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UTILIZATION OF PERSONALIZATION IN MARKETING AUTOMATION AND EMAIL MARKETING

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ABSTRACT

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The utilization of personalization in marketing automation and email marketing is yet to be studied meticulously. The purpose of the paper is to build on existing literature and examine on how marketers practice the utilization of personalization in marketing automation and email marketing in order to pinpoint relevant and contemporary solutions for marketers regarding the phenomenon.

Literature regarding CRM, personalization and marketing automation is briefly reviewed and a multiple-case study is conducted to empirically highlight the effective ways and challenges of utilization of personalization in marketing automation and email marketing in order to maximize its potential.

The main findings indicate that personalization is perceived important especially when its benefits can be quantified and measured (e.g. increases in revenue and ROI). However, when it comes to the utilization of personalization in marketing automation and email, the potential is recognized but in practice it remains partially underutilized. Customer knowledge has a crucial role in personalization. Data unification and normalization are essential to effectively utilize customer knowledge for personalization in marketing automation and email marketing, but the findings indicate that this is challenging in practice. Thus, the marketers' capabilities to personalize and act in real-time are hindered. Addressing the data related challenges that were found in this study should be a top priority for any marketer aiming to personalize effectively in marketing automation and email.

In terms of originality and value, this study advances the understanding of personalization and its utilization in marketing automation and in email marketing and provides actionable insight that marketers can benefit of.

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1. Introduction

Even today, marketers can be seen sending bulk email messages to customers, which renders the marketing campaigns ignorant of customer's preferences and needs. This leads to suboptimal outcomes in marketing performance, regarding the effectiveness and efficiency of marketing automation and email campaigns, and ultimately hinders the companies' ability to increase customer satisfaction and build successful long-term relationships with the customer.

Email is still an important marketing channel for marketers but organizations have struggled in transforming their practices and practices to achieve the full potential of personalization. Consequently, contemporary CRM strategies and technology, namely marketing automation systems aim to bridge the gap and facilitate personalized communication. For instance, marketing automation enables emails to be sent in triggered, specific times and aids in personalization at scale (Heimbach et al, 2015).

Personalization can be seen as a major driver of marketing efficiency and has become all the more important as it makes communication relevant (Salonen and Karjaluoto, 2016). Increased feelings of relevance and utility can be seen to strengthen the customer relationship (Rhee and Choi, 2020). Personalization can be summarized as delivering the right content at the right time to the right customer (Salonen and Karjaluoto, 2016; Huang and Zhou, 2018). Thus, the essence of personalization is tailoring content based on customer's needs and preferences as successful personalization relies on accurately detecting and reacting to customer's preferences and needs (Khodakarami and Chan, 2014; Rhee and Choi, 2020).

Personalization in relation with marketing automation and email has not been studied meticulously by scholars. Consequently, the purpose of the paper is to build on existing literature of the phenomenon and examine on how marketers practice the utilization of personalization in marketing automation and email marketing in order to pinpoint relevant and contemporary solutions for maximizing the potential and benefits gained of the utilization of personalization in marketing automation and email.

1.1. The purpose of the research and research questions

The aim of this paper is to seek deeper knowledge on how marketers utilize personalization in marketing automation and email marketing. Ideally, the effective ways, challenges, and benefits of utilizing personalization in marketing automation and email are also aimed to be identified.

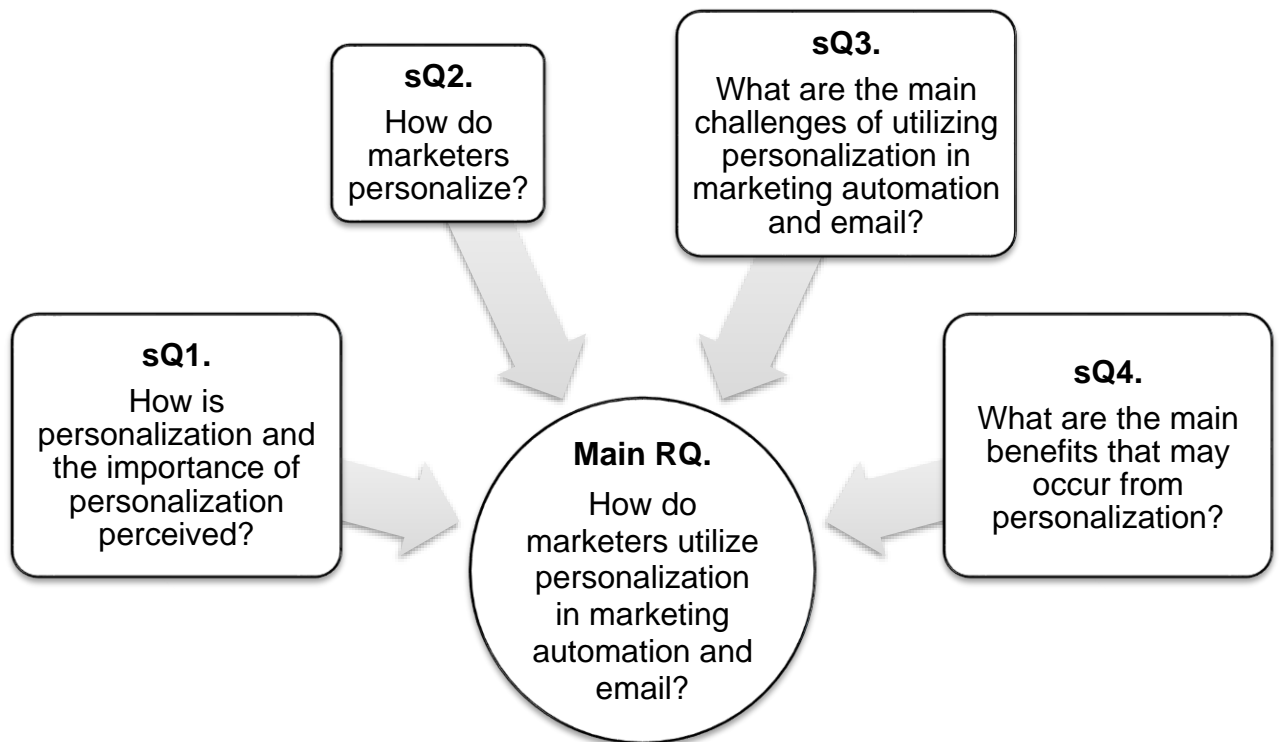**Figure 1.** The main research question and sub-questions of this study.

To achieve the purpose, the main research question of this study was formulated:

How do marketers utilize personalization in marketing automation and email marketing?

The following sub-questions to support the main research question were also formulated in order to gain a thorough understanding of the studied phenomenon:

sQ1. How is personalization and the importance of personalization perceived?

This question tries to discover how marketers define personalization and how important do they perceive it.

sQ2. How do marketers personalize?

The purpose of this question is to understand how marketers personalize in practice to further understand how and if personalization is utilized and what are the underlying factors affecting it.

sQ3. What are the main challenges of utilizing personalization in marketing automation and email?

This question seeks to expose the main challenges and gain more knowledge of the main inhibitors of utilizing personalization in marketing automation and email.

sQ4. What are the main benefits that may occur from personalization?

Here, the aim is to see what marketers consider and have identified as the main benefits that occur from personalizing, especially in marketing automation and email marketing.

1.2. Theoretical Framework

This study's theoretical framework encompasses its focal concepts which are customer relationship management (CRM), personalization, marketing automation and email marketing. The focal concepts of this study and their relationship are depicted in figure 2.
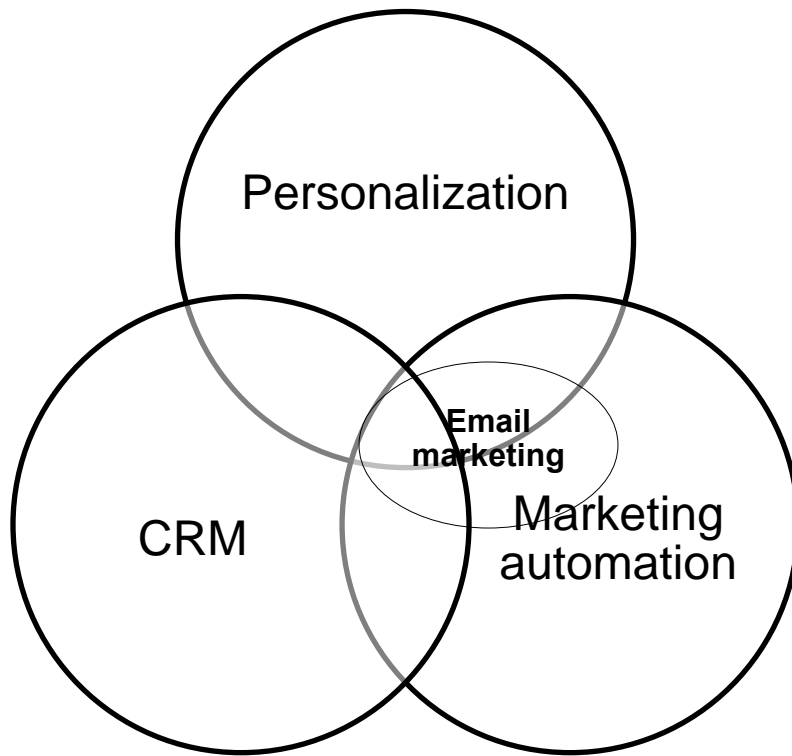
Figure 2. The theoretical framework of this study. Focal concepts and their relationship.

The focal concepts of this study are defined as follows:

Customer Relationship Management (CRM)

Scholars began using the term Customer Relationship Management (CRM) alongside Relationship Marketing in early '90s. The definitions of CRM vary between CRM being multidimensional (e.g. Boulding et al, 2015) to CRM being primarily either operational or strategic (e.g. Payne and Frow, 2005).

CRM is a core business strategy which comprises the intelligent use of data and technology, acquisition and diffusion of customer knowledge, dual creation of value and development of loyalty and successful long-term relationships with customers (Boulding et al, 2005). This multidimensional definition of CRM is adopted for this study.

Personalization

As consumers seek more relevance and utility, contemporary businesses are expected to not only understand the wants and needs of the consumers but also their interests and beliefs. Personalization is generally assumed to be the most effective tool for achieving business success online, and can be considered to be a major driver of marketing efficiency. (Salonen and Karjaluoto, 2016; Kalaignanam et al., 2008). Moreover, personalization can be seen as an integral part in modern CRM strategies and is an important aspect in marketing automation (Järvinen and Taiminen, 2016), email marketing (Navdeep et al 2018) and recommendation systems (Biega 2020).

