

Using Personalization to Increase Customer Engagement & Jumpstart D2C eCommerce Growth

A Post-Webinar Report

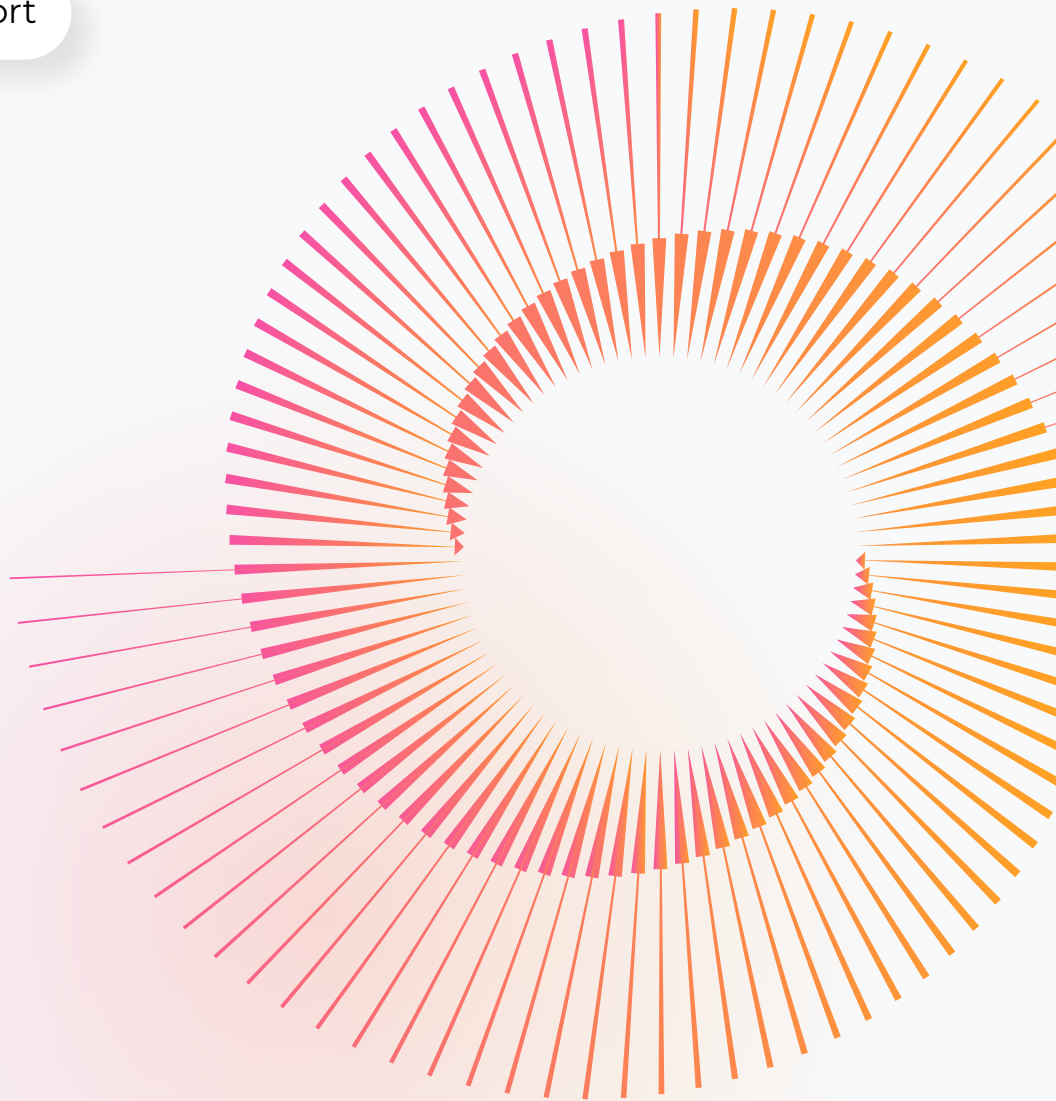


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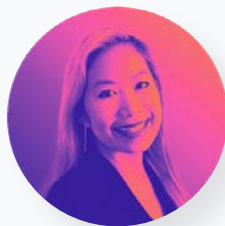
Executive Summary

This report is based on a 2023 webinar by Nogin that explored methods for increasing eCommerce customer engagement through personalization. Here, readers will learn how to craft an ideal eCommerce experience for customers by using AI-powered customer segmentation, algorithmic merchandising, smart promotions, and more.

