WHITE PAPER

PERSONALIZATION POWER

How Tailored Monetization Boosts Customer Loyalty

onebill

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Introduction

Personalization matters more than ever, especially in light of COVID-19 where a surge in digital behaviors has raised the bar for customer expectations. Three-quarters of customers have shifted to new stores, products, or buying methods during the pandemic, pushing businesses to adapt and personalize their offerings. Epsilon's research reveals a compelling statistic: 80% of customers are more likely to make purchases when brands offer personalized experiences, with an additional 90% expressing their affinity for personalization.

80%

customers that are more likely to make purchase when personalization is offered.

Tailored monetization programs allow businesses to offer personalized discounts, promotions, and incentives based on individual customer preferences and purchasing behavior. By analyzing data related to past transactions and demographic information, businesses can create targeted offers that resonate with customers. This data highlights the importance of tailored experiences in today's competitive market.

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Furthermore, businesses can identify opportunities to cross-sell, up-sell new or adjacent services, and engage with them in a new way, fostering deeper connections with their customer base. This personalized approach is particularly crucial in the current landscape, where the past recent years have accelerated digital transformation and reshaped customer behavior. With these changes, businesses must adapt quickly to meet evolving expectations. As businesses strive to differentiate themselves and forge meaningful connections with customers, personalized monetization solutions can be used as a powerful tool for driving ustomer loyalty and fostering lasting relationships. This white paper explores the symbiotic relationship between personalization and monetization, elucidating how customized pricing models can significantly improve customer loyalty and contribute to sustainable business success.

01

Understanding Personalization in Monetization

According to a January 2024 survey from Statista, 97% of companies personalize experiences at least sometimes, with 14% personalizing sometimes, 50% often, and 34% always. However, only 60% of consumers say they receive a personalized experience, despite 85% of businesses saying they do.

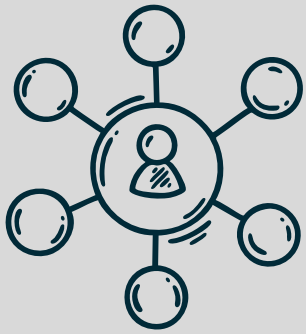
Personalization has become a buzzword in the world of customer experience, with businesses investing significant resources into tailoring interactions to individual preferences and behaviors. Yet, despite the widespread adoption of personalization initiatives by companies, there exists a notable discrepancy between business perception and consumer experience.

The Business Perspective

Businesses overwhelmingly recognize the importance of personalization in driving customer engagement and loyalty. The findings from the aforementioned chapter reflect this sentiment, with a significant majority of companies acknowledging their efforts to personalize customer experiences. From targeted email campaigns to personalized product recommendations, businesses are using data and technology to deliver tailored interactions at various touchpoints along the customer journey.

This focus on personalization is not just a passing trend, but a strategic approach that is becoming more central to successful customer relationships. By leveraging insights gained from customer data, businesses can create meaningful connections with customers by providing relevant and timely interactions. The key lies in understanding customer preferences, behaviors, and needs in order to anticipate their expectations and deliver experiences that resonate with them on a personal level. As technology continues to advance, the possibilities for personalization are only expanding, offering businesses new opportunities to deepen their relationships with customers and drive long-term loyalty.

