gaining customer loyalty with in-store personalization

A RETAIL PRO WHITEPAPER

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recognizing customers across channels
the personalization challenge

In today's ultra-competitive retail environment, the one-message-fits-all approach is quickly becoming a dinosaur in an age where customers expect personalized attention. In response to intense competition from online-only retailers, brick and mortars are actively seeking ways to win customer loyalty and are increasingly adopting data-driven, online-inspired tactics to deliver loyalty-inspiring, real-time personalization.

The challenge of providing individualized attention increases in complexity as today's connected shopper's path to purchase runs across multiple channels, and retailers are struggling to sort through all the data they collect to see that a set of transactions at different touchpoints originated from the same customer.

Many retailers are turning to the holistic, synced visibility offered by platform technologies like Retail Pro® to unify the data they gather from every channel.

Once a retailer is able to recognize the customer across channels, how can they then appeal to that particular customer and gain their loyalty?

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in-store technology creates an endless aisle for endless options

customer-driven personalization

Two current flavors of personalization include customer-driven personalization via endless aisle technology, and retailer-driven personalization via beacons.

The first data-driven, online-inspired tactic draws from e-commerce sites' ability to personalize suggested purchases based on a shopper's preference.

Web code leverages data from the customer's browsing behavior on the site and data from other shoppers viewing the same item to make tailored product suggestions.

Online, retailers have the wealth of their entire product selection from which to make suggestions to every unique customer; in store, retailers are limited by what physical inventory they are currently carrying.

However, endless aisle technology allows retailers to achieve the same result that online retailers enjoy — making tailored suggestions from a full set of inventory, increasing likelihood of purchase — and lets customers self-personalize their experience in stores.

Though your e-commerce site has the advantage of digitally displaying your complete inventory, consumers need the ability to physically handle certain items, like shoes. Shoppers prefer to feel the shoes, to see the various color and material combinations, to hear whether they squeak when you walk. This works in the retailer's favor, as research shows that touching items increases the likelihood of purchase.

With endless aisle technology in stores, shoppers can try on shoes that are physically present in stores and then use the technology to see all of the other varieties available to them.

In this way, they are using retailer-provided data to self-personalize their shopping selection. Retailers carry less inventory, shoppers get all the options they want — it's a win-win.
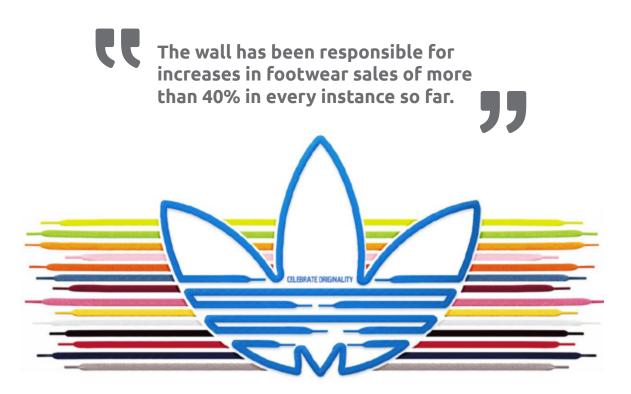
how adidas met the challenge

For Adidas, athletic shoes are the mainstay of their $16.3 billion business. A couple of years ago, the German-based company realized that while it was impossible for any of its retailers to carry a full selection of Adidas shoes, it was losing sales simply because shoppers were unaware of all the offerings available.

Of course, customers could purchase online, but many didn't because of their desire to test shoes for fit before purchasing.

Adidas came upon a hybrid approach that would let customers enjoy a self-personalized sales approach, while boosting sales of athletic shoes.

The company implemented an Intel technology-based interactive video wall to launch a line of specialty Olympic sports shoes, most of which were not physically carried in stores, due to inventory risk.

> **The wall has been responsible for increases in footwear sales of more than 40% in every instance so far.**

CELEBRATE ORIGINALITY

The wall was installed in various locations, and has been responsible for increases in footwear sales of more than 40% in every instance so far, according to Adidas. Read that again: Every instance. Such an impact on sales is not trivial.

The reason for the success is straight-forward. The technology let customers use retailer-provided inventory information to enable self-guided personalized suggestions. They can see images of the shoes from different angles, learn their features, select sizes and colors, and check inventory, so they feel confident about purchasing the shoes. That's all done at the digital display.

is endless aisle hindering customer engagement?

Some retailers argue against such technology, claiming that it damages customer engagement efforts by reducing interaction between store associates and shoppers, but that's not necessarily the case. The engagement outcome simply depends on the implementation intent.

If a retailer is aiming for a self-service model, an Adidas-like solution will fit the bill to encourage shopper independence. But it can also add to the customer-associate relationship, as Adidas found. The system added a point of interaction for the associate to engage the customer by demonstrating how to use the digital display and pointing out the innovative features, such as 3D rendering and social interaction.

Most importantly, it provides an "endless aisle" of product for customers and allows them to search thousands of shoes using the video wall, without the retailer having to carry the full variety of shoes in-store.

