Why Personalization Matters

A Fiveworx Utility Executive Briefing

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Executive Summary

In a noisy world, it can be incredibly challenging to deliver messaging to your customers that gets their attention and drives results.

The most effective way to drive engagement is through the personalization of your messaging and offers. But personalization at scale is hard, and requires that you go beyond meter data to deliver timely, meaningful, and relevant communications. Using a combination of segmentation, personas, propensities, behavior tracking, program participation, and other rich data, you can apply machine learning to determine the Best Next Action your customers are most likely to take and deliver the most relevant messages possible.

Take email, for example, which remains the most pervasive and cost-effective app online. There's strong industry consensus that personalization makes email much more effective, with engagement lifts of at least 30% and as much as 6-7 times (600-700%) more than email that is not personalized. And email isn't the only communication ripe for personalization. There are many different channels that can be leveraged to effectively personalize the customer journey.

When you map out all the touchpoints in your customer journey, you'll find several opportunities to personalize—online bill presentment, transaction emails, on-bill messaging, bill inserts, direct mail, and more. And once you inject personalization into your messaging, your unified customer journey becomes the “journey of one,” as each customer’s experience is unique.

Personalization must benefit both you AND your customer, so it comes with certain challenges. Perhaps chief among them is how not to be perceived as invading your customers privacy, which requires a careful approach. But done well, personalization will help designate you as a trusted purveyor of useful, relevant content.

Now more than ever, utilities need to connect with their customers on a more meaningful level. Personalization is a strategic imperative.
Introduction

The world is a noisy place. A barrage of alerts and notifications from messaging apps, social networks, and other intruders clamor nonstop for our attention. The average American is constantly exposed to brand and marketing messages, with estimates ranging from 300 to more than 10,000 messages per day. According to Dscout, we touch our smartphones over 2,200 times daily (not including our glances). Even when we watch television “uninterrupted” without trying to multitask, we are exposed to a continuous stream of information along the bottom scroll, and when we use video services online, notifications interrupt our viewing experience.

As a utility executive or marketer, how do you cut through the cacophony of noise that a typical customer experiences every day to deliver important messages about energy efficiency, demand response, or even outages? The key is to ensure that your messages are relevant to your customers, and the best way to achieve relevance is through personalization at the individual customer level across all possible communication channels.

At Fiveworx, for instance, we use personas to create highly personalized messaging. Our personas are different from other types of segmentation because they focus on the attitudes, opinions, perceptions, and behaviors of energy customers to increase relevance and serve three key objectives:

1. Guide Messaging Strategies & Content Development
2. Identify & Overcome Barriers to Action
3. Reinforce Desirable Habits

In this Fiveworx executive briefing, we’ll talk about the benefits of personalization, how to personalize engagement while balancing privacy concerns, and some best practices for personalizing your customer journey.
Say Hello to Personalization

Which of the following messages are you most likely to respond to?

• “Buy our shoes!”
• “New men’s shoes: style, comfort, & versatility—size 11 in stock!”

Me? The latter. Why? Because I wear a men’s size 11, style and comfort matter equally to me, and I want a single pair of shoes appropriate for every occasion. The second message is a great example of personalization that appeals to me on a number of levels. Most importantly, it says the sender knows what I like and is only sending me relevant content.

And I’m not the only one. When it comes to email, for example, multiple studies and sources from DMA, Lyris, and others show that personalization can dramatically impact open rates, click rates, and conversion rates—with as much as 6-7 times the rates of non-personalized emails. Our own experience has resulted in a 68% increase in open rates, a 100% increase in click rates, and a 150% increase in conversion rates.

So why is it that utilities in general tend to eschew personalization? Conventional wisdom will tell you that it’s because utilities are laggards, slow to adopt new technologies and practices. Even some utility executives have expressed this sentiment to me about their own companies. But I don’t agree. Utilities have had far more important things to worry about than messaging, like keeping the lights on and the water flowing, or safeguarding and modernizing their infrastructures against threats of obsolescence and hackers, among other pressing issues.

Now, however, load is flat or declining in many areas of the country; customer expectations are changing as new players like Google, Comcast, ADT, and Alarm.com are intermediating the customer experience with energy; and the need to satisfy regulators and customers is greater than it once was. Now more than ever, it is critical for utilities to demonstrate that you know and understand customers by delivering relevant messages to get their attention and drive them toward taking the action you want them to take.
More Than a Name

Personalization is more than addressing a customer by their first name. Much more.

