

[PERSADO]

How Michaels Transformed Its Personalization Strategy: Unlocking Greater Loyalty & Engagement



North America's largest arts and crafts retail chain partners with Persado to put personalization and customer loyalty at the forefront of its SMS, Facebook, and email campaigns.

It's a personalized world

Since the first store was opened in Dallas, Texas in 1973, Michaels has grown to be the largest arts and crafts retail chain in North America, with more than 1,200 stores in the U.S. and Canada.

A big reason for that growth has been Michaels' connection with its customers, aka its "Makers". Since day one, the company has been providing everything that beginners and experts need to complete an array of artistic, leisure, and home décor projects from start to finish. It's no easy task connecting with and understanding all of those Makers' needs, especially today in such a noisy digital environment. But Michaels knows that deepening its engagement with its Makers and driving the frequency of those engagements is critical to maintaining and enhancing customer loyalty.

The Michaels logo is written in a red, cursive script font. It features a stylized checkmark-like shape at the beginning of the word.

SMS: A new opportunity for growth

SMS was a new channel for Michaels when Persado came onboard, but the two companies worked together to turn it into a highly engaging touchpoint using a three-phase launch plan:

- 01** Persado works with Michaels to understand the company's SMS program, including the types of messages sent, the frequency, and the expected outcomes.
- 02** Persado uses its AI platform to develop several test messages per campaign to figure out which parts of the messages drive the highest rate of response.
- 03** Persado crafts a winning message based on those tests and deploys it.



As part of Michaels' ongoing transformation to give Makers a best-in-class experience both in stores and online, the company made a conscious decision to rethink its digital strategy and put personalization at the forefront of its marketing efforts.

"We had all of this really rich data, but we needed to figure out a way to use it that allowed us to produce more relevant content that would inspire and enable creativity for each and every one of our Makers," said Sachin Shroff, Michaels' VP of CRM, Loyalty, and Marketing Technology. "We wanted to build upon the deep trust our brand has built with our Makers over the past four decades by creating even more meaningful, personalized touchpoints with them. With millions of Makers in our community who all have unique needs and preferences — from their craft of choice to their skill level — it was a challenge to do this at scale."

The big question for Michaels was not whether it should personalize its campaigns, but how, exactly, it would build those more meaningful, personalized relationships at scale.

The challenge: How to be more Maker-centric

As an omnichannel retailer, Michaels had already been tapping a variety of digital channels to reach customers, including email and Facebook. These were used to do everything from alerting customers to new promotions and products to featuring classes and projects to elevating Maker profiles.

The problem was that while this content was broadly appealing to its customer base, it wasn't speaking to the particular needs of specific audiences to the degree that Michaels wanted. It also wasn't generating the kinds of insights Michaels could use in other marketing activities. As a result, the campaigns from its digital channels weren't driving the Maker loyalty that Michaels knew was possible. "Even though we were generating lots of data from our customers, our

analysis of it was very subjective," said Stephanie Turner, Michaels' Director of Targeted Marketing.

It was time to look for a partner that could help activate all of that data and use it to deliver the messages that would engage Makers on an individual level and keep them coming back.



The solution: Personalized AI content and deep creative insights

Michaels found that partner in 2019 when Persado, an AI content generation and decisioning platform, came knocking. “When we reached out to Michaels, we had two goals in mind,” said Amy Krauss, SVP, Customer Success at Persado. “One, we wanted to put our AI platform to work to deliver campaigns with more engaging, personalized language that would drive loyalty and incremental revenue. And two, we wanted to deliver insights sourced directly from our joint campaigns that would allow Michaels to make creative, strategic decisions throughout the year.”

Michaels decided that it wanted Persado to focus on campaigns in three channels: SMS, Facebook, and email. Persado’s AI platform generates and predicts which words will perform best in any campaign using the most extensive proprietary language knowledge base of over a million tagged words and phrases mapped to human emotion. It essentially takes the guesswork out of crafting

customer messaging by tapping into the equivalent of 600 years of consecutive A/B testing.