The Costumer Reality

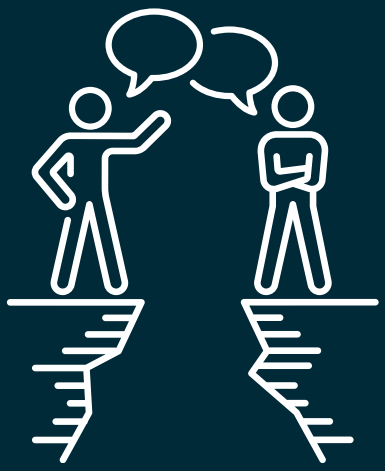


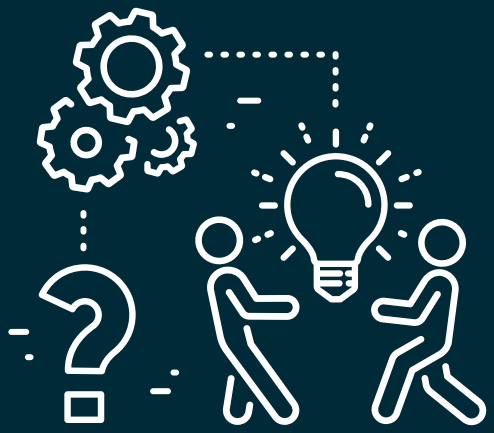
However, the reality experienced by costumers often falls short of business expectations. Despite the prevalence of personalization initiatives, many consumers report feeling underserved by brands. Whether it's receiving generic marketing messages or being presented with irrelevant product recommendations, consumers frequently encounter experiences that fail to resonate on a personal level.

Businesses need to recognize the importance of genuine personalization in their interactions with customers. By truly understanding individual preferences and behaviors, companies can tailor their offerings to create meaningful connections with their audience. This level of personalization goes beyond simply using a customer's name in an email; it involves anticipating needs, providing relevant recommendations, and showing empathy toward their unique circumstances.

Identifying the Gap

The disconnect between business perception and consumer experience highlights the need for a deeper understanding of personalization strategies. While businesses may believe they are delivering personalized experiences, the true measure of success lies in how these efforts are perceived and received by consumers. Factors such as data accuracy, relevance, timing, and context play crucial roles in shaping the effectiveness of personalization initiatives.





Closing the Gap

Closing the gap between business perception and consumer experience requires a holistic approach that prioritizes transparency, empathy, and continuous improvement. Businesses must strive to better understand their customers' preferences and behaviors, taking advantage of data insights to deliver truly personalized experiences that add value and foster genuine connections.

Measuring the Impact of Personalization

In order to assess the effectiveness of personalization efforts in monetization, it is crucial to establish key performance indicators (KPIs) and utilize appropriate tools and techniques for measurement.

By establishing clear KPIs and employing appropriate measurement techniques, businesses can gain valuable insights into the impact of personalization on monetization efforts and make informed decisions to optimize performance and drive sustainable growth.

Key Performance Indicators (KPIs) to Track Success

Conversion Rates
racking the percentage of online visitors who take a desired action, such as making a purchase or signing up for a subscription, can provide insights into the effectiveness of personalized offers and recommendations.

Average Order Value (AOV)
Monitoring changes in the average amount spent per transaction can indicate whether personalized pricing or subscription options are encouraging customers to spend more.

Customer Lifetime Value (CLV)
Analyzing the CLV of customers who have been exposed to personalized offers compared to those who haven't can help quantify the long-term impact of personalization on revenue generation.

Retention Rate
Measuring the rate at which customers continue to engage with the brand over time can indicate the effectiveness of personalized experiences in fostering customer loyalty.

Tools and Techniques for Measuring Effectiveness

Data Analytics Platforms
Using advanced analytics tools can help businesses track and analyze customer data to identify patterns, trends, and correlations related to personalized monetization efforts.

A/B Testing
Conducting controlled experiments with different personalized pricing models or recommendations allows businesses to compare performance metrics and determine which strategies yield the best results.

Customer Surveys and Feedback
Measuring the rate at which customers continue to engage with the brand over time can indicate the effectiveness of personalized experiences in fostering customer loyalty.

02

How Tailored Pricing Models Enhance Customer Experience

According to McKinsey research, companies that excel at personalization generate 40% more revenue from those activities than average players. Across US industries, shifting to top-quartile performance in personalization would generate over $1 trillion in value. Players who are leaders in personalization achieve outcomes by tailoring offerings and outreach to the right individual at the right moment with the right experiences.