About the Contributors



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What is Personalization and Why is it Important?

Personalization is an important tool in ecommerce, as it allows businesses to tailor their offerings to the interests of their customers. By using affinity tests, marketers can better identify which items are best suited for specific customers.

For example, a dual-gender brand might choose to show a neutral page first and then switch to the customer's gender-based affinity once they start browsing items.

Personalization also plays a role in how products are merchandised and ordered on pages. Instead of simply putting newer or higher inventory items at the top, marketers can use click-through rate, impressions, reviews, and conversion rate metrics to determine the optimal order of items that will best engage customers.



Betabrand is one such company that noticed its conversion rates struggling due to issues with merchandising. At the time, the brand only sold a single type of yoga pants and found that the conversion rate increased by 10% when they sent a New User to the checkout after adding an item to the cart.

Nogin recently ran the same test for Betabrand and conversion rates actually decreased by 24%. The issue is that they have greatly expanded the brand's offerings and New Users are still in discovery mode.

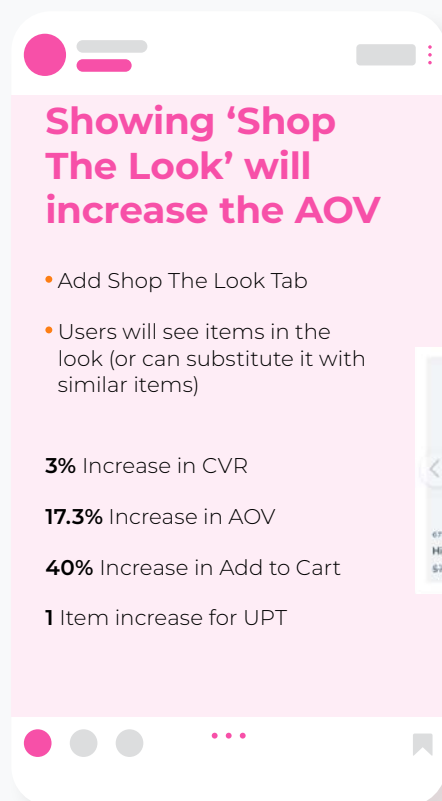
Users like to be guided and not forced. This shows how personalizing the user experience is key for successful marketing campaigns.

Strategies for Effective Personalization

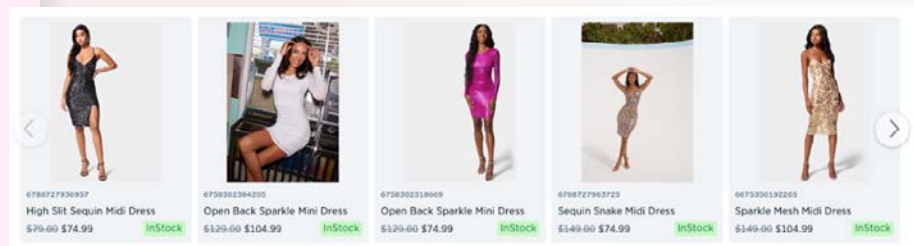
Nogin is the premier end-to-end ecommerce solution provider, empowering global brands with advanced technology, infrastructure and industry-leading expertise. The company has seen success in using personalization to help clients achieve higher clickthrough rates, conversion rates, average order value, add-to-cart, and UPT metrics. Nogin does this by providing a full experience from email campaigns to on-site ads and post-purchase services.

“Shop the Look”

One powerful service Nogin provides is a “shop the look” experience where customers are taken to a section of products related to those they were previously looking at. This has been successful for many brands, with positive impacts on KPIs and customer engagement. However, brands need to understand how this feature works across all their categories as there can be variations in user behavior across different product types.



For example, when looking at tops or jackets, a user might gravitate towards items in the same color as what they initially wanted. If a shopper is looking at sequin dresses, however, they may prefer other sequin dresses in different colors rather than other types of dresses in the same color.