In its purest essence, personalization is one-to-one marketing (Peppers, 1999) and can be considered as *delivering the right communication at the right time to the right customer* (Huang and Zhou, 2018; Medina, 2019).

Marketing automation

Marketing automation can be seen both as a tool to automate marketing operations by utilizing data and technology, and as a strategic initiative that can transform how marketing is managed within organizations (Mero et al, 2020). Heimbach et. al (2015) define marketing automation as automatic and personalized activities of the marketing mix. Consequently, customers are presumed to demonstrate a higher level of engagement and attention to marketing communication due to its enhanced relevance (Dijkstra, 2008).

Email marketing

Email marketing is a form of digital marketing communications where the communication is usually targeted to an individual, groups of people, or market segments (Mullen and Daniels, 2009). The primary objectives of email marketing strategies are building loyalty, trust and/or brand awareness (Mogos and Acatrinei, 2015). Zhang et al (2017) have noted that email marketing has a positive effect on attitudinal loyalty toward the brand and the company. Consequently, email is an effective marketing channel used for retention and loyalty marketing.

1.3. Delimitations

Delimitations are the characteristics that limit the scope and describe the boundaries of this study (Creswell, 2012). First, it is worth to note that content marketing can also be seen as a focal concept regarding personalization (e.g. Järvinen and Taiminen, 2016), as digital content is often subject to personalization. However, this study did not address the concept of content marketing as the focus was in the essence of the utilization of personalization and the challenges and benefits thereof.

Also, marketing automation and its features are not discussed extensively, rather a feature within it was focused - email marketing - as it is considered as the context where personalization occurs whereas marketing automation is considered as the enabler of personalization.

1.4. Methodology

A qualitative research method is applied for this study. Qualitative research methods are suitable when a profound understanding of the phenomena is desired (Saunders et al, 2015). The selection of the qualitative research method support the purpose of this study. More specifically, a multiple-case study was selected as the research strategy of this study as case studies are explanatory and useful and for studying "how" and "why" (Yin, 2018).

The primary data was collected with semi-structured interviews from knowledgeable informants within the field who represented different industries. By following a semi-structured interview guide, open-ended interview questions that covered a list of themes and allowed the conversation to be free and stray from the topical trajectory could be asked. The data was analysed by transcribing it and identifying themes and sub-categories that support the theoretical framework of the study. In addition, the reliability and validity of the research is evaluated.

1.5. Structure of the study

This study contains five chapters. Chapter 1 presents the introduction of the topic by explaining the background to the problem area and the research gap. It continues with introducing the research problem and research questions are the theoretical framework of the study. Delimitations and research methodology are also briefly introduced in chapter 1.

Chapter 2 presents the literature review of the study. It comprises relevant theory of the the focal concepts that make up the theoretical framework of this study.

Chapter 3 describes the methodological approaches adopted for the research, the context of the research, data collection and data analysis, and evaluates the selected method's validity and reliability.

Chapter 4 contains the empirical results and analysis of the data gathered for this study. It discusses the identified themes of CRM, customer knowledge, perceptions of personalization and personalization in marketing automation and email and its future overviews.

Finally, chapter 5 concludes the main findings, the theoretical contributions and the managerial implications that can be drawn from this study. In addition, limitations and future research avenues are considered.

2. Literature review

2.1. Customer Relationship Management (CRM)

There are multiple approaches to Customer Relationship Management (CRM) in various studies and the definitions vary between CRM being multidimensional (e.g. Boulding et al, 2015) to CRM being primarily either operational or strategic (e.g. Payne and Frow, 2005). According to Buttle and Maklan (2015) CRM may have a noteworthily different meaning depending on the party using it. Some key definitions of CRM have been outlined in Table 1.

Table 1. The definitions of Customer Relationship Management (CRM)

Author	Definition	Approach
Boulding et al., 2005	"CRM relates to strategy, the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with customers and/or customer groups, and the integration of processes across the many areas of the firm and across the network of firm that collaborate to generate customer value." (p. 157).	CRM is multidimensional; Strategic, operational and analytical.
Buttle and Maklan, 2015	"Core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer-related data and enabled by information technology." (p. 15).	CRM is multidimensional; Strategic, operational and analytical.
Payne and Frow, 2005	"Strategic approach that is concerned with creating improved shareholder value through the development of approapriate relationships with key customers and key segments." (p. 168).	CRM is primarily strategic.

Wilson et. al, 2002.	"Processes and technologies that support the planning, execution and monitoring of coordinated customer, distributor and influencer interactions through all channels." (p. 5).	CRM is primarily operational.
Zeithaml et.al, 2013	"CRM allows firms to use customer knowledge and information systems to deliver highly personalized and customized offerings." (p. 15).	CRM is primarily analytical.

Scholars began using the term Customer Relationship Management (CRM) alongside Relationship Marketing in early 1990's. CRM is an extended concept of Relationship Marketing and Customer Relationship Marketing, as it guides the entire organization's operations in a customer-centric way. (Bergström & Leppänen, 2011).

Buttle and Maklan (2015) elaborate the strategical definition of CRM stating that CRM is a core business strategy which integrates internal processes and functions for value creation and delivery in order to create profit from targeted customers. They also emphasize technology's presence in CRM by arguing that CRM is grounded on high-quality customer-related data and consists of software applications to support customer service, sales and marketing.

Payne and Frow (2005) also underline the importance of CRM technologies being essential in CRM as CRM technologies can increase a company's potential to efficiently take care of heterogeneous groups of customers. According to them CRM is primarily strategic as it is involved with building shareholder value through relevant customers and segments.

Contrary to the strategic approach Wilson et. al (2012) describe CRM as an operational where CRM consists of "processes and technologies that support planning, execution and monitoring of coordinated customer, distributor and influencer interactions through all channels."

Zeithaml et .al (2013) define CRM as being primarily analytical where highly personalized offerings are provided to customers by utilizing customer knowledge and information systems.

A definition of CRM that has combined the different approaches and dimensions of CRM comes from Boulding et al. (2005) where they discuss CRM's relation to strategy, the intelligent use of data and technology, acquisition and diffusion of customer knowledge, dual creation of value and development of long-term relationships with customers.

This multidimensional definition of CRM is adopted for this study, as firms need to develop a strategy to facilitate and organize their internal processes towards customer-centrism. To create dual value, the firms need customer knowledge and the support of technology to be able to intelligently use data for building long-term relationships with customers.

2.1.1. Definitions relating to the dimensions of CRM

The goal of Strategic CRM is to gain competitive advantage by establishing a customer-centric culture across the organization. It is based on the belief that if customer-centricity is incorporated to the company's strategy, it aids and enhances value creation to the customers and thus improves customer satisfaction and retention. Delimiting factors for Strategic CRM are the operational CRM and analytical CRM capabilities of the company. (Buttle and Maklan, 2015; Iriana and Buttle, 2007).

Automating various customer interaction processes can be considered as operational CRM. For instance, the one of the purposes of CRM systems is to integrate and automate processes, such as marketing communication which results in marketing automation. Consequently, technological aspects of CRM can be considered as a part of operational CRM. (Buttle and Maklan 2015; Iriana and Buttle, 2007).

Analytical CRM encompasses obtaining, identifying, storing, deriving, processing, utilizing and reporting customer data. The customer data, whether structured or unstructured, may be drawn from various sources within and outside the organization

(e.g. 3rd party data). Analytical CRM provides highly beneficial information for both strategic CRM and operational CRM, and is crucial for personalization. (Buttle and Maklan, 2015; Iriana and Buttle, 2007).

2.1.2. CRM's effects to customer loyalty and retention

According to Bhat and Dharzi (2016) CRM can be considered as a key factor to success of an organization. CRM aids in understanding customers and the elements that have an effect on customer loyalty and retention so that long-term relationships may be built. Improved relationships with customers may improve customer loyalty and retention and can result in improved competitive advantages (Ngai, 2005;).

Increasing customer loyalty and retention is one of the main goals of CRM (Verhoef, 2003), and this has been simultaneously a tough challenge many for many companies and marketers alike, as the costs of acquiring a new customer are generally much higher than retaining an existing customer (Verhoef, 2003; Bhat and Darzi 2016).

Consequently, it is also important to note that while CRM can aid a company to increase its customer loyalty and retention (Verhoef, 2003), some of the activities done with CRM can cause a separation within groups of customers. Nguyen and Simkin (2013) argue that CRM can manage different groups of customers or individuals differently, deliberately favouring specific customers while neglecting others. While this indicates CRM can be used for to treat different groups and individuals with differentiated offers, as in personalization, it can bear a somewhat negative side-effect regarding the favouring and non-favouring of customers.

2.1.3. Customer Knowledge

Customer knowledge refers to knowledge about customers as in understanding customers needs, wants and aims. It is essential if a business wants to align its processes, products and services for building stronger customer relationships. It includes detailed and tacit knowledge such and obscure or analytic knowledge

including database information about web-behaviour, sales or other analytical pieces of data. (Khodakarami and Chan, 2014).

Customer knowledge can be considered as a valuable and important resource for companies both competitively and developmentally. Therefore, acquiring and managing customer knowledge is necessary for organizations that are associated with managing, collecting and sharing customer knowledge. A broad categorization of customer knowledge can be done as follows: knowledge about customers, knowledge from customers attained through customer interactions, and knowledge for customers. (Khodakarami and Chan, 2014).

Rollins and Halinen (2005) have made a distinction between customer knowledge and customer data. They suggest that customer knowledge can take many forms, it can be either explicit or tacit. For example, structured customer information in databases can be considered as explicit customer knowledge and knowledge within employees' minds about customers can be considered as tacit customer knowledge.

A company's knowledge about the customer may be partial due to the company's inability to gather full information of the customer. For instance, it may be challenging for a company to know a customer's expenditure and preferences on competitors products and services, which could be beneficial to know. (Khodakarami and Chan, 2014; Rollins and Halinen, 2005). Fox and Stead (2001) argue that information about customers should be gathered across all functional areas throughout the customer journey and interaction points as it would enable a unified view of the customer. Furthermore, CRM processes and systems should be in place and preferably, the information of the customer should be stored in one place rather than in many systems as it would allow more flexibility and responsivity while simultaneously enabling a unified view of the customer (Buttle and Maklan, 2015).

Bose (2002) argues that to gain competitive advantage, there needs to be a shift from mass marketing and traditional customer segmentation towards customer-centric orientation and one-to-one marketing, which is centered on treating every customer individually and uniquely, according to the customer's preferences. Consequently,

customer knowledge management, e.g understanding of the customer via customer insights, profiles, habits and preferences is essential for personalization.

Considering from a technological standpoint, CRM systems are information systems that aid companies to acquire and continuously generate customer knowledge. CRM systems enable companies to contact customers, collect, store and analyze customer information. The level of support that CRM systems provide for the knowledge creation processes depends of the systems' functionality and features. (Khodakarami and Chan, 2014; Buttle and Maklan, 2015).