40% more

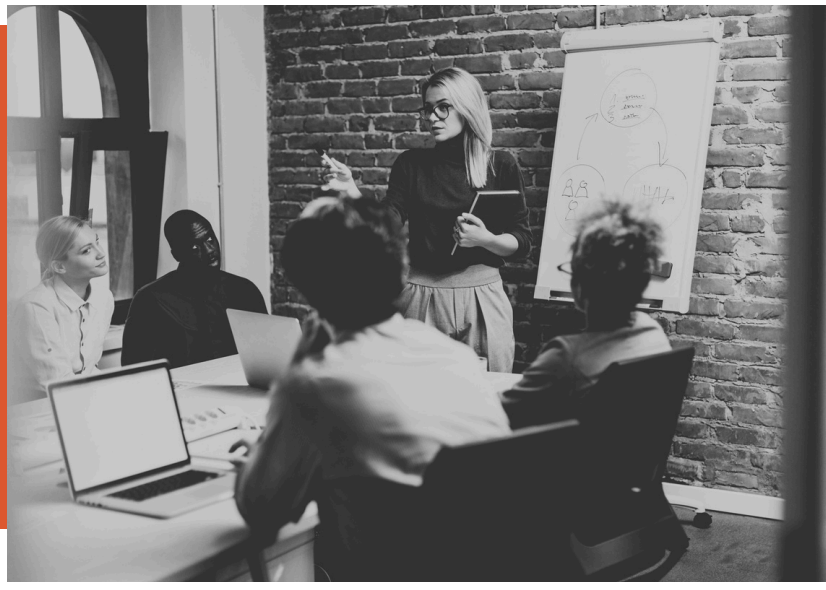
what companies that excel in personalization generate more than average players.

In today's hyper-competitive market, where customer expectations are continually evolving, businesses must adopt innovative strategies to differentiate themselves and drive growth. One such strategy is the implementation of tailored pricing models, which go beyond traditional one-size-fits-all approaches to pricing and offer personalized solutions that enhance the overall customer experience.

Tailored pricing models can significantly enhance customer experience by offering personalized and flexible payment options that cater to individual preferences and usage patterns. Integrating key components allows businesses to offer unique experiences that cater to individual customer preferences. These components not only enhance customer satisfaction and loyalty but also drive revenue growth, making personalization an essential strategy for sustainable success.

By understanding the diverse needs and preferences of their customers, businesses can tailor pricing models to provide a more customized experience. By incorporating elements such as variable pricing, subscription options, and pay-as-you-go plans, companies can create a more flexible payment structure that aligns with customers' varying usage patterns.

This personalized approach not only fosters stronger relationships with customers but also boosts their overall satisfaction and loyalty. Moreover, by offering tailored pricing models, businesses can capture new revenue streams and increase their competitive edge in the market. Ultimately, by prioritizing personalization in pricing strategies, companies can achieve sustainable success and long-term growth in today's dynamic business landscape.



Dynamic Pricing

Dynamic pricing involves adjusting prices in real time based on various factors such as demand, time of day, inventory levels, and customer segmentation. This adaptive pricing strategy allows businesses to optimize revenue while ensuring that customers perceive the pricing as fair and tailored to their needs.

The Benefits:

Fairness and Transparency
Dynamic pricing algorithms take into account multiple variables, ensuring that prices are reflective of market conditions and customer preferences, thus enhancing perceived fairness and transparency.

Maximized Revenue
By responding to fluctuations in demand and supply, dynamic pricing enables businesses to capture additional value during peak periods while avoiding price sensitivity during low-demand times.

Customized Offers
Dynamic pricing allows for personalized discounts and promotions based on individual customer behavior and preferences, increasing the likelihood of conversion and repeat purchases.

Usage-Based Billing

Usage-based billing models charge customers based on their actual usage or consumption of a product or service, providing flexibility and cost-effectiveness for customers with varying usage patterns.

The Benefits:

Cost Transparency
Usage-based billing offers customers transparency and control over their expenses by aligning costs directly with usage, thus eliminating surprises and promoting trust.

Optimized Value
Customers perceive usage-based billing as fair and value-driven, as they only pay for what they actually use, leading to increased satisfaction and loyalty.

Incentivized Consumption
Usage-based billing incentivizes customers to use the product or service more efficiently, driving higher usage rates and potentially increasing customer lifetime value.