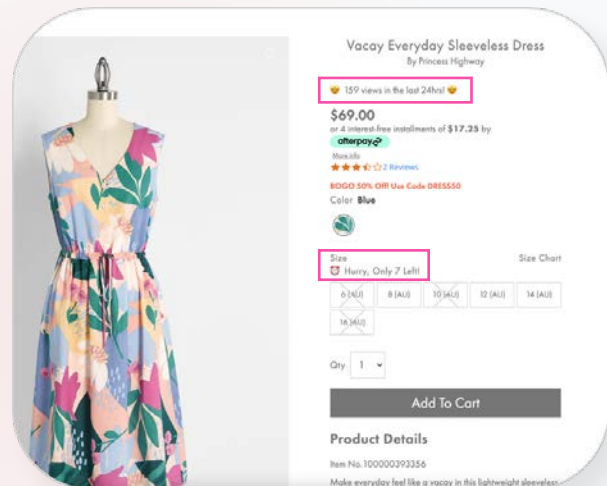


Knowing this kind of information can help brands tailor the “shop the look” feature to better-fit customer preferences and increase engagement even further.

FOMO

Nogin also helps businesses increase their conversion rate and reduce cart abandonment by utilizing FOMO (Fear of Missing Out) messaging. This includes displaying the number of views of specific items in the last 24 hours, low-stock messages, best sellers for new visitors, and countdown timers.

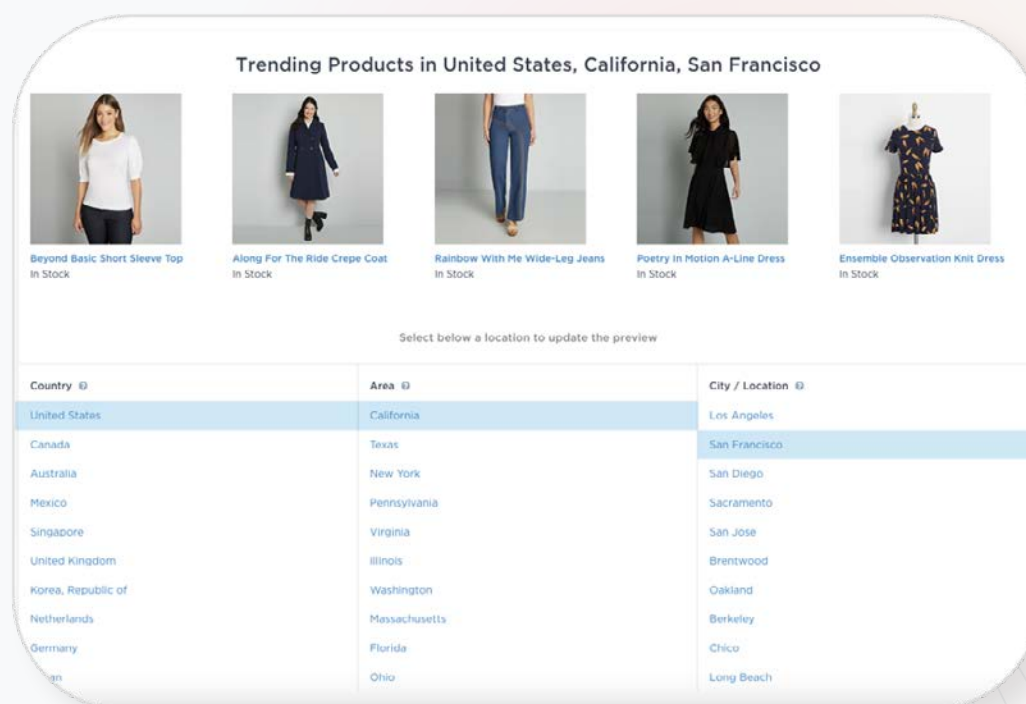
The countdown timer is especially effective at creating a sense of urgency and making customers act.

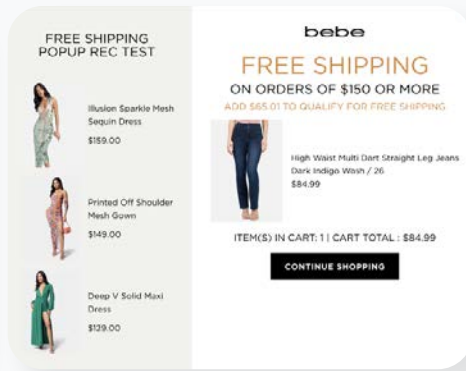
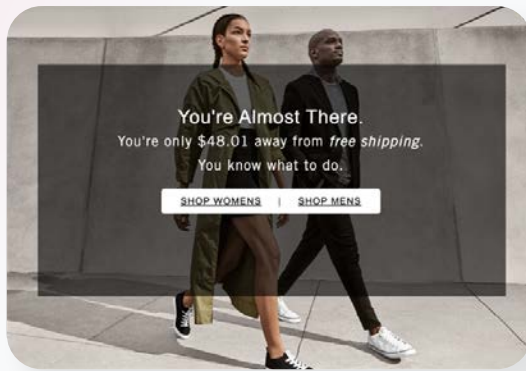


Geotargeting

Nogin even deploys geotargeting to personalize the customer experience. It allows for targeting down to the city level and can be used to show products that are relevant for the time, such as rain boots when it's raining or boardshorts when it's sunny and hot.

