

Maximizing Your Retail Success

Hyper Personalizing CX using Data Analytics



Do you recall that delightful moment when you walked into a store, and the person at the counter remembered it was your birthday because you mentioned it a year back? What a fantastic way to kick off your day. Knowing you have a complimentary treat waiting for you! In the past, getting such personalized service required considerable effort to gather customer details and create tailored offers. But times have changed. Nowadays, we're bombarded with notifications, texts, emails, and all sorts of aggressive marketing tactics.

Many think this is personalization, but they are wrong. Personalization used to be a strong strategy. Now it's trivial. However, retailers need to step out from such marketing and go towards hyper personalization.

According to the **State of Mobile Apps 2024** report by Data.ai, globally, there has been an upsurge in annual download growth for supermarket & convenience store apps by 9% and retailer store apps by 7%. Despite the undeniable benefits of hyper personalization in retail, many businesses find themselves grappling with a Critical Challenge: Poor Data Analysis. This eBook is our effort to help you take the first step towards hyper personalization in your retail venture.

Through this eBook, you'll learn:

- How usual personalization is different than hyper personalization
- You'll visualize a sample customer journey and a use case
- Data-centric hyper personalization in retail
- How should brands think about personalization maturity
- Implementation challenges and our approach



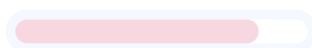
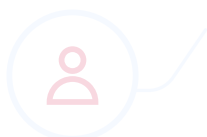
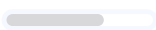
As you keep reading, you'll also learn the **steps to leveraging customer data using hyper personalization**. It will be the most valuable section for you, so don't miss it.



Understanding personalization vs hyper personalization

Personalization is about customization based on broad customer segments or predefined criteria. For instance, sending out birthday emails with a generic discount code or recommending products based on a customer's purchase history falls under personalization. It lacks the depth and precision that today's consumers crave.

On the other hand, hyper personalization takes personalization to the next level. It goes beyond surface-level data to deliver truly individualized experiences. Instead of relying solely on past behavior or demographics, hyper personalization leverages real-time data, contextual insights, and predictive analytics to anticipate customer needs and desires in the moment.



Aspect	Standard Personalization	Hyper Personalization
Data	Names, demographics, location, purchase history	Browsing history, search behavior, customer affinity, sentiment analysis
Technology	Marketing automation, analytics, rules-based personalization	AI, Machine Learning, predictive analytics, sentiment analysis, recommendation engines

Fig. 1: Personalization vs hyper personalization

In hyper personalization, you know a lot about your customers. When they visit your store, their use of your app and loyalty card, and even their engagement with social media. And at each touch point, you learn more. Let's say your customer is browsing your site. They already looked at a couple of items, but a colleague interrupts — and that moment is gone. But what if there was another way?

Hyper personalization lets you take the historical data you have about your customer's purchases, preferences, and interactions and combine it with information you just collected and use it all to intelligently update your view of them in real time. Then, using this updated view, you can make your next interaction more relevant and personalized, increasing the chance of a conversion like this.

Let's understand this by another example. Imagine your customer clicks on one of your ads on social media. From that interaction, you learn more about them, and they receive a coupon for a 10% discount if they act within seven days. Now, when they're near one of your stores a couple of days later, you message them that the item they clicked on is just 500 feet away.

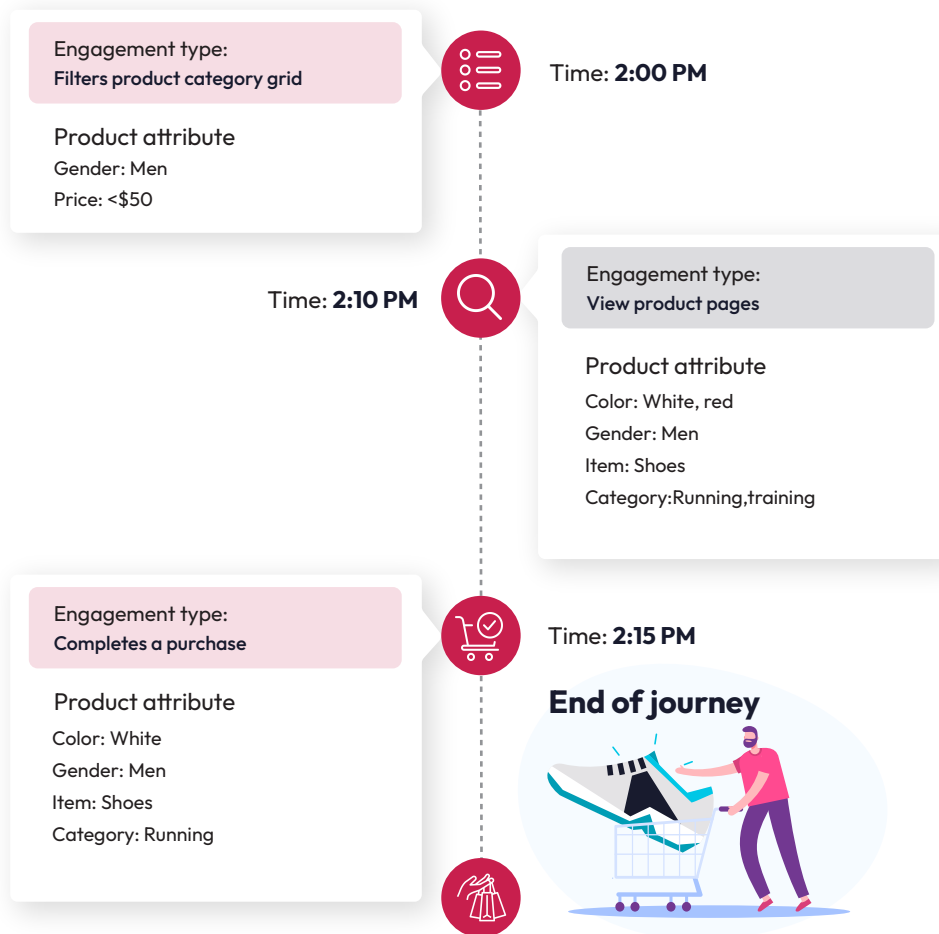
Wouldn't this be the perfect time to use their discount? With hyper personalization, you and your customer benefit. You can send tailored messages in real-time, and your customer gets better service and saves time.



A typical customer journey

Let's consider 'John Doe' as our customer. John is a regular visitor to a well-known footwear retail brand, both online and in person. When he explores the retailer's website for running shoes, he's greeted with customized options tailored to his past purchases, similar customer preferences, and trending weekend styles. John selects and completes the purchase. In traditional personalization, most conversation ends here.

