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FROM PERSONALIZATION TO CUSTOMIZATION: HARNESSING DATA AND ANALYTICS TO FOSTER BRAND LOVE

retail
TouchPoints®
SPECIAL REPORT

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INTRODUCTION

For the sake of mental convenience, people often talk about “personalization” as if it’s a monolithic concept, when the truth is that there are many flavors of personalization available to retailers. That’s actually good news for brands, which can make strategic choices to leverage different vehicles for personalization depending on their business model, customer base and specific needs. In some cases they can take personalization all the way to customization, which not only gives customers greater control over their purchases but also reveals significant data that brands can analyze to create even sharper personalization efforts and boost future sales.

“While customization allows customers to make product alterations at the transaction point, personalization is a holistic approach,” said Benjamin Bond, Principal in the Consumer Practice at [Kearney](#) in an interview with *Retail TouchPoints*. “It spans the entire customer journey, **intelligently anticipating needs and delivering tailored experiences even before the customer articulates them.**”

This special report will examine the latest personalization and customization trends, including:

- Expanding roles for **generative AI** in executing personalization at key points in the shopper journey;
- The fast-growing importance of **zero-party and first-party data** to support personalization efforts, particularly as third-party cookies deprecate; and
- Best practices for **maximizing personalization.**



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GENERATIVE AI SUPERCHARGES PERSONALIZATION CAMPAIGNS

Generative AI, this year's hottest technology, has quickly become a critical element in brands' personalization efforts, in large part because it helps marketers scale up programs quickly and cost-effectively.

"Generative AI is the driving force behind advanced personalization, transforming raw data into actionable insights," said Bond. "It's about predicting customer needs and making informed, nuanced decisions to deliver on the promise of a truly tailored shopping experience."

AI and machine learning have been critical to personalization efforts by **GNC**. "We know that in the health and wellness category, offering customized products to deliver holistic health solutions is paramount," said Scott Saeger, former CIO of GNC in a previous interview with *Retail TouchPoints*.

"When a customer comes to gnc.com, do they feel that GNC understands who they are as a consumer and there's not just this barrage of ads and recommendations that mean nothing to them?" Saeger asked. "In the beginning of the year, a lot of people want to trim down and lose the Thanksgiving and Christmas weight, so if all I'm doing is throwing protein whey at you, that's really not the experience you want. **Being hyper-personalized is about making the right recommendations at the right time.**"

GNC also supports personalization via a partnership with **Ujet**. Using machine learning and AI, the solution gives GNC's customer service agents pertinent information about customers that can go well beyond checking on an order's status. GNC uses the solution to quickly provide relevant advice, such as the best post-workout recovery drink, to help ensure every customer has a positive experience no matter what their query is.



WHY WE PUT PRODUCT FIT AT THE CENTER OF PERSONALIZATION

By Brent Hollowell, CMO and GM North America, Volumental

Research shows that **78%** of consumers want to be delighted by great personalized experiences, but only **18%** say retail companies are currently meeting these expectations. We believe that fitting technology, or FitTech, is a powerful tool for retailers to meet the growing demand for personalized, customized consumer experiences.

Know Your Customer

Volumental specializes in fitting technology, or FitTech. We scan the feet of shoe shoppers in 3D, and then we match that data with consumer purchase behavior to give tailored recommendations. Essentially we offer fit as a service as a way for brands and retailers to deliver excellent customer experiences.

With over 45 million foot scans collected, we've amassed the world's largest collection of such data. Retailers can deploy their data across in-store, omnichannel and ecommerce operations. This accessibility empowers retailers to provide a tailored experience to each individual customer by suggesting the most suitable footwear models and sizes based on the insights we've gathered.

At the core of this capability lies first-party data. Of course, when it comes to utilizing data for personalization, privacy and consent are critical. What we've found is that shoppers willingly grant consent to share their information because they see the clear value it brings.

In physical stores, our scanners prompt users to opt in by providing their email address, and remarkably, our email capture rate averages **71%**, and for the highest performing retailers, it exceeds **90%**. When retailers demonstrate their ability to streamline the buying process, customers are more than willing to reciprocate with their trust and engagement.



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The Potential of Generative AI

Generative AI has the potential to enhance how we communicate product recommendations to shoppers. Imagine a scenario where a retailer can provide a more detailed explanation behind a recommendation. For instance, instead of simply suggesting a shoe in size 9 1/2 over a size 10, they could also clarify why this choice was made. This explanation could be rooted in factors like the customer's height, weight and intended use for the shoe. Depending on usage, generative AI could even take it a step further by considering your unique running style or the type of job you have. Ultimately, the aim is to give shoppers more confidence, making sure they trust both the recommended size and the chosen product.

Back when I worked at a footwear company, we used to send shoes to fit testers, but we didn't have a clue about their unique foot shapes. The results were all over the place in terms of how well the shoes fit. But now we actually scan their feet, so when we get their feedback, we know which shoe worked for them and which didn't, and why.

In the future, retailers could combine all this foot scan data to get a handle on what all their customers' feet look like, which could seriously improve how they manage their inventory. They might realize, "Hey, we thought we needed only **13%** of size 9 1/2 for this shoe, but it turns out we need **20%**." So they can tweak inventory based on these scans instead of using historical sales numbers only, which don't really capture missed sales opportunities.

And with all this data in hand, retailers can have better conversations with their manufacturers. If they see that a lot of people are into different widths of shoes, they could suggest something like, "Instead of making yet another color for your sixth- or seventh-best performing shoe, why not offer more widths for your most popular styles?" It's almost like personalization in reverse — we're making the store's inventory match what customers' feet are really like.

At the end of the day, customization is about bringing retailers and buyers closer together. When we use deep data in the right way, we can help retailers deliver those fantastic experiences that shoppers want from them.

