



# Tahzoo.

## Digital Personalization

A Learning Models-Based Approach for  
B2C Marketing

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## Executive Summary

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In a real-world setting, a salesperson would size-up a new prospect walking in the door and within seconds begin to tailor the conversation to that person's needs. In the digital world of e-commerce and automated marketing, the union of data and content management technologies is allowing companies to replicate that salesperson's ability to tailor the conversation to the prospect at hand, delivering different content to each digital customer based on data insights.

At Tahzoo, we call this personalization. We are mirroring the human-to-human sales interaction in an online sphere to turn what was once a one-way and one-size-fits-all approach to digital content and digital marketing into a true, two-way conversation between brands and their customers. We are giving our clients—many of whom are in the FORTUNE 500—the agility to adapt their marketing messages on the fly to reach deeper, more meaningful relationships with their customers.

In the digital customer experience (CX) world, personalization is defined as the ability to provide content (words, images, video, and audio) to a specific customer based on real-time data about that customer, including their age, location, search history, and other “data insights” that can drive a richer and more personally targeted customer experience.

The impact of personalization will be particularly significant in the relationship-based business-to-consumer (B2C) space. The technologies for delivering highly nuanced personalized content and the data needed to pinpoint customer preferences are well established and proven to deliver business results through greater contextual relevancy, conversion rates, and long-term customer loyalty.

The technical infrastructure necessary to support the goals of personalization across all digital channels is available and will be imperative to market leadership and commercial viability in the industry for the foreseeable future.

While personalization technology has advanced, the growing gap between truly relevant customer experiences—what Tahzoo refers to as “Responsive Experiences,” which adapt content to the user based on data gathered about the user—and the standard one-size-fits-all content model, most common in business-to-consumer sales, is revealing a fundamental weakness in the ability of some firms to sell their products in the digital realm.

Tahzoo likes to frame the disparity by asking a single, provocative question: what would happen if a human sales representative were as bad at selling office equipment, laptops, or even copy paper as the majority of today’s B2C websites? The answer is simple: they would be fired.

For far too long, marketers have gotten away with being terrible salespeople online because they are insulated by the law of large numbers—if they churn through enough people, eventually some portion of them (usually a minute portion) will convert to customers. Volume is the name of the game, but volume is also tremendously expensive, inefficient, and ineffective for company and customer alike.

While our ability to know the customer through data insights is better and more powerful than ever, and the technology is now sophisticated enough to make the dream of true personalization a reality, there is more to the arithmetic of marketing than mere data and technology.

Tahzoo believes that much of the fault for the sorry state of online selling falls at the feet of companies’ poor understanding of how their customers become educated about their products and services. What more is selling than education, after all? And who better to learn about education than educators?

For inspiration in transforming the digital customer experience into something truly revolutionary, we turned to a trusted principle of education theory known as Learning Models, a theory first developed by the academic Robert Gagné in the 1980s.

In this white paper, Tahzoo marries Gagne’s “Learning Models” principles and digital personalization to unite these disparate pieces into a

comprehensive digital customer experience model that describes:

1. How customers think about their own business problems and potential solutions
2. The step-by-step process—the learning model—for educating a prospect through digital channels
3. How to gather insightful and accurate data about those customers
4. The technology to deliver relevant customer experience to sell better in the online setting

To remain relevant to today's digitally driven B2C customers, the industry must move toward greater personalization. If today's industry leaders don't take up charge, another service will surely find a better way to meet the needs of these customers. The B2C space is ripe for disruption.

Is there an iPhone or an Amazon awaiting the B2C space? That remains to be seen. But, if there is, such a competitor will surely emerge from the shadows of data-driven, technology-enabled, and customer-centric personalization.

To effectively communicate relevant and personalized content—not merely to present it—to drive consumer decision-making means that the floodgate to personalized content must be opened, but firms must first invite consumers to explore all their options through a process of self-education. In this paradigm, the mere presentation of information must progress from mere fact-finding to a real and lasting conversation between customers and companies.

