

Delivering personalised digital experiences to customer segments of one: Case study of SAP

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Abstract This case study describes SAP's efforts to deliver a personalised digital experience to every customer visiting its flagship web property, SAP.com. The paper discusses the key components required to deliver the personalised experience, and the resulting performance improvements measured as a function of online engagement and software revenue. Key benefits and challenges of the programme are also covered, providing a view into the deep insights SAP has realised as a result of the programme. The paper concludes with a glimpse at how SAP is planning to evolve these efforts.

KEYWORDS: digital marketing, big data, online personalisation, web analytics, predictive analytics, data modelling, marketing skills

CUSTOMERS EXPECT A LOT FROM DIGITAL

Ask a hundred people what their favourite digital experience is and a lot of familiar names start popping up — Facebook, Twitter, Google, Amazon and the like. Now ask yourself what these experiences have in common? What makes them so consistently amazing to most of the planet? What keeps people coming back to them?

In a word: personalisation. Unlike some websites that simply show the user's name in header as a soft nod to pretending they 'know' them, these experiences are 100 per cent personalised to the user. The Twitter, Facebook or Google experience rendered at a specific moment in time is unique to the person viewing it,

impossible to replicate by any other user, and 100 per cent personalised based on hundreds of variables (some well known and others a little surprising).

This is an important insight for anyone managing a web property because when all the techno babble about 'predictive search', the 'social network effect' or Amazon's 'recommendation engine' quietens down, what is left is the simple reality that each of these websites is a digital window into the soul of the consumer. Furthermore, like all things from the heart, the more personalised it is, the more relevant it is; and — setting aside the wizardry it takes to deliver these experiences — when it comes to winning over customers, relevance is king.

HOW IS THIS DIFFERENT FROM SEGMENTATION?

Marketers used to deliver relevance through basic segmentation as campaign messages were tailored to any number of customer segments. Looking at customers through simple filters of gender or geography or buying cycle stage has always improved results compared with traditional mass market approaches. By definition though, such an approach is finite; finite in the number of segments that may be targeted, finite in the number of campaign iterations that may be produced, and finite in the diversity of media channels available for distribution, which is to say, what is the point in having different messages if they are being distributed through the same pipe?

Now, with digital personalisation — the cornerstone of world-class web experience — every marketing preconception has been blown away. Digital personalisation is the nirvana of marketing segmentation because *there are no segments any more*. The perfect blend of big data and high-end statistics (or, ‘we have all your information *and* we know what to do with it’) enables segmentation to happen at a unit of one. Now, every single customer is a unique market segment and expects relevance to be crafted solely around them. This has become so common in the consumer space that most people are unable to imagine not having fully personalised experiences. Imagine Facebook without your wall; if Google suddenly stopped finishing your search queries for you; or if Twitter started showing you generic feeds of people you had never followed.

IS THIS RELEVANT TO B2B?

Digital personalisation has gone from innovation to the stake required to play in the consumer space, but does the same hold true in a business-to-business (B2B) environment? Like so many in the B2B

space, SAP has always found that results improve when clients are targeted by industry and line of business. This is hardly rocket science: if you talk to people about what they specifically do, then results will improve. The big question is whether robust digital personalisation can significantly improve results above basic segmentation.

SAP'S EXPERIENCE

To explore this question, SAP started with active customers first. This provided two immediate benefits. First, these customers are already deeply engaged online with SAP, so any personalisation approach would reach a statistically significant group of buyers in the quickest timeframe possible (a key consideration in B2B tests with long sales cycles to validate results). The second benefit was behind the scenes, but arguably even more important. By starting with active customers, it was possible to ask them to drive digital personalisation through their own active participation in the system, such as configuring their preferences, interests, future business outlook etc. Such self-reported ‘interest data’ augmented what was already known about them in order to personalise the experience, and made it possible to temporarily circumvent the need for new fuzzy-logic or web-rendering systems, which can take significant budget and time to implement properly.

The experience was driven from a subset of SAP.com called ‘Your SAP.com’, and invited active customers to register for the personalised experience and provide additional data points around business objectives, needs or pain points and specific solution areas of interest, such as mobility, cloud, big data etc. When augmented with known variables around the customers’ industry, geography, line of business and the specific SAP solutions

they were already running, it was possible to develop content streams personalised to single individuals. As an example, this would mean a small business owner interested in entry-level business software would see an entirely different website experience, content, imagery etc than would the chief financial officer of a Fortune 500 company interested in specialised analytics software for his industry.

