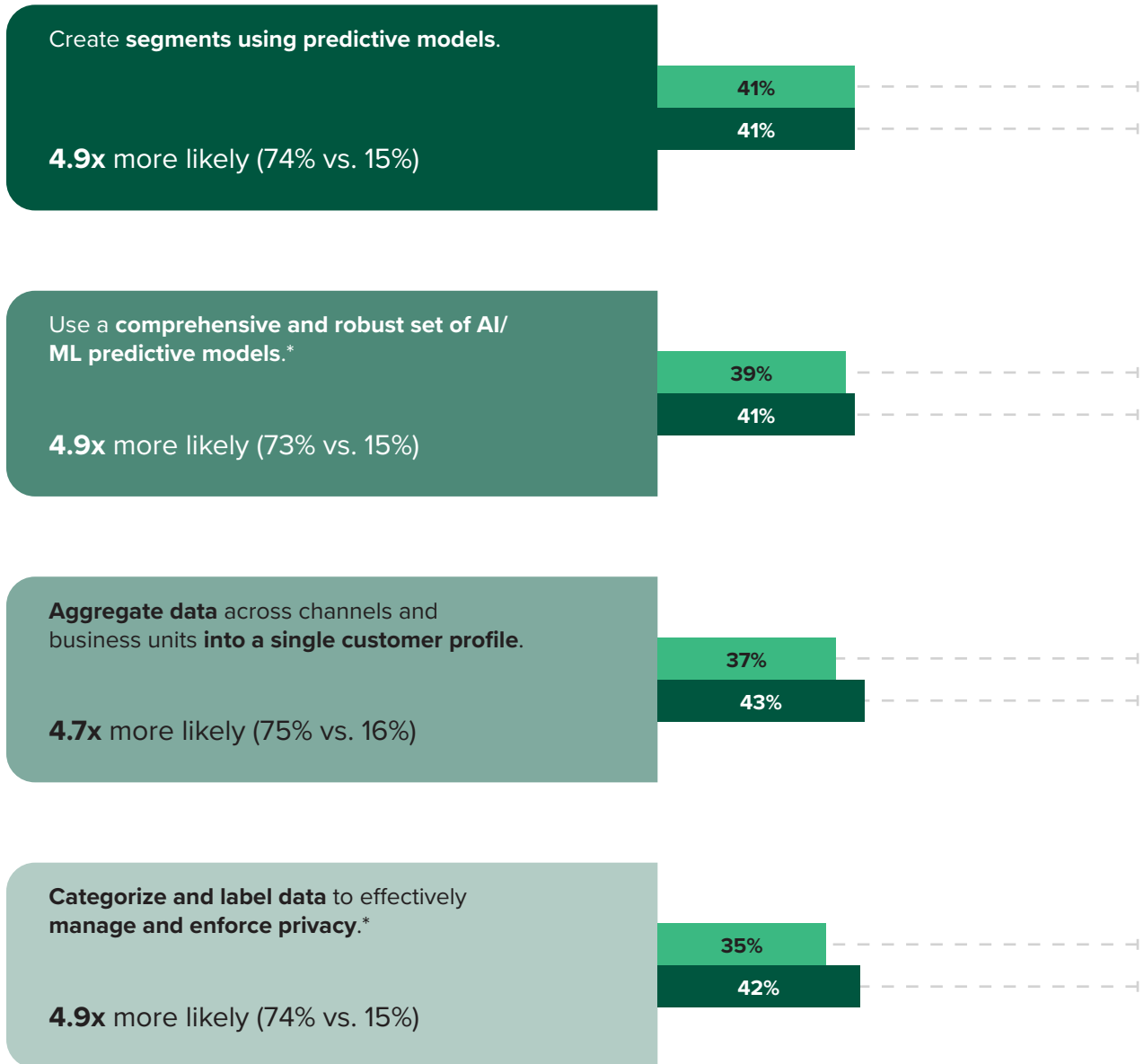
### DATA CAPABILITIES

More than 70% of Experience Leaders apply these practices frequently, making them more likely than Rising Laggards to:<sup>^</sup>

### How Retailers Measure Up

(Showing “We do this frequently”)