When this happens—when Learning Models and digital personalization are truly aligned—then and only then will B2C customers be both engaged and educated. And that's when great things can happen.

# Introduction

In a recent survey of 101 senior marketing leaders, Forrester found that 7 in 10 respondents (>70 percent) believed that “personalization can have a significant or very significant impact on customer retention rates [75 percent], customer lifetime value [75 percent], customer advocacy rates, and promotion conversion rates [71 percent].” Despite this, only 14 percent of those same respondents are actually delivering personalization across channels<sup>1</sup>. Meanwhile, Gartner reports that realtime personalization based on consumer behavior produces ten to fifteen times the response rate of static content<sup>2</sup>.

From retail to consulting, all across the business world companies are firmly betting on customer experience management (CXM). CXM is the effort to personalize messages to customers and prospects using a potent blend of big data insights into the customers’ demographic and psychographic profiles, meshed with sophisticated technology to improve the online/mobile customer experience. While the business-to-consumer space has been slow to take up the charge, market trends and technical advances stand to reshape the status quo.

In face-to-face meetings with prospective clients, no successful sales rep would speak to every customer in the same manner. The same applies in the digital realm. Now, the technical facility exists to make such subtle, real-time content delivery choices possible via web, mobile, social and other digital channels. Personalization is key to avoiding the industry

practice of marketing to audiences who have very different needs, pain points, and aspirations.

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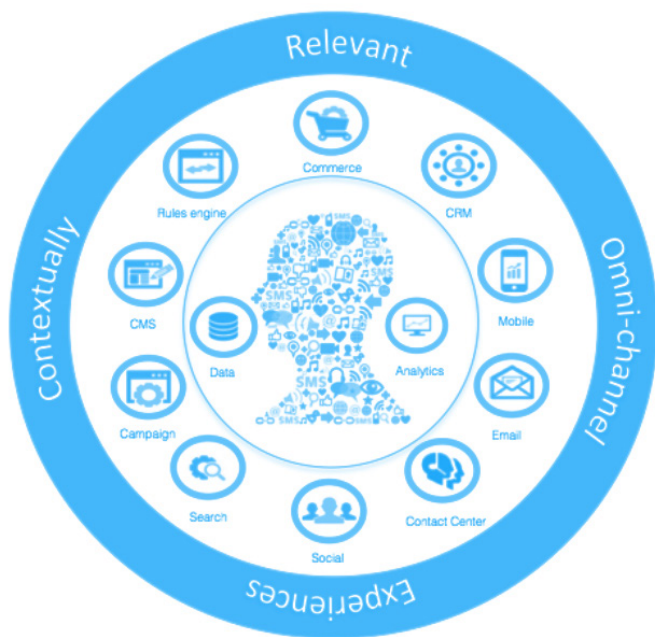
Senior marketing leaders said personalization could have a significant impact on customer retention, lifetime value, customer advocacy, and conversion rates.

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1. “Delivering New Levels of Personalization in Consumer Engagement,” Forrester Research, November 2013.

2. “Assessing the Characteristics of a Real-Time Integration Architecture to Match the Speed of Your Business,” Thoo, Eric; Friedman, Ted; Gartner, inc., 2013.

## The delivery of customer experiences that reflect personal preferences expressed in explicit, implicit, and enriched customer data collected across omni-channel interactions



Seen another way, the business of all companies is converting prospects into customers through trust. The customer is buying trust as much as they are buying a product. That trust, in the digital sphere, was made possible by the content crafted and provided by the company. Content, therefore, results directly in new customers.

Personalization and personalized content, therefore, are key to establishing and nurturing those relationships, and digital platforms can then be more correctly viewed as revenue centers. Personalization is an e-commerce engine.

## Trends Point to a Digital Future

In many ways, the sales business is about understanding a user's journey from prospect to customer. More than ever, this journey is happening digitally. Many companies are already investing in "digitally transforming" their customer experiences and building more profitable, long-term relationships with their audiences. It is therefore surprising that so many companies are lagging in personalization. This shortcoming leaves a window of opportunity for enterprising companies to reshape themselves and their industries.