Subscription-Based Models

Subscription-based models offer customers access to products or services for a recurring fee, providing convenience and value through regular access to desired offerings. Personalization in this context involves offering different subscription tiers or customization options to cater to diverse customer preferences and usage patterns.

The Benefits:

Predictable Revenue Streams Subscriptions provide businesses with predictable recurring revenue streams, facilitating financial planning and investment in product/service enhancements and customer support.

Tailored Offerings
Offering multiple subscription tiers allows businesses to cater to different customer segments with varying needs and budgets, thereby increasing customer satisfaction and retention.

Continuous Engagement
Subscribers are often more engaged with the brand, leading to increased opportunities for cross-selling, upselling, and ongoing communication, fostering long-term customer relationships.

By implementing these innovative pricing strategies, companies can create a more personalized experience for their customers. Dynamic pricing allows businesses to adjust prices based on real-time market demands, ensuring that customers receive fair prices while maximizing profits. Subscription-based models provide a steady stream of revenue and encourage long-term relationships with customers. Moreover, usage-based billing offers flexibility and cost-effectiveness, allowing customers to pay only for the services they use.

03

Using Data for Personalization

The ability to deliver personalized experiences has emerged as a crucial differentiator for brands striving to capture and retain customer loyalty. The best players are aware of the powerful, potential of data-driven personalization strategies. By tapping into the wealth of information available, businesses can craft meticulously tailored experiences that guide customers seamlessly through the purchase journey, cultivating lasting relationships and loyalty.

Research by Salesforce highlights the profound impact of personalization on business outcomes, with a staggering 97% of marketers attributing a rise in performance to personalized efforts. Moreover, 24% of marketers have reported a revenue spike exceeding 20% due to their personalized initiatives, highlighting the tangible benefits of data-driven personalization.

However, despite the strides made in personalizing customer experiences, there is still a disconnect between business perception and consumer reality. While businesses may believe they are delivering personalized experiences, the true measure of success lies in how these efforts are perceived and experienced by consumers.

According to Statista, almost half of marketers surveyed express challenges in accessing the necessary data to enhance personalization efforts. This data gap poses a significant hurdle for businesses seeking to deliver truly tailored experiences to their customers.

Interestingly, research indicates that consumers are willing to share personal data to enhance their experience, with four out of five customers expressing a willingness to provide information such as email addresses, birthdays, age, and gender identity. This shows the immense value that consumers place on personalized experiences and underscores the importance of businesses having access to the relevant data to meet these expectations.

The true measure of success lies in how your efforts are perceived and experienced by consumers.

Key Strategies for Using Data for Personalization

According to a 2023 global survey by Statista, seven out of ten business leaders were ramping up their investments in personalization. While 80 percent acknowledged that personalized experiences led to increased consumer spending, and 62 percent emphasized the favorable impact on customer retention, half of the respondents pinpointed the acquisition of precise data for personalization as a persistent challenge. This data brings up a critical barrier to fully leveraging the benefits of personalization.

However, there are effective key strategies that can help businesses overcome these obstacles and acquire data that will help them create tailored experiences for their customers.

50%

of companies feel like getting accurate data is a challenge based on 2023 global survey

1 CUSTOMER SEGMENTATION

Segmenting customers based on various attributes such as demographics, behavior, purchasing history, and preferences allows businesses to target their messaging and offerings more effectively. By understanding the unique characteristics of different customer segments, businesses can tailor their marketing campaigns, product recommendations, and pricing strategies to better meet the needs and preferences of each group.

Examples of Customer Segmentation

Demographic
Segments customers by observable characteristics like gender, age, income, education, race, religion, and ethnicity. For example, a toy company might

Psychographic
Segments customers by their interests, values, lifestyles, and attitudes. For example, segmenting customers who like cooking, running, animals, etc.

High potential
Segments customers based on their income, such as suggesting things they might like.

Technographic
Segments customers by the technology and apps they use, such as their online behavior, preferred devices, and technology adoption.