Sometimes, geotargeting is only important for simple content messaging, but in other instances, it may be important from a legal perspective. California law, for example, requires companies to tell users if an item is required to show the Prop65 warning. However, it may not be necessary in other locations, such as in international markets.





Exit Intent Tactics

Another method of personalization Ngin uses is exit intent — tactics that encourage customers who are close to meeting certain thresholds, such as free shipping, to continue shopping.

For example, the system may tell the shopper that their cart is only a certain number of dollars away from earning free shipping. It can also show specific products that could get them across the free shipping threshold, and which may appeal to them based on their viewing or shopping history.

That way, the site can re-engage the shopper and personalize both up-sells and cross-sells before they checkout or even abandon their cart because they can't get free shipping.

Combining Purchase History with Site Actions

It's important to combine both the purchase history with current actions on the site, such as what size a customer has put into their cart. This ensures that the right-sized products are being shown so that users don't get frustrated by seeing items not available in their size.

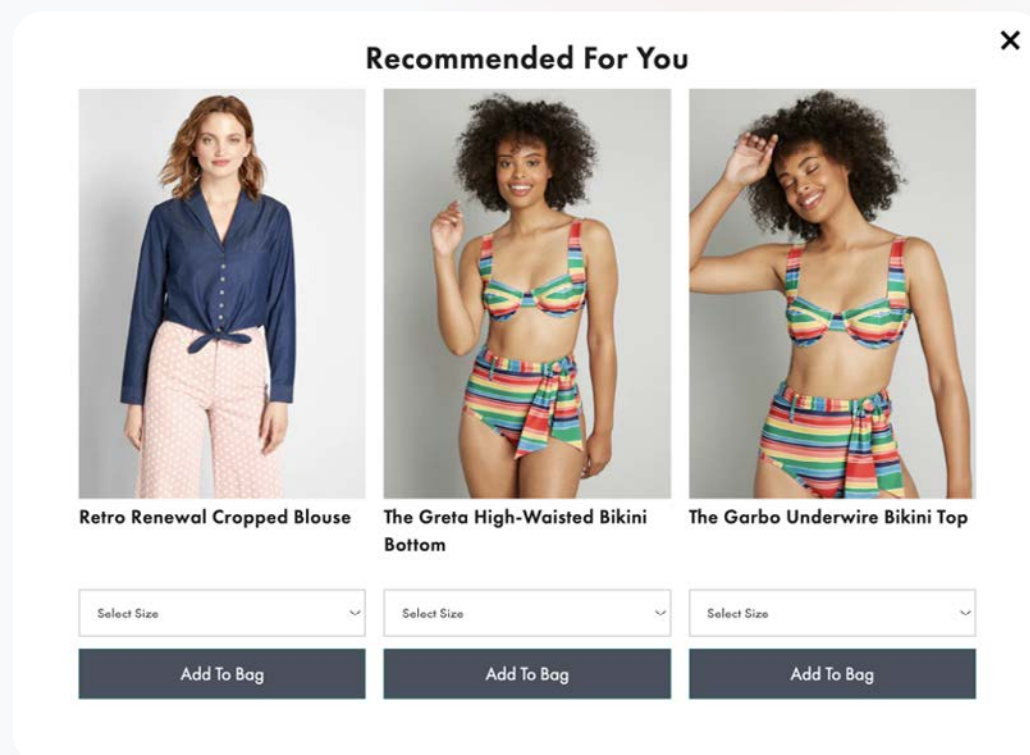
Nogin can detect important elements of purchase history as well as the size they are selecting in the session, then ensure that the shopper's remaining experience is tailored to their needs. For example, if a shopper has previously purchased several large or small-sized items, they'll be shown items in the current and future shopping experiences that are available in that size.

