



If You Don't Know Me By Now

Traditionally, organizations view data primarily as something that helps them – to target customers better, for example. Increasingly, they must prioritize the use of data to improve, enrich and personalize shoppers' experiences. With the right experiences, monetization will follow.

What's going on

Personalization has been a growing trend in retail for a number of years, and it will become even more important as the world moves out of the pandemic crisis.

Some 91% of shoppers said they were more likely to buy products from retailers that use their name and provide personal recommendations.¹ Meanwhile, 80% of companies saw an uplift in sales after implementing personalization.²

New commercial technologies have made personalization more sophisticated. However, retail organizations without a clear and compelling competitive advantage find their shoppers wondering why they should come back.

When two competing grocery stores are able to use digital technologies and



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infrastructures to offer practically identical personalization experiences, who has the competitive advantage? As personalization becomes a baseline expectation, how best to respond?

Big names in retail now acknowledge that some of their older strategies no longer work.

According to George Lukyanchuk, formerly of Walmart: "Great personalization is vital in our digital economy. Most retail businesses don't realize it, but they are being rapidly commoditized. ... True personalization is how retailers will survive and win for years to come."³

The good news is that shoppers are ready for the new experiences that further personalization will bring about. In one survey, participants spent 48% more when their shopping experience was personalized.⁴ A solid 57% of online shoppers are comfortable sharing their personal information with a brand if it benefits their shopping experience.⁵

This opens up considerable opportunities to which retail organizations must now respond.

What's next

Shoppers' growing demand for increased personalization will pave the way for improved and enriched shopping experiences that are increasingly human.

Personalization will become more sophisticated. Organizations will need to see and respond to the whole human. They will use the bigger picture they build from knowing their wider audience more intimately to better cater to individual nuances.

Retail organizations' ability to deliver on this will depend on acquiring shoppers' data. As this is a transaction between customer and retail brand, those organizations that lead the way will do so by adopting a customer-focused approach to data. They will prove the value of the customer-brand transaction by providing improved, enriched and more meaningful experiences.



Opportunities for reimagination

1. Rehumanize Shopping

Analytics and algorithms are helpful, but shoppers want humanity from brands.

Some 84% of consumers say being treated like a person, not a number, is “very important” for a brand to win their business.⁶ Meanwhile, 76% of consumers expect companies to understand their needs and expectations, the same study found.

Data is the raw material, but knowing how to use it to elevate the shopping experience is where real impact can be found.

An elevated experience makes people feel that there's always something fresh and relevant and special for them – suited to their mood, taste or routine. It must feel genuinely personal. To deliver this, retail brands must rehumanize the shopping experience by showing they understand their customers' cultural context.

Maintaining the human touch is essential.

Harry Rosen, a 66-year-old Canadian menswear store, is a great example of this.⁷



Faced with fewer customers coming into its stores, it needed to accelerate its digital efforts. It also needed to rethink the in-store rituals and face-to-face relationships on which it was built. Nearly two-thirds of its customers had been loyal shoppers for four-plus years, and almost one-third for a decade or more. Personalization was all about long-standing relationships between customers and sales personnel.

So, Harry Rosen shifted the client-to-advisor relationship to a text- and web-based solution, and it did so without losing the human touch. This was achieved by ensuring that when a customer visited its website, they landed on a page created especially for them – mimicking the personalized in-store experience with an advisor who prepared in

advance a selection of clothes for them to try.

Best Buy's introduction of an advisor program to better compete with major online retailers is another positive illustration of the power of being human.

By offering customers free in-home consultations about which products are the best for their individual circumstances and home environments, it became a trusted advisor. The service facilitated long-term customer relationships while also supporting a smoother sales process. As a result, it lured customers away from other online options and positioned Best Buy as a trustworthy, more personal brand.⁸



2. Understand The (Many) Sides Of Shoppers

Customer behavior varies according to both the category and the venue where they are shopping. If they are to effectively respond, retail organizations need to understand how and also why.

Knowledge about customers from one channel should be seamlessly transferred and reflected across all other channels. A personalized experience in just one location is not enough – especially if the shopper ends up frustrated by lack of personalization, such as irrelevant content, elsewhere. Irrelevant feels impersonal.

Shoppers want to feel recognized across all platforms in a way that feels natural.

Some 70% of millennials said they were frustrated with brands sending irrelevant emails.⁹ Yet, 91% of consumers are more likely to shop with brands that provide offers and recommendations that are relevant to them, while 83% say they are willing to share their data if they get a personalized experience in return.¹⁰

Ensuring that e-commerce feels as personal as human-to-human interaction is essential. Almost three-quarters of consumers (74%) – say “living profiles” with more-detailed personal preferences would be useful if used to curate personalized experiences, products and offers. Meanwhile, 73% say that a business has never communicated with them online in a way that felt too personalized or invasive – perhaps leaving room for experimenting with more-personalized interactions.¹¹

People are dynamic, so digital profiles should be, too.