The companies that get there first will have a significant market advantage. This has win-win implications for both consumers and companies and it is fueling an "arms race" in the industry. The race is to deliver customer experiences that are connected across all digital and real-world sales channels to provide relevant information that addresses both the company's and the consumer's needs.

## Building the Business Case for Personalization

The business case for personalization is simple. Rather than CEOs and CIOs asking: "What will it cost?" they should instead focus on a less common, but no less challenging question: "What is the price of not personalizing?"

While examples of personalization's transformative effects are few in the B2C space —owing to the relative dearth of companies who use personalization today—the retail industry provides ample examples. For instance, UK fashion retailer Asos recently

logged spectacular results: sales jumped 27 percent year-to-date on a 37 percent increase in marketing spend—all despite a weakening Euro proving a drain on international profits<sup>3</sup>.

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Don't ask: "What will it cost?"  
As a more challenging  
question: "What is the price  
of not personalizing?"

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Citing increased customer desire for quality over quantity, Asos credits the revenue increases largely to personalization efforts such as the company's "As Seen On Me" feature that allows online customers to view styles on images of themselves before purchase, as well as to a new loyalty program. In the fashion corollary to the sales rep, Asos customers are able to "follow" favorite stylists, which Asos managers describe as a form of "editing through the choice." Soon the company will add recommendations and personalized product ideas based on previous browsing and shopping data.

"Browsing through thousands of products is not what our customers want to be doing. Our customer base needs and wants inspiration so we have to [deliver a subset] that is relevant to them personally," one Asos executive added. He could just as easily have been talking about business-to-consumer marketing. The companies who commit to similar business and technology transformations will triumph in the marketplace. These companies will anticipate shifting customer needs and deliver better

## Profiting from Personalization

### Improving loyalty generates revenue

Improving the customer experience is estimated to raise revenues.

### Increase conversions

46% of users say that they are more likely to make a purchase from a website that is personalized for them.

### Personalization and relevancy drive loyalty

50% of users will return to a website if it is personalized and relevant.

Source: Forrester Research

customer experiences that attract new, loyal audiences at the expense of less customer-centric companies.

The business-to-consumer services industry is a challenging environment in which to build trust. Buyers on the other end are, after all, placing their careers and more in the hands of their chosen vendors. They are understandably cautious. For the B2C vendor, the process of converting a prospect who may be aligned with another vendor into new customer can take months or even years to accomplish.

In the digital world, personalization presents the very real opportunity of "knowing" who is viewing content and to tailor messages to each viewer.

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3. "Asos dials up personalization," Marketing Week, October 21, 2014, <https://www.marketingweek.com/2014/10/21/asos-dials-up-personalisation/>

## Learning Models—Tahzoo’s Approach to Data-Driven Personalization

Understanding that personalization in B2C commerce will be the wave of the future, how then do we improve our knowledge of the customer’s needs and our ability to make important and valuable connections with them through content?

The key piece of the personalization puzzle in Tahzoo’s approach is the exchange of information between company and consumer. That is to say: how companies educate their customers. Increasingly, customer experience technology is tasked with managing and delivering deep consumer insights by applying robust psychological models of learning to drive the sale cycles to facilitate customer decision-making.

By empowering customers to make decisions through better and deeper knowledge of the products they are buying, such a model approaches marketing from an instructional, rather than a sales perspective. We put ourselves in the customer’s shoes and asked, in essence: “What do I need to know in order to be able to purchase this product?”

For a car, that knowledge might be a deeper understanding of safety standards, or the indirect relationship between fuel efficiency and horsepower. For a mutual fund, on the other hand, it might be a simple breakdown that allows a client to more easily digest quarterly reports. In the B2C space, it might be knowledge about the products being purchased—why one laptop is superior to another and why a price premium is justified—or it could be in teaching

the customer how the particular B2C vendor is able to offer such great deals on the products sold.