In addition, Rowley (2004) proposed that customer data or information can be used as a platform for both customer relationships and customer knowledge. The studies by Järvinen and Karjaluoto (2014) and Xu and Walton (2005) support this view as they state that customer data has been used in CRM systems as a platform for communication and providing additional customer service, improving customer satisfaction, cultivating trust and ultimately creating and improving customer loyalty.

2.1.4. The framework and dimensions of CRM

There are various definitions and ways to understand CRM. Many studies focus on a specific area of CRM (e.g. Payne and Frow, 2005; Verhoef, 2003), and thus academics have not been able to come up with a unified view to what it's entirety contains.

Therefore, in order to gain a more sturdy understanding of the entirety of CRM, Figure 3 below depicts a comprehensive framework of CRM. The framework is built based on the dimensions of CRM illustrated by Buttle and Maklan (2015). In the framework, the basis lies in the understanding that in strategic CRM customers can be considered as assets to the firm. Strategic CRM establishes operational and analytical CRM processes, which are facilitated and put into practice by CRM technologies. This makes CRM truly multidimensional.

Customer knowledge is created through customer interaction which contributes to customer satisfaction and increased customer value. The CRM system acts as a

consolidated database for the firm's customer information, and the amount of data increases over time as the firm gains more information from customers. Regarding customer knowledge, Cheng et al. (2013) argue that firms can generate an effective marketing strategy due to the utilization of data warehousing and data mining, which contributes to a more holistic understanding of customer needs and desires.

Customer knowledge transforms into customer intelligence within CRM systems, which can be considered as analytical CRM processes. Thus, it can be said that the continuous flow of customer intelligence (data and knowledge) contributes to the firm's ability in strategic decision-making and to the ability to create appropriate segments for marketing.

As CRM can be seen as a complex and multidimensional concept (Buttle and Maklan, 2015), the differences that can be said are that strategic CRM encompasses all the other CRM processes while analytical CRM refers to the part of CRM that deals with customer data and customer insight in order to make effective customer-centric marketing decisions. Operational CRM includes the business operations that are linked to managing CRM within a firm such as sales force automation. CRM systems which are also known as CRM technologies enable the execution of CRM strategies and automation.
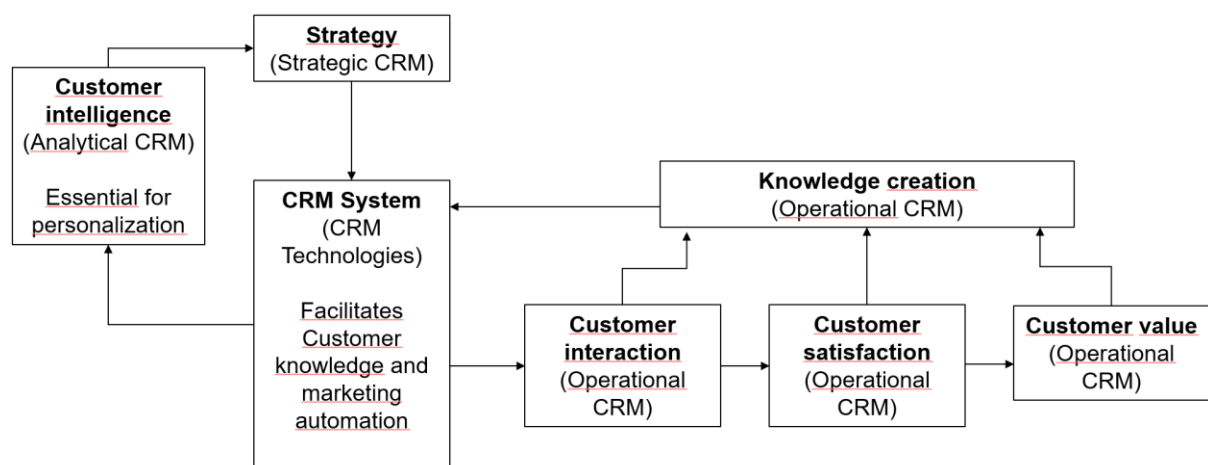

Figure 3. A comprehensive framework of CRM.

2.2. Personalization

In the recent years, marketing personalization and automation has become topical for modern businesses and especially for e-commerce focused marketers as changes in the modern digital economy have become rapid which has prompted consumers to seek more relevance and utility - more personalized services and products (Kalyanaraman and Sundar, 2006; Sunikka and Bragge, 2012). Companies are expected to understand not only their wants and needs but also their interests and beliefs (Khodakarami and Chan, 2014). Consequently, companies and marketers have to be on par with the latest technology, trends and methodologies, and rely on providing personalized offerings (e.g. recommendations) in order to sustain their marketing efficiency and effectiveness (Kalaignanam et al, 2008; Kalaignanam et al, 2018).

In the past, the concepts of personalization and customization have been confused. The study by Sunikka and Bragge (2012) distinguished between personalization and customization by defining personalization as "a company-driven process in the web environment" whereas customization was defined as "a user-initiated process that matches needs with offerings". The state-of-the-art study made by Salonen and Karjaluoto (2016) supports this view as they state that personalization and customization are closely entwined concepts and therefore incorporating them both yields synergies.

Personalization has been defined as one-to-one marketing through the use of mass customization (Peppers, 1999; Payne and Frow, 2005). Kalyanaraman and Sundar (2006) have complemented this definition by adding that personalization includes considering and treating each customer as uniquely by devising customized recommendation messages based on their preferences which are derived from obtaining customer knowledge (e.g. gathering the available data of the customer).

Personalization consists of tailoring offerings to specific individuals or specific groups of customers which can be considered as targeted and customized promotions. Companies and marketers utilize personalization to increase their marketing efficiency and digital sales conversion, customer retention and loyalty, customer satisfaction and branding. (Navdeep et. al, 2018; Nguyen, 2013).

Essentially, personalization is one-to-one marketing (Peppers, 1999) and can be considered as delivering the right communication at the right time to the right customer (Huang and Zhou, 2018; Medina, 2019). Figure 4 depicts personalization and the key elements in personalization.
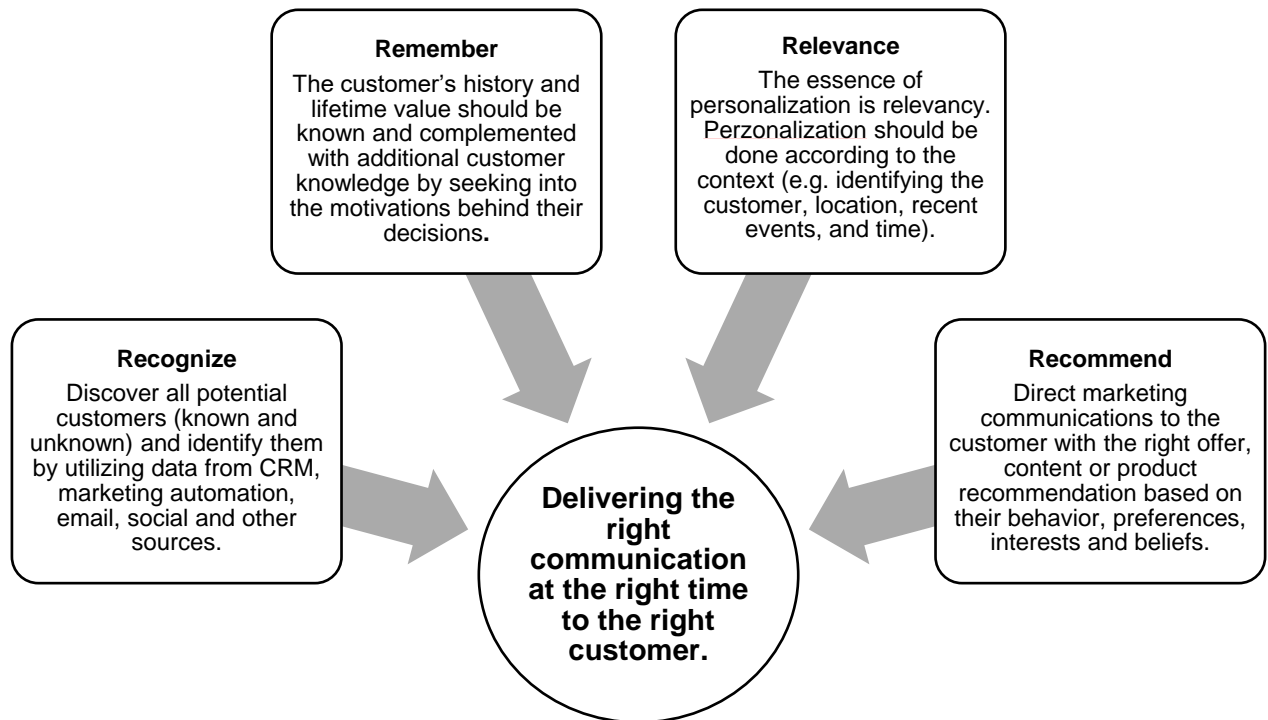
Figure 4. The framework of personalization. (Adapted from Accenture 4R personalization framework. Accenture Digital, 2016).

Customer preferences are a focal point in personalization as the process of personalization begins with obtaining customer knowledge, identifying the customer's preferences and utilizing the obtained knowledge in offers, recommendations and along touchpoints within the customer journey. (Kramer et. al, 2007; Salonen and Karjaluoto, 2016). By knowing the customer's preferences, personalized content and recommendations that tend to the preferences can be designed. The most utilized methods for pinning customer preferences have been the customer's usage history and collaborative and content filtering. (Rhee and Choi, 2020).

Customers who receive personalized communication that match the customer's preferences perceive the message to be more compelling than a standardized message that mismatches (Rhee and Choi, 2020). Therefore, the success of

personalization relies on accurately detecting and reacting to current preferences. However, due to the complexity of customer preferences and lack of knowledge of the contextual effects, such as timing, location, customer journey stages and purchase behavior, it is challenging to create successful personalization processes (Salonen and Karjaluoto, 2016).

Personalization is generally assumed to be the most effective tool for achieving business success online, and can be considered to be a major driver of marketing efficiency (Salonen and Karjaluoto, 2016; Kalaignanam et al., 2008). It is argued, that as consumer expectations around personalization is changing, personalization in itself should no longer be considered as a feature, rather, it should be considered as a strategy that encompasses the customer experience and journey (Hayes, 2019). Thus, personalization should be incorporated in CRM strategies and is an important aspect in marketing automation, email marketing and recommendation systems.