The core of the personalisation engine was a two-stage process focused on analytics first and content delivery second. The analytics engine was continuously running a multivariate data model taking in all the data points from the abovementioned sources (a combination of SAP customer relationship management (CRM), SAP.com and third-party augmented data sources such as Google search terms used, public profile data from LinkedIn etc) and calculating a 'best content recommendation' and 'lead score' for each individual in the programme. Content delivery was an automated e-mail and webpage rendering system which sent a regular stream of new content recommendations to each individual with links to their personalised version of 'Your SAP.com'. Thus, a retail-industry manager interested in supply chain would receive an entirely different series of content than would a banking manager interested in mobile security solutions (see Figures 1 and 2). The more the user engaged with these pages, the smarter the prediction would get, and the user would always see content that was new to them.

To meet the volume requirements of the personalisation programme, content spanned every available asset including videos, customer references, white papers, blogs, solution demos etc. To ensure an appropriate evaluation of the programme on a global level, it was deployed in Germany, Brazil, USA, India and the Middle East region. All deployments were

in local language and housed on the local versions of SAP.com dedicated to these geographies.

PERFORMANCE AND THEN SOME

The business-to-customer value proposition around driving a personalised digital experience held perfectly in the B2B space. Indeed, the aggregated results of the personalisation pilot exponentially outperformed anything SAP had previously put into market. That the impact was greater than forecast was likely due to a lack of digital innovation in the B2B tech space, that is, the novelty factor played a role, as customers were used to seeing the 'same old thing' in the B2B space.

The following results illustrate the impact nicely:

- click-through rate on personalisation e-mails: 350 per cent;
- interaction on 'Your SAP.com' website: 67 per cent;
- recommended assets downloaded from site: 28 per cent;
- return rate to 'Your SAP.com' website: 40 per cent.

To understand these numbers in context, one needs to understand that the typical conversion rates for a non-personalised digital campaign and web experience in the B2B space average 2–5 per cent (according to both SAP efforts and industry averages). Simply put, the web experience layer has outperformed every digital marketing effort SAP has previously deployed.

The final performance indicator is of course revenue. In this regard, the performance gains experienced at the web layer continued to be seen through the sales process, with *a full 33 per cent of registered customers* of the personalised web experience converting to new sales



Figure 1: 'Your SAP.com' built around a predicted interest for wholesale distribution

revenue as a result of the programme. The results outperformed the company's highest estimates and set in motion an entirely new strategic direction for the web properties, content and platforms at SAP.

LESSONS LEARNED

SAP's ambitions were bold when it embarked on the personalisation programme and by nature, so were the challenges and the eventual learnings of the effort.