● Retail ● Average across industries



\*Denotes advanced practices

<sup>^</sup>Base: Variable; global decision-makers responsible for personalization programs/initiatives

Base: 355 global retail decision-makers responsible for personalization programs/initiatives

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, June 2022

Figure 4

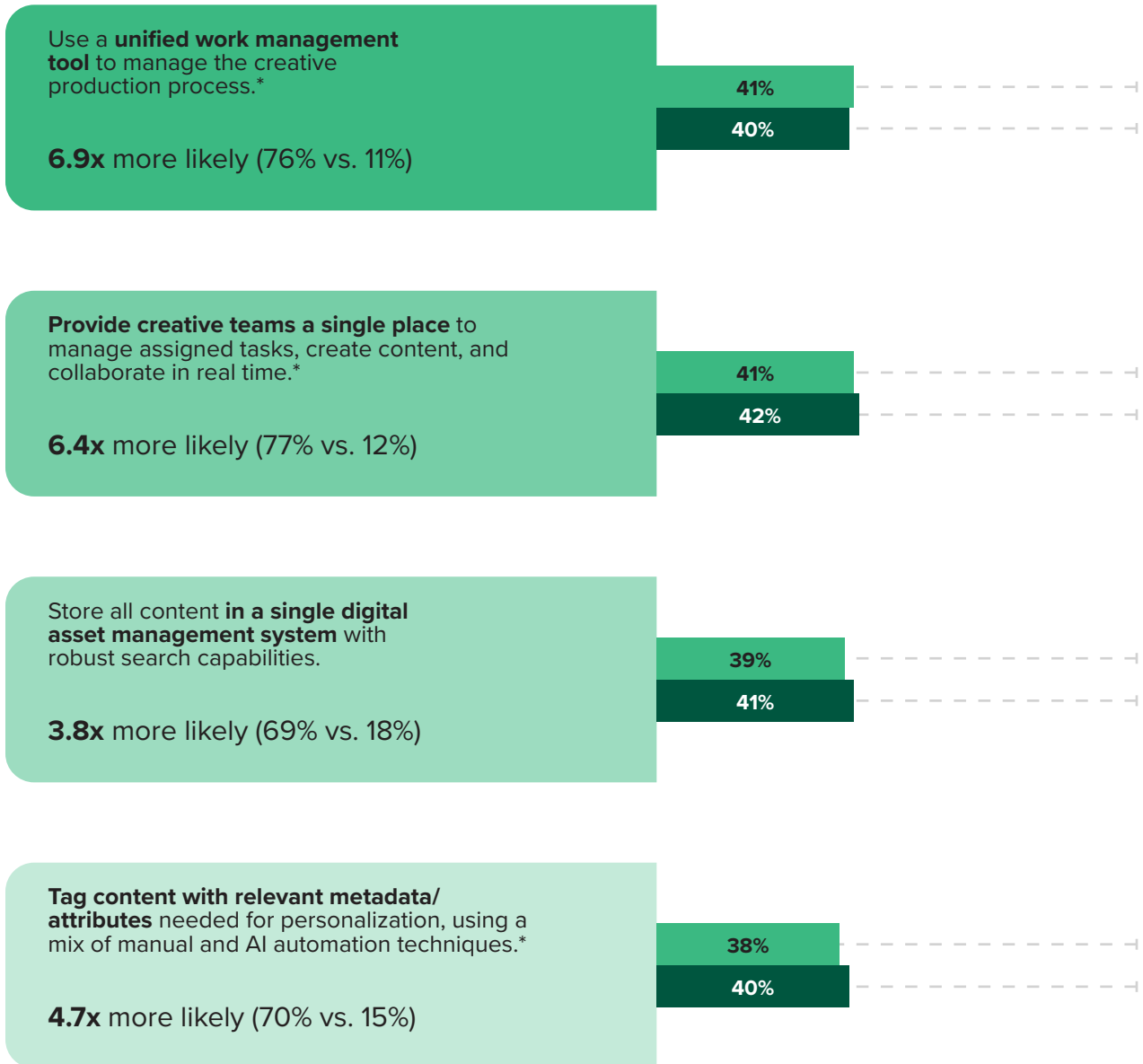
## CONTENT CAPABILITIES

More than 65% of Experience Leaders apply these practices frequently, making them more likely than Rising Laggards to:<sup>^</sup>

