



# Personalization

GAINS NEW RELEVANCE  
AS COVID-19 CHALLENGES  
BRAND LOYALTIES

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SPECIAL REPORT



## INTRODUCTION

COVID-19 has forced retailers to laser-focus on priorities that would seem to leave little room for personalization initiatives. Omnichannel brands have had to deal with closing, reopening and, in some cases, re-closing stores, as well as the complexities of operating under public health and safety restrictions that vary from state to state. Retailers also have been busy beefing up the most basic elements of their e-Commerce offerings, such as site availability and performance, product selection and meeting fulfillment challenges.

But putting personalization on the back burner during this time is a short-sighted strategy, according to several industry experts. When executed well, personalization strategies can bridge the online and in-store experiences, particularly with greater use of mobile apps, and personalization can create meaningful connections with shoppers at a time when they are seeking trusted advisors.

Additionally, personalization becomes more important when consumer sentiment remains highly polarized. "A lot of companies unfortunately forget that probably half the country disagrees with them on how they see things," said Brendan Witcher, Principal Analyst for Digital Business Strategy at Forrester in a [Retail Reset interview](#). "I'm in the camp that has only left the house five times in three months, but there are plenty of other people who say [the pandemic] is no big deal."

Undoubtedly, the stakes are high for retailers and brands to get personalization right. "Personalization overall is going to have to improve **for retailers to remain relevant to customers**," said Christopher Ventry, VP in the Retail Practice at [SSA & Company](#) in an interview with *Retail TouchPoints*. "**With COVID-19 taking away one-on-one interaction and in-person shopping**, companies that interact with their customers in a personalized way, whether it's front and center, or AI-supported behind the scenes, will do well."



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- CHRISTOPHER VENTRY, SSA & COMPANY

But while COVID-19 has caused disruption, it's also created both short- and long-term opportunities for retail personalization that include:

- **Expanded touch points for gathering customer data**, both from new e-Commerce shoppers as well as consumers using BOPIS and curbside pickup services;
- Increased usage of mobile apps, which can be used to **bridge online and in-store shopper journeys**;
- Improved **curation of product offerings** based on customer data and actions, helping combat “decision fatigue” stemming from too many choices; and
- Greater use of technologies such as **AI/machine learning, biometrics, facial recognition and location tracking** to enhance personalization initiatives.

Taking advantage of these opportunities does involve changes in the retail mindset, but COVID-19 already has pushed many brands to rethink the way they define and use personalization. “People used to think of personalization primarily as a means for selling more, but **now it's a real way to connect with a consumer at an individual level versus at a segment level**,” said Suketu Gandhi, Partner and Leader for Digital Supply Chain at [Kearney](#) in an interview with *Retail TouchPoints*.

“One of the ways companies used to sustain themselves *without* using personalization was to offer products and services that allowed them to be unique,” Gandhi added. “The new model is a platform view, where companies are saying ‘*I will sell you the things that I have, but I'll also bring in third parties to meet your needs.*’” Adopting this type of personalization model is becoming even more critical amid the business pressures that have pushed several retailers into bankruptcy in 2020, according to Gandhi.



**“Even in a digital channel, personalization is often delivered by a person.”**

- THOMAS KURIAN, ARM TREASURE DATA

## DATA-GATHERING TOUCH POINTS PROLIFERATE

To up their personalization game, retailers should first take advantage of consumers' move (further) online. “With COVID-19, there are more people online during the day, but there's also more people communicating via digital channels for work and for connecting with friends and family,” said Eiko Kawano, Group Experience Director at **Publicis Sapient** in an interview with *Retail TouchPoints*.

It's long been known that digital commerce provides retailers with multiple ways to categorize consumers, from basics like email addresses and geography to more complete demographic data. Online retailers also can track site visitors' actual real-time behaviors, from dwell times to items abandoned in online shopping carts. And with the expanded demand for new fulfillment options such as BOPIS and curbside pickup, “we have access to data that could tell us even more about the customer's behavior,” said Kawano.

“With COVID-19, a lot of retail brands started looking at customer behavior in a more holistic way, encompassing **online purchases and delivery, BOPIS and traditional in-store purchases**,” said Inna Kuznetsova, CEO of 1010data in an interview with *Retail TouchPoints*. “With a more holistic view, shaping promotions becomes much more efficient. For example, a retailer might find that customers order heavy products or standard items online, but they go to the store themselves to buy produce. Taking the whole story of what the customer buys creates more efficiency.”

This holistic approach is more important than ever given the disruptions caused by COVID-19. “Every touch point a retailer has with a customer should be reinforced, based on the data the brand has about me, the permissions I've given them and the trust that they have earned,” said Thomas Kurian, Director of Industry Solutions at **Arm Treasure Data**. Retailers must be able to “tune in or out the level of personalization based on customer permissions,” he added.