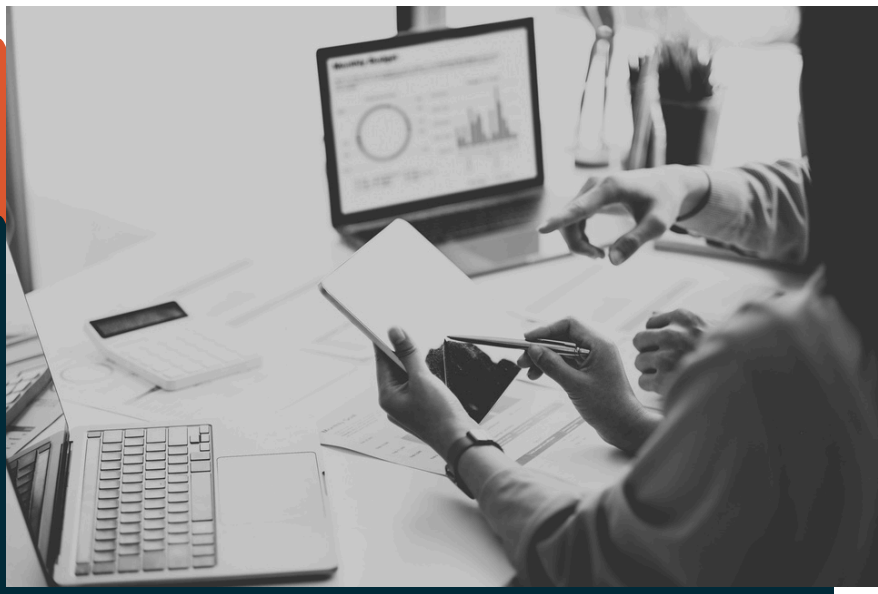
Behavioral
Segments customers by their actions, rather than characteristics. For example, a SaaS company might segment users based on how often they use advanced features.

Loyal customers
Segments customers who have been loyal and gives them a special reward, such as a discount.

2 PREDICTIVE ANALYTICS

Predictive analytics involves using advanced statistical techniques and machine learning algorithms to analyze historical data and forecast future trends and behaviors. By leveraging predictive analytics, businesses can anticipate customer needs and preferences, allowing them to proactively personalize experiences and tailor offerings to individual customers. For example, predictive analytics can help businesses identify customers who are likely to churn and implement targeted retention strategies to prevent attrition.

How Does Predictive Analytics Work?



Predictive analytics is a powerful tool that enables businesses to anticipate future trends and behaviors based on historical data. The process of predictive analytics involves several key steps:

DATA MINING

Predictive analytics begins with data mining, which involves researching and gathering relevant data from various sources. This data may include customer demographics, past purchase history, website interactions, and other relevant information.

DATA MANAGEMENT

Once the data has been collected, the next step is data management. This process involves organizing and cleaning the data to ensure its accuracy and consistency. Data management is crucial for preparing the data for statistical modeling.

MODELING

In predictive analytics, a data scientist inputs the cleaned datasets into a machine learning algorithm. The algorithm sifts through the data and creates various types of predictive models. These models are used to identify patterns and relationships within the data that can be used to make predictions about future outcomes.

Some common predictive **modeling techniques** used in predictive analytics include:

Linear Regression: This technique uses a linear model to show the relationships between one or more independent variables and the target response. It is one of the simplest machine learning techniques and is commonly used for forecasting and trend analysis.

Logistic Regression: Logistic regression is a statistical technique that explains the relationships between two binary independent variables with one or more nominal independent variables. It is often used for predicting the likelihood of a particular event or outcome.

Decision Tree: Decision trees are algorithms that display the likely outcome of different actions by graphing structured or unstructured data into a tree-like structure. They are useful for classification and regression tasks and can handle both numerical and categorical data.

Neural Networks: Neural networks are complex algorithms used in deep learning that allow for pattern recognition within large datasets. They are particularly effective for tasks involving image recognition, natural language processing, and other complex data types.