Order-based Recommendations

Nogin includes order-based recommendations on the confirmation page and shipping delivery emails, as well as personalization of marketing campaigns and email widgets. It can also cross-sell against the products that customers have abandoned by featuring related items.

On-site personalization is a key aspect of Nogin's services, which means that customers are presented with a different experience depending on their preferences. It even provides video ads with featured products displayed at the top for easy access.

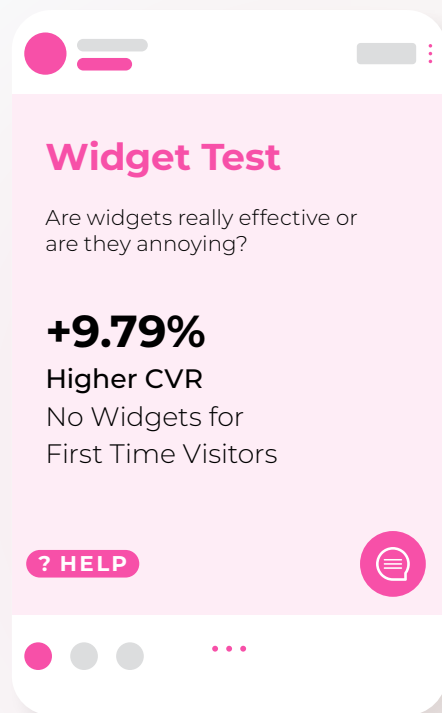
Furthermore, Nogin uses hyper-segmentation to differentiate between new and returning customers, so that those with certain affinities (e.g., hats or hoodies) will only see what they would be most likely to interact with.



Personalization Lessons and Successes

Despite personalization's success in providing shoppers with incentives to make a purchase, companies have learned some important lessons about the personalization process. Some approaches work, while others may simply cause aggravation.

Artificial intelligence



Chat widgets, virtual assistants, and chatbots are already effective tools for customer service. However, AI technology is sometimes seen as a hindrance to customers since it takes up real estate on a page.

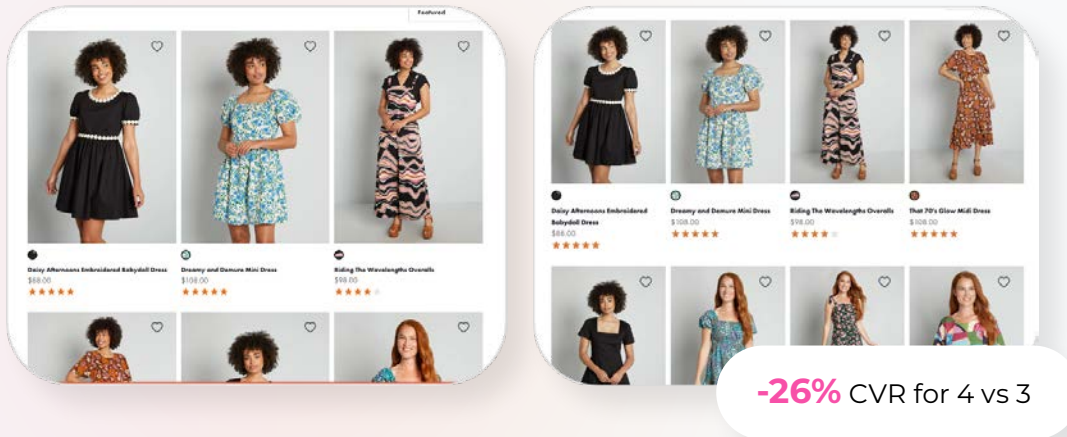
When visitors are just beginning to explore a website, they don't want something that will get in the way. As such, returning visitors are more likely to use the chat widget instead since they already know what they want and need assistance with.

Newer visitors may not want a chat window popping up and covering their "Add to cart" button immediately because they are in "discover mode" — they just want to explore the website.

Amenable Free Shipping Incentives

New shoppers may be ready to leave a site if their carts haven't reached the free shipping threshold. Instead of letting them go, brands should introduce some leeway by allowing them to receive free shipping when they are only close to the free shipping threshold. This policy can be combined with exit intent tactics to reduce cart abandonment and encourage additional purchases.

This strategy is also effective for converting new visitors into first-time customers, providing them with an enjoyable experience of the brand. The success of this incentive has been demonstrated through higher conversion rates, allowing shoppers to be rewarded even when they are on the brink of leaving the site.



Product Presentation

Nogin has run tests to determine the optimal number of products that customers want to view at one time on different devices.