Consumers can sense when they are receiving one-size-fits-all content which may not promote a fluid and memorable customer experience. Thus, in order to have a unified and consistent customer journey, personalization should be a part of companies CRM strategy and scaled throughout the customer journey across all channels from website, to email and push notifications, and in-store messaging (Hayes, 2019).

2.2.1. Personalization and targeting

A common misconception that is being made among marketers, and even between some scholars, is that the terms "personalization" and "targeting" are sometimes used interchangeably, making it challenging to draw a line between the terms. The confusion between the terms resulted in difficulty when searching for research on the topics. Although these terms relate closely to one another, it is noteworthy to keep in mind that they do not mean the same.

Peppers and Rogers (1997) have defined personalization as the process of using customer information to deliver a targeted solution to that customer. Targeting, on the other hand, can be considered as a form of advertising of a service or product that is aimed to certain audiences according to their traits and preferences. Here, marketers

aim to show as relevant offers and content as possible to visitors. A company that does not target its marketing communications, communicates uniformly to the entire market. (Iyer et. al., 2005). There are multitude of studies that show the results of effective targeting. Targeting an advertisement to a potentially receptive audience is more effective, inexpensive and less widespread. (Kotler, 2018).

A more precise form of targeting is sometimes called as hyper-targeting where customer information is drawn from three sources such as basic data, profile data and behavioral history (Gold, 2009). However, it the term is also used interchangeably with behavioral targeting which represents a concept that is similar to personalization.

Kotler et al (2018) describe behavioral targeting as a form of targeting where online consumer tracking data such as cookies, fingerprinting, clicks, et cetera are utilized to target advertisements and other marketing offers to particular consumers. In addition, a study made by Järvinen and Taiminen (2016) was one of the first of its kind to illustrate how information technology tools could be harnessed for behavioral targeting in a way that prospective customers were targeted with particular content based on their recent online behaviors. Due to advanced web analytics, the concept social targeting has also been introduced. Social targeting focuses on individual social connections and conversations which can be used for targeting in addition with the behavioral targeting elements (Kotler et al., 2018).

Consequently, it can be said that targeting refers to the selection of audience whereas personalization refers to the tailoring of the offer based on the customer's preferences. Therefore, targeting is primarily about the marketer's needs. Personalization addresses the needs of the customer. To clarify the difference, it can be said that when marketers think of the products or offers they wish to promote, they are thinking about targeting. When retailers let visitors drive the decision making with their data and based on their intent in real-time, they are personalizing (Sheik, 2017). Compared to customization, where input from customer is needed, personalization can be done without straightforward input from the customer. They are separate approaches that ultimately increase marketing effectiveness and company revenue if used accordingly.

2.2.2. Personalization and artificial intelligence

Machine learning and Artificial intelligence (AI) have allowed us to go more further and more granular than ever. Thus, the emergence of hyper -prefixed marketing and industry term "hyper-personalization". There are not many published studies by scholars discussing the phenomenon. In industry journals and for example retail business publications it is discussed as the future and next generation of personalization (e.g. Bulik, 2018; Madhup, 2018; Kirpalani, 2014; Hayes, 2019) due to AI, machine learning and predictive analytics and unstructured data. Consequently, where personalization goes for mass customization, hyper-personalization goes for real-time mass individualization where each individual can be its own consumer audience for marketers. This is depicted in the Figure 5 below.
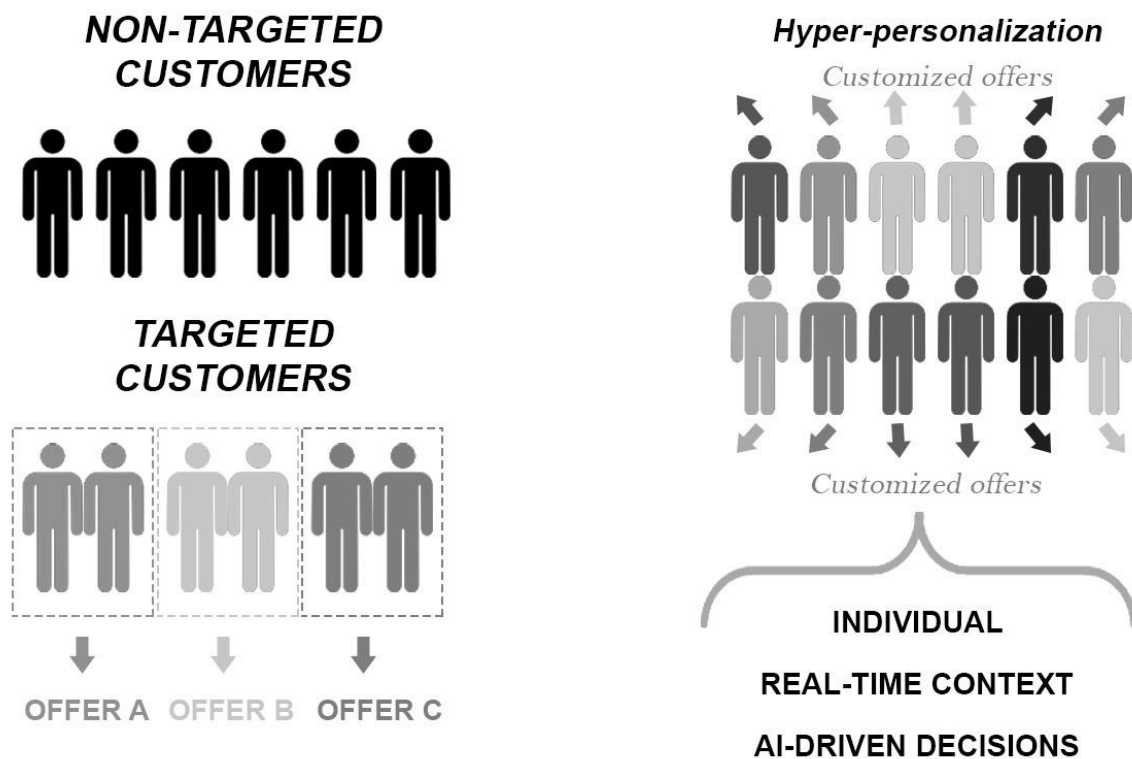

Figure 5. Hyper-personalization framework (Reconstructed and augmened by thesis' author, adapted from Capgemini Consulting, 2017).

Hyper-personalization can be considered as a more granular approach to personalization as it enables companies to leverage real-time and AI-driven decisioning. In order to keep pace with consumer expectations and increase the amount of real-time transactions, companies are automating their marketing and personalizing content with the help of machine-learning, AI, the internet of things (IoT) and machine-to-machine communication. (Madhup, 2018).

Compared to traditional personalization which is either based on a set of rules for content or observing customer behavior, hyper-personalization enhances personalization by leveraging unstructured data, for example detailed attributes in reviews and product descriptions that make for a better experience for consumers (Hayes, 2019).

Smaller groups that could be receptive to specific messaging can be identified due to marketers being able to gather data from numerous sources and thus being able to achieve a deeper level of understanding of the customer (Bulik, 2018).

Kirpalani (2014, p.16) has summarized the essence of hyper-personalization as follows; "Hyper-personalization moves the customer communication from using core attributes like name, location, or even segment, to ensuring every element of a communication is targeted to the recipient, this includes images, offers, products, and even when and how a message is delivered". Consequently, marketers are able to communicate with consumers who seek relevance and avoid customers who would not find the offer relevant. Not targeting customers who are identified to not be interested in the offer can also be considered as a part of effective personalization.

2.2.3. Personalization and privacy

As personalization is based on the utilization of consumer data and thus requires gathering consumer data, past research has shown (e.g. Goldfarb and Tucker, 2014; Navdeep, 2018, White et. al., 2008) that consumers have concerns about potential privacy violation which can in turn affect how they react and experience advertising and marketing messages.

Privacy concerns were formerly limited to government surveillance and public figures' private lives. As we are in the modern digital era, privacy concerns are now affecting consumers alike. Communication and information technology facilitate the accumulation of data inexpensively and effortlessly for companies. This data can be highly specific information of the customer which he or she may find obtrusive. (Goldfarb and Tucker, 2011a).

Goldfarb and Tucker (2011b) noted that privacy-related regulation limits companies ability to collect, store and utilize consumer data for example for the purposes of personalized marketing campaigns and thus impacts the effectiveness of these companies' online marketing campaigns.

Furthermore, European Union's General Data Protection Regulation (GDPR) addresses privacy concerns and has set limitations to data processing for marketers which in turn may affect personalization. For instance, Article 5(1)(c) of GDPR instructs that personal data should be "adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed." Biega et al (2020) argue that due to these instructions marketers are subject to data minimization, and thus questions whether personalization can be a purpose under the GDPR. Data minimization may also lead to negative impacts and hurt minority groups as the minimization may make the data skewed and polarize certain groups (Biega et al 2020).

In addition to HTTP cookies with unique identifiers that track customers browsing activity, marketers have also moved forward with stateless "fingerprinting" technologies. The study by Dollin et al (2018) states that according to a sample taken in 2010, 83.6 % of 500,000 browsers could be uniquely fingerprinted. Although, personalized content and services such as recommender systems gather a considerable amount of customer data, it is also possible to personalize content while storing a reduced user interaction history while maintaining the quality of personalized content (Biega et al, 2020). Consequently, marketers who lack resources may be as able to work within the General Data Protection Regulations as marketers who have a vast amount of data.

Although the impact of GDPR on personalization and privacy concerns will not be examined meticulously in this paper, it is important to note that GDPR poses a set of

challenges for marketers who wish to personalize. The use of personalization itself might make the entrepreneur subject to the GDPR, regardless of the effect of the process. On the other hand, GDPR addresses the consumers privacy concerns, although not invariantly. (Poludniak, 2019).

A study made by Goldfarb and Tucker (2012) revealed that consumers unwillingness to give out information increases over time. In addition, younger people appear to be more likely and more willing to give out information compared to older people which also increases over time. This is due to the consumers' shifts in perception regarding the relevancy of privacy. Consequently, as the consumer receives personalized marketing messages his or her sensibility towards them may increase which may in turn result in privacy concerns and resilience to share data.

Furthermore, Goldfarb and Tucker (2011c) concluded that consumers are likely to raise privacy concerns if the advertised content appears to be simultaneously increasingly noticeable and identifiable as a specifically targeted campaign. Other scholars have found that customers renounce targeted advertising when they are made aware of how marketers have collected the data, as it is perceived disturbing or invasive (Dollin et al, 2018).

White et al. (2008) suggest that consumers privacy concerns regarding personalized messages and offers are closely related to the consumers perception of utility. Consumers who perceive benefits of personalized messages require a lesser degree of justification and are less likely to evoke resistance and reactance towards personalization and utilization of customer information. Reciprocally, consumers whose perception of utility of the message is lower are more likely to require justification and more likely to evoke resistance and reactance toward personalized marketing messages.