With the abundance of data available, artificial intelligence (AI) and machine learning (ML) techniques have become increasingly important in predictive analytics models. These technologies have broadened the field of data science and enabled data analysts to find and recognize patterns that would otherwise be difficult or impossible to identify.

Leveraging Predictive Analytics for Cross-Selling and Upselling

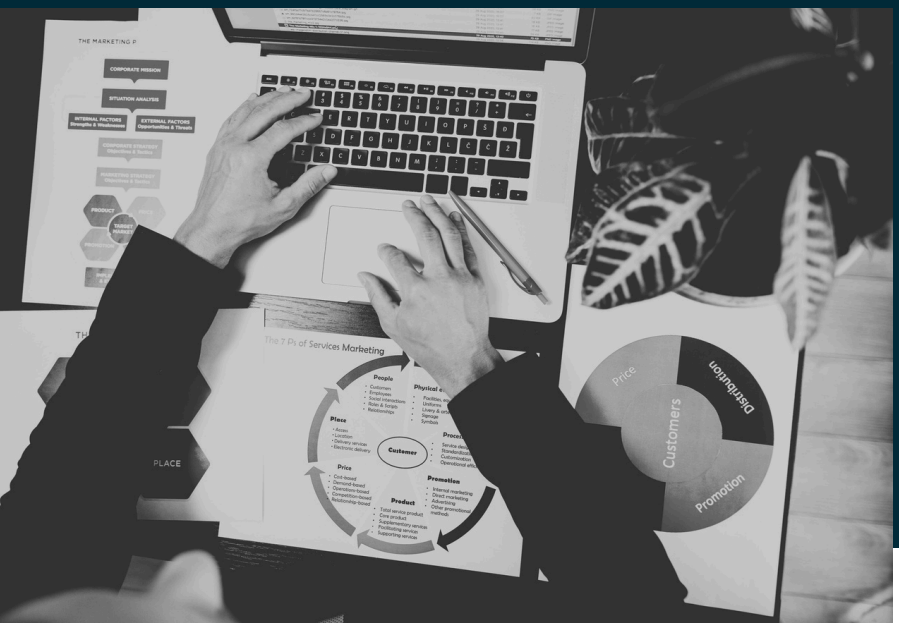
One powerful application of data-driven personalization is leveraging predictive analytics to identify opportunities for cross-selling and upselling. By analyzing historical customer data and behavior patterns, businesses can predict future needs and preferences, allowing them to proactively recommend complementary or upgraded products and services.

To navigate these challenges, businesses must remain agile, adapt quickly, and focus on building resilience in their operations and strategies. By staying attuned to market trends, and fostering a culture of continuous improvement, organizations can position themselves for success amidst evolving landscapes. Prioritizing collaboration, investing in technology, and nurturing talent are also key components in building resilience. Ultimately, by proactively addressing challenges and embracing change, businesses can not only survive but thrive in today's dynamic business environment.

Predictive analytics can help businesses improve their cross-selling and upselling programs by identifying patterns in customer data to recommend products and services that customers are likely to buy.

One powerful application of data-driven personalization is leveraging predictive analytics to identify opportunities for cross-selling and upselling. By analyzing historical customer data and behavior patterns, businesses can predict future needs and preferences, allowing them to proactively recommend complementary or upgraded products and services.

Linear regression, logistic regression, decision trees, and neural networks are some of the predictive modeling techniques used by data scientists to analyze data and make predictions.



These techniques enable businesses to identify potential cross-selling and upselling opportunities with a high degree of accuracy, ensuring that recommendations are relevant and valuable to the customer.

Predictive analytics is a proactive approach to sales that not only adds value for the customer but also strengthens the relationship between the customer and the brand, ultimately driving long-term loyalty and advocacy.

3 RECOMMENDATION ENGINES

Recommendation engines analyze customer data, such as past purchases, browsing behavior, and demographic information, to generate personalized product recommendations. These recommendations are typically presented to customers in real-time as they interact with the business's website or app. By leveraging recommendation engines, businesses can enhance the shopping experience, increase engagement, and drive conversion rates. For example, e-commerce companies like Amazon use recommendation engines to suggest products to customers based on their browsing and purchase history, leading to higher sales and customer satisfaction.

