



**BLUE MARTINI**  
SOFTWARE

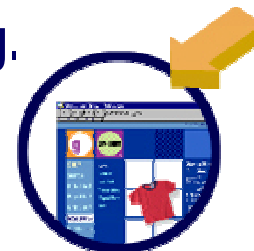
# Personalization Panel

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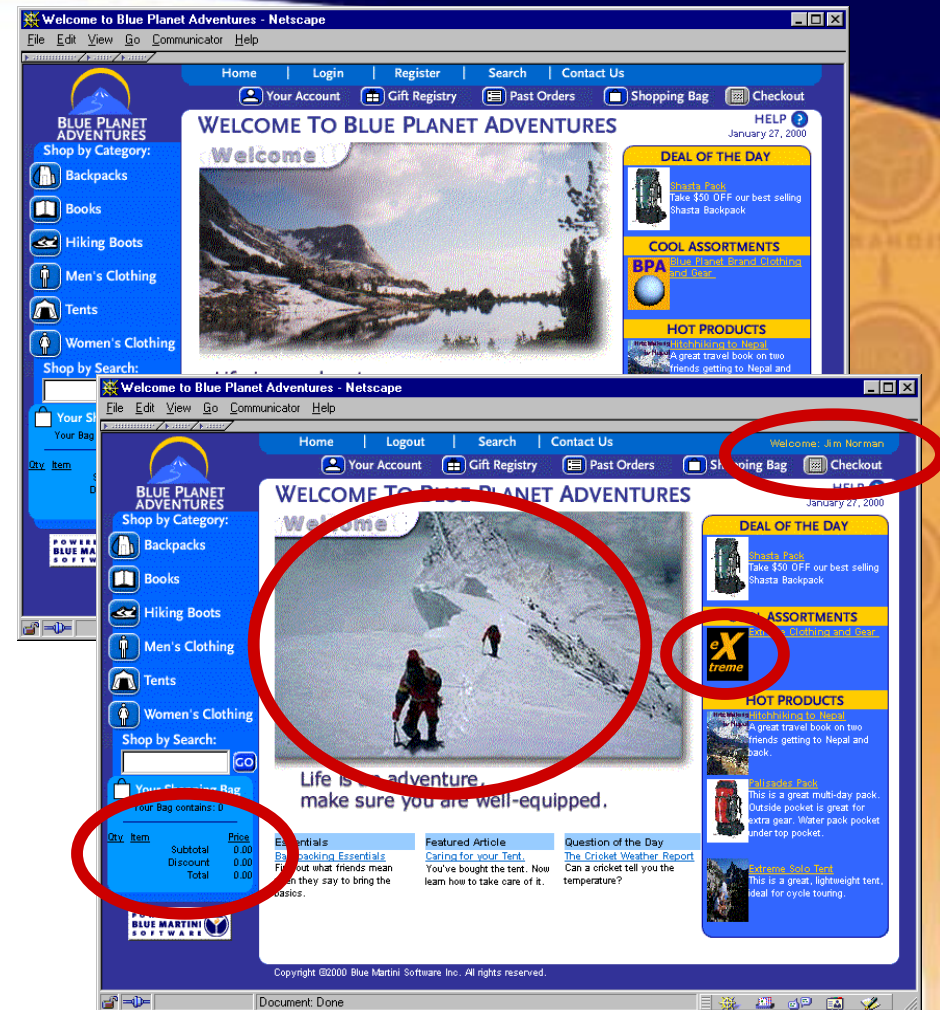
# What is Personalization?

- **Overused buzzword**  
Means different things to different people  
Like “meta,” it usually has good connotations
- **Modify the interaction with a customer**
  - **Not limited to web.**  
Interactions occur across all touch points, including call centers, brick-and-mortar, wireless, e-mail
  - **Customer may be anonymous**  
(e.g., non-registered first time visitor to a web site)
  - **Does not require “learning” or adopting.**  
Could be simply memorization



# Examples of Web Personalization

- Greet user by name
- Remember their last shopping basket
- Remember preferred shipping address and credit card
- Change home page image
- Change links (recommended assortment)



# Personalization Goals

- **Personalization may be designed for different goals:**
  - **Make the interaction easier**  
Things the user may be looking for are more accessible
  - **Increase sales**  
Tailored site will better target customer needs
  - **Save customer time**  
Goal-oriented sites help users come in, buy, exit (e.g., Patricia Seybold's customer.com book on Motorola)
  - **Increase loyalty and reduce churn**  
Competitors will not be able to personalize as well

# Personalization Steps

- **Personalization is a process**
  - **Data Collection**
    - What do we know about the user
    - What can we automatically learn (implicit)
    - What is the user willing to tell us (registration form)
  - **Creating a data warehouse for analysis**
    - Join additional data (e.g., syndicated data)
    - Transform collected data to ease analysis
  - **Data Mining / Knowledge discovery**
    - What is working, what is not
    - What segments are appropriate for personalization
  - **Take action**
    - Change the interaction

# Personalization Challenges

- **According to Jupiter research report**  
*The personalization chain - demystifying target delivery report*  
**July 2000, the biggest challenges are:**
  - **Understanding what content to deliver**
  - **Analyzing data**
- **Ronny's challenge: business users should:**
  - **Understand analysis results**
  - **Define action (personalize)**

**Today, these are too hard and usually left to experts**
- **Measurements**
  - **Little is done to measure personalization effects**
  - **Forrester's report on *Smart Personalization*, July 1999 claims that only 16% of respondents measure impact**

# Value and Privacy

- Personalization should be optional  
Users can opt-out
- Users will divulge private information when they see the value
- Economic value was shown

...the ready availability of real property data in the United States has resulted in significant savings for American consumers. Specifically, real property financing costs in the United States are about 2 percent less than in countries with restrictive data policies [about 25% relative]

-- Jennifer Barrett, *Consumer Privacy Looms As A Key Issue*



# Summary

- **Personalization is a key differentiator**
- **Personalization is a continuous process**
- **Different goals require different types of personalizations.**  
**Not all are related to data mining or learning but some certainly do relate**
- **Multiple touch points, not just web**
- **Challenges**
  - **What to personalize**
  - **How can business users understand and act**
  - **Measuring effectiveness**
- **Privacy is important. Users must see value in exchange for private information**

Next