Digital marketing success, therefore, is determined not by the persuasive skill of a sales person, but by the quality of customers’ engagement in learning process about the products they are buying. Thus, in understanding customer needs, their experiences can be better tailored to each customer touch-point. Today’s content management platforms leverage a massive increase in computational power to deliver differentiated experiences at scale using sophisticated audience analysis algorithms. A differentiated experience—i.e., personalization—is crucial to digital customer experience management, because no company has one single “type” of customer, but rather several, usually very different, types of buyers. These audiences are often very different in their needs, in their product knowledge and in their learning styles so as to be virtual polar opposites. Any attempt to create a single digital experience that addresses both will certainly fail for both. Each customer has unique needs and expectations as to how they wish to be engaged, where they like to be engaged, the knowledge to be imparted and, especially, in the language used to engage them. This is what Tahzoo means when it says, “personalization.” Defining prominent learning archetypes allows us to develop a specialized consumer experience for each one.

Tahzoo’s approach is comprised of two aspects: Information Model and Delivery Model. The Information Model involves understanding how to effectively reach out to uninitiated prospects and creating a personal learning sequence individualized to their learning styles.



The Delivery Model covers the insights, content, and technology to actually deliver on the Information Model in a digital context.

When combined, our learning model approach allows us to empower brands to drive their customers buying decision through a considered sales cycle.

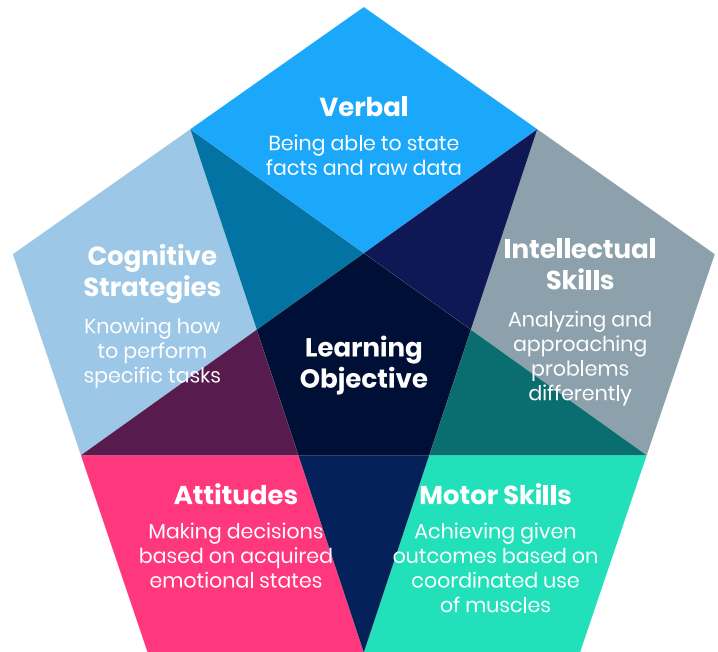
## The Information Model

Tahzoo presumes that all prospects, before they become customers, have a pre-existing tendency toward indecision, concepts known in psychology as choice deferral and omission bias. In essence, it is easier and less risky not to buy than to buy. Our job as marketers is to educate and persuade in order to overcome these biases. Learning Models help us do that more effectively.

The components of Tahzoo’s Learning Models approach stem from the work of psychologist Robert Gagné, a psychologist who was a pioneer in the field of instructional design in the 1980s. Gagné, in effect, defined what it means to “learn” something. Learning, he posited, can be observed as changes in human behavior.

## Using Learning Objectives

His Taxonomy of Learning Objectives states that true learning is reflected in a combination of five attributes that come through the process of education:



Tahzoo has adapted these components to the context of purchasing behavior. Our goal is to educate the customer, not simply to persuade them. We’ve narrowed the list slightly, since purchasing decisions usually do not require the acquisition of motor skills. Learning objectives, therefore, outline key information and attitudes any customer must possess—i.e., knowledge transferred to the customer via education—in order to make purchasing decisions. With proper customer data and the right technology, we can target these learning objectives through customer experience strategies.

