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HOW CAN RETAILERS GET PERSONALIZATION RIGHT TO WIN LOYAL CUSTOMERS?

Point of View by
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Nike's flagship store in New York City offers a compelling shopping experience – members receive personalized, exclusive benefits and customized designs. The store offers a unified commerce experience – reserving items to be stored in pickup lockers, instant checkout using self-checkout, and access to Nike Expert Studio for exclusive appointments with Nike experts. With 'Nike Shop the Look,' members can use QR-code scanning to determine the availability of their preferred sizes and colors and to request delivery to their selected pickup location or dressing room.

What has Nike done to revolutionize personalization for its customer?

Personalization is one of the building blocks for an Algorithmic Retail Enterprise – enabled by Customer Data Platforms, Data & Analytics, and Omnichannel Operating Models.

According to a recent survey (McKinsey Next in Personalization 2021 customer survey), a large pool of customers spends more time and money when their experience is personalized – a stunning 76% of the customers get frustrated when their buying experience is not personalized.

So, what does this say about personalization?

Retail personalization is the process of providing every customer with a unique personal journey across every single touchpoint, based on historical real-time data, powered by product intelligence.

In customer experience, personalization is a winning strategy that can help brands establish a lasting relationship with their customers.
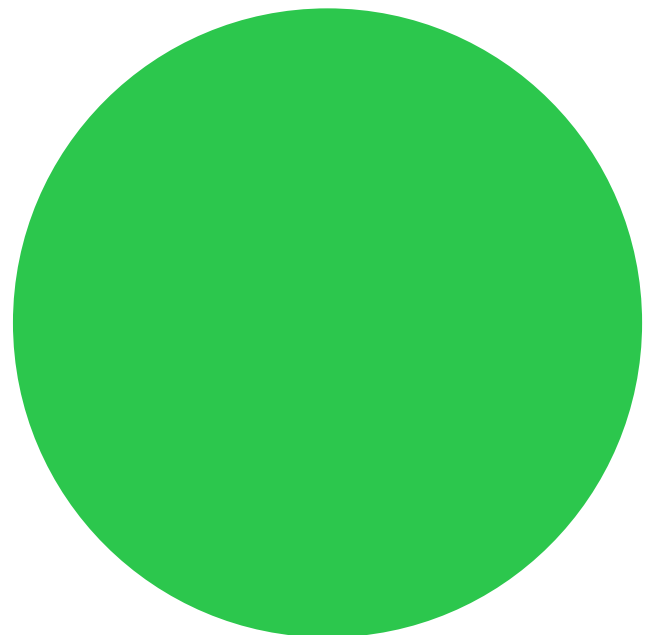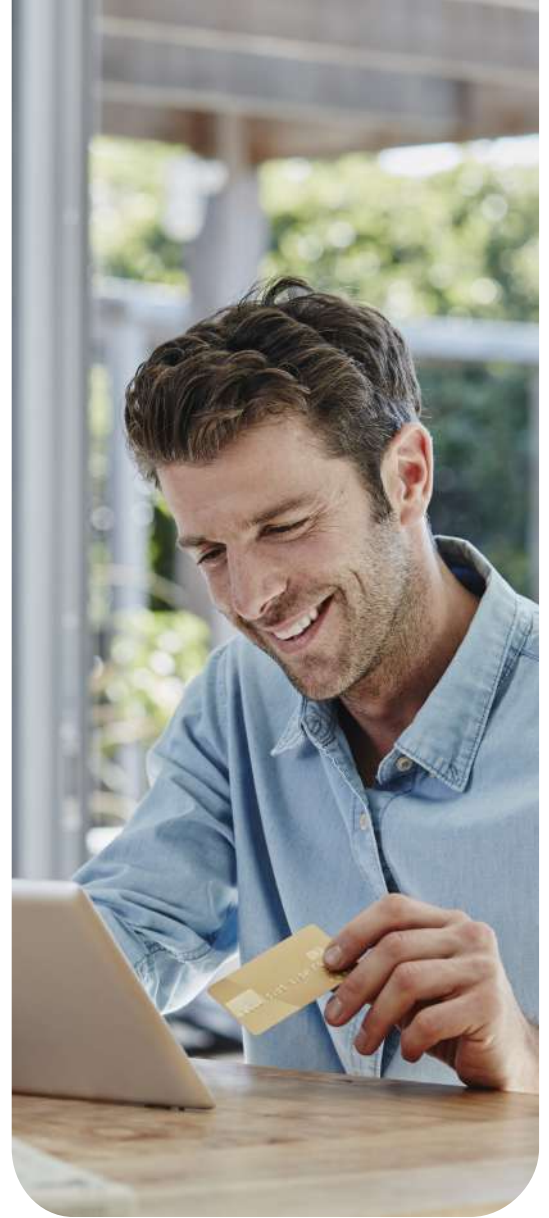
Can personalization get it wrong?

