Embracing Personalisation and Humanisation in digital selling strategies

GIFTS

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OK, and how important are these features?

Camera quality

Not important   Essential

Battery life

Not important   Essential

Water resistance

Great, we'll focus on Apple. What will you regularly use your phone for?

Calls and texts

Browsing and emails

Messaging apps

Streaming music

Streaming TV and video

Gaming on the go

Maps and GPS

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"online shoppers now expect an engaging buying experience"

Delivering an exceptional digital buying experience has been mission critical for online retail since the earliest days of the internet. And with a major shift from the high street to online buying initiated by the Covid-19 pandemic, today's consumers are demanding even more – online shoppers now expect an engaging buying experience that is not only slick but also makes them feel like they've been listened to, and can offer tailored assistance as a result.

Essentially, they are seeking a top quality high-street experience from the comfort of their own homes.

Two features in particular play key roles in superior digital selling experiences: personalisation and humanisation.

They have changed the face of online selling, which now involves everything from recommendation engines and innovative UX, to micro-personalisation and the rise of bots and chat apps. Get personalisation and humanisation right, and you open the door to the ultimate digital selling experience – a cross-channel platform that builds customer confidence and speaks their language, with personalised messaging and intelligent recommendations that adapt to their needs in real time. Get these two elements wrong, however, and you risk losing customers to your competitors.

This white paper explores personalisation and humanisation as crucial layers within the digital sales experience. It enquires whether or not we can rely on human intuition when developing humanised sales strategies, and examines the role of deep psychology in successful and robust sales experiences. Using the 15gifts approach as a case study, it explores how deep psychology can underpin a digital sales strategy to deliver an exceptional customer experience in the real world.
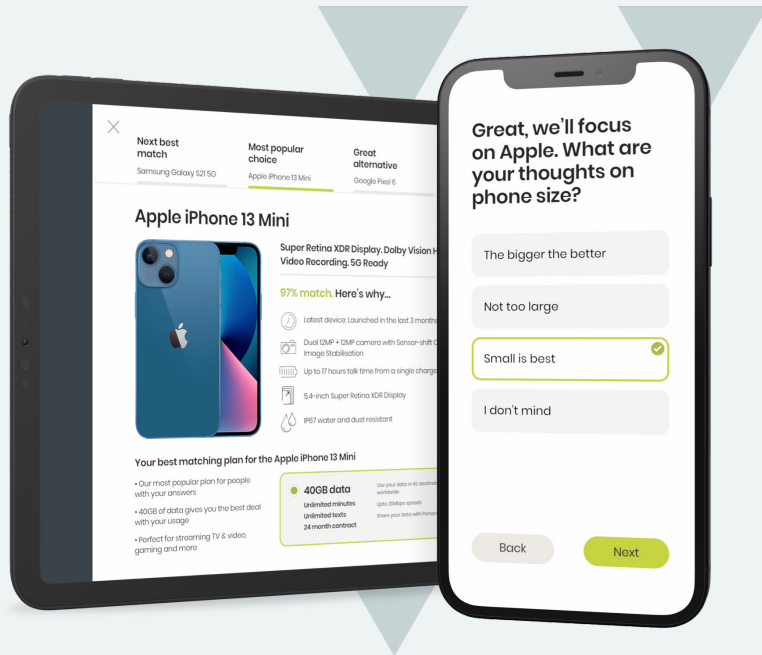
Why personalise?

The ultimate goal is to be the best at boosting immediate sales while delivering an outstanding customer experience – one that makes customers feel listened to and understood. But what works for one customer won't necessarily work for another – an exceptional digital sales experience is by no means one-size-fits-all. That's why personalisation is essential.

Far from a new concept, the big online brands are old hats at personalising their digital sales processes and, as a result, it's something that customers have come to expect – things like showing personalised offers, recently viewed items and recommendations based on your location, demographics or purchase history are now considered the norm in online shopping:

RedPoint Global survey noted that 63% of customers now expect personalisation as standard.[1]

Companies that are leading the game have either invested in their own personalisation strategies or have outsourced their requirements to experts. They build rapport through tailored messaging and use machine learning to recommend personalised product suggestions that are based on the customer's online behaviour. They are also able to push key products and create higher visibility for products that are most likely to resonate with the customer.