# Learning Models Requirements

## Verbal Information:

Improved content links information presented in the sales cycle back to a person’s preexisting mind state. According to Gagné, tethering new concepts to old ideas makes the new ones easy to remember.

## Intellectual Skills:

People often struggle to apply what they have learned to situations outside of the direct context in which it was taught. For intellectual skills to take root, they must be applied across many situations.

## Cognitive Strategies:

How people think and learn varies widely. We can use personal Learning Objectives to create content that is targeted at specific learning styles (sometimes in the form of Money Mindstates) to appeal to each customer segment.

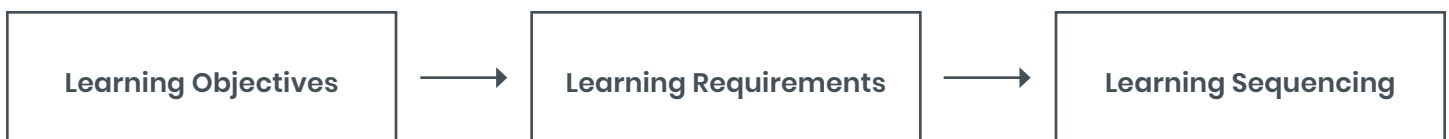
## Attitudes:

As with learning styles, attitudes can vary wildly among individual customers. Shaping an attitude requires consistent delivery of an experience that reinforces concepts that produce the desired attitude. In sales, tapping into established attitudes is easier than constructing new ones.

# Sequenced Learning

With an understanding of what goals a customer experience needs to accomplish, we can sequence content more successfully to address specific learning models. For insight, we again return to Gagné, who laid out the Nine Steps of Instruction for any effective lesson. These steps can act as a content delivery/customer experience road map to transform learning objectives into sales.

1. **Gain Attention**
2. **State a Purpose**
3. **Stimulate Recall**
4. **Deliver Information**
5. **Deliver Guidance**
6. **Elicit Performance**
7. **Provide Feedback**
8. **Asses Performance**
9. **Enhancing Retention**



# Business-to-Consumer Personalization

## Leveraging Learning Models

With Learning Models firmly established, it is instructive to create a hypothetical scenario showing how a trigger in a shift of mindstate can be leveraged through Learning Models to first educate a consumer and then to close a sale in a typical business-to-consumer engagement.

While each of these nine steps of instruction can be considered as separate processes, they are inherently integrated and should be developed concurrently to create a unified and overarching customer experience aimed at achieving Learning Objectives. Below, we describe each of the nine steps and how they fit into Tahzoo’s sales model.

That journey might look something like this:

Learning Stage	Description	Personalized Content Example
Gain Attention	<p>Creative and relevant content is crucial to capturing customer attention. After all, what good is a sailboat advertisement to someone living in Oklahoma?</p> <p>Companies’ and agencies’ consistent lack of appreciation for the context of online advertising goes a long way to explaining chronically low response rates that advertising often generates. The first order of business is to get the customers attention by speaking about what matters to them.</p>	<p>“Now that you realize you may not be immortal, isn’t it time to take better care of yourself and provide for your loved one by protecting you both with supplemental insurance?”</p>
State a Purpose	<p>To win a customer’s attention is a feat in-and-of itself; to keep it is something else altogether. A customer is inclined to stay involved in an advertisement if they are interested in that product and they comprehend what you are asking of them (e.g., to purchase a product). Be clear. Be direct. Selling is not subterfuge.</p>	<p>“ [Company name] offers supplemental Medicare insurance and provides tools, tips, and advice to put you on the road to better health.”</p>