While the term 'personalization' is freely used, very few brands managed to utilize its full potential.

Examples:

Case 1: A person waking up to a dozen of promotional emails and messages from a shopping site despite canceling their items from the cart.

Case 2: A food delivery app NOT remembering the "Vegetarian-Only" setting and sending the user a bunch of notifications with non-Vegetarian offers.

These examples do not imply that they are not 'personalization.' It implies that they are 'Over Personalizing' or 'Not Personalizing enough,' which is a counterintuitive measure.

**"63% of customers will stop buying from brands that use poor personalization tactics."
– Smart Insights**

Personalization is still the elephant in the room – Why do brands struggle to solve the problem of how to offer the right personalization?

Case 1: A bad cookie in the jar

After years of tussling, Apple Inc. is making separate moves to effectively kill the software marketers who track users' online activity and tailor ads specifically for the customer.

Apple, the world's largest email sender, delivers 40% of the world's commercial and transactional emails - meaning these updates will have a substantial impact on email marketing.

This unwelcome move will prevent brands from collecting user-specific information. Email marketers will no longer be able to accurately track email engagement open rates.

However, these changes present the perfect opportunity for brands and retailers to build a first-party relationship with customers, and a value proposition that offers customers to allow personalization that touches upon their sensibilities, preferences, and underlying needs.

## Case 2: Personalization in physical store

Personalization in-store is still a challenging task for retailers. Nevertheless, the focus should be to improve how brands personalize online and in-store buying together. Today, many stores are enabling convenient shopping experiences through self-checkouts, interactive web apps, QR codes, Scan-and-go technology, Mobile POS, and more self-service options.

What a good personalization really means?

A good personalization works when its foundations are correct. Each personalization strategy can be split into five slices starting from understanding the customer's needs to Predicting the customer's wants.

Personalization must be enabled at every touchpoint – across marketing, pricing and promotions, in-store, and online customer interaction
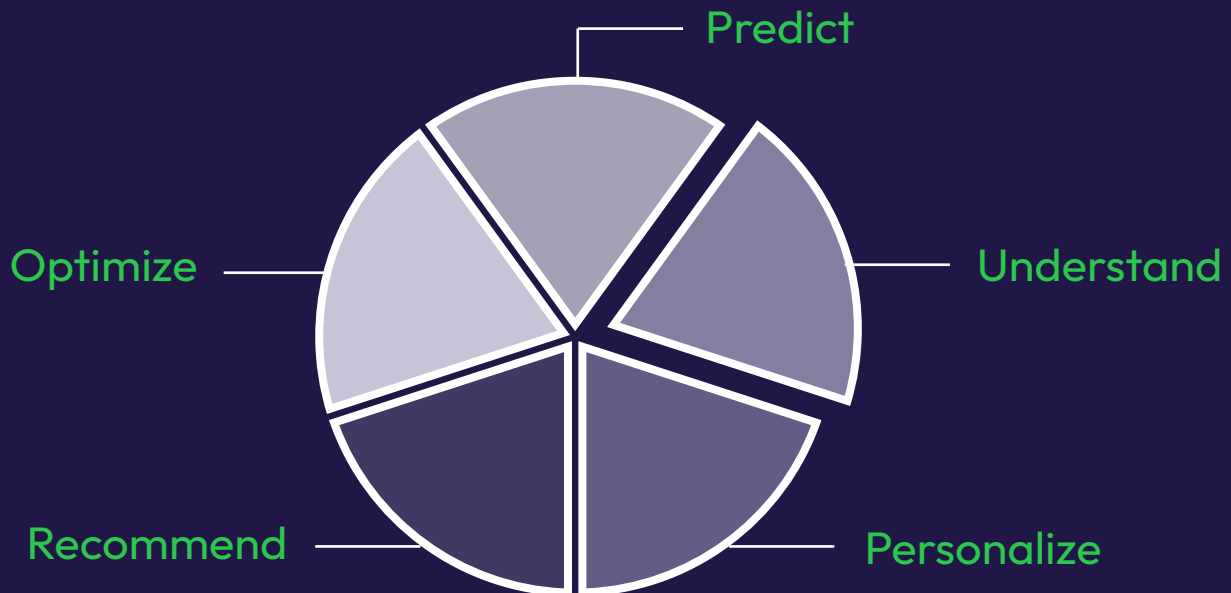
1. **Understand customers' needs and desires:**

Retailers use customer data to gain a better understanding of customers' preferences and what they are looking for in a shopping experience. Essential Customer Data, including engagement data, behavioral data, and sentiment data can all help provide a clear 360-degree view of the customer.