Example of how one customer uses a series of questions to offer a personal phone recommendation with a match score, which relates to the answers they gave in the question journey

This type of online personalisation has a host of benefits and has been proven to increase individual spend, encourage repeat purchases and build brand loyalty – according to global marketing experts Epsilon, 80% of shoppers are more likely to buy from a company that offers such an experience[2], while leading market research company Forrester revealed that 77% of consumers have chosen, recommended or paid more for a brand because of its personalised experience.[3]

[2]https://www.epsilon.com/us/about-us/pressroom/new-epsilon-research-indicates-80-of-consumers-are-more-likely-to-make-a-purchase-when-brands-offer-personalized-experiences
[3]https://www.slideshare.net/TrackIF/forrester-webinar-individualization-versus-personalization

Connecting on a deeper level:

Introducing humanisation and anthropomorphism

No matter how effective a personalised online experience is, there is one aspect of traditional in-store selling that many digital platforms still struggle to compete with: real people. It stands to reason that shoppers respond better to human interactions than cold algorithms, and the natural relationship-building process achieved through such interactions can increase brand awareness and customer loyalty to a whole new level. The most successful sales experiences, in terms of both effectiveness and customer satisfaction, are delivered to a human by a human – so it makes sense that the next layer of online personalisation should aim to recreate this experience through humanised digital sales assistants.

The idea of attributing human traits to nonhuman entities is known in the world of psychology as anthropomorphism. It's an approach that can be applied to anything, from products and brands to user interfaces, like conversational agents with human traits. Anthropomorphism has long been exploited in marketing contexts, and has influenced the creation of brand mascots and the design of certain products both online and in the real world – have you ever noticed that some cars have friendlier 'faces' than others?

Rather than being based on evidence, initial attempts at making products and marketing tools appear more human-like arose from intuition – a gut feeling that people are likely to react positively

to human-like entities. To explore this, Yang, Aggarwal and McGill reviewed ten years of consumer research on anthropomorphism and, on an initial glance at the evidence, the intuition that consumers prefer human-like entities appears to be confirmed: anthropomorphised entities are perceived as warmer and more competent, making consumers interact with them differently.[4] In addition, a study carried out by Powell, Roberts and Nettle revealed that by simply attaching fake eyeballs to a supermarket donation bucket, collections increased by 48 percent.[5]

Similarly, it has been found that anthropomorphised agents can offer a sense of belonging and social connectedness to consumers – a feeling that, presumably, is more important than ever in a world where people are increasingly working from home and engaging less in 'real life' social activities.

Can you over-humanise?

Based on the success of early attempts at humanisation, it appears that relying solely on intuition could be an effective approach to humanising the online sales process. As humans ourselves, we are, afterall, experts at being human are we not? However, a closer look reveals that the concept of humanisation is far more complex than that.

Several leading psychologists and academics agree that there is a real risk of over-humanising which can, in some cases, have a detrimental effect: although the review by Yang, Aggarwal and McGill revealed some positives, it also shed light on how anthropomorphism can backfire. When consumers feel that an anthropomorphised entity, like a digital assistant, reduces their

autonomy, this negatively affects the interaction; the digital assistant may even be perceived as a threat to the consumer's goals.

Consumers often use systems like online decision aids to offload some cognitive effort, yet they do not want to surrender their autonomy entirely – they still want to take an active role in the process. Therefore, even if, from a technological perspective, humanised digital systems could take over certain tasks from consumers completely, it does not mean that they should.

Other research suggests that overly-humanised avatars and virtual assistants can be off-putting and, at worst, can result in an emotional response known as the 'uncanny valley' – a feeling of unease, eeriness or revulsion in response to the humanised entity. A study by Ciechanowski, Przegalinska, Magnuski and Gloor revealed that the more humanised a chatbot is, the creepier the interaction is perceived to be.[6]

What are you doing Dave?