Navdeep et al. (2018) discuss on the privacy concerns and personalization in the context of email marketing. In their paper, they reason whether consumer-specific content in email marketing might raise privacy concerns within consumers and therefore decrease the effectiveness of the campaign. In addition, Navdeep et al. (2018) acknowledge that personalization and utilizing consumer information, such as first names in email marketing, has the possibility to spark a negative reaction in the consumer and reduce the consumer's tendency to purchase products from the

marketer. Nonetheless, their study found that consumer-specific content in email marketing may contribute to increased performance of the campaign. Their findings relied on two factors; the content of the personalized emails were similar and not trying to indicate that the message was personalized, and to the notion of the consumer's perception of control and the nature of the data a firm has of the consumer. For example, a consumer is not likely to raise privacy concerns when seeing their first name in an email if they have given the name voluntarily to the marketer in the past.

2.3. Marketing Automation

Marketing automation can be seen both as a tool to automate marketing operations by utilizing data and technology, and as a strategic initiative that can transform how marketing is managed within organizations (Mero et al, 2020). Furthermore, Mero et al (2020, p. 213) define marketing automation as "a technology leveraged to improve the effectiveness and efficacy of marketing operations via automated, personalized and analytics-driven activities". As a combination of technology and methodology, marketing automation provides marketers a better understanding of the needs of a customer, which in turn makes marketers more able to serve these needs effectively and in real-time. (Ginty et al., 2012).

Heimbach et. al (2015) describe marketing automation as automatic and personalized activities of the marketing mix. In the context of B2C marketing automation, customers can be addressed with personalized content and offers. In addition, customers are presumed to demonstrate a higher level of engagement and attention to the brand's communication due to the enhanced relevance of the communication (Dijkstra, 2008). Marketing automation has the possibility to improve conversion and retention rates and thus improve the effectiveness and performance of the marketing of a company (Heimbach et. al, 2015). Therefore, marketing automation should be a centerpiece for companies' communication and customer engagement strategy (Del Rowe, 2016).

Heimbach et. al. (2015) depict the general process of marketing automation (Figure 6). The process begins with triggers which can be current information of the customer e.g. behaviour on the website, location or time and date, or stored information of the customer such as purchase history. This information of the customer can be combined and a specific of rules and parameters can then be set for the automation. Monitoring and performance control is crucial when setting up and applying rules and parameters as the automation process may need refining even after it has been set live. The content of the object, be it a message or image, is personalized based on the rules set and according to the customer data, both stored and current customer information. The final step in the general process of marketing automation is selecting the right medium for the automation. For example, this can take form in website, email or

mobile. The medium may be chosen based on the customer's communication preferences.
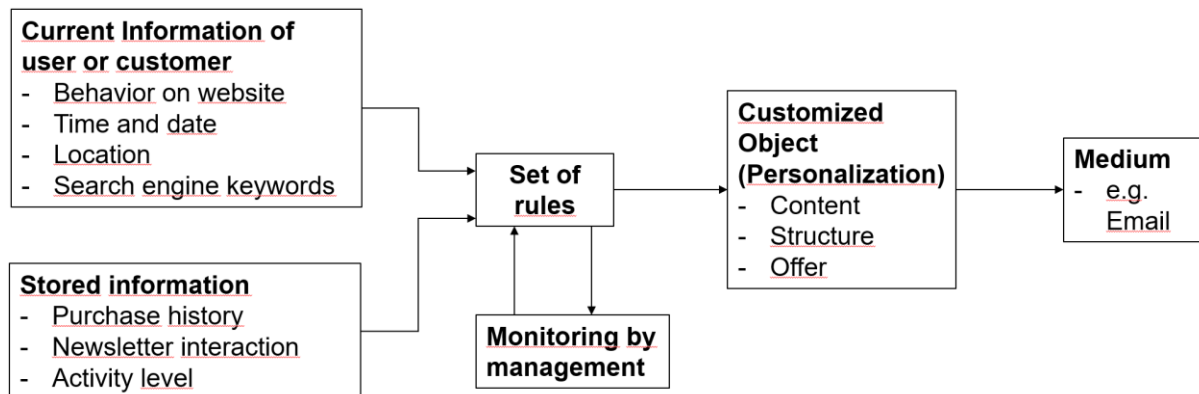
Figure 6. The framework of marketing automation (Heimbach et. al 2015).

2.3.1. Email marketing as a feature of marketing automation

Buttle and Maklan (2015) divide marketing automation features into three categories; marketing campaigns, digital and online marketing and strategic marketing management. Furthermore, it is highly important to note that marketing automation comprises several features such as email marketing, campaign management, content and social media marketing, lead management and marketing analytics. However, due to the scope and limitations of this study, this paper focuses primarily on inspecting email marketing as a feature of marketing automation.

Generally, email marketing strategies aim to fulfill its primary objectives, to build loyalty, trust or brand awareness. (Mullen and Daniels, 2009). If the content delivered is highly relevant and done with the permission of the recipient, email marketing can be considered as one of the most effective digital marketing communications (Mogos and Acatrinei, 2015; Zhang et al, 2017).

Email marketing has a positive effect on customer loyalty and can increase the attitudinal loyalty toward the brand and the company. Consequently, email is an

effective marketing channel used for retention and loyalty marketing (Mullen and Daniels, 2009; Zhang et al, 2017).

Email can be considered as inherently personal media, although companies use emails in a mass communication way (Lüders, 2008). Email marketing provides creative solutions for marketers (Hartemo, 2016) and marketing automation aids in the personalization of email. Mogos and Acatrinei (2015) suggest that email content should be personalized based on the customers preferences and behavior and aids in empowering consumers. Regarding personalization, modern marketers can go more granular in email marketing, as they can design a highly detailed strategy including precise messaging and segmenting, tagging and targeting for each individual. Such methods allow marketers to act in real-time and use predictive and dynamic content, thus delivering hyper-personalized emails. (Bulik, 2018).

Personalization increases the feeling that communication is relevant to the recipient. Consequently, customers are also more likely to open and more consistent with email opens and become more engaged if the email is personalized. (Navdeep et al, 2018). If emails are relevant and sent based on permissions, customers become active participants in the communication process (Hartemo, 2016).

Marketing automation software enables emails to be sent in triggered, specific times (Heimbach et al, 2015) and aids in tracking of the email, as email is highly trackable (Baggott, 2007). With email tracking it is possible to know when customers open email, click a link in the email, download an attachment, unsubscribe from the list, whether they received the email or bounced (as in the email could not been delivered due to a variety of reasons), or if the email was marked as spam (Baggot, 2007; Mullen and Daniels, 2009). For instance, email open behavior may carry relevant insight regarding the level of the relationship between the customer and the company. With tracking knowledge, marketers can make changes to their email marketing strategy in order to make their marketing efforts more effective. (Mogos and Acatrinei, 2015; Zhang et al. 2017).

2.3.2. Benefits of marketing automation

Companies and its decision-makers are naturally interested in cost savings and gaining the benefits from their investments. As marketing automation enables the automatization of routine marketing activities, it saves resources which can be utilized for other purposes and in other functions. The benefits of marketing automation that have been noticed from studies (e.g. Buttle and Maklan, 2015; Ginty et al., 2012; Heimbach et al, 2015: Riemersma and Jansen, 2006) are improvements in gathering and utilizing customer knowledge, improved measurement of marketing performance, enhanced customer experience, utilization of personalization and gaining the benefits from it, enhanced marketing communication, improved customer retention and sales and enhanced responsiveness of companies.

A key benefit from marketing automation is that it is an enabler to personalization and personalized communication. As customers want effortless and relevant experiences at every touchpoint, marketing automation aids marketers to deliver consistent and personalized experiences that impact the bottom line. In addition, marketing automation together with email marketing enable personalization to be done at scale. Consequently, marketing automation allows a higher degree of personalization and access to personalization that would be otherwise more difficult to reproduce and deploy manually (e.g. manual email campaigns, that could require more resources and time). For instance, marketers utilizing marketing automation can address customers with personalized content and customized offers such as customized couponing and discounts. As the relevance of a company's communication is enhanced by marketing automation, it results in increased customer engagement and customers' willingness to pay more. (Heimbach et al., 2015).

Marketing automation can be considered essential for marketing efficiency as it aids in saving and utilizing resources more effectively and increases the quality of work. Marketing automation can also enhance the customer experience and improve the customer dialogue (Riemersma and Jansen, 2006). Furthermore, in their study of customer relationship management, Saarijärvi, Karjaluoto and Kuusela (2013)

emphasize the social aspects of CRM. Marketing automation enables an interactive and automated dialogue with the customer which supports companies in gaining customer knowledge, more specifically information regarding the customers behavior, and utilizing it better.

Marketing automation has enabled the measurement of marketing performance in a new way, which can be considered as one of the key benefits of marketing automation. Regarding the measurement of marketing performance, it is important that marketers use a selection of key performance indicators and supplement them with more granular metrics rather than selecting one specific indicator. (Järvinen and Karjaluoto, 2015). With the use of web-analytics the navigation paths of the customer can be followed and clickstream data such as email, search engines, display ads and social links, and the customers behavior data can be tracked and analyzed in a meaningful way and format. Such information provides the company a better understanding of the customer which in turn enables the company to develop and reshape its marketing actions accordingly and efficiently, to match the customer. (Chaffey and Patron, 2012; Järvinen and Karjaluoto, 2015).

3. Methodology

This chapter demonstrates the methodological framework of the study by describing the research strategy, data collection and data analysis methods that were used. Finally, the reliability and validity of the research are briefly discussed.

3.1. Research strategy

Qualitative methods focus on obtaining data through open-ended and conversational communication and thus allow detailed research. The results of qualitative methods are more explanatory which supports the drawing of more meaningful conclusions and facilitate an agenda for future research. (Saunders et al, 2015). Hence, after evaluating of the options and possibilities of frequently used qualitative research methods, a multiple-case study approach was chosen as the research strategy of this study.

A multiple-case study is a viable choice when more extensive descriptions and explanations of the phenomenon are sought, making the study, if properly done, more inclusive in comparison to a single-case study. An advantage of a multiple-case study is its replicability, meaning that the results of one case can be replicated to another case which adds validity to the study (Yin, 2018).

Furthermore, case studies are suitable for studying "how" and "why". Case studies provide flexibility for the research as they are suitable for examining complex real-life instances of contemporary phenomena (Yin, 2018). Moreover, in academia, marketing automation and personalization are yet to be researched meticulously. Consequently, as this research aims to study how marketers utilize personalization in marketing automation and email marketing, a multiple case study approach was selected. Using qualitative methods (e.g. multiple case study) in this study can be justified, as the purpose of this study is to obtain profound understanding of the cases.