2. **Personalize customer communications:**

Using essential customer data, brands can create personalized customer journeys to strengthen buyer relationships. Insights from this data allow brands to send customized communications tailored to specific interests based on customer profiles.

3. **Improve product recommendations:**

Retailers can leverage browsing patterns and past purchase history to increase the relevancy of automated product recommendations.

4. **Optimize customer experiences:**

Retailers can transform customer perceptions of their physical locations from mere places of commerce to a personalized shopping experience.

5. Predict future needs:

Being able to predict what customers will want to purchase in the future enables more-effective inventory planning and more-strategic marketing. Predictive analytics can analyze customer behavior, social media trends, and a range of other data inputs.

How do customers reward brands that get personalization right?

1. **Purchase –** Customers are more likely to consider purchasing from brands that Personalize to an individual level. **Confidence won**

2. **Repurchase –** Customers are more likely to make a repeat purchase from companies that personalize. **Trust Won**

3. **Recommend –** Customers are more likely to refer friends and family to brands that personalize. **Loyalty won**

Brillio's recommendation on how to offer the right personalization.

Too much personalization is not personalization, it is Spam. Brands should understand the customer's intent more than sending a push notification or retrofitting the product ad on all social sites. Here is Brillio's view of what should brands do to offer optimum and meaningful personalization that drives customer advocacy and Lifetime Value.

- Make it easy for me to navigate in-store and online
- Give me relevant product/service recommendations
- Tailor messaging to my needs
- Offer me trageted promotions
- Remember my birthday/milestones and offer special disconts
- Send me timely communications tied to key moments
- Follow up with me post purchase
- Send triggers based on my behavior
- Engage and onboard me when I buy for the first time
- Remember my payment channel

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Technology in 1:1 personalization

To create a comprehensive personalization, retailers should re-think additional use cases with data-heavy technologies like Analytics, AI, and ML.

Below are some of the technology verticals that we find a Use Case for Personalization.

Artificial Intelligence:

AI delivers a unique experience to every customer, optimized for greater engagement and higher conversion. Every customer sees a distinct version of the eCommerce site which is dynamically personalized right from the first click. This experience is then optimized at scale for every single customer across all touchpoints and channels.

Data and Analytics:

Looking across the customer life cycle, retailers or brands build a granular view of where there is the most value. They leverage customer segments and microsegments and deduce behavioral, transactional, and engagement trends. They use those insights to define and quantify their personalization objectives and key performance indicators (KPIs).

Avatar – Create user profiles:

One of the essential ingredients for creating the perfect personalization formula is accurate and complete information. To get access to this information, it is crucial for a business to encourage its customers to create user profiles on its platform. Customers are perfectly happy to allow companies to track their behavior if legitimately used to enhance their experience. Make customers a part of the personalization process.

Global and Personalized Recommendations:

Global recommendations are based on global trends and insights. This is especially useful for new visitors. It also helps customers find new products and categories which they have not explored before. Ex: Most popular, trending now, new product, Relevancy, etc., whereas Personalized recommendations are based on the customer and their affinities. They take the essential customer data and apply product context to surface relevant recommendations for each customer individually. Ex: Inspired by browsing history, Top picks for the customer, Dynamic personalization.

AR/VR:

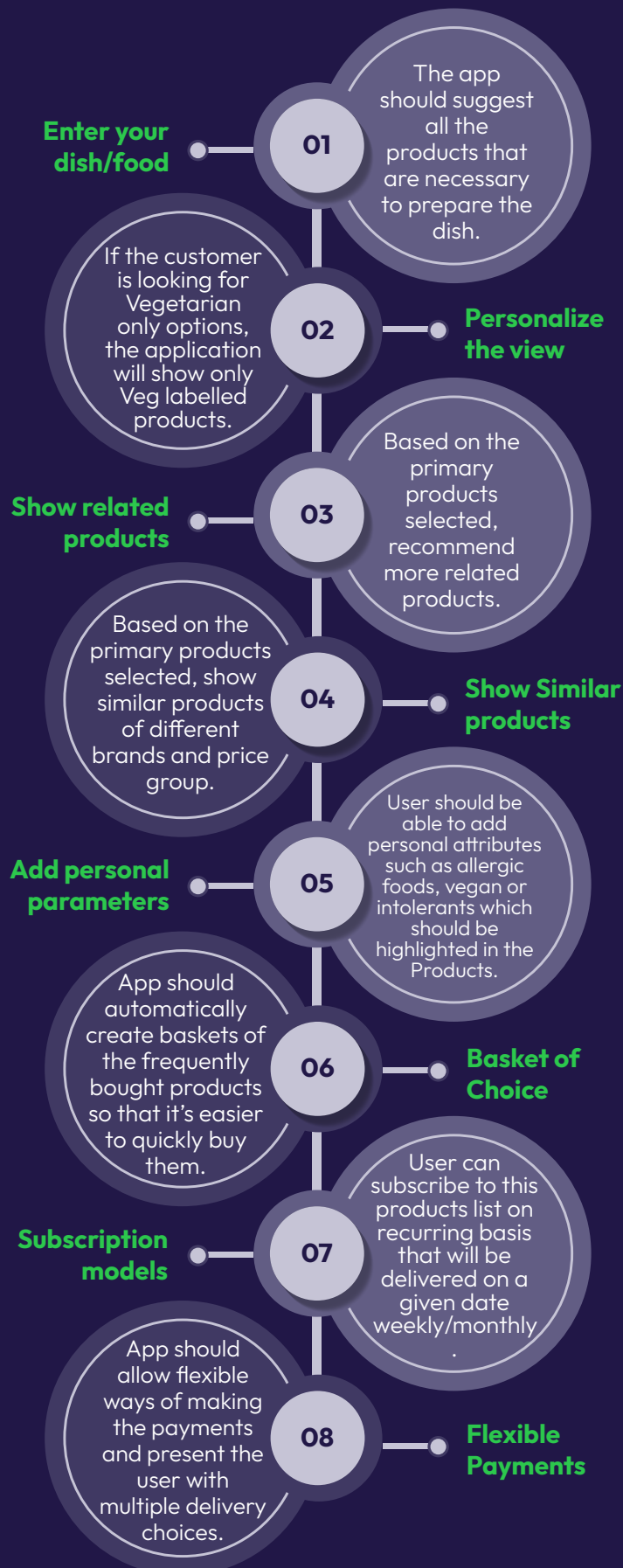A blend of an interactive process with a personalization strategy can help create an unforgettable experience for customers. Even if some customers do not have a profile, a business can still provide them with a superior personalized experience using interactive tools. An excellent example of such a feature is a virtual 'Try It On' feature by Maybelline which allows people to virtually try on makeup products before making a purchase.

Thought bubble: A new way of buying.

Here is how the buying experience can be optimized with the right personalization tactics in place:

ONLINE GROCERY ORDER PROCESS
The Customer Personalization Flow

Enter your dish/food

01 The app should suggest all the products that are necessary to prepare the dish.

02 If the customer is looking for Vegetarian only options, the application will show only Veg labelled products.

Personalize the view

Show related products

03 Based on the primary products selected, recommend more related products.

04 Based on the primary products selected, show similar products of different brands and price group.

Show Similar products

Add personal parameters

05 User should be able to add personal attributes such as allergic foods, vegan or intolerants which should be highlighted in the Products.

06 App should automatically create baskets of the frequently bought products so that it's easier to quickly buy them.

Basket of Choice

Subscription models

07 User can subscribe to this products list on recurring basis that will be delivered on a given date weekly/monthly.

08 App should allow flexible ways of making the payments and present the user with multiple delivery choices.

Flexible Payments

Personalization matters more than ever before

The surge in online interactions since the onset of the pandemic has escalated expectations, giving customers more exposure to personalization practices, and raising the bar for everyone else. From web to mobile to in-person interactions, customers have now started to see personalization as the default standard for engagement.

Personalization is especially effective at driving repeat engagement and loyalty over time. Recurring interactions create more data from which brands can design ever-more relevant experiences—creating a flywheel effect that generates strong, long-term customer lifetime value and loyalty.

ABOUT BRILLIO

At Brillio, our customers are at the heart of everything we do. We were founded on the philosophy that to be great at something, you need to be unreasonably focused. That's why we are relentless about delivering the technology-enabled solutions our customers need to thrive in today's digital economy. Simply put, we help our customers accelerate what matters to their business by leveraging our expertise in agile engineering to bring human-centric products to market at warp speed. Born in the digital age, we embrace the four superpowers of technology, enabling our customers to not only improve their current performance but to rethink their business in entirely new ways. Headquartered in Silicon Valley, Brillio has exceptional employees worldwide and is trusted by hundreds of Fortune 2000 organizations across the globe.

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