"the more humanised a chatbot is, the creepier the interaction is perceived to be."
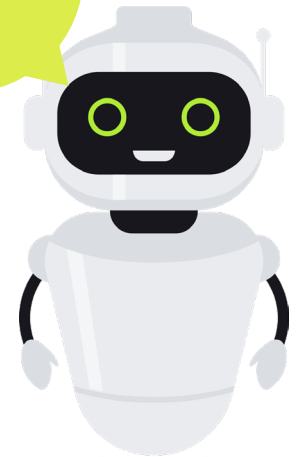
[4]Yang, L. W., Aggarwal, P., & McGill, A. L. (2019). The 3 C's of anthropomorphism: Connection, comprehension, and competition. Consumer Psychology Review, 3(1), 3–19. https://doi.org/10.1002/arcp.1054
[5]Powell, K. L., Roberts, G., & Nettle, D. (2012). Eye Images Increase Charitable Donations: Evidence From an Opportunistic Field Experiment in a Supermarket. Ethology, 118(11), 1096–1101. https://doi.org/10.1111/eth.12011
[6]Ciechanowski, L, Przegalinska, A., Magnuski, M., & Gloor, P. (2019). In the shades of the uncanny valley: An experimental study of human–chatbot interaction. Future Generation Computer Systems, 92, 539–548. https://doi.org/10.1016/j.future.2018.01.055

Despite the potential negative effects of humanisation and the pitfalls of relying solely on intuition, this by no means suggests that a strategy of humanised user interfaces is a bad one – on the contrary, the positive effects could transform online customer experiences to make them more engaging and, ultimately, more successful. Steven Walden, Senior Head of Research at Beyond Philosophy outlines the huge potential that exceptional customer experiences can offer: **"It is about seeing the experience, feeling wowed by the experience, having that feeling embedded in memory, and creating the emotional connection that makes the customer want to return and stay with that company in the long term – in effect, creating loyalty."[7]**

Succeeding in each and every one of these elements requires real skill and a rich understanding of the human mind, consumer behaviour, and how external influences affect how people think, feel and act. This is why the most forward-thinking companies apply psychological principles to deliver their customer experiences. They see selling as an intricate art, honed through the study of human behaviour and driven by core psychology.

The starting point for understanding this art is, of course, in the most tried and tested domain: the in-store experience. By analysing and understanding the psychological strategies used to create exemplary in-store experiences, we can apply this thinking to digital sales, UX design decisions and other channels, thus creating an informed, intelligent and robust foundation on which to build the holy grail of today's sales and marketing strategies: a seamless omnichannel experience.

Unraveling the art of digital humanisation

Once we have established some basic principles for successful selling, such as the potential power of anthropomorphism, we need to explore how these ideas behave differently within in-store, digital, and other spheres. To better understand the psychological drivers behind digital humanisation strategies, Go and Sundar's research into the humanisation of chatbots examined the factors that increase perceptions of humanness in digital assistants.[8]
They put forward that there are essentially three ways of doing so:

Visual cues

eg. using human-like figures such as avatars

Identity cues

eg. using human names such as Alexa and Siri

Language-based cues

eg. mimicking human language and interactive conversations

[7]https://hoffmanmarcom.com/ama/white-papers/White%20Paper%20Neuroscience%20what%20drives%20cust%20descisions.pdf
[8]https://pennstate.pure.elsevier.com/en/publications/humanizing-chatbots-the-effects-of-visual-identity-and-conversati

Their research found that visual and identity cues were only effective if the agent 'behaved' like a human as well. While visual cues alone may be enough to achieve positive effects through physical products (like cars or charity collection buckets), you need to go beyond this in the digital world. This is where language cues, which could be used in isolation or in conjunction with visual and identity cues, are key.

When using language as an agent for humanisation, most company-consumer interactions are facilitated by conversational agents such as chatbots or a guided selling process. When consumers converse with bots or assistance platforms, their evaluations are strongly influenced by an important aspect of human language: interactivity. And one of the main features of interactive conversations is contingent responses – ie. responses are contingent upon what has previously been said. This back-and-forth that is a natural part of human-to-human interactions is less common in human-computer interactions, which have, historically, been linear.

Go and Sundar revealed that contingent interactions do not only have positive effects in terms of consumers' evaluations of the agent they are interacting with, but it also improves their evaluations of the respective website as well as their intentions to return. To achieve this interactive quality, the digital humanisation process needs to be adaptive. Go and Sundar note that the more an agent's responses adapt to what a consumer says, the more interactive, and hence human-like, the conversation is perceived.

A psychology-led approach in practice

How then, can a psychology-led approach to digital selling be applied in the real world? As with any selling experience, a psychology-led approach should always be customer driven. Guided by proven psychology principles, a strategy with each customer's goals at its heart can start to deliver truly personal and humanised journeys that adapt to the needs and motivations of the customer.