When speaking at the SAP Hybris Summit in Munich, Brendan Witcher highlighted this critical point:

“Personalization today is often driven by single data point segmentation,” said Witcher. “The transaction with the customer must be their information in exchange for value. The more you know about a customer, the better the personalization will be.”

For utilities and their energy efficiency or demand response programs, there are a few key data elements that matter.

- **Past Program Participation**: Don’t re-market programs to customers that have already participated in them, unless enough time has lapsed that it makes sense to do so. For example, don’t suggest HVAC upgrades to customers who have already upgraded in the last 10-12 years. Instead, market heating and cooling system checkups every 12 months during the right seasons. You can take this kind of data a step further by offering smaller incentives to customers who are more likely to participate in repeat programs and larger incentives to those who are less likely to participate.

- **Aggregate Usage Data**: Bill data (particularly high bills, regardless of their cause) can be effective for personalizing messages about ways to save.

- **Disaggregate Usage Data**: If you have a solution for disaggregating customer usage data, you can laser-focus your personalization efforts on the more specific programs that are likely to be most beneficial to the customer and your savings program portfolio.

- **Explicit Program Interest**: When you have coordinated, systematic ways to track, understand, and use the data you are gathering, you can identify the things your customers are likely to be interested in. Web page views, email opens and clicks, form submissions, event attendance, and call-center interactions are all great ways to understand a customer’s interests outside of the scientific models you use.

One of the most effective ways you can leverage these data points to personalize your marketing is to group your customers by the type of messaging they are most likely to respond to, based on the data. A segmentation system with a relatively smaller number of customer groups lets you efficiently frame your messaging for each segment.
For example, a segment of customers concerned with protecting the environment might get a message that says: “The earth needs your help! Reduce emissions with renewable energy.” while a group more concerned with saving money might find it more compelling to “Cut monthly costs with renewable energy!”

Both messages promote the same subject—renewable energy. But one speaks to a different customer group and appeals to specific motivations based on attributes of the customer segment.

Relevance Gets Results

Think about your personal preferences. You would much rather receive information relevant to your needs and interests than generic, irrelevant messaging. Right? Well, it’s no surprise that your customers are the same way. Your ability to deliver the right message to the right person, through the right channel, at the right time is what makes you relevant—thus is the purpose of personalization.

When personalization is done right, it’s good for you AND your recipients. Avoid blasting everyone with the exact same message, which many customers won’t find interesting or compelling. Instead, find a way to leverage your data to make every touchpoint personal and meaningful for each customer. For example, one of the most effective emails we’ve sent is our Energy Efficiency Scorecard. Why? Because it’s hyper-personalized.

The Energy Efficiency Scorecard shows the five home upgrades most relevant to the customer, and the status of each upgrade based on both self-reporting and program tracking data. Broken into three sections, the email includes the following information.

1. Which upgrades the customer has completed (with appropriate kudos for their accomplishment)
2. Which have been self-reported as complete, but have not shown as complete in program tracking data, and vice versa (with appropriate “almost there” messaging)
3. Which have not been self-reported or tracked (with appropriate “there’s more to do” messaging).

One of the important aspects of the scorecard’s success is the notion of driving the best next action. We process all the data we have at our disposal to discern which of the utility’s objectives (sign up for online bill pay, participate in a particular energy efficiency program, etc.) a customer is most likely to do at a particular moment in time, and deliver persona-based messages to motivate them to take that action.

We are huge fans of delivering usage data to engage customers, but to be truly relevant, you’ve got to go beyond meter data to drive real attention, interest, and engagement. By tapping into the things that people care about with regard to energy consumption, you can frame your messaging in more relevant ways. One customer may care about
climate change and reducing their impact. Another may believe humans have nothing to do with climate change, and would be offended by the notion. Another may not feel strongly about the environment, but might be focused on putting food on the table for their family. Regardless of their motivations, they may all be good prospects for participating in your programs.

Frame the message right and deliver the right offers to the right customers, and you’ve got a winning strategy for driving lift in your program marketing activities.

How to Balance Personalization With Customer Privacy

Some utilities we talk to worry about customer privacy concerns when discussing personalization. But when personalization is done right, it’s not intrusive and can actually build trust with your customers. Let’s talk about how to do that.