How Do Recommendation Engines Work?

Recommendation systems are a vital component of personalized experiences, leveraging algorithms that learn from past data to generate tailored recommendations for customers. These systems utilize various approaches and techniques to analyze customer behavior and preferences, ultimately enhancing the shopping experience and driving engagement and conversion rates.

Types of Recommendation Engines

☑ Collaborative Filtering

This approach is based on customers' behaviors, activities, or preferences and predicts what customers will like based on their similarity to others. By analyzing past interactions and preferences of similar users, collaborative filtering algorithms generate recommendations that align with a customer's interests.

☑ Content-Based Filtering

Content-based filtering focuses on items liked by the customer and keywords used to describe the items. It also considers the preferences chosen by the customer, utilizing data about the content of items to generate recommendations that are relevant to the customer's interests and preferences.

☑ Hybrid Recommendation Systems

These systems combine elements of both collaborative and content-based filtering to provide more accurate and diverse recommendations. By leveraging the strengths of each approach, hybrid recommendation systems aim to overcome the limitations of individual methods and deliver more personalized and relevant recommendations to customers.

Examples of Recommendation Engines

According to Mordor Intelligence, the Recommendation Engine Market is expected to reach USD 6.88 billion in 2024 and grow at a CAGR of 33.06% to reach USD 28.70 billion by 2029. This explosive growth underscores the increasing importance and widespread adoption of recommendation engines across various sectors. These systems analyze user behavior, preferences, and interactions to suggest products, services, or content tailored to individual tastes, driving engagement and boosting revenue. From streaming services and e-commerce platforms to social media and online news outlets, recommendation engines play a pivotal role in guiding user decisions and enhancing satisfaction.

Recommendation Engine Market Growth Projection

Amazon

Amazon utilizes item-to-item collaborative filtering on most pages of its website and in email campaigns. For example, Amazon might
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Netflix

Netflix suggests other movies that a user might enjoy based on their viewing history and preferences, helping users discover new content and prolonging their engagement with the platform.

YouTube

Netflix suggests other movies that a user might enjoy based on their viewing history and preferences, helping users discover new content and prolonging their engagement with the platform.

Facebook

Facebook suggests people that a user might know based on mutual connections and interests, facilitating social connections and interactions on the platform.

LinkedIn

LinkedIn suggests jobs that a user might be interested in based on their skills, experience, and career interests, helping users discover relevant career opportunities.

Google

Google suggests visually similar images to users based on their search queries and preferences, enhancing the search experience and helping users find relevant information more effectively.

Waze

Waze recommends the best route to users based on real-time traffic data and user preferences, helping users navigate efficiently and reach their destinations faster.

4 BEHAVIORAL TARGETING

Recommendation engines analyze customer data, such as past purchases, browsing behavior, and demographic information, to generate personalized product recommendations. These recommendations are typically presented to customers in real-time as they interact with the business's website or app. By leveraging recommendation engines, businesses can enhance the shopping experience, increase engagement, and drive conversion rates. For example, e-commerce companies like Amazon use recommendation engines to suggest products to customers based on their browsing and purchase history, leading to higher sales and customer satisfaction.

Step 1: Data Collection

The first step is done by gathering information about users' online behavior and interests through various means such as website visits, clicks, search queries, social media interactions, and more. This information includes user demographics, browsing history, purchase behavior, and location data. The data is collected through technologies such as cookies, tracking pixels, and universal identifiers.

Step 2: User Profiling or Segmentation

Advertisers use the collected data to create user profiles. They analyze this data to segment users into specific groups based on their interests and behaviors, such as "sports enthusiasts," "frequent travelers," or "tech-savvy individuals." This granular segmentation enables precise targeting and personalized messaging.

Step 3: Ad Targeting and Delivery

Advertisers use the users' profiles to target their ads more effectively. Ad exchanges match user profiles with relevant ads based on real-time bidding, ensuring that the right ads are displayed to the right users at the right time. This process is facilitated by programmatic advertising technology and enables seamless ad delivery across digital platforms.