3.2. Data Collection

According to Eisenhardt and Graebner (2007), in order to limit data collection related bias, knowledgeable informants who possess diverse and complementing views of the focal phenomena should be preferred. Having this in mind, the three interviewees for this study were contacted and selected because they were considered to be highly suitable for this research due to their experience within the fields of CRM, personalization, marketing automation and email marketing. The interviewees represented different industries; Financial services, Entertainment and SaaS, respectively. In addition, their managerial position is considered to provide a more objective and broad view, which can be viewed as an advantage for the quality of the qualitative data gathered. The details of the study interviewees can be seen in Table 2.

Table 2. Study interviewees.

Representative	Title and role	Length of interview	Industry
Marketer 1	Product owner & Development Manager – Marketing automation	45 min	Financial services
Marketer 2	Digital Commerce Manager and Team lead	40 min	Entertainment
Marketer 3	Sales and Marketing Automation Manager	42 min	SaaS

Semi-structured interviews were used in the interviews. Semi-structured interviews are open-ended interviews where the questions are formulated and cover a list of topics

but additional questions or specifications may arise depending on the reactions and answers. Semi-structured interviewing is best used when it is known that another possibility to interview someone is not likely occur (Bernard, 2006).

The interviews were conducted by using an interview guide (Appendix 1) which was specifically developed for this research based on the literature review of this research. The interview guide was followed during the interview alongside with the topical trajectories that strayed from the guide when felt necessary. The fact, that the interviews were thematic and semi-structured allowed free discussion to occur.

All of the interviews were conducted within the month of June 2020 and the interviews took place via online Zoom-meetings which were recorded with the permission of the interviewee so that the material could be transcribed verbatim later. The duration of the interviews was 42 minutes on average.

3.3. Data analysis

Vaismoradi and Snelgrove (2019) recommend thematic analysis to be used for analyzing qualitative data. Thematic analysis leads to deeper understanding of the phenomenon and remains faithful to the requirements of qualitative content analysis. Moreover, thematic analysis aids researchers in answering their study question by providing trustworthy findings. (Vaismoradi and Snelgrove, 2019). Therefore, thematic analysis was used to analyze the qualitative data of this study.

First, the interviews were recorded and transcribed verbatim which resulted into a total of 20 pages of transcripts. Subsequently, the transcriptions were reviewed and the content was both summarized and divided into themes based on the theoretical framework of the study. Consequently, the following themes were identified; CRM, customer knowledge, personalization, marketing automation, the challenges and benefits thereof, and perceptions of the future. The themes had also sub-categories that were identified. These themes and sub-categories outlined the themes discussed in the findings chapter of this paper. The themes and sub-categories are presented in Table 3.

Table 3. Themes derived from the content analysis.

Theme	Sub-category
CRM	*No subcategories*
Customer knowledge	Customer data gathering Customer data analysis
Personalization	Perception Utilization Hyperpersonalization Privacy

Marketing automation and email	Personalization of marketing automation and email
	  - Challenges thereof
	  - Benefits thereof

Future overview	*No subcategories*

In order to gain a more holistic view in the findings, essential comments of the study interviewees were identified and added to the analysis whereas any non-relevant content was phased out.

3.4. Reliability and validity

Reliability and validity are important concepts when evaluating the quality of the research. Reliability refers to the consistency of a measure, whether the data collection techniques and analytic procedures can reproduce consistent findings should they be repeated on another occasion or another researcher. (Saunders et al, 2015).

Participant error was aimed to be mitigated by interviewing all study interviewees at the same time of the day. Participant bias was aimed to be mitigated by avoiding

shaping the participants' ideas beforehand and during the interview. Researcher bias was aimed to be mitigated by transcribing the recordings verbatim and aiming to maintain objectivity throughout the entire process of data analysis.

Validity refers to the accuracy of the measure. A multiple case study is likely to produce valid findings as the data is gathered from multiple sources. In addition, as mentioned in the research strategy, the replicability of multiple-case study adds validity to the study. (Yin, 2018).

Construct validity was aimed to be ensured by selecting appropriate research methods, such as qualitative research method which then lead to the selection of multiple-case study and semi-structured interviews. The interview questions formulated for this research were thoroughly reviewed to ensure their accuracy.

To ensure validity, data triangulation is important in case studies (Yin, 2018), and thus the data was cross-analyzed on the basis of the themes listed earlier. Methodological triangulation was not involved in this study, as more than one methods to collect data were not used, which affects adversely to the validity of the study. However, external validity was aimed to be ensured by selecting a sample of informants that represented diverse and complementing views. The informants work in different industries, Financial Services, Entertainment and SaaS, respectively.

4. Empirical analysis and findings

4.1. CRM

Scholars have emphasized the importance of CRM as a core strategy element (e.g. Boulding et. al, 2015, Buttle and Maklan, 2015). When asked about the role of CRM in the informants companies, all informants considered it highly important and essential for the company's strategy for maintaining long-term relationships with customers. In addition, they perceived long-term relationships it to improve customer loyalty.

"I would say that the role of CRM in our company can be considered as one of the most important. Especially, when you consider that we have a really large audience that we attend to. A big part of finnish people enjoy entertainment, and we have a big portion of the finnish people as our customers which is why it is important to identify relevant factors as we offer many products for many different audiences. The right customers should be communicated the right things in order to have prosperous long-term relationship with them." (Marketer 2).

However, the perceptions of CRM and its entirety differed, Marketer 1 and Marketer 2 perceived CRM as being multidimensional, and considered it to have strategical, operational, analytical and technological aspects. Regarding this, Marketer 3 emphasized that:

"In order to even be able to talk about CRM, it needs the ideology of leading customer relationships with it, not just the technology" (Marketer 3).

This view supports the definition of CRM by Buttle and Maklan, 2015 and Boulding et al, 2015, where CRM is seen multidimensional. In contrast, Marketer 1 discussed about the role of CRM from mainly a technological point-of-view, describing how their CRM system contains customer data in a controlled manner and is currently being changed and integrated better into marketing automation so that the customers can be attended better.

"Every company needs CRM where the customer data is stored in a controlled manner. We are prioritizing on it as we speak and are currently undergoing a change process regarding the change of systems to better facilitate our marketing automation". (Marketer 1).

This view supports more of the definition by Zeithaml et al (2013) where CRM is described to allow firms to use customer knowledge and information systems to deliver personalized offerings.

4.2. Customer knowledge

Regarding the obtainment of customer knowledge the informants see that customer knowledge can be gained in a variety of ways and see it important to gather it in a variety of ways in order to gain an understanding on how customers behave. It can be noted that all of the informants refer to the the term "data" when discussing about the obtainment of customer knowledge. According to Khodakarami and Chan (2014), analytical pieces of data enable the understanding of the customer. The findings support this view.

"We have a dedicated team for customer knowledge who are responsible of gathering data and proactively developing an understanding of the customer". (Marketer 1)

"We aim to understand the possibilities of what technology enables and utilize it to track our customers be it on our website, mobile application or even 3rd parties. The aim of the tracking is to gain data and understand how our customers behave." (Marketer 2)

"Our web pages are most likely the largest source for customer knowledge, as we gain data from identified and unidentified customers and visitors". (Marketer 3).

The informants also explain how customer knowledge obtainment can be seen as a process that encompasses the whole organization. As Marketer 1 explained, they have a dedicated team that focuses on gathering data and distributing it to the other teams. Marketer 3 explained of a similar setting in the organization, where the comment was as follows:

"We have a customer success management team and our sales people who talk to the customers and listen to the customers' needs and wants daily. Also, we have many employees with several years of experience who really know the customers - this also improves our customer knowledge."

The views of Marketer 1 and Marketer 3 support the theoretical framework of this study, as both Khodakarami and Chan (2014) and Rollins and Halinen (2005) have pointed that businesses should align their processes in order to gather customer knowledge effectively and that customer knowledge can be either explicit or tacit. It can be argued that in the cases of Marketer 1 and Marketer 3, their organizations employees have a considerable amount of tacit knowledge, which can and is most likely transferred across the organization.

On the other hand, Marketer 2 pointed out that customer knowledge is something that their organization has to consider as it is a part of a bigger enterprise. However, Marketer 2 stated that it is more important to focus on the customer when obtaining customer knowledge. Furthermore, it is particularly important to track the customer along his or her customer journey and follow how the customer's interests and preferences evolve over the years. This finding supports the view of Fox and Stead (2001), where they argue that information about customers should be gathered throughout the customer journey to better understand and serve the customer.

The type of data the informants are collecting is mainly similar. The informants report collecting general and demographic information of the customer, preferences and interests, customer login and behavioral data specifically from email, website and mobile application, and behavior regarding the offered product or service and purchase history. The marketers also reported enriching their data by purchasing it from third parties.

"We gather general details such as age and address and demographic information, login details, preferences and interests, cookie data and behavior from the websites, mobile application data and purchase data - all of which can be utilized in our marketing communications" (Marketer 2).

The amount of data the marketers have is not an issue; the marketers seem to have enough data for their purposes. However, the utilization of the data appears to be an issue.

Marketer 1 mentioned that although they have a considerable amount of data, an underlying challenge is to have it transformed in such form that it can be utilized. Marketer 3 complemented the statement by mentioning that although they are collecting data, the nature of the data is rather basic which limits their ability to utilize it. Therefore, this may limit their ability to utilize customer data as a platform for communication, as Järvinen (2014) and Xu and Walton (2005) argued, to a certain extent. This is only a case if there is necessary data that can not be transformed for utilization, if the data is deemed unnecessary then it should not affect to their ability to utilize customer data for relevant and timely customer communication. It may also limit their ability to personalize to a certain extent, as customer data is essential for personalization.

Concerning the transformation of the data, the marketers do not report having a unified customer profile. Rather, the data is found to be dispersed in numerous systems and even in so called "legacy systems" that have difficulties in codifying and refining the data for the use of other systems. This can be seen as an inhibitor for gaining the most accurate understanding of the customers' needs and wants, and thus limits the serving of those needs and wants as relevant as possible. As Buttle and Maklan (2015) state, a unified view of the customer provides more flexibility and responsivity to the customers' needs. Regardless of the current state that the marketers are in with the unified profile, it is in their desire to form one.

"It is challenging to unify all of our data in one place in order to obtain a more accurate view of our customers. However this is would be in our best interest, a so called

"master data" regarding the customer profile, where all of the information could be refined and transferred to whichever marketing channel" (Marketer 2).