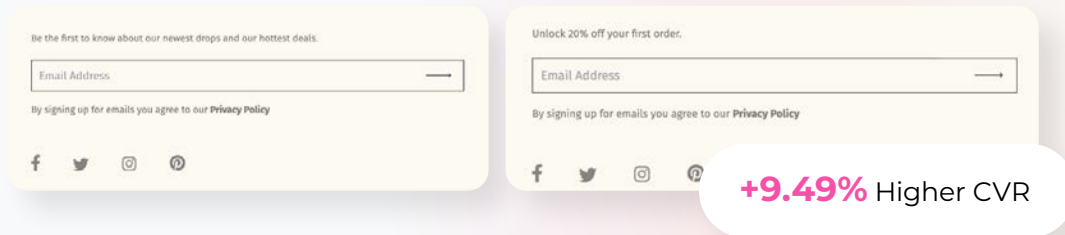
For example, the brand ModCloth found that three products per row were most effective on desktop, while the brand Justice found that four products per row worked better for its shoppers. This could be due to differences in the types of customers between the two brands; ModCloth's customers may want detailed views of all prints and designs offered, whereas Justice's customers are likely busy moms looking for something specific and are ready to purchase based on less information.

When running tests, companies can also consider differences between demographic segments such as age groups or gender. For example, grandmothers using tablets may prefer larger images when shopping, so personalized layouts could be created specifically for them. Otherwise, everyone else may see either three or four products per row depending on which one is more successful during testing.

There may also be differences between male and female shoppers.

Male shoppers tend to shop with a purpose, needing only one type of item, and leaving once it's purchased. Female shoppers, on the other hand, may be more likely to edit their carts after loading them up initially.

This hypothesis was tested using the brand bebe by showing shoppers both the "View Cart" and "View Checkout" options. The results showed that "View Cart" was the clear winner in terms of conversion rate.

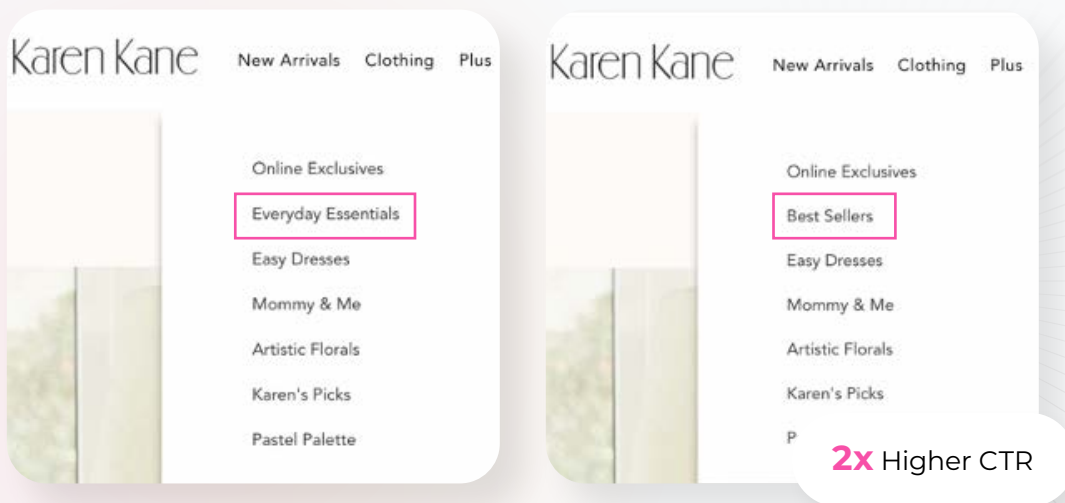


Better Content Messaging

Nogin has also found that it pays not to be coy in your messaging.

For example, Betabrand was offering 20% off visitors' first orders, but they wanted to stay "minimal" in their messaging. It wasn't clear that the shopper would get 20% off because it was not explicitly mentioned in the message.

Nogin recommended updating the language to include the percentage off and it had a positive effect on their conversion rate. Even small changes like this can have a significant impact.