## How Retailers Measure Up

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● Retail ● Average across industries



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Figure 5

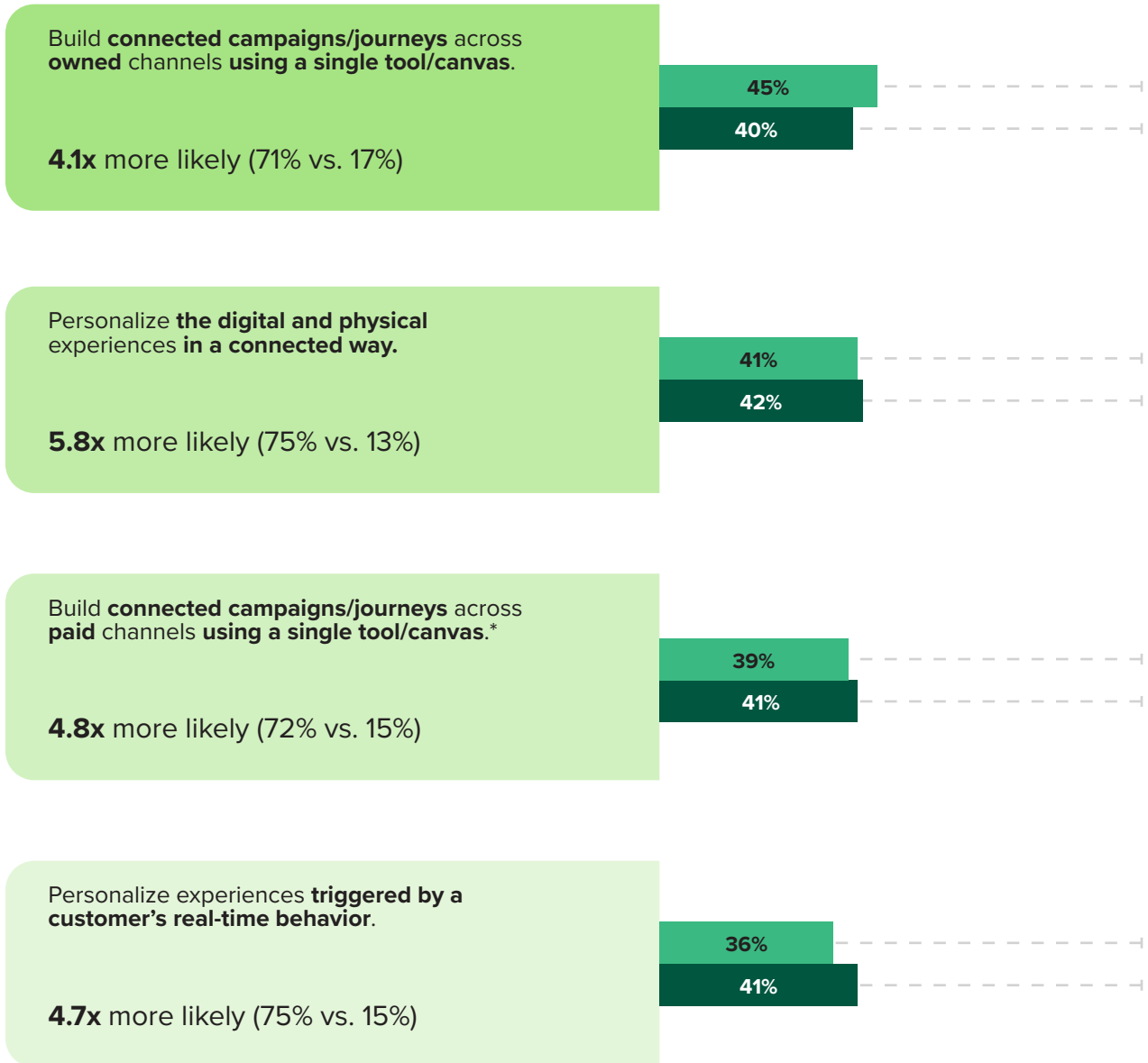
## OMNICHANNEL ORCHESTRATION CAPABILITIES

More than 70% of Experience Leaders apply these practices frequently, making them more likely than Rising Laggards to:<sup>^</sup>