Understanding what the customer wants (a full selection) and answering that desire (endless aisle solutions) offers a positive, self-personalized shopping experience that will inspire many to become loyal shoppers. It enables self-selected customization based on an individual's preference, repeatedly. In that way, many customers can enjoy personalized experiences.

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connected beacons guide shoppers' behavior in-store
retailer-driven personalization

A second online-inspired tactic for delivering loyalty-inspiring personalized experiences is through data-informed messaging released via beacons.

Online, a potential customer's experience – where they're guided with data-driven suggestions – is tailored based not only on basic information such as location and referring source but also in-session behavior and historical activity. Real-time business intelligence analysis conducted on individual's shopping behavior helps retailers provide shoppers with targeted, customized information that may help guide them to a buying decision faster.

In the same way, beacon technology integrated to a retail management platform solution like Retail Pro® enables retailers to gain critical visibility into a customer's in-store shopping behavior. The platform solution integrates customer data from all of your channels, helping you connect the dots between their activity in your web store and on your sales floor.

Using this combination of data from digital and physical channels, retailers can personalize the offers and product suggestions they send in-store via beacons to match what customers have already been considering.

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using beacons to collect customer data and respond - in real-time

Advances in database and cloud computing are significantly increasing the analytical capability to produce real-time offers. Beacons let retailers collect data in an effort to provide more personalized content that resonates with customers.

Critical to success is an opt-in procedure, whereby customers are informed of the benefits of participation. Without it, any program is likely to be viewed as an unwelcome invasion of privacy.

Retailers are leaders among the various industries adopting beacons, as they use the technology to provide customers with product information, flash sales or deals. Geo-location lays the foundation for retailers to send relevant information — such as discounts, special events and other promotions — directly to shoppers.

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Beacons can help retailers of any size gain a clear competitive advantage when compared with those that have no effective means of collecting information. E-commerce outlets gather information with every visit; beacons let brick and mortars do the same.

The Urban Outfitters concept store in Brooklyn, NY implemented Google-enabled beacons. The lifestyle retailer is already an active mobile marketer and tracks consumer in-app and mobile web activity.

They connect that with first-party cookies, proactive user behavior like in-store check-ins and using the app to scan a price tag, and transactional data from their retail management software to form a comprehensive tech engagement strategy. Urban Outfitters leverages this multi-source data to personalize notifications they send through beacons.

Opted-in shoppers get personalized offers informed by the data the retailers have collected, and guidance to particular items in the store. In addition, Urban

Outfitters encourages social sharing of their personalized experience.

After all, it's a personalized experience because it is theirs and theirs alone – and customers share pictures of their purchase on Instagram with the hashtag UOonYou.

> **E-commerce outlets gather information with every visit; beacons let brick and mortars do the same.**

keep customers shopping with you

Beacons can also send personalized notifications to remind shoppers at traditional retail stores about sale merchandise before they leave a store, just like your e-commerce site displays additional offers while you're filling in your checkout details.

E-commerce software detects when visitors are about to leave. It enables the retailer to deliver attention-grabbing messaging that will entice them to browse a few more items before completing their purchase – in case they missed something else they might love. In store, with geo-location solutions like beacons, retailers can detect someone exiting the store, and generate a text message geared toward extending the shopping visit.

The content might be an exclusive sale, special offer, free shipping or a relevant promotion, or it may also call an item to their attention that shoppers may have overlooked — but would be of interest based on their previous actions.

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plan for personalization

The main driver for data-driven personalization efforts like these is consumer expectation. Consumers are used to glancing over e-commerce giant, Amazon's product suggestions before proceeding to checkout, expect their Nest thermostats to adjust the temperature in their homes to their set preferences, and are always waiting to hear what new music selections Pandora internet radio will offer. All of these personalizations are based on crunching data and analytics.

And retail customers want those personalized experiences.

They are increasingly expecting certain levels of personalization when shopping: In a survey of more than 3,000 adult consumers in the U.S. and UK by digital marketing agency AgilOne, more than 70% of consumers said they expect personalized experiences from the brands they interact with.

To successfully address that demand, retailers need to plan for personalization in their stores. They must evaluate what retail technology they have and still need, and create a data analysis workflow to recognize the customer across channels.

Retail management platform technology, like Retail Pro®, integrates all of the retail tools you use, giving you clear visibility into each customer data across channels. This enables retailers to increase relevancy in their personalization efforts.

Once the goals and operational gaps are identified, retailers can use retail technology to implement data-driven personalization and win customer loyalty.

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bonus
personalization that e-commerce can't copy
the brick and mortar advantage

The preceding points have been online-inspired tactics that brick and mortar retailers can implement to create personalized experiences in their stores. As a bonus, here is a tip for data-driven personalization that is not easily implemented online, but where brick and mortars have the advantage.

Give them data-driven, human personalization.

Retailers can equip their employees with in-store retailer mobile technology like Retail Pro® to use as a sales tool on the retail floor. With mobile POS, your sales team can look up relevant real-time inventory and customer purchase history information at the speed of their conversation.

There is nothing more loyalty-inspiring than a human being making data-driven, personalized suggestions to their customers in true real-time.

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