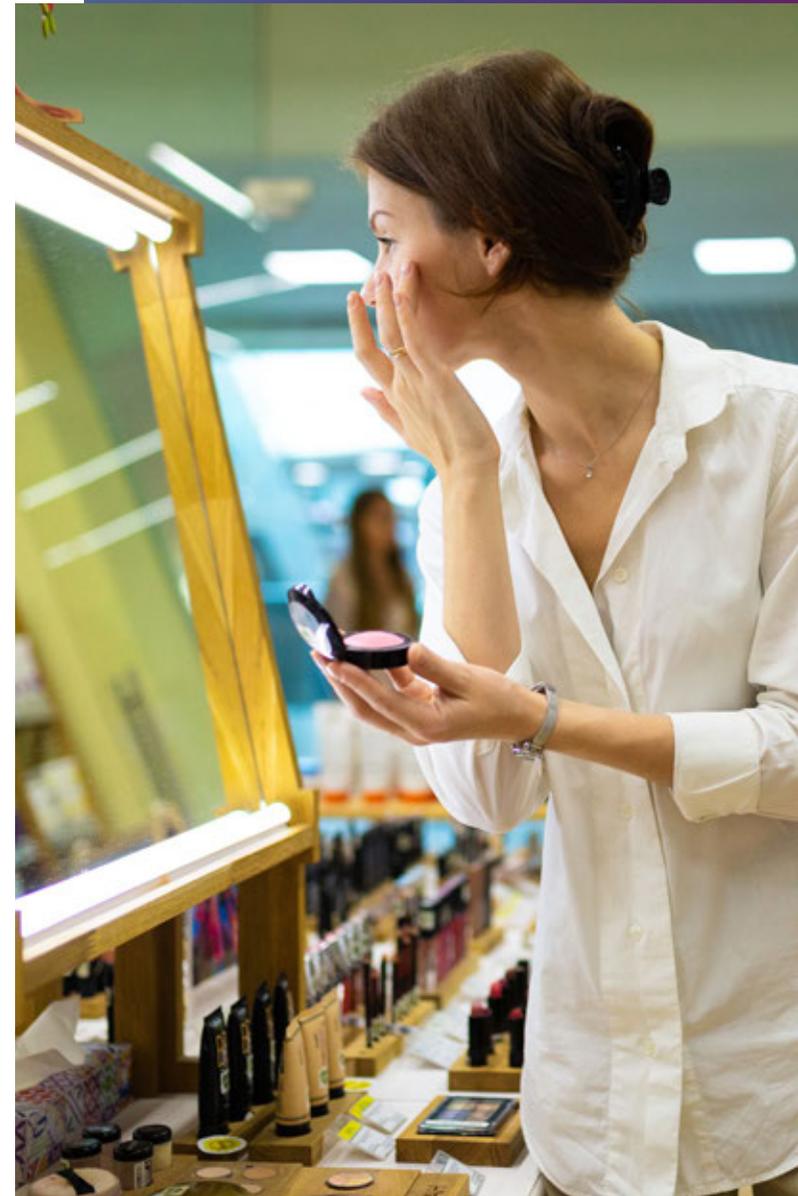
3. Individual Personalization Based On Audience-wide Insight

By leveraging what can be learned about a population to help a single person have a better experience, a retail organization can exceed the shopper's expectations and delight them.

Cosmetics brand Sephora approaches data with a clear customer focus, using physical data capture to improve online experience.¹² It offers an in-store face scanning service, then uses the data captured – skin tone and condition, for example – to provide personalized recommendations for customers online. At scale, this information can also provide better product recommendations shoppers could not produce without Sephora's help. These features are also available as a mobile app, which has been downloaded more than 1.1 million times.

Chanel and Ulta Beauty both offer virtual try-ons that enable online shoppers to easily try on virtual make-up before they buy, making it easier to digitally find the perfect shade of lipstick or brow tint.¹³

Meanwhile, Glossier – another cosmetics brand – uses artificial intelligence (AI) to turn data on product return patterns into opportunities for better personalization and to improve the online shopping experience. Following a spike in returns, it traced the reason to one particular shade of lipstick, which was often exchanged for a lighter shade. The data on which products were returned and why helped it optimize its website's color-matching technology, making the experience more personalized and boosting business.¹⁴





What retailer leaders can do next

1. Diversify Data Points to Make Better Experience Decisions

With more and more interactions across many different channels, retail brands should leverage the opportunities technology provides to mine the data and spot patterns and trends.

How do checkout patterns compare across your online and in-store platforms? How are individual customers using each of your touchpoints differently? What types of returns occur at each storefront? What can the patterns of one customer group teach you about another?

These questions inform better shopping experience strategies, and they can only be understood when comparing data from across touchpoints.

Brands should look to AI and machine learning to help organize data points in a useful way.

2. Let the Customer Take the Wheel

If the data is the fuel to better experiences, the customer is the driver.

Consider your brand permission when it comes to gathering personal data and allow people to self-profile, giving them decision power over how they want your brand to know them.

Remember, customers are the data locker. They'll unlock it if they know the exchange is valuable. If you give them a compelling reason why they should be sharing their data with you, they are more likely to do so. Be overt about the value you're giving back.

3. Make Magical Your Minimum

Ensure that the data you collect is intended to create shopping experiences your competitors can't replicate. Let the customer be your guide. Consider not just what customers are likely to buy, but what is likely to spark joy.



Authors



Jill Standish

Senior Managing Director – Accenture
Global Lead, Retail



Katrine Rau

Lead, Fjord,
part of Accenture Interactive



Paul Little

Lead, Design Experience,
Accenture Interactive



Anoushka Garg

Designer, Fjord,
part of Accenture Interactive



Ida Jensen

Designer, Fjord,
part of Accenture Interactive

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