Learn more about Volumental at <https://volumental.com/>.





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CAN ZERO- AND FIRST-PARTY SOURCES FILL PERSONALIZATION'S DATA REQUIREMENTS?

Because personalization goes beyond basic customer segmentation and persona-building efforts, it requires granular data at the individual level. However, with the coming deprecation of third-party cookies, one of the most common sources of consumer browsing and purchasing behavior, brands are turning to zero- and first-party data. Zero-party data is information consumers intentionally share with a brand, e.g. when taking a quiz, while first-party data is collected by the brand as a result of interactions with its own customers.

Making greater use of zero- and first-party data also helps solve one of the trickiest challenges personalization presents: finding (but not crossing) the line of personal privacy. Consumers want the relevance and recognition that personalization efforts offer, but they also don't want to feel creeped out or spied on.

"Utilizing zero- and first-party data **seamlessly aligns value with privacy**," said Kearney's Bond. "Customers willingly share information when transparency and benefits intersect, fostering trust and paving the path for respectful personalization."

For **Volumental**, which provides footwear fit technology based on scans of customers' feet, that data-for-value exchange is clearly delineated. "The hardest thing to get out of a customer [in a store environment] is their email address," said Brent Hollowell, CMO at Volumental in an interview with *Retail TouchPoints*. "But when you show someone a cool scan and ask if you can email it to them, **95 out of 100** will agree, and that gets them into the [retailer's] loyalty matrix. We've seen people go back to [that scan] **five or six** times over a **six-month period**."

In-store technology can also serve as a stealthy but acceptable method for gathering shopper data. For example, digital mannequins from **Outform** can be dressed in a variety of clothing styles and colors that customers control by scanning a QR code, providing in-store insights into what shoppers are interested in seeing and potentially purchasing. The mannequin technology passively records data including dwell time, number of sessions and content preferences.

Because the digital mannequin can directly link to retailers' unified commerce platforms, executives get "a real-time view of what shoppers have considered and purchased," said Simon Hathaway, Group Managing Director, EMEA at Outform in [an earlier interview](#) with *Retail TouchPoints*. "They can then retarget across other online channels with tailored content at a later time, using A/B testing to refine the insights further."



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— Benjamin Bond, Kearney



PERSONALIZATION AND CUSTOMIZATION BEST PRACTICES

Personalization and customization efforts offer big payoffs to retailers and brands, and there are many ways to maximize these campaigns' impact:

- **Seek multiple sources of customer data:** One of the best ways for a retailer to gather first-party data is to operate a loyalty program. But even for those that don't, there are other sources of customer data: **Tanger Outlets** recently revamped its loyalty program into a tier-based subscription model and is using a **Coniq** solution to share data about customer preferences, patterns and spend with its retail tenants. **DoorDash's** latest app upgrade includes an integrated rewards program that allows merchants in the U.S., Canada, Australia and New Zealand to create programs for their most loyal customers. While the program wasn't set up to integrate with restaurants' loyalty programs at its debut, that's a likely future update.
- **Align personalization efforts with customer lifetime value (CLV) data:** Eco-friendly haircare brand **Davines**, dealing with the loss of in-person contact brought on by COVID, worked with **Coveo** technology to generate personalized product recommendations based on the individual shopper's previous shopping journeys, online behaviors and haircare preferences. The technology also allowed Davines to factor in CLV, according to Brian McGlynn, VP of Ecommerce at Coveo in an earlier interview with *Retail TouchPoints*: "For example, where do we see users that might be coming in and looking to experiment? That maybe signals a long-term customer, and we can apply automatic discounting, or use badging, search and promotions to entice somebody to become a customer, to sample the products or to be more involved in this part."

- **Personalization can be a competitive differentiator for small- and mid-size retailers:** **Loop Neighborhood**, a **120**-store convenience chain in California, used the **Algonomy** platform to engage customers in real time with contextually relevant messages based on their behavior and transaction history. The retailer can promote weekly offers, embed a customer's savings dashboard, distribute personalized newsletters and offer curated bundles to appeal to each individual.
- **Customization is a powerful personalization accelerant:** Online bridal brand **Azazie** uses a made-to-order business model that aligns well with current consumer expectations. "One of the key things we do at Azazie, and a big industrywide push, is more customization and personalization," said Ranu Coleman, CMO of Azazie in an earlier interview with *Retail TouchPoints*. "Modern brides don't always want to feel the pressure of a salesperson telling them what they should buy, so what we have done is design this whole process to be more on her terms." Azazie makes its dresses available in sizes from **zero to 30** and offers **70+** fabric colors and **500+** styles, allowing for near-infinite customizations — and it can deliver the finished dress in **three to four weeks**, much more quickly than the **three to five** months typically needed for made-to-order dresses.

Personalization efforts also can pay off in more subtle, but no less important, ways. "Personalization seeds the ground for enhanced insights," said Kearney's Bond. "**Insights gleaned from personalized interactions feed into a cycle of continuous improvement and innovation** as consumers engage with permutations of offerings aligned to attribution models."



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Imagine effortlessly finding shoes that fit you perfectly, every time. That's what we do at Volumental. With our market-leading fitting technology - FitTech for short - we combine computer vision hardware and AI software to provide seamless fitting experiences for every foot. Since launching in 2012, we've scanned more than 45 million feet. Our 3D foot scanners are available in more than 3000 stores across 50+ countries. We also offer a mobile-first solution that brings the power of in-store scanning to footwear ecommerce. New Balance, ECCO, and Red Wing Shoes are just some of the global brands that trust us to fit their customers. With our technology, retailers see an average 20% increase in footwear sales. Get the right fit with Volumental.

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