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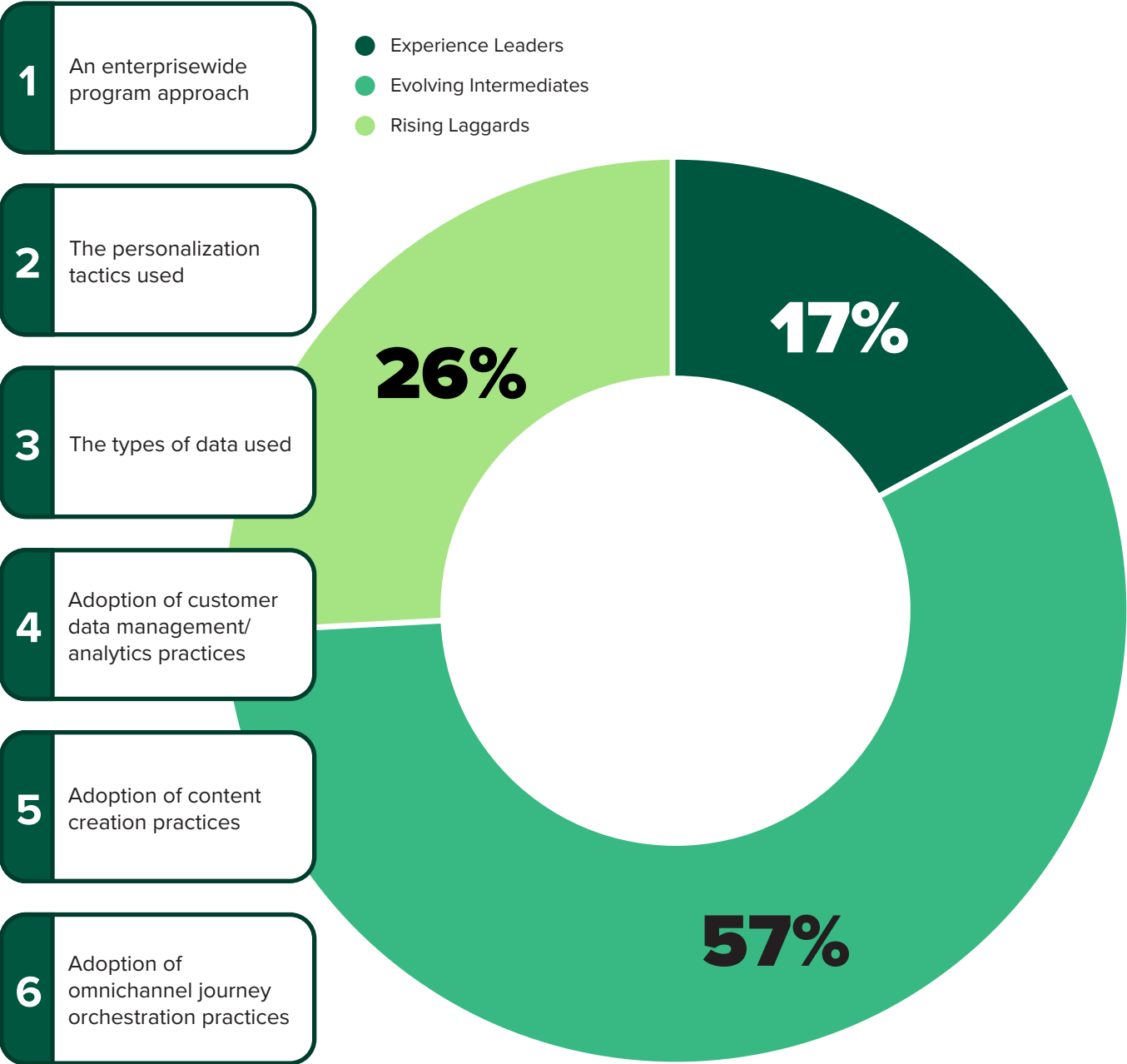
Base: 355 global retail decision-makers responsible for personalization programs/initiatives

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, June 2022

Figure 6

### Personalization At Scale Maturity For Retail Companies

Respondents were divided into three groups based on their organization’s current abilities along six personalization dimensions:



Base: 355 global retail decision-makers responsible for personalization programs/initiatives  
Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, June 2022

## Key Recommendations

Like companies in other industries, retailers working to achieve personalization at scale must view the initiative — including the vision, investments, operating models, and metrics of success — as an ongoing journey. Whether you are building capabilities in data, content, and journey orchestration or in establishing and expanding a personalization center of excellence, you can apply the lessons here to your own company and situation. Forrester’s in-depth surveys and interviews of retail decision-makers and consumers for this report supports several important recommendations:

### **Organize a dedicated team with the charge of delivering on personalization at scale across the enterprise.**

Retailers have individuals and/or teams dedicated to slices of their business for things like email, affiliate marketing, A/B testing, and other, far less complicated business operations than achieving personalization across all customer touchpoints. Retailers must elevate personalization from a view that it is a tactical tool to one where it is recognized — and used — as a strategic differentiator. This shift warrants having a team specifically responsible for delivering personalization at scale, and with it must come leadership support from those with profit and loss accountability, as well as a seat at the table when making decisions that will impact customer experiences.

### **Prioritize customer understanding to achieve relevance in the customer journey.**

While most retailers claim they are delivering personalization, the fact remains that most customers do not feel well understood by the brands they shop with. There is a hard reality retailers must face: The ability to create truly personalized experiences is completely dependent on the data a retailer has about an individual customer. Those retailers that design specific paths to purchase with the intent of achieving customer understanding will collect the necessary data to not only reach personalization at scale, but also achieve a higher percentage of success in delivering relevance and value.

**Establish a content strategy purposefully designed to support a customer strategy.**

With nearly two out of three retailers needing to improve content capabilities, there is much work to be done in this area. However, retailers would be wise to not simply improve content design and delivery without consideration given to the specific customer strategies and outcomes the organization is trying to achieve. Ultimately, the engine to deliver personalization at scale cannot run well without content developed and at the ready for specific customer experiences, regardless of how well the retailer has captured and managed rich customer data. Retailers should think of content management as a form of supply chain that can quickly and efficiently be created, stored, and delivered on demand throughout the organization.



## Appendix A: Methodology

In this study, Forrester conducted custom research with two audiences to evaluate customers' expectations for relevant, personalized experiences, and organizations' ongoing ability to deliver them at scale.

The first audience was of senior retail enterprise decision-makers responsible for personalization programs and/or initiatives at their organizations. Online survey respondents included 355 retail decision-makers based in North America, Europe, or Asia Pacific. The survey was supplemented with four qualitative interviews with retail decision-makers meeting the same profile. Questions provided to the study participants asked about the personalization use cases their organizations are trying to pursue, the challenges they've faced along the way, and the capabilities that have been most impactful at helping them reach their personalization goals.

The second audience was comprised of consumers (also referred to as B2C). The B2C survey included 478 global consumers who have recently engaged online with retail companies. Consumers were asked to rate the level of personalization they expect at different phases of their journey, the types of personalization they find most valuable, and the impact of a personalized experience on their behavior, including their likelihood to buy from, engage with, or recommend a company.

Survey and interview participants were offered a small incentive as a thank-you for time spent on the study. The survey fielding and interview execution began in May 2022 and was completed in June 2022.

To read the full results of this study, please refer to the Thought Leadership Paper commissioned by Adobe titled, "Personalization At Scale: Bring Forth The Customer And Business Benefits Of Experience Excellence."

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### Contributing Research:

Forrester's Digital Strategy &  
Experience research group

## Appendix B: Endnotes

<sup>1</sup> Source: "Construct The Business Case For Digital Store Transformation," Forrester Research, Inc., January 28, 2022.

<sup>2</sup> Source: "The Future Of The Digital Store," Forrester Research, Inc., October 7, 2021.

<sup>3</sup> Source: "The Top Retail Tech Initiatives For 2021," Forrester Research, Inc., August 19, 2021.

<sup>4</sup> Source: "Building The Business Case For Omnichannel Commerce," Forrester Research, Inc., August 6, 2021.

<sup>5</sup> Source: "Mastering The Art Of Omnichannel Retailing," Forrester Research, Inc., January 4, 2022.

### ABOUT FORRESTER CONSULTING

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