The 15gifts guided selling engine crafts personalised, interactive and adaptable conversations between businesses and customers. We work with consumer psychology specialists at Sussex University and the Vienna University of Economics and Business. For more than a decade we've been researching the psychology principles that make face-to-face selling so successful, and building engines that replicate this art in the digital world.

Backed by proven psychological principles, our approach to digital selling hinges on five core elements. The approach is fluid, and continually reviewed and adapted in response to market changes and new psychological insights. While by no means exhaustive, our five key elements reveal a cross-section of the core principles that underlie how a business could approach customer buying experiences from a strong psychological foundation.

In partnership with:

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US UNIVERSITY OF SUSSEX

1. Engage

Customers are more likely to engage if the offer of assistance aligns with their goals – someone who is shopping for dog food, for example, won't respond positively to an assistant who tries to sell them birdseed. Similarly, no online customer wants irrelevant advertisements or an annoying virtual assistant blocking their view before they've had time to browse. Therefore, it is essential that customers are engaged at the right time, with the right message.

In practice:

When applying this idea in the real world, we need to first understand each consumer's goals and knowledge gaps. The 15gifts engine does this by monitoring the customer's behaviour on a site and building up a set of behavioural traits which can be used to create a tailored engagement strategy. As a result, each conversation can begin with a personalised message that aligns with the customer's goals eg. I see you're looking at Samsung phones. Need some help choosing the right one?

66 Find the perfect Samsung to meet your budget of £36 **99**

Supporting psychology:

Goal priming

A customer is only likely to act when they have an aligning goal. For example, an "Eat Popcorn" ad at the cinema will only impact customers who are hungry. In order to align with these goals and gain their trust, we need to understand their motivation.
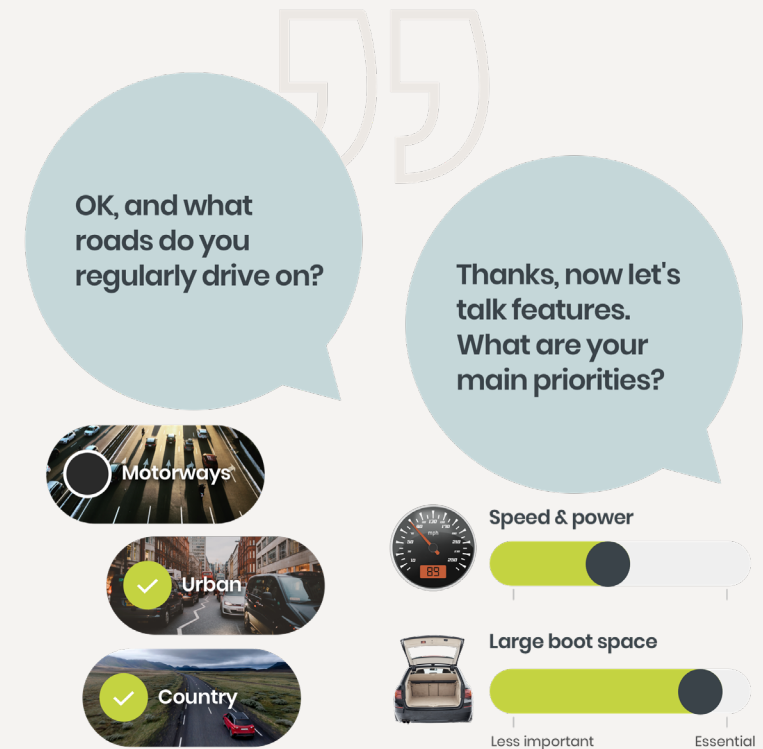
Information Gap Theory

When people identify a gap between what they currently know and what they would like to know, they're motivated to seek further information. To keep consumers engaged, it's necessary to identify this information, then present it at the right time.

2. Interact

Customers who fully engage in a conversation are more likely to complete the process and make a sale. This idea is known as the Endowment Effect – the more a consumer engages in a sales process, the more likely they are to finish it. It also builds on Go and Sundar's research into language cues, which highlighted the importance of interactivity.

In practice:

The 15gifts engine creates a naturally evolving conversation that is contingent on previous answers and adapts according to the user's responses. It asks a few questions to find out who they are, then tailors a journey to suit. Mirroring the tone of everyday language, the engine aims to build trust and confidence, resulting in an average journey completion rate of 92%.