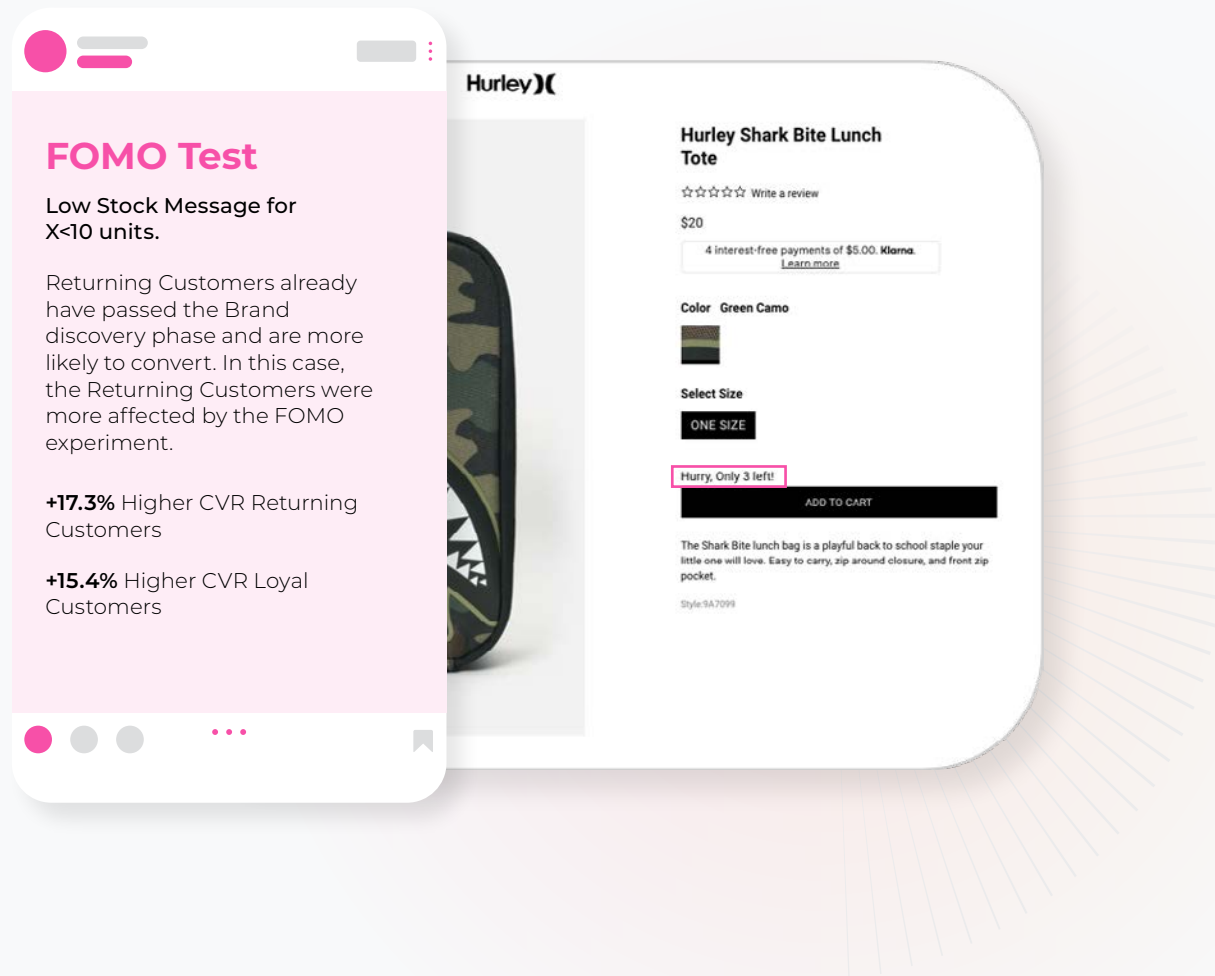


In the case of Karen Kane, they referred to their bestselling products as "essentials." In the industry, "essentials" typically refer to items that are must-haves in your closet. Karen Kane renamed the list "bestsellers" and it had a two-times higher clickthrough rate for new visitors.

Low Stock Warnings

Finally, Nogen found that male customers weren't generally affected by the number of views they saw on product listings. They were instead affected by how much inventory was left.

However, this "FOMO" tactic was much more effective with returning and loyal customers than new ones. That's because new customers are still exploring.