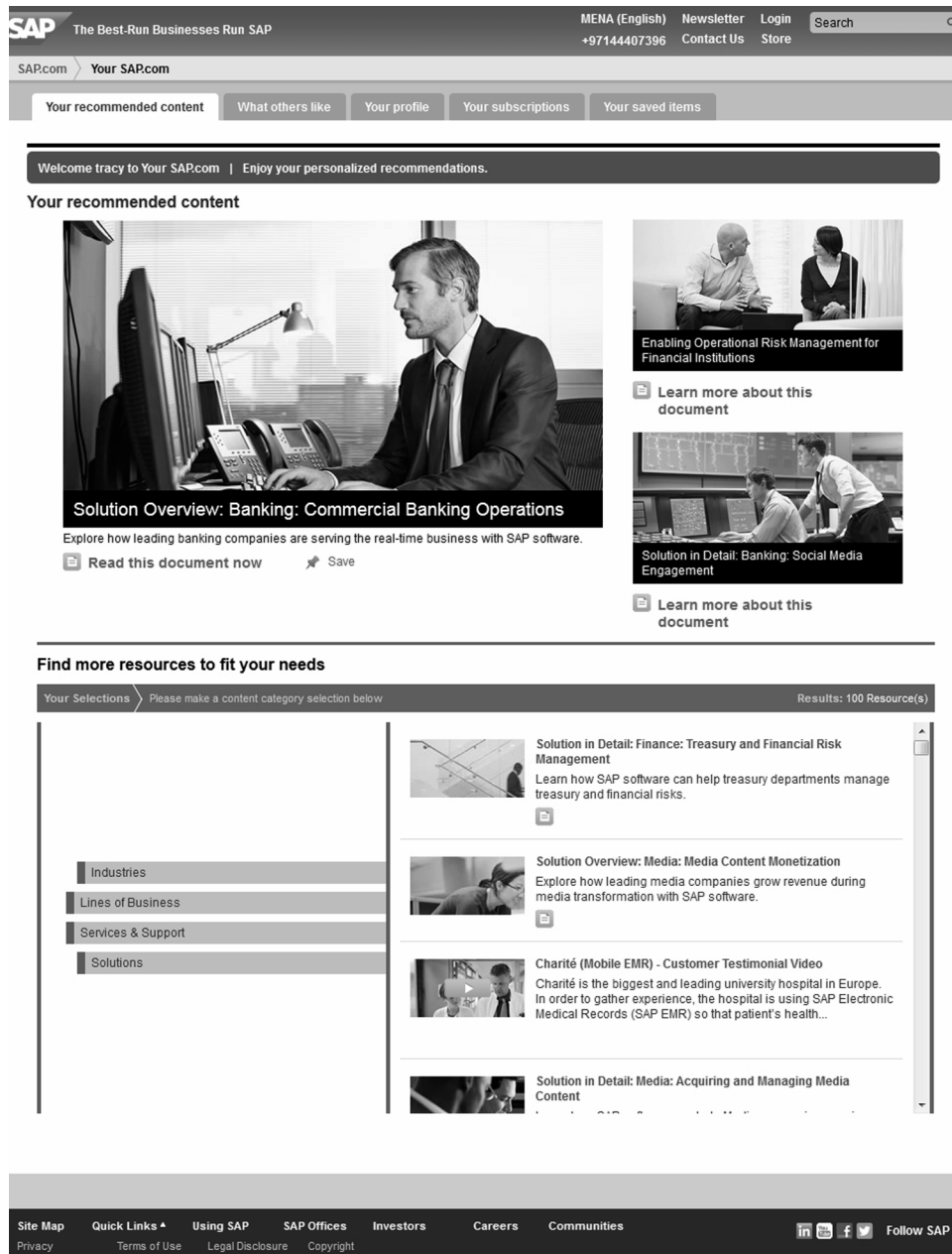


Figure 2: 'Your SAP.com' built around a predicted interest in the banking industry

Components required to drive digital personalisation

SAP identified the following components as essential to driving digital personalisation:

- *Data:* The information sources needed to drive relevant personalisation

spanned company and sales data from CRM (industry, location, purchase history, purchase dates and renewal timeframes), personal data on job position, line of business, interest areas, stage in buying cycle and role in buying process (eg decision-maker) in addition to third-party data across public profiles

(eg LinkedIn), cookie data on previously visited websites and Google search strings.

- *Analytical model:* A predictive multivariate statistical model is required to take the above data sources and the available content and make recommendations to the user based entirely on their likelihood of engaging more deeply and their propensity to become a sales lead.
- *Deployment landscape:* A new digital platform is required to run the analytical model continuously, adjusting for new data sources, content availability and stage in the customer buying cycle. Customers have different content appetites depending on whether they are early or late in their buying cycle; for example, customers who have just bought new software do not desire weekly content updates.
- *New marketing talent:* Across data sourcing, model development and technical deployment, an entirely new breed of marketing talent is required. This new and growing breed of talent looks nothing like a traditional 'marketing communications' skill set. The dearth of these skills in the market means that success depends on a combination of smart recruitment and leveraging agency partners.

Scale

Without fully realising it at the conception stage, the efforts to deliver a personalised digital experience for customers cut across almost every organisational silo in the company. From sourcing content, to deploying the analytics model, to the necessary IT development changes for existing web and e-mail platforms, to design, to reporting, to integration with the sales teams through SAP CRM etc, it took a village of people to build and deploy the programme at this level.

Readers will need to set realistic expectations on their own attempts in this space as even simple personalisation efforts require many disparate teams to work together. Success requires executive sponsorship, buy-in across marketing and sales leadership, and budget commitments spanning multiple planning cycles. As a side note, it is easy to see why one-shot campaigns, with lower performance results, will continue to be the norm across marketing organisations. The ease with which small teams can execute such campaigns makes them tough to beat for companies chasing short-term quarterly results.