Customer information analysis is important for customer knowledge as it enables the identification of the customers' needs and preferences can be identified, some of which can be hidden if not analyzed. Identifying and understanding the needs supports the creation of an effective marketing strategy (Cheng et al, 2013). The findings indicate that the marketers agree upon the importance of data-driven decision-making and marketing. They also follow KPIs and analyze campaigns to gather customer knowledge and aim to utilize this information in their marketing automation accordingly.

"As mentioned, our dedicated customer knowledge team produces a variety of customer analysis for us and we model our customers and try to utilize this newfound information in our marketing automation". (Marketer 1).

Concerns regarding the customer information analysis are also voiced, as Marketer 2 explains that the analysis is still manual labour and a challenge and development focus of theirs is to act in real-time.

"A lot of manual labour is done in our team regarding analysis; we also need to develop our capabilities for real-time responsiveness"

Although, it is obvious that all three marketers want to analyse customer data to gain customer knowledge, the extent of the analysis raises discussion. Marketer 3 sees a thorough analysis of customer data as something the organization needs to focus more in the future.

"We are still scaling. Our sales is performing so well and requires resources. So, I see that the time for thorough customer data analysis is somewhere next year. If done well, it will increase our efficiency, as we will be able to understand the customer better." (Marketer 3).

4.3. Personalization

In order to be able to evaluate how marketers utilize personalization in marketing automation and email, it is important to observe how marketers themselves define and perceive personalization. All of the three marketers had similar definitions regarding personalization, although not all of them differentiated between personalization and targeting when explaining about personalization, as the term targeting was used a few times interchangeably to mean personalization. The key terms that could be observed in their definitions were "preferences", "relevant", "timely", "utility", and "content". Marketer 3 summarized it as *"Every message that the customer receives is designed and tailored for them and reaches the customer in the right location at the right time"*. (Marketer 3).

Personalization was seen important and considered as an important part of the marketing automation and email strategy but the findings indicated some critique towards it as well. Mainly, it was said that although it is important, its importance should always be able to be contrasted on its performance, essentially based on what value it actually provides for the company (e.g. the amount of revenue it can increase). Thus, especially when considering about new investments, personalization should not be utilized only by the purpose of personalizing but its potential impact should be evaluated and it's performance should be quantified.

"The significance of personalization is not always substantial. Semi-generic content still has its place and can be an effective way to reach customers without disappointing customers." (Marketer 3).

Personalization is done in all marketing channels, but emphasis is indeed put on email as it was considered as one of the most promising channels for personalization. In addition, automation was perceived as a vital part for personalization and personalization was aimed to be done depending on the phase in customer journey.

"In the beginning of the relationship the amount of data available for personalization may be limited and personalization should not go too detailed. Personalization

becomes more important later on, when you have customer journey and lifetime data, and you're trying to turn the customer into an advocate or retain him or her as a subscriber. Here the communication will also feel more relevant to the customer". (Marketer 3).

As mentioned in the analysis of the customer knowledge part of this study, the marketers utilize customer knowledge and various forms of online and offline data for personalization. Behavioral tracking is important for personalization. The primary data being used for personalization are offline and online behavior data, purchase history, the customers' preferences and interests and enriched predictive data.

The marketers were moderately dubious of the concept of hyper-personalization. However, they familiarized it to the use of artificial intelligence.

"For personalization, artificial intelligence and machine learning are very welcome as it means less manual labor and takes optimization to the next level". (Marketer 2).

Although some pilots and experiments have been done, none of the study participants reported utilizing artificial intelligence or machine learning in the personalization of marketing automation and email. It is mainly perceived as a future possibility.

"We've done some piloting regarding AI and we will try to scale it into our marketing automation". (Marketer 1).

"We are using some predictive features but it really can not be said that we are using machine learning or AI for personalization, as for now." (Marketer 2)

The capability to act in real-time has been weighed as a key element of hyper-personalization (e.g. Madhup, 2018). The marketers saw this as a focus of development as it appears to be reasonably challenging to act in real-time, especially without the aid of AI and due to data harmonization related issues.

"We know the potential and aim to develop towards it. Currently acting in real-time is still an issue due to data as it can be located in several systems, which affects in our

capability. I would also note the importance of the right channel here, although email is a highly important channel for us, it could be that in some cases another automated channel could be more useful for us when acting in real-time." (Marketer 2).

As per the findings, it can be said that the marketers capabilities to effectively hyper-personalize are hindered and not yet mature.

Regarding privacy, getting too personal, especially too soon can overwhelm consumers, so it is important to know the limits and have the right balance when personalizing. The finding is in line with the theories of Goldfarb and Tucker (2011a) and White et al (2008) but emphasizes that it is essentially also a matter of the state of the customer relationship and customer journey.

"We're all human; personalization can be felt intrusive and unpleasant, especially if it's too early in the relationship and customer journey" (Marketer 3).

Thus, it can be argued that in order to effectively personalize without raising concerns for privacy, marketers need to pay attention to timely communication, which is the essence of personalization.

The marketers report adhering to the regulations of data collection, more specifically GDPR, regarding privacy. Some industries have to consider the regulations of data collection more closely than others. In addition, the marketers report that companies are encouraged to look after their data, which clarifies the marketers' communication in regards of it and thus leads to a higher degree of transparency on how the customer data is handled and for what purposes. Hence, the higher degree of transparency contributes to the better understanding of data privacy and can alleviate the customers' privacy concerns.

"Due to GDPR, customers are becoming more conscious of data privacy". (Marketer 1).

"We've noted that one of the challenges relating privacy concerns is the customer's own understanding of how data privacy, as not all understand what it encompasses.

The better we have explained our purposes for utilizing customer data the better understanding the customers seem to have and less concerns have arisen regarding of it". (Marketer 2).

The customers with more privacy related knowledge can also be seen as the ones who are the first ones to make sure that their personal data is handled according to the regulations. Evidently, privacy policy activists, that can make a respectable portion of the customer database, are the most active group regarding the voicing of privacy concerns whereas younger people can be seen as slightly more willing to give out information. Such finding complements the findings of Goldfarb and Tucker (2012).

"In total, unwillingness and resistance are rather minor. We have more data available of younger people, who are digital natives". (Marketer 2).

4.4. Benefits and challenges of personalization in marketing automation and email marketing

Regarding personalization, all of the marketers themselves felt that they had the possibility to affect how their company utilizes personalization in marketing automation and email.

"In this role, yes, my opportunities to have an impact on it are big". (Marketer 3).

However, it was noted that focus on personalization should be put more on the organizational level as a whole.

This leads to the findings regarding the benefits and challenges of personalization in marketing automation and email marketing. The benefits can be divided into benefits for the customer and benefits for the company. Two primary benefits which all marketers mentioned could be identified.

The primary benefit for customers is the realization of the goal of personalization; "*delivering the right content at the right time, we've seen that it contributes to improved customer experiences that we can deliver. The customer feels heard and understood*". (Marketer 3).

The communication is seen timely and relevant and customers perceive enhanced utility from the communication. Thus, the marketers need to communicate less as more and more customers are perceiving it important which also contributes to maintaining a good image of the company as it increases trustworthiness and the customers are not feeling the communication as annoying or irritating.

"We've seen the increase in brand awareness, also we feel the need to communicate less, and focus better on finding the optimal messaging interval, as customers feel our messages relevant and receive it at the right time". (Marketer 2). This is in line with the findings of Zhang et al (2017) on how to create profitable a email marketing program.

Consequently, the primary benefit for customers contributes to the primary benefit for companies. The primary benefit for companies accentuates on increased revenue as the utilization of personalization in marketing automation and email is shown to increase marketing effectiveness and marketing efficiency. This is because it spares resources and increases brand awareness.

"We wouldn't have the resources to do such processes manually, here automatisation and personalization provide valuable opportunities for us and help considerably". (Marketer 1).

"The increase in brand awareness is important and a great benefit for us". (Marketer 2).

"For the firm, it increases revenue". (Marketer 3).

The study participants acknowledged that more benefits could be gained from personalization if the full potential of marketing automation could be utilized as none

of the study participants saw that they were utilizing the full potential of marketing automation when personalizing.

Even if it would take time to utilize the full potential of marketing automation for personalization, there are some major challenges that could be overcome meanwhile, and dealing with each challenge can be seen to contribute to a higher degree of utilization of personalization. Regarding the utilization of personalization in marketing automation, *"the quality of data, its location and uniformity"* (Marketer 3) can be seen as a challenge.

Marketer 2 addressed this issue as well by commenting that:
"one of our primary challenges is technology, as we are utilizing different technologies in different channels, and thus have to consider where the data is located in order to use it for personalizing in marketing automation and email. For example, we have CSV files that are manually treated and transferred between systems. Sometimes it impairs our ability to be relevant and timely, as it might take a day for us". (Marketer 2).

These findings verify the findings made earlier regarding customer knowledge and data and are in line with the theories represented by Buttle and Maklan (2015) and Khodakarami and Chan (2014), as it can be noted that marketers face a challenge in unifying and harmonizing the data between systems in order to effectively personalize.

As harnessing the right technology to suit the needs of the marketers is important, justifying investments for it was seen as a challenge based on Marketer 1's and Marketer 2's comments. Both of them stated that essential integrations between systems, that would ultimately facilitate personalization, are long and expensive processes which makes it difficult to justify it to other decision-makers within the organization.

Marketer 3 points out that limited resources make it important to know when to personalize and when not to, and which content is best personalized. Furthermore, maintaining human touch within the communication can be considered as a challenge to the utilization personalization in marketing automation. *"It can affect reputation and decrease the effectiveness and benefits gained from personalization, if your customer*

knows that the email has been sent by a machine so to speak. Then it won't feel inherently personal". (Marketer 3).

Secondly, Marketer 1 commented that as customer perceptions and preferences vary, not all customers consume the same content, and do not always recognize the need for personalization but from a marketer's perspective it is important to differentiate from competitors. Personalization can be considered as an effective tool for competitive advantage as Bose (2002) has argued. Consequently, it can be noted that overdoing automation, more specifically maintaining the balance between personalization and automation is a challenge marketers may face.

As harnessing the right technology to suit the needs of the marketers is important, justifying investments for it was seen as a challenge based on Marketer 1's and Marketer 2's comments. Both of them stated that essential integrations between systems, that would ultimately facilitate personalization, are long and expensive processes which makes it difficult to justify it to other decision-makers within the organization.

4.5. Future overview

The future overview was included in the study as it can be considered to be important to find out where the marketers perceive the future of personalization in marketing automation and email to be heading and what is it that they aim to do to facilitate it.

The informants emphasized the importance of staying on track with customer behavior and stated that it will impact on how the future of personalization is shaped.

"Consumer behavior should be followed and new ideas should be tested without prejudice. This should be a systematic process, as then it will enhance responsiveness and we would be prepared." (Marketer 2).