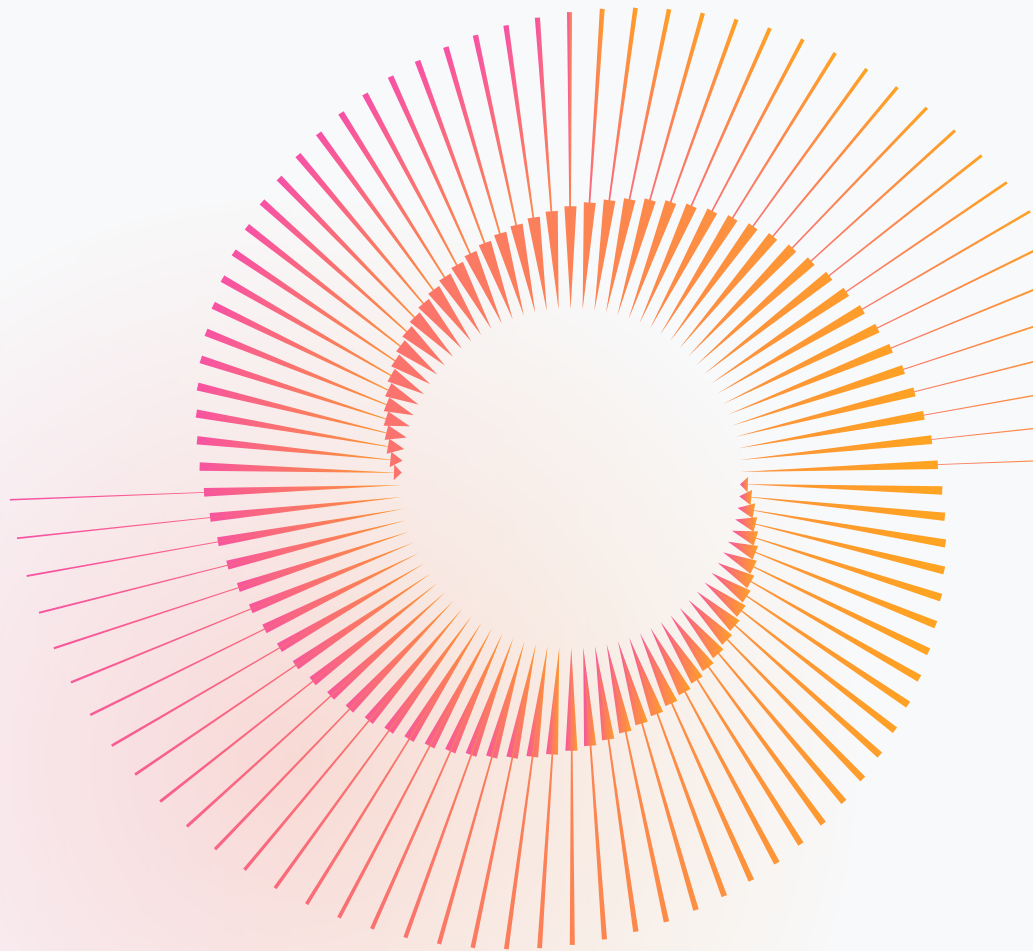


Conclusion: Creating a Tailored Shopping Experience

Personalizing the customer experience is key to driving more sales and increasing brand loyalty. To ensure success in this endeavor, marketers should pay attention to their customers' behavior at different stages of the purchase process and lead funnel.

Leveraging behavioral principles can help you better understand how your customers think and allow you to develop effective strategies for personalizing shopping experiences that drive results. Additionally, testing and learning are essential components of successful personalization efforts as consumer behaviors may change over time or differ across brands.

By following these tips from Nogen, and by utilizing the Nogen platform for your eCommerce operation, you can create an optimized digital strategy that appeals to your target audience while providing them with the best possible user experience.



About the Authors



Nogin (Nasdaq: NOGN, NOGNW), the Intelligent Commerce company, provides the world's leading enterprise-class ecommerce technology and services for brand leaders that need to deliver superior growth with predictable costs and an exceptional online experience. Nogin's Intelligent Commerce technology is a cloud-based ecommerce environment purposebuilt for brands selling direct-to-consumer (D2C) and business-to-business (B2B). Nogin frees its customers to focus on their business while running as much or as little of the digital commerce infrastructure as they choose. Founded in 2010, Nogin optimizes the entire ecommerce lifecycle for a variety of brands, such as Giordano's Pizza, bebe, Brookstone, Hurley, and Kenneth Cole, as well as several B2B brands and marketplaces.

To learn more, please visit www.nogin.com or follow us on [LinkedIn](#) and on Twitter at [@Nogincommerce](#).



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