Content, content and more content

It is impossible to overstate the content requirements of a programme designed to deliver a personalised experience to every unique customer. Marketing organisations typically think in terms of single messages updated gradually over time — consider, for example, a product overview, a new product announcement or promotional material for a specific product. Each of these is created once and traditionally would get refreshed on an as-needed basis, typically resulting in a slow-moving annual content update cycle. This means marketing material across key customer interest areas, such as the automotive industry, analytics solutions or cloud deployment, may change significantly only once a year at SAP. When comparing this with SAP's new customer value proposition — continual new content personalised to the customer's interests — the disconnect is immediately evident. The personalisation programme created a need for new content like nothing the company had seen before.

Closing the content gap is a never-ending task that requires entirely new approaches to sourcing and creating content. Depending on one's point of view, it also creates a vicious or virtuous

cycle, where more content allows for deeper levels of personalisation, which draws in more customers, which in turn creates the need for yet more content. To meet SAP's growing need for content, a four-prong process was employed to create 10–15 new pieces of content daily in support of digital personalisation:

1. *Evolve the current content model to become 'modular'.* Focusing on smaller, web-ready material as opposed to the traditional print-ready brochure-style approach, made it possible to have more marketing content available on a more frequent basis. This new approach created a regular stream of newly available content that worked in monthly and quarterly cycles, in lieu of the historical, annual refresh timeframes.
2. *Embrace user-generated content.* Social media, including the SAP Community Network, became a ripe source of new and dynamic content (eg comments, ratings, shares). This required the organisation to get comfortable with non-SAP authored content on the website, but with appropriate monitoring, the perceived risks of such content can be almost entirely mitigated.
3. *Leverage physical events for dramatic increases in rich media.* Customers find video to be some of the most engaging content on the web, yet marketers regard it as one of the most expensive and difficult forms of content to develop. Solution? Record physical events. Through recording the most significant SAP events (eg the annual SAPHIRE NOW conference brings together 20,000 participants across 300+ different topical sessions) SAP can create massive increases in the amount of rich media available to support online personalisation efforts for very little cost.
4. *Expand into alternative content.* It sounds almost heretical to ask an organisation to spend time and money creating

content that is not specific to the company or the solutions it develops. However, in the digital space, the competition for SAP's customers' time is not other software companies offering similar products (eg Oracle, Salesforce). The real competition is Wikipedia, Forbes and every other website focused on content aggregation. To win in this space, it was necessary to get topical, meaning devoting time to creating content around the broader subjects that our customers were looking for, such as, 'the power of big data to drive deeper customer relationships', 'leveraging cloud computing to lower CAPEX' or 'performance benefits of mobilising the workforce'.

The power of automation

After getting content sorted out, the digital platform developed, the analytical model and all the other elements required for the successful launch of the programme, something amazing happens: the programme runs — continuously. New customers are continuing to sign up and old customers are continually returning to engage with the content that has been recommended to them. This becomes a true always-on marketing engine that requires only the fuel of fresh content to run forever. While this seems like an obvious observation in hindsight, the power of automation was never truly understood until we kept seeing more and more sales leads and revenue coming from the programme without any additional effort.

Thus, one can make two comments on the return on investment (ROI) of digital personalisation, both of which can be used to justify marketing investment in a similar programme. In the short term — as borne out by the results of the pilot programme — digital personalisation demonstrates significantly better results than any traditional marketing campaign.

Considering the upfront costs, however, fence-sitters may be unconvinced that digital personalisation is the better choice. However, when looking at multi-year ROI, the programme becomes a no-brainer for marketing departments everywhere. While traditional campaigns require the same level of fixed investment year after year, digital personalisation requires this one-off up-front cost followed by budget for ongoing content maintenance only. Compared with annualised campaigns that require budget for new creative designs, media and imagery every year, the cost of maintaining content is minimal, and ROI can be exponential over a 2–3 year timeframe.

THE FUTURE: FROM KNOWN TO UNKNOWN

SAP's personalisation programme was originally targeted to active customers who were willing to register on SAP.com

and provide additional data points regarding their interests. While this approach provides the benefits outlined in this paper, it suffers from a significant handicap to growth: it is focused on the minority of SAP's website visitors — those willing to register. Across all of SAP's web properties, the highest registration rate seen thus far is approximately 10 per cent of visitors. This means that for personalisation to grow, the focus must be on the 90 per cent of visitors who are not registering when they visit. This is the holy grail of the company's efforts and where SAP is focused through 2014 and 2015. With advances in technology, specifically in the area of cookies, retargeting and reverse IP lookup at an identifiable company level, SAP is working towards providing a fully personalised website for users who have done nothing more than visit SAP.com. The sky is the limit when this begins and it is possible to deliver a personalised experience for every single person who comes to SAP.com.