A customer data platform (CDP) is a business basic for achieving almost any level of personalization, but it's also vital for retailers to pay attention to the human factor, including training their associates in the art of delivering personalization to customers. “**Even in a digital channel, personalization is often delivered by a person**,” said Kurian. “There has to be a certain level of empathy, sympathy, training and selling skills so associates can deliver on the brand promise.”

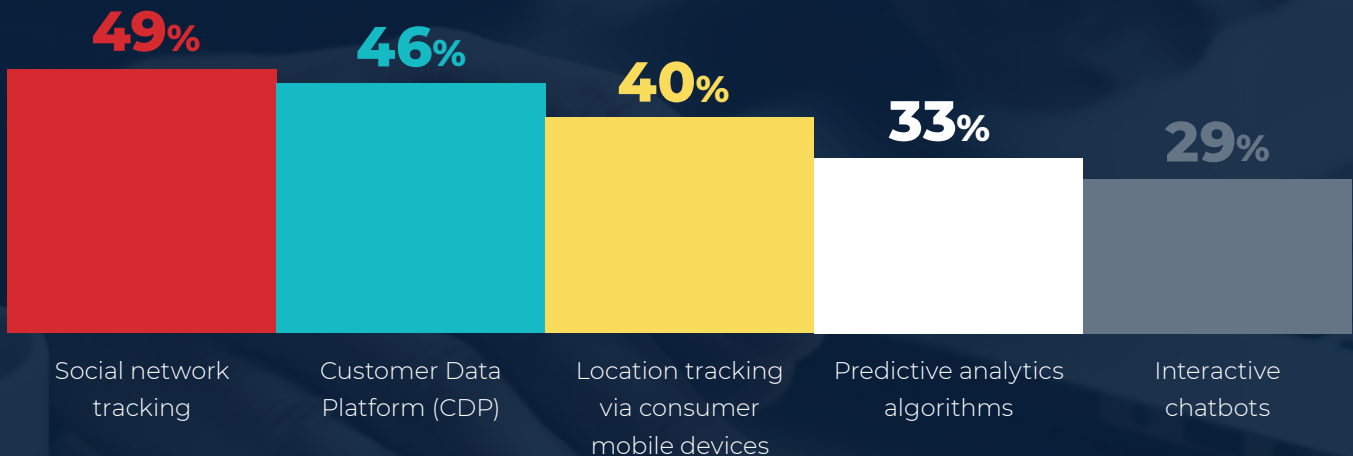
## PERSONALIZATION BY THE NUMBERS



**43%** of consumers believe ads should be personalized, and 26% are receptive to personalized ads from retailers.

SOURCE: INNOVID

## Top 5 Technologies Used To Support Personalization Efforts



SOURCE: RETAIL TOUCHPOINTS 2019 PERSONALIZATION SURVEY



Weekly time consumers spend in mobile apps is up **20%** year-over-year in 2020.

SOURCE: APP ANNIE



# How To Boost Customer Retention, Reduce Attrition With The Right Technology

With a plethora of brands vying for consumers' attention, retailers can't assume they will win a repeat purchase, let alone brand loyalty. To keep customers from straying to the competition, you have to stay top-of-mind from one purchase to the next without being obnoxious about it. This is where the right marketing technology can help.

## 1. CONSOLIDATE CUSTOMER IDENTITY

Consumers shop in-store and online. They interact with your web site and social media. But if customer data isn't tied together and unified across channels, **a single shopper may be treated as separate customers**, resulting in scattered and overwhelming communications. Identity resolution is key to creating a **unified view** of each customer, so your personalization is endearing, not alienating.

## 2. MAP THE CUSTOMER JOURNEY

A customer's first purchase is an important milestone, but a repeat purchase is an even greater cause for celebration. Taking time to fill in the back half of your **customer journey** can lead to more jubilation and less tribulation. A customer data platform (CDP) helps companies tie customer behavior to the post-purchase journey, identify areas of subpar customer experience, and make personalized offers based on predictive analytics.

### 3. CONNECT EFFORTS ACROSS TEAMS

Customer experience (CX) is a defining factor in loyalty. But often, critical pieces of customer data are dispersed across departmental silos. Taking measures to **bridge the gap across teams** and build two-way information flow between departments helps ensure you don't destroy hard-earned brand credibility. A CDP supports this effort by making unified customer data accessible across the organization.

### 4. SHOW YOU UNDERSTAND YOUR CUSTOMER

A holistic understanding of your customers will drive loyalty. **Muji**, a global retailer, used Treasure Data's CDP to discover that web site visitors often browsed for products to later buy in-store. To ease the transition between offline and online channels, Muji used mobile app and real-time store inventory data to deliver personalized coupons and targeted push notifications. As a result, coupon redemptions increased 100%, and in-store revenue grew 46%.