Learning Stage	Description	Personalized Content Example
Stimulate Recall	<p>People are more likely to listen to an advertisement, and to remember it, if it connects with something they already know. The brain is nothing more than a web of connected neurons and we can easily recall information linked to other information. The old saying goes, “Neurons that fire together, wire together.” That is to say, when our experiences lay down an electrical pathway through the brain (in the form of memory), those pathways endure and future memories that approximate them are more easily created and recalled because of it. Another maxim in advertising is that you’ve got to repeat something three times—the name of the product or its main advantage— for the customer to learn it.</p>	<p>“Why do you need supplemental Medicare Insurance? Let us count the ways...”</p>
Present Information	<p>Develop content by audience learning style and deliver it consistently across channels.</p>	<p>Here the customer would be presented with the factual information about the product options complete with coverages and costs in order to make a fully informed decision.</p>
Deliver Guidance	<p>Data-driven customer insights lead to customer experiences that deliver content your customers can actually use on the channels that are most relevant to them.</p>	<p>“Being under-insured is the next best thing to not being insured. We can put things in order, matching the right supplemental insurance to your needs and budget.”</p>

Learning Stage	Description	Personalized Content Example
Elicit Performance	The steps to a purchasing decision—not merely the purchase itself—are each meaningful in their own rights. Measuring how an entire experience is stored and recalled in the customer’s memory allows us to anticipate future consumer behavior and to reinforce the pathways to purchasing.	“Try our easy-to-use fitness planning tools to get you on the road to better health and potentially save on supplemental insurance as well .”
Assess Performance	In our efforts to encourage desirable behaviors, we must immediately provide feedback on the customer’s decision. Feedback should always be positive.	“From your profile, you look to be in pretty good shape, but you might consider losing a few more pounds and beefing up your supplemental coverage a bit.”
Enhance Retention and Transfer	Never miss an opportunity to reinforce the customer’s wise decision and to move the customer toward deepening the relationship with the company over the long term through positive reinforcement and timely migration to future purchase opportunities. This is what turns the first-time customer into an evangelist.	“You’re on top of your game physically and financially, make sure you stay that way. Save 10% on our new insurance for bike owners.”

# The Delivery Model – A Statistical and Technical Methodology

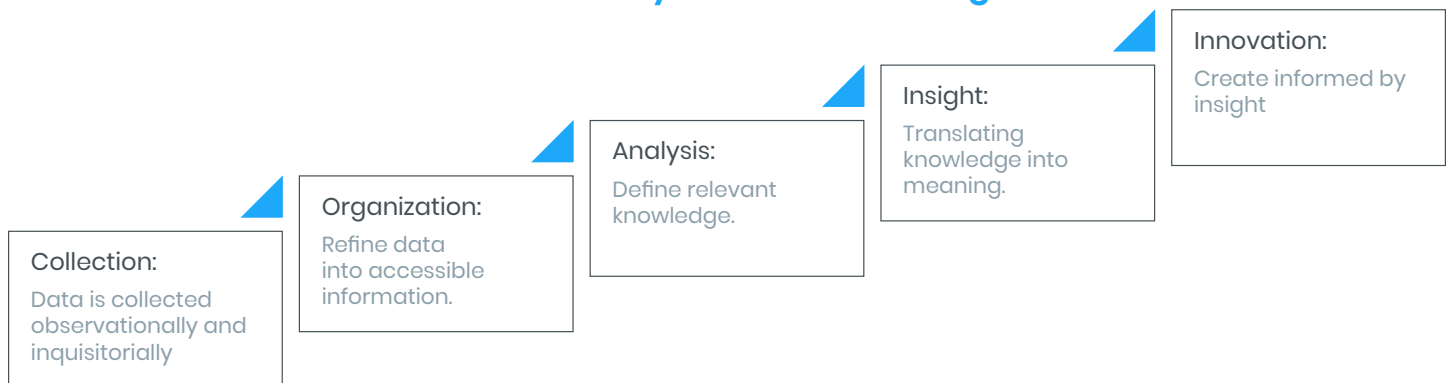
Developing a model for what content to present is half the battle. The other half requires delivering on that model. To do this, we generate insights on a granular level that inform our content experience. These insights are then delivered via a multi-channel digital strategy (email, social, blogs, etc.) that enables personalized experiences to be delivered at scale via many touchpoints. This is how we ensure a succession of carefully constructed experiences across multiple channels. This enables a customer to gain the information they need to make a purchasing decision.