For Michaels, Persado begins by using the company’s content to build a custom language model that is true to Michaels’ brand voice. Persado then generates and deploys language experiments to feed predictive models that understand how customers engage with messaging across campaigns, channels, and audiences. Finally, Persado uses those learnings to predict the right message for future campaigns, enabling Michaels to deliver more relevant content to its Makers.

“The degree to which the AI platform allows Michaels to understand the language that resonates best with each Maker is incredible,” said Shroff. “Our email subject lines, for example, are less transactional and are instead tailored to the specific



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We’re looking for Persado to have an even greater impact on our content by expanding personalization across channels and bringing them into more of our strategic conversations and planning processes. Personalization increases customer engagement and loyalty when done with the right data and tools at scale — and Persado is the right partner to help us do that.

Sachin Shroff

VP of CRM, Loyalty, and Marketing
Technology, Michaels



types of emotions customers will connect with. Maybe it's a campaign message based on the copy that shows how grateful we are for our Makers. Or maybe it's about inspiring our Makers during a particular time of year. In each case, the language speaks to our customers on a deep, personal level. The fact that we can do this regularly and at scale is helping to build upon the high levels of trust we've earned with our Makers throughout our history."

Michaels has also been impressed by the collaboration between the two companies. Although the Persado platform generates automated and personalized content at a scale and increasing velocity that humans can't touch, the Michaels and Persado teams must work in tandem to get those campaigns out the door. "Persado's technology plays a big role here, but there's no way we can reap the rewards of that without all of us working well together as one integrated team," said Turner.

Now, Michaels is leveraging Persado to deploy well over 1,000 SMS, Facebook, and email campaigns per year. And as that number increases, so do the learnings that get fed back to the AI platform. These learnings and insights not only generate even better personalized content within campaigns but also work across all of Michaels' creative.

The results: Increased engagement and loyalty among Makers

Michaels went from personalizing only about 20% of its email campaigns in 2019 to over 95% today. By translating Makers' behaviors and preferences into personalized campaigns, Michaels' most recent data shows that Persado AI-generated content has significantly increased engagement and loyalty among its Makers. For example, Persado is driving a 41% click rate lift on average with SMS campaigns. With email, Michaels is seeing a 25% click rate lift.

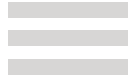
But it's not just through SMS, Facebook, and email where Persado is delivering results. Based on the data gleaned from its language experiments, Persado has also provided Michaels with hundreds of custom insights it can use strategically in other campaigns. Recent examples include recommendations on incorporating more inclusive language and simplifying holiday shopping messaging.

As for the future, Michaels is looking to continue its partnership with Persado to develop even more personalized campaigns. "We're looking for Persado to have an even greater impact on our content by expanding personalization across channels and bringing them into more of our strategic conversations and planning processes," said Shroff. "Personalization increases customer engagement and loyalty when done with the right data and tools at scale — and Persado is the right partner to help us do that."



Persado + Retail

Some of the world's largest and most innovative retailers rely on Persado throughout the entire customer journey. From increasing brand awareness and loyalty to boosting conversions and digital adoption, the Persado AI-generated language deepens customer engagement with personalization and fosters more profitable relationships.



About Persado

Persado is the AI content generation and decisioning platform that unlocks billions in incremental revenue for data-driven enterprises. Leading brands including J.P Morgan Chase, Humana, American Express, and Verizon rely on Persado to realize the untapped potential in every message. Words matter. And when they are mapped to human emotion, generated by the Persado AI and powered by machine learning, organizations reach a tipping point in their ability to understand the customer and personalize language experiences across touchpoints and channels — creating a continuous ability to learn, gain further customer insights, and drive ever higher performance.

Visit [Persado.com](https://persado.com) to learn more.