

Personalisation: Why it's the **Future** of Retail



The online world has got personal - and it's time for retailers to do the same

Consumer buying behaviour has changed. How many times have we all heard that? It's not a new thing, but it's true. The way we use technology in our everyday lives is evolving all the time and with that, the way we shop.

While most retailers are used to hearing this, how you go about tackling this challenge is still something many are struggling with. What's clear is that to stay ahead, retailers need to gain a deeper understanding of their customers so that they can deliver more relevant and personalised interactions.



The beginning of personalisation

Personalised service is not a new thing – it's just for a long time it's been an impossibility.

Back in the days of local stores, where the shopkeeper knew your name, what you liked and what you didn't like, you could get a personalised service every time you visited the store.

But with the beginning of mass consumer society, the size and sheer complexity of retailers made personalisation practically impossible. Now with growing data analytics, personalisation is an option again – but this time, it's much more than just a smiling shop keeper.

Amazon started the personalisation ball rolling with its “people who bought this also bought that” feature. While a revelation at the time, the service was fairly simple and based on cross purchase correlations. It certainly wasn't without flaws. Say you bought a book for a friend (by an author you didn't like); this gift purchase could alter your recommendations from that point onwards.

A personalised world

You've only got to look at the success of the personalised Coca Cola campaign to know that shoppers love it when a brand gets personal.

But there's a big difference between personalised bottles and a personalised shopping experience across multiple channels.

While personalisation may seem like a challenge, it is the natural next step for retail. The way we browse the internet is already personalised – from our own bubble of social media to a saved history of our favourite sites. Why can't retailers do the same?

Well, they can! In most cases, the data for personalised service is already there – retailers just need to tap into it. We each leave a digital footprint as we browse, shop and chat.

Often, brands talk and talk without listening to what their customers say or do, but if you want to provide a personalised service, listening is the first step.



Crossing the chasm of consumer distraction

Consumers multi-task across multiple screens, jumping from one channel to the next. So, how do you get through to today's distracted consumer?

Well, first you need to make your brand relevant to them. The way to do this is through personalisation. After all, a well-written marketing email that never gets opened might as well not exist.

There's now the expectation amongst shoppers that every interaction, recommendation and piece of content will be tailored to them. And if it's not, well they're just not interested.

Mobile has only raised these expectations – shoppers carry around a miniature version of their lives, filled with their preferences and personalised feeds. While this raises the stakes for retailers, it also offers more opportunities.

If you can get into the personal world of mobile – making your communications relevant to the customer and the device, you can create an intensely personal customer experience.

From location-based promotions to personalised content and product recommendations, a personalised service can make your brand relevant to the shopper. Plus, new technology such as iBeacons only looks set to expand on this in the future.



Personalised shopping success stories

Personalised service is about more than just knowing your customers' names – although this is the first step. Retailers should aim to make their products or services relevant to each consumer. It's only natural that the more relevant something is to your life, the more interesting it becomes.

Successful personalised campaigns go to show just how much more interesting a brand can become when personalised to the consumer. Harvard Business Review looked at some of the best of these over the years, including Microsoft's email offers for Bing.

Their personalised email marketing campaigns increased conversion rates by up to 70%. Looking at gender, age, location and online activity, Microsoft was able to communicate effectively to their audience and make their brand relevant to that consumer's life.

The Tesco Clubcard is another great example. What's great about the way they analyse data is that they look at the lifestyle behind shopping habits and respond to any changes.

For instance, when a shopper first buys nappies, they send coupons for toys – but surprisingly, also for beer. Their research has shown that new fathers tend to buy more beer at the supermarket as they're going to the pub less. And it works. Tesco achieved coupon redemption rates ranging from 8- 14% – far higher than the grocery industry average.

But what this shows more than anything is the level of knowledge you need about your customers to get this right. Retailers need really good classification systems for their products – so that they can group types of products and customers effectively.

In an age where brands are competing on service – **providing a great personalised experience is essential.** Plus, the personal touch can also be one of the only ways to get through to today's distracted consumer.

75% of consumers like it when brands personalise messaging and offers.

Source: Aberdeen Group



94% of companies agree that personalisation "is critical to current and future success."

Source: Econsultancy



Businesses that are currently personalising web experiences and who are also able to quantify the improvement are seeing an increase in sales of 19% on average.

Source: Econsultancy



Why you need a 360° customer view

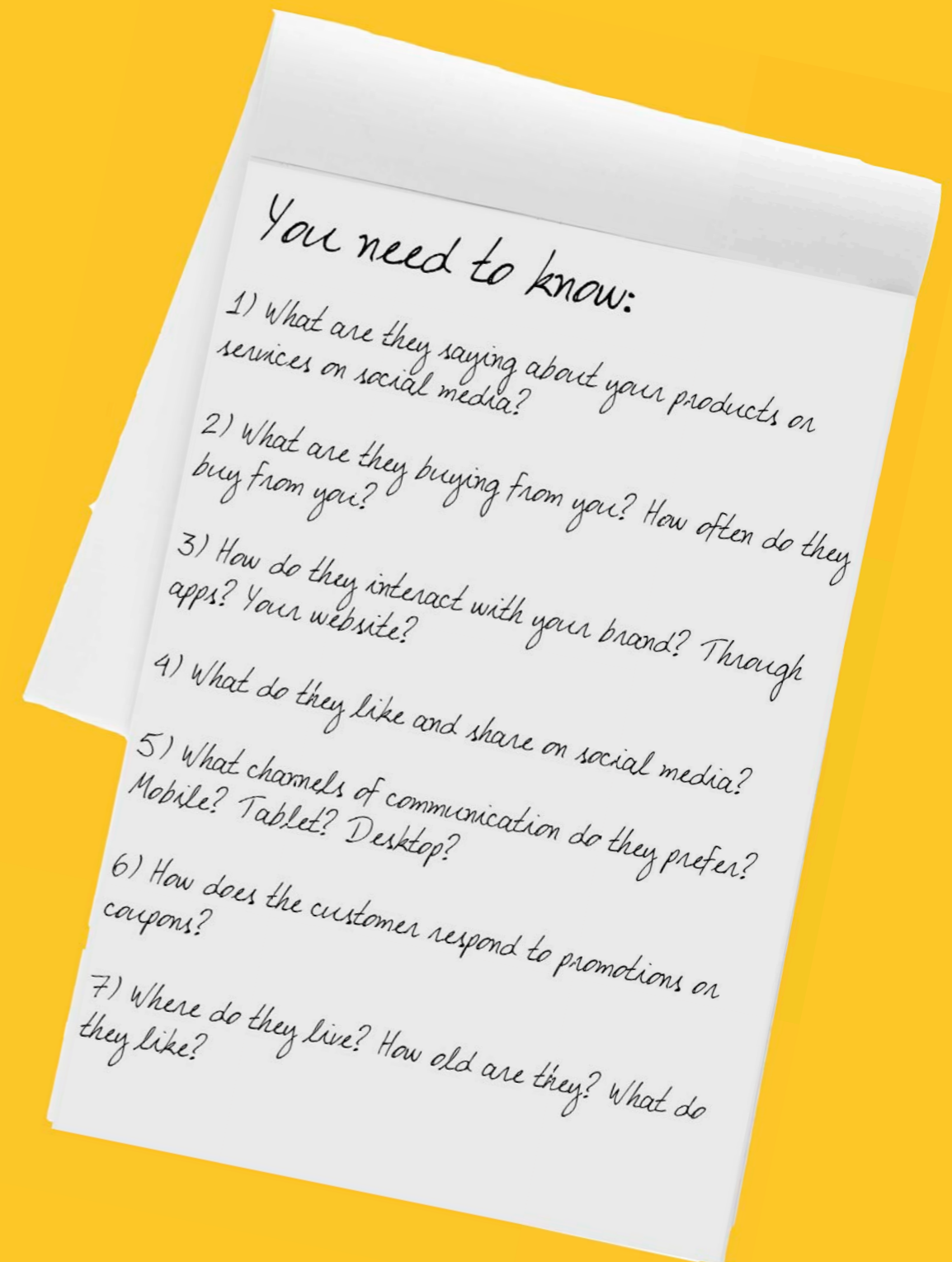
People are complicated. They can't be defined by one characteristic or interest. If you want to truly understand your customers, you need to build up a 360° view of your shoppers – connecting the dots between shopping habits and social behaviour.

For instance, it's very possible to get relevant offers and content from a brand, but then be ignored when you tweet them, as there was no connection between your record as a loyal customer and your social profile.

If you can't link up every aspect of your customers' online profiles, you'll end up taking a 'lucky dip' approach to personalisation.

The answers to these questions piece together a complete view of your customers. Take one part away and you could misinterpret the data, and misunderstand your customers.

What's important to remember is that more data doesn't equal better results - it's about the quality of the data and how this is used.



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Technologies to power what's important to you, today and tomorrow

We're a retail technology provider with a difference; believing that technology transforms, but only when applied intelligently. That's why our focus is you and your needs – whether your business is starting up, evolving or maintaining market dominance.

We ask and listen: what would make your life easier; what are your customers looking for; what will make yours a business to envy? What's more, with technology at our core, we're constantly evolving so your business will too. Ensuring you keep pace with change and new customer demands.

94% of companies are not satisfied with their use of customer data.

Source: Aberdeen Group



By 2017, 89% of marketing leaders expect customer experience to be their primary basis for competitive differentiation.

Source: Gartner



About K3 Retail

K3 Retail partners with businesses to provide connected technologies, which ensure retailers reach their goals now and in the future. We intelligently apply our technology to make retailers' lives easier, businesses more successful and to forever meet customer demands.

K3 Retail provide cutting-edge technology and support to more than 400+ national and international retail brands. Labels that range from Charles Tyrwhitt and The White Company to Ryman to Hobbycraft and Ted Baker are able to pursue their business goals with the expertise of K3 Retail. Part of the K3 Business Technology Group, K3 Retail is a Microsoft Gold Certified Partner and the UK's #1 Microsoft Dynamics partner.

Want to find out more?

If you want to stay ahead in the increasingly personalised retail environment, get in touch today.

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