### BUILD LOYALTY WITH PERSONALIZED CX

Traditional targeting and segmenting are no longer enough to wow customers. It takes a deep understanding of customer behavior to truly see where you can personalize your interactions with the customers. Insights from unified customer data, achieved through a CDP, help companies increase loyalty by delivering personalized engagements.



**“Greater usage of apps can help connect the web site,  
the store and the entire digital experience.”**

- EIKO KAWANO, PUBLICIS SAPIENT

## MOBILE APPS CAN BRIDGE THE PHYSICAL-DIGITAL DIVIDE

Shoppers' increased digital consumption during the pandemic includes more time spent in mobile apps: **App Annie** has reported approximately **20%** more time spent in apps industrywide since the pandemic began. “Greater usage of apps can help connect **the web site, the store and the entire digital experience**,” said Kawano.

Greater app usage also opens the door to increased use of **location data**, providing retailers with multiple ways they can enhance in-store shopping experiences. “You can identify customers the moment they walk into the store, the way that **Apple** provides triggers to alert a salesperson when an app user walks into a store,” said Kawano.

Even relatively basic personalization use cases can be effective, particularly if they help consumers re-navigate updated brick-and-mortar store formats so they can find products and check out as quickly as possible. “If the customer scans information about a product, you might alert them that a similar product is on sale,” said Kawano. “Retailers can offer savings opportunities and coupons as well as recommend related products. This can streamline the in-store experience, and help customers get through faster by **efficiently surfacing things they might be looking for or interested in**.”

More advanced technology can even bring some fun back to the shopping experience — an important element for consumers still wary about visiting stores. For example, retailers can use augmented reality (AR) solutions to highlight where items on their shopping list are located in the store.

Other technologies that combine gathering customer data and providing a more contactless experience include the FIT:MATCH 3D AI-powered fitting technology that mall operator Brookfield Properties is **rolling out in three locations**. The technology “fitches” shoppers by asking them a series of questions on their smartphones and measuring **150** body points to generate suggestions that prioritize fit first and style second. When shoppers have completed the process, they get a unique FITCH ID that can be used to surface a personalized assortment of products that have a **90%** better likelihood of fitting them.

Additionally, greater use of mobile apps would allow mass merchants to essentially “make the physical store and the app store become one,” said Gandhi. “That’s how they can do mass personalization on a very cheap level.”





**“An AI tool has to be something that the business decision-makers at the absolute top level of the business can understand.”**

- SUKETU GANDHI, KEARNEY

## **LEVERAGING PRODUCT CURATION TO ENHANCE PERSONALIZATION**

Solutions that incorporate AI and machine learning can facilitate better product curation, which can serve as another form of personalization. As always, it is critical to have data to feed the solution — and in some cases, that data can be collected simply by asking customers for it.

“**Stitch Fix** provides an interesting model by using three different types of inputs to create a personalized product set,” said Kawano. The apparel retailer starts with a questionnaire to collect **customers’ explicitly stated preferences**, and then layers those preferences with **input from a personal stylist**. Then, “**machine learning algorithms** are used to serve the best recommendation to the customer,” she added. “Sometimes personalization is at its best when it’s ‘invisible,’ but there’s a place where the Q&A is part of the experience. And Stitch Fix also provides a good example of **closing the loop by noting what its customers keep and what they send back**.”

Resale retailer **ThredUP** also has taken steps to narrow down customers’ choices. “Their site is super-tactical, and the last time I was on I had filtered my search through five facets,” said Kawano. “When I was done, the site asked me ‘Do you want to save this search?’ That’s a retailer recognizing that maybe **these are the things I care about, and as I shop the experience, the experience can get better**.”

Personalized product curation also can be applied in the physical store. “It’s the same principle that Amazon uses with ‘anticipated orders,’” said Kearney’s Gandhi. For example, a retailer with a BOPIS solution could physically place a group of additional items that the customer is likely to buy near their online order, basing the selection on items that other shoppers have bought when they got to the store. “It’s akin to the ‘Would you like fries with that?’ question,” he noted. “I see the potential for **5% to 10%** of store [square footage] dedicated to this type of additional sale, and we’ll see associates getting trained in this space.”

While AI and machine learning are essential to implementing these types of personalization at scale, Gandhi warned that any type of AI tool must be explainable to the layperson. “It’s not sufficient to create a black box and tell the users that ‘something’s going to happen’ within it,” he noted. “**It has to be something that the business decision-makers at the absolute top level of the business can understand**.”

Whatever level of personalization a retailer has currently achieved and whatever tools are available to execute it, these experts stress how important it is for retailers to take concrete steps to enhance their efforts. “Personalization is such a wide space that it can feel like an overwhelming territory to explore,” said Kawano. “But **as long as we know something about the customer, and have technology that can respond to their experience**, retailers can start with really simple use cases. The opportunity is there.”

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