Technology was seen as a main facilitator and key element for personalization in marketing automation and email. Marketer 1 stated that as there are still processes that are done manually, technology will enable the total automation of these processes.

The comments of Marketer 2 supported this view:
"I would say that companies should invest in technology and enable independent marketing channels" (Marketer 2).

Marketer 3 had a different view of the state regarding marketing automation technology, as the participant commented that the technology is rather mature, and will only take incremental steps.

In addition, Marketer 3 mentioned that what is the current situation for some companies is the future for many companies, as some companies are forerunners with state-of-the-art technology. Regardless of their situation, Marketer 3 comments that there is an enormous potential for companies in both situations yet to be utilized to its fullest extent: *"In how to gain and combine data from unidentified and identified customers and visitors".* This is indeed a contemporary, yet new concept which some scholars have already addressed (e.g. Biega et al, 2020) and which will most likely require future research. The other study participants discussed about the concept as well.

The findings implicate that marketers are headed and taking steps towards hyper-personalization, although the concept of hyper-personalization was not entirely familiar to all study participants but they key elements that comprise hyper-personalization were well understood.

"The utilization of AI will increase in marketing automation". (Marketer 1).

"I see that we're heading towards hyper-personalization". (Marketer 2).

"In the future, AI and Machine learning can enable us having unique customer experiences, always". (Marketer 3)

Marketer 3 also elaborated this by mentioning that the changes we will most likely see are mostly in the content that can be personalized for email by utilizing AI and Machine learning. In the informants' opinion, the content such as email content (images, call-to-actions) will take bigger leaps due to AI and Machine learning than the operational logic behind marketing automation.

5. Discussion

5.1. Main findings and theoretical contributions

The aim of this paper was to build on existing literature of the phenomenon and find and identify the effective ways and challenges of utilization of personalization in marketing automation and email marketing in order to maximize its potential. Main findings were made that contribute to the existing theory.

Firstly, it is important to preserve human touch when utilizing personalization in marketing automation and email marketing. The findings indicate that there is a need to balance the degree of personalization as it should be done according to the customers phase within the customer journey. Marketers need to identify the need when to personalize as it is not advisable to personalize every interaction aimlessly. Building on the theories of Goldfarb and Tucker (2011a,b,c) and White (2008), "Too much too soon" does indeed raise privacy concerns and defies the essence of personalization which is relevance for customers which in turn may disintegrate benefits gained from personalization.

Hence, customer knowledge has a crucial role in personalization, as Khodakarami and Chan (2014) have also found in their study. Moreover, it is not enough that marketers have the data required for effective personalization if the CRM systems, marketing automation software and other systems where data is located are not synchronized with each other. The need for data unification and data normalization in order to effectively personalize has been identified. Moreover, the need for utilizing and combining data of unidentified and identified customers and visitors presents an interesting opportunity for marketers. Both of these findings build more knowledge on top of the findings of Biega et al (2020), who have underlined the importance of combining data and utilizing data from unidentified customers while adhering to privacy regulations set for personalization.

Also, effective utilization of personalization requires effective utilization of marketing automation. The findings imply that all of the studied marketers did not utilize

marketing automation to its fullest capability. The reasoning for some were found due to the aforementioned data harmonization related issues while others were due to the lack or resources, lack of belief in personalization within the organization due to the need for its performance to be quantified for gaining approval and lack of capabilities of acting in real time.

Consequently, the underutilization marketing automation leads to the underutilization of personalization to some extent and does not enable hyper-personalization. Hyper-personalization requires the capability to act in real-time and also the use and adaptation of AI and Machine learning technologies, which were not yet harnessed effectively by the study participants.

The existence of hyper-personalization can be also be questioned, as it could be argued that personalization evolves along with technology. This can also be a reason why there is not much relevant literature regarding it among scholars, although it is a relatively new and contemporary concept. As of now hyper-personalization appears to be more of a marketing term within the industry than a reality in practice for the marketers. However, taking in consideration the current state of personalization and the available technologies, such as AI and machine learning, hyper-personalization can be considered as a fitting term for distinguishing the degree of personalization that is being utilized interim.

Therefore, when all aforementioned factors are taken into consideration, the state of utilization of personalization in marketing automation and email can be considered satisfactory. Yet, there are several challenges which if solved would lead to even a higher degree of personalization and lead to more benefits. The future overview of personalization is positive and based on the findings it can be said that many of the challenges that hinder the utilization of personalization can be dealt with over time as technology evolves since a common will to take personalization forward was also identified among the study participants.

5.2. Managerial implications

The purpose of this study in terms of managerial implications was to provide marketers more knowledge and actionable steps in order to improve their utilization of personalization in marketing automation and email. Consequently, the following managerial implications were made based on the main findings:

Customer relationship management should be an all encompassing strategy within the organization as such not only from a technological standpoint but considering all of its dimensions (strategical, operational, analytical). Once CRM is approached from a multidimensional standpoint an effective strategy regarding can be built where all needs for utilizing personalization can be identified and an effective marketing automation and email marketing strategy can be designed accordingly. CRM technologies can become ineffective due to improper management and implementation thus effort on properly managing these technologies should be emphasized.

Regarding email marketing an effective strategy for building trust, loyalty and brand awareness should be designed and generic bulk messaging content should be avoided as they are shown to lead to unsatisfactory customer experience and low engagement. Furthermore, personalization should not be be utilized for personalizations sake, and its performance should be aimed to be quantified in order to justify investments regarding it.

It is also important to preserve human touch when utilizing personalization in marketing automation and email marketing. When lacking resources, it is essential to know when to personalize and when not to. In order to match the relevance and utility that customers are after, emphasis in personalization should be put in the state of the customer relationship and phase of the customer journey.

In addition, customers' privacy concerns should be addressed and attention should be directed into educating customers regarding privacy policy and communicating about

data collection practices so that transparency is maintained as this can be seen to alleviate customers' privacy concerns.

Gathering and utilization of customer knowledge, more specifically customer data regarding the customers' needs and preferences, is crucial for personalization for marketing automation and email marketing. In order to cater to those needs and preferences, data should be aimed to be normalized and unified. Thus, marketers should head towards a unified customer profile, or at the very least the systems involved should be integrated in such way that it maintains or creates the capability to act in real-time. A Data Management Platform (DMP) and Custmer Data Platform (CDP) can help marketers to deal with data related challenges.

Addressing data related challenges that were found in this study should be a top priority for any manager aiming to personalize effectively. Furthermore, harnessing artificial intelligence and machine learning for the utilization of personalization should be seen as an advantage to be pursued, although the need for it has to be evaluated accordingly. In light of the findings, aiming to utilize the full potential of marketing automation should be pursued as well.

Finally, marketers should not be afraid to test out new ideas regarding the utilization of personalization in marketing automation. It is advised for marketers to evaluate and measure the state of utilization of personalization within their organizations and compare it competitively whenever possible in order to avoid underutilizing it and thus gaining and producing only partial benefits for the company and the customer.

5.3. Limitations and future research avenues

This study has a few limitations. Regarding the qualitative research, a convenience sample was taken and reported. In addition, the sample size should have been more extensive for more precise insights, as quantitative research and multiple-case studies present some challenges in generalizability. Thus, it is not entirely anticipated that the perceptions of the study participants will generalize. Rather, focus is put on

dissimilarities and similarities across the theory relating the phenomena and the circumstances in practice. However, at the very least, the companies of the three cases examined could benefit from the findings of the study.

Regarding the theoretical framework, this study did not address the concept of content marketing as the primary focus was in the essence of the utilization of personalization and the challenges and benefits thereof. Customer relationship management was addressed rather superficially in this study, mainly addressing its importance for strategy and a facilitator for marketing automation. Furthermore, marketing automation and its features were not discussed extensively. Rather, a feature within marketing automation - email marketing - was focused as it is considered as the context where personalization occurs whereas marketing automation is considered as the facilitator for personalization. As the theory is reflected into the findings, the quality and extent of analysis and findings are affected due to the limitations in the theoretical framework.

This study focused mainly on the marketers' perception of the phenomenon. It would be interesting to measure the utilization of personalization in marketing automation and email from the customers' point-of-view, examining the customer experiences regarding personalization.

A quantitative research would dig deeper into the utilization of personalization and tell if personalization is utilized effectively and the results gained from that study would contribute to the findings of this study by potentially alleviating the concerns of investing into personalization as then its effectiveness would be quantified.

As technologies evolve, future research avenues could open up in researching Internet of things' (IOT), AI's and machine learning's effect on utilization of personalization. For instance, it would be interesting to examine whether IoT could aid in completing the gaps of missing data of the user thus facilitating data unification and normalization. The same goes for utilizing artificial intelligence and machine learning as their impact on personalization in marketing automation and email could be studied more.

Although machine learning is a subset of artificial intelligence, in this study they are discussed as separate entities. Their effect on taking personalization towards "hyper-

personalization", and whether "hyper-personalization" an actual phenomenon rather than a marketing term could be studied.

Finally, it would be interesting to study whether the study participants' perceptions of the future have been realized as all of them had the intent and vision of the future of personalization. For instance, a state-of-the-art research regarding the utilization of personalization in marketing automation and email would be interesting for further development.

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APPENDICES

Appendix 1. Interview questions

1. Basic information:

Can you tell me about your background - Gender, age, education, experience within the field, role within your company?

2. Customer Relationship Management

What kind of a role does CRM have in your company?

How do you obtain customer knowledge within your company?

What kind of customer data are you collecting?

How do you analyze customer information?

Do you have a unified customer profile?

3. Personalization:

Perception of personalization

How would you define personalization?

How do you perceive the importance of personalization?

Personalization

How do you personalize your marketing?

What kind of data do you use?

Do you perceive that you have the possibilities to affect on how your organization does personalization?

Hyperpersonalization

Are you familiar with hyperpersonalization? If so, how is it utilized?

<u>Personalization and privacy</u>

Are privacy concerns and GDPR an issue when gathering data and personalizing content based on customer's preferences? If so, what kind of challenges have arisen?

Do you notice a segment or group of customers where consumers are more willing to give out information, have you noticed issues with unwillingness, or other issues with privacy concerns regarding data collection?

4. Marketing automation and email

How do you personalize in marketing automation and email? poikkeaako ostopolun vaiheessa?

Do you think that you are utilizing the full potential of marketing automation when personalizing?

Do you have the capability to act and make changes in real-time and do you utilize this capability?

How much do you utilize AI and machine learning in your marketing automation and email marketing?

5. Challenges and benefits

What do you see as the main challenges considering personalization when utilized in marketing automation?

What do you see as the main benefits of personalization when utilized in marketing automation?

6. Future overview

Where do you see the future of personalization in marketing automation and email?