Step 4: Ad Personalization and Optimization

Advertisers continuously monitor and analyze user interactions to optimize their campaigns for better results. They refine their targeting strategies through A/B testing, frequency adjustments, and targeting parameter fine-tuning. The goal is to ensure that ads are not only relevant but also engaging and impactful.

Using Behavioral Targeting in Campaigns

According to 6Sense, around the world in 2024, over 4,761 companies are currently using one or more Behavioral Targeting software. Out of these, 3,501 companies are using Behavioral Targeting tools that are originally from the United States. This widespread adoption highlights the growing recognition of the value of behavioral targeting in marketing. In an era where consumers are bombarded with countless marketing messages daily, the ability to stand out and connect on a personal level is more crucial than ever. Behavioral targeting offers a solution by allowing marketers to create highly personalized campaigns based on users' online behavior, preferences, and past interactions.

By analyzing data such as browsing history, purchase patterns, and engagement metrics, businesses can deliver relevant content that resonates with individual users. This approach not only enhances user experience but also significantly improves campaign effectiveness, leading to higher engagement rates and better conversion outcomes.

4,761

companies currently using one of more behavioral targeting software

Behavioral targeting allows advertisers to leverage specific target behaviors to refine their messaging and reach their desired audience effectively. Here are examples:

An online grocery website may target consumers who have browsed but not purchased a specific product, enticing them with personalized offers or reminders.

A kitchenware e-commerce site can tailor ads to users who have added products to their cart but abandoned the checkout process, encouraging them to complete their purchase.

An automotive manufacturer may target users actively researching a particular type of car, presenting them with relevant ads and information to guide their decision-making process.

OneBill as Your Tailored Monetization Solution

A business's ability to tailor monetization strategies to meet the unique needs and preferences of customers is important for sustainable growth and success. Recognizing this emerging opportunity, OneBill Software Inc., has positioned itself as a leader in providing intelligent analytics to drive personalized monetization solutions for businesses.

Data-Driven Insights

OneBill understands the importance of data in shaping future revenue strategy decisions. Leveraging its heterogeneous data sources, OneBill has integrated with the powerful Snowflake Data Marketplace to harness the potential of advanced analytics and predictive data modeling.

Data Integration

Every month, OneBill processes millions of data inputs across product inventory, usage metrics (such as minutes, data, volume), pricing values, taxation, and more, to generate accurate invoices. Recognizing the wealth of data generated through this process, OneBill saw an opportunity to leverage this data to provide meaningful analytics that enable customers to make informed decisions about their revenue strategies.

Cross-Platform Data Insights

One of the key advantages of the integration between OneBill and Snowflake is the ability to access data from other enterprise systems, such as accounting and taxation platforms. This functionality allows customers to compare and reconcile their billing data with their accounting reports, ensuring accuracy and compliance while streamlining financial operations.

Boosting Customer Loyalty through

Businesses can drive revenue growth and boost customer loyalty by using OneBill's billing and revenue management platform integrated with Snowflake's advanced analytics capabilities. This allows for tailored monetization strategies that are informed by data-driven insights. By delivering personalized experiences that resonate with customers, businesses can demonstrate an understanding of their customers' needs and preferences, fostering a sense of loyalty and trust. This, in turn, leads to increased customer retention and long-term relationships, ultimately resulting in increased customer loyalty.

In conclusion, OneBill's intelligent monetization solutions coupled with powerful analytics capabilities offer businesses an opportunity to gain a competitive edge in their respective industries. By using the wealth of data generated through the billing process and other enterprise systems, businesses can make informed decisions about their revenue strategy, leading to increased customer satisfaction, retention, and profitability. With OneBill, businesses can open new opportunities for growth and innovation, positioning themselves for long-term success.

Ready to Boost Customer Loyalty with Tailored Monetization?

Schedule a demo today to see how OneBill can help your company to thrive in the digital age.

www.onebillsoftware.com/request-a-demo

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