OK, and what roads do you regularly drive on?

Thanks, now let's talk features. What are your main priorities?

Motorways

Urban

Country

Speed & power

Large boot space

Less important   Essential

Supporting psychology:

Mirroring tone

Rapport can be built during a conversation by subtly mirroring aspects of the other person's verbal behaviour and tone.

Foot in the door technique

Once a customer has agreed to a small request, they are more likely to agree to a larger request.

Endowment effect

The more a consumer is engaged in a sales process, the more likely they will be to finish it and buy the product.

3. Recommend

A customer is more likely to purchase if they receive a personal recommendation.

To achieve this goal, we need to find reliable ways of discovering each customer's motivations. In-store assistants do this by learning more about both their customers and best-selling product sets, and improving over time – a process known as Social Learning Theory (learning through observing others' behaviour, attitudes and outcomes).

In practice:

15gifts uses intelligent algorithms to understand each customer's underlying preferences and behaviours. We then cluster these with similar and known customers, allowing us to present products with the highest conversion rate for like-minded people.
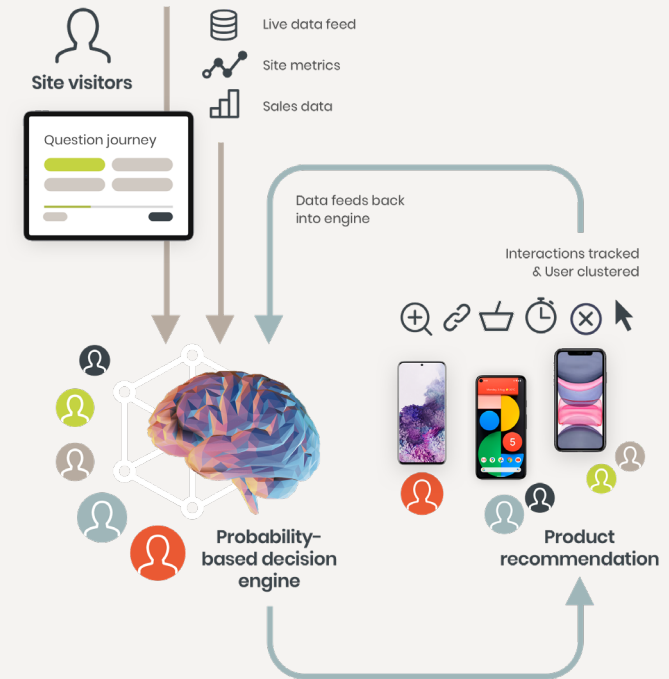
Supporting psychology:

Intrinsic motivation

When a consumer is offered products that meet their motivations, the likelihood of a sale increases. With this in mind, finding reliable ways to understand each customer and discover what's driving them is essential

Social learning theory

People learn through observing others' behaviour, attitudes and outcomes: "Most human behaviour is learned observationally through modelling: from observing others, one forms an idea of how new behaviours are performed."
Albert Bandura, Social Learning Theory

4. Build confidence

Customer confidence is a key element throughout the selling process, and is built organically through strategies such as language mirroring and personal recommendations. However, particularly towards the end of the sales process, there are times when customer confidence needs a more obvious boost.

Communicating the 'why'

Customers make confident buying decisions and have greater confidence in product recommendations when they feel they've been listened to and understood. Paraphrasing is a proven way of achieving this – repeating back the information supplied by the customer,

In practice:

During the course of each online conversation, the 15gifts engine gathers an accurate set of traits about each customer, including their decision drivers and motivations. This information is paraphrased to reinstate the buyer's needs, and provide compelling and personalised USPs that explain why the product recommendation is a good match.

97% match

EOS 4000D

Here's why...

Captures the HD video you asked for	Wi-fi connected	The zoom lens you said was essential
Full HD EOS movies Cinematic1080p	Pass images straight to your computer	EF-S 18-55mm

Supporting psychology:

Paraphrasing

Confidence in a recommendation can be increased by reaffirming and reinstating the information given by the customer. This demonstrates that they've been listened to, captures what was said and shows understanding.

Intrinsic Motivation

When a consumer is offered products that meet their motivations, the likelihood of a sale increases. With this in mind, finding reliable ways to understand each customer and discover what's driving them is essential.