First, and perhaps most importantly, avoid using direct references to “we noticed that...” when describing someone’s digital habits. While people generally understand that companies track their digital footprint, and most of us have gotten used to it, an overt statement that you’re monitoring someone crosses the line. Google and Facebook algorithmically serve up ads that are relevant to me, but it doesn’t come across like a human being is looking at my personal profile and deciding which ads I should see. That’s not how your personalization should work, and it’s not scalable, so there’s no reason it should seem that way.

Instead, focus on personalization that uses the information customers would largely expect you to have about them already, including, but not limited to, their usage (aggregate and disaggregate), past program participation, and program interest (based on event attendance, call-center interaction, or form submission). When you do use propensity models to make assumptions about someone’s likely interests, couch it in terms of “customers like you...” or simply “we thought you might be interested in...”

A great way to avoid overstepping privacy bounds is to simply ask your customers about their interests, then use the information in your personalization efforts, combined with more advanced, big-data solutions. In other words, canvas your customer population with questions like, “How likely are you to make one of the following home improvements?” and then use their answers in your personalized marketing. If you ask them about themselves, customers won’t think it’s creepy when you highlight their interests in your marketing materials via email, billing (print or online), or other channels.
Beyond Email Marketing

Marketing email is arguably the best channel for delivering time-sensitive, relevant, and personalized messages to your customers at scale. But it’s not the only option, and it shouldn’t be the only personalization arrow in your quiver. Consider these other opportunities to personalize your marketing and communications:

- Bill Inserts
- On-Bill Messaging
- Dynamic Digital Content
- Direct Mail
- Call Center Interactions
- Retail Counter Engagements

One way to successfully identify the touchpoints where you have an opportunity for personalization is to do a comprehensive customer journey map. Once completed, the map will illuminate the key points along the journey where you can personalize the experience. It’s important to understand, however, that the journey map only identifies the various possible touchpoints a customer could encounter. Ultimately, personalization powers the “journey of one,” so every customer’s experience with your organization will be unique.

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Best Practices in Personalization

There are some basic things you can do to personalize your communications that are considered best practices, and even of baseline importance.

- **Keep it Clean**: Your list, that is. Make sure the contacts in your lists include valid email addresses (meaning they exist on the receiving email server) to keep your bounce rate down and your sending reputation up.

- **Opt In to Opt-In**: Don’t spam, and respect your recipients’ unsubscribe preferences. You can comply with federal CAN-SPAM laws without requiring users to opt in, but using opt-in (permission-based) marketing will generate the best results.

- **Go Beyond the First Name**: Personalize the content experience well beyond the recipient’s name. Use prior program participation, energy consumption, and other data to contextualize and individualize your messaging.

- **Capture the Right Data**: If you capture the wrong data, your personalization will miss the mark and be just as irrelevant as bulk campaigns. Work with your IT teams to make sure the right data is stored and associated with the right customer.

- **Personalize the Subject Line & Preheader**: In email, you can't get clicks if you don't get opens. The preheader of an email is an oft-overlooked opportunity to both personalize and embed links that drive direct engagement. Links in the preheader are clickable on most smartphone notifications.

- **Contextualize Your Content**: Don’t just personalize with personal information. Send content that has been contextualized for the recipient.

- **Test, Iterate, & Test Again**: As described earlier, email isn’t your only channel for personalization, but it’s a perfect channel for A/B and multivariate testing to small groups before expanding your personalization efforts to broader audiences.
About the Author

Patrick Hunt is co-founder and Chief Product Officer of Fiveworx and its parent company Lirio. Patrick has almost 30 years experience in marketing, design, and technology for leading brands and startups alike. He has spent the majority of his career helping technology companies define brand and product strategy and create useful, usable digital experiences. As our lead product evangelist, Patrick helps our customers take full advantage of our persona-based engagement, machine learning, and mass personalization capabilities to drive awareness and increase engagement.

About Fiveworx

Fiveworx, a product of Lirio, is a digital automation solution that tailors personalized communication from electric and natural gas utilities to their customers. Our platform utilizes energy personas, marketing automation, and machine learning to market utilities to the customer of one—increasing awareness, driving outcomes, and building trust. Fiveworx creates personalized journeys for meaningful customer engagement to drive real outcomes for residential and commercial customers.