# Developing Customer Insight

Since the mid-2000s, several companies have amassed huge databases of textual information—social media, news, blogs, websites, and other digital behavior. These databases contain upwards of 75 billion data sets, which can be refined into valuable customer insights.

These data sets are, in essence, first-hand conversations that we can listen in on without infringing on anyone’s personal privacy. (i.e., The data is anonymized.) They are, consequently, devoid of the typical biases that contaminate traditional “inquisitorial” marketing research methods—e.g., customers who say one thing, but do another. It also eliminates the inherent influence of the researcher on the respondent shaping how they answer questions. Better yet, we can do it all in real time and we can evolve our methods continually as trends evolve in order to make better, more-informed projections of customer behavior through time.

**Insight is the outcome of superior customer research and involves a hierarchy of understanding.**



# Technology into Action: The Enterprise Marketing Platform

Personalization is more than just serving up relevant content. It is a holistic approach to the management of the customer experience (CX)—both online and offline—for the entire duration of the relationship with the customer. This includes every channel by which that customer engages with the health provider over the long-term. An enterprise-level integration might resemble something like this:



## **Conclusion: The Impact of Learning Models-Based Personalization**

As we have learned from our friends in education and psychology and philosophy, insightful marketing is able to align the goals of companies and their customers. For the customer, a more relevant and personal web improves the purchasing experience, and the time, effort, and thought required to purchase a product are reduced considerably, while confidence is enhanced. At each touch-point along the way, companies who strive to communicate personally to customers, are making the purchase decision seamless and, perhaps surprisingly, even pleasurable.

This benefits the company through the fluidity of its sales funnel. When an advertisement is underperforming, a PR storm brewing on Twitter or a modal window is showing slowly decreasing conversions and the company has the power and the technology to optimize those poor performers in real time, the limiting factor to more effective—and more personalized—communications becomes simply a matter of how long it takes the company to reach a decision to change the messaging and produce the necessary content to make it so. This is the real power of the personalized customer experience.

Looking ahead, the trend towards refined models for delivering relevant and personalized experiences will be gradually and more widely adopted, enhancing the marketing strategies of all companies with the foresight to accept these strategies.

Those who profit most, however, will be the first-mover companies who adopt the model. Early adopters can deliver a customer experience that is light-years ahead of their competitors. Early adopters will earn a competitive advantage over those who stick with expensive and poor-performing traditional advertising. In an age where a marketing campaign can easily cost upward of \$15 million, most of the initiatives discussed here can be had for a third of that or less.

Personalization is more than just serving relevant content, however. It is a holistic approach to the management of the customer experience (CX)—both online and offline—for the entire duration of the relationship with the customer. This includes every channel by which that customer engages with the provider over the long term.



# Still curious about learning models?

Contact Brad at [brad@tahzoo.com](mailto:brad@tahzoo.com)  
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## About The Author

**BRAD HEIDEMANN**  
CEO

As with most entrepreneurs, Brad started Tahzoo with a vision. To create a company that would exist to make millions of people a little bit happier every day. Founded on the idea, that if you cared for your customers and you cared for you employees, you'd have a company worth caring about.

For more than a decade now Tahzoo has been delivering innovative and sophisticated customer experience solutions for Fortune 500 clients. Brad spends most of his time applying Machine learning, Linguistics and Complexity theory to personalize the experience between Brands and their customers. When he's not with his family or pondering our future on one of his cross-country BBQ drives, you'll find him writing prolifically and collecting rare rums. He loves reading, playing chess and tennis. Brad was blessed to have many mentors and teachers over the years, all of whom played a critical role in shaping his thinking and approach to caring for others. He lives the philosophy of "paying it forward". His focus on teaching and growing Tahzoo team members is core to his personal mission. You can find many of his stories, lessons learned, management philosophy and cultural insights on his personal site, the Desk of Brad.

## About Tahzoo

Tahzoo is a global Customer Experience consultancy focused on creating and delivering digital experiences that make consumers happier every day. We combine creative horsepower, data-driven insights, and technical know-how to redefine how users interact with and experience your brand.

**Architects for the Experience Age**

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