The Yale Attitude Change Approach

This renowned Yale University study explores changing attitudes in response to persuasive messages. Conducted in the 1940s and '50s, one of the study's key findings was that the most effective messages veer away from obvious persuasion. Numerous other studies have since backed this up.

Social Proof

A consumer's likelihood of purchasing can be heavily influenced by others. The extent to which this is felt can depend on the level of uncertainty a consumer feels, the volume of people enacting the behaviour and the level of affinity a consumer has with those people.

In practice:

Because each recommendation is the highest converting product across like-minded customers, the 15gifts engine is able to provide data-backed social proof which reveals how popular the product is with similar customers eg. Customers with your answers choose Unlimited Plus.

★★★★⯨ 4.8

97% of people who play online games and want a long battery life choose the Samsung Galaxy Tab S7

Supporting psychology:

Social proof principle

If a consumer is unsure about making a purchase, they are particularly susceptible to being influenced by others. This is heightened if they feel a sense of familiarity with those enacting the influential behaviour.

Conformity theory

A consumer may change their behaviour in order to conform to a particular group – even if they feel strongly that it is not their preferred behaviour.

5. Targeted selling & upselling

Conversion can be improved by using personalisation to filter out irrelevant products. Core to this idea is the Paradox of Choice effect – too many choices can reduce the likelihood of making a decision, and increase dissatisfaction and anxiety.

The same is true for upsells – consumers are more likely to buy an additional product if they are presented with a limited and personalised set of options. Insurance and accessory take-up rates, for example, are far higher in retail stores than online. This is because in-store assistants can personalise the offering, bringing a targeted option into conversation at just the right moment.

In practice:

The 15gifts engine replicates this craft by using traits data from the customer's conversation to reduce and personalise the choice. For the primary product, only three of the most relevant products are recommended.

Similarly, personalised upsell offers are influenced by traits data, and are displayed just before going through to the basket. During a recent trial, the engine drove an uplift in insurance sales of 59% when compared to the control group.

Gamers like you add Razer Blackshark v2 headphones

ADD Razer Blackshark v2
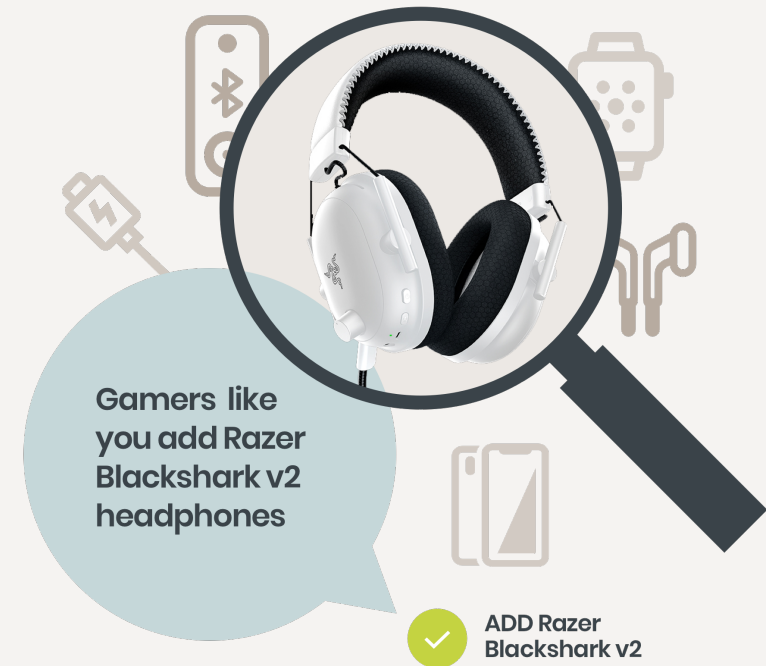
Supporting psychology:

The paradox of choice effect

An excessive number of options can be overwhelming, and can reduce the likelihood of a sale. Consumers are also more likely to regret a decision if they're faced with a large number of options during the decision cycle.
To increase the likelihood of making a sale, it's important to offer a focused and simplified set of choices.

6. Autonomy and context

When it comes to making that final decision, it's important that consumers are given the right level of autonomy – as highlighted earlier through the study by Yang, Aggarwal and McGill. In order to confidently make a purchase, they need a degree of choice and enough information to make an informed decision.

In practice:

The 15gifts engine puts the final decision in the hands of each customer. Their 'perfect match' is framed with alternatives that have proved effective at building confidence in the primary recommendation. Personalised comparison is provided by displaying tailored USPs and match scores for each option, helping them to make that final decision with confidence.
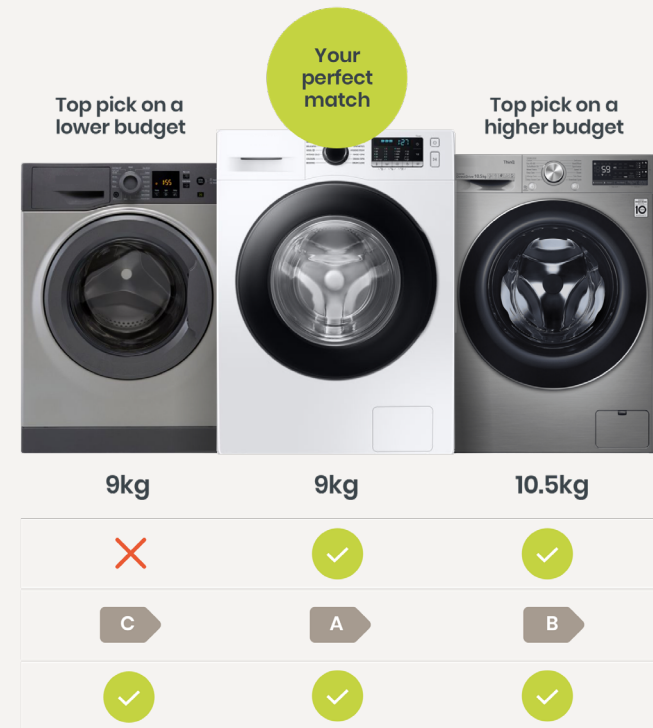
Supporting psychology

The Goldilocks Technique

Customers are persuaded to choose a middle option when it is positioned between a more expensive option that they may not need, and a cheaper option that doesn't fully meet their requirements.

Contrast principle

When consumers make decisions, they tend to compare the primary item with reference items. It's difficult for consumers to make confident decisions without having experienced a comparison.

Should you start hiring more psychologists?

Armed with a solid foundation of psychological knowledge, companies are better placed to compete within the complex and competitive world of digital selling. An understanding of key concepts like anthropomorphism can provide insights into how the missing human element in many online customer experiences could be compensated for, and core digital strategies, such as personalisation and humanisation, can be approached with an informed, intelligent and structured approach.

Psychological insight can also shed light on why different approaches fail or thrive, and can help businesses avoid major pitfalls like over-humanisation and lack of consumer autonomy. An in-depth understanding of consumer psychology allows us to better understand our customers' actions and behaviours – an insight which can provide businesses with the tools they need to influence online behaviour and, ultimately, drive an uplift in sales and brand loyalty. With this in mind, should every company start hiring psychologists as part of their digital teams?

Picture every online customer experience team you've encountered. There are marketers, coders, data scientists and customer service specialists, but have you ever encountered a psychologist? Although psychology professionals are scattered throughout research and insight functions – and a background in psychology is increasingly being seen as an acceptable route into UX – they remain a scarce commodity in digital teams. This feels like a missed opportunity.

Businesses have built powerful data science functions, which reveal how customers interact with the digital sales process. This provides information about what users are doing and gives an insight into different behavioural patterns. However, when it comes to figuring out why users are doing certain things and why certain patterns exist, a solid understanding of the human mind is far more insightful than relying on data alone.

Understanding why users behave the way they do helps drive even more value from the data companies have at their disposal. Our experience at 15gifts has taught us that if you have a theory about the 'why', an in-house psychologist can test it and generate insights into the psychological processes that drive particular consumer behaviours.
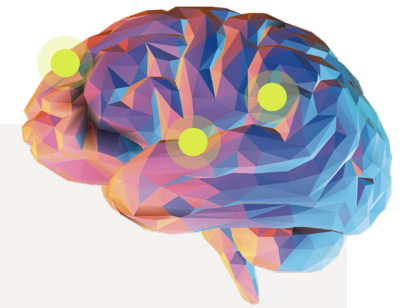
So, in a world where customer experience is increasingly a core competitive advantage, perhaps it's time that more businesses start either bringing psychologists on board, or working with other companies that have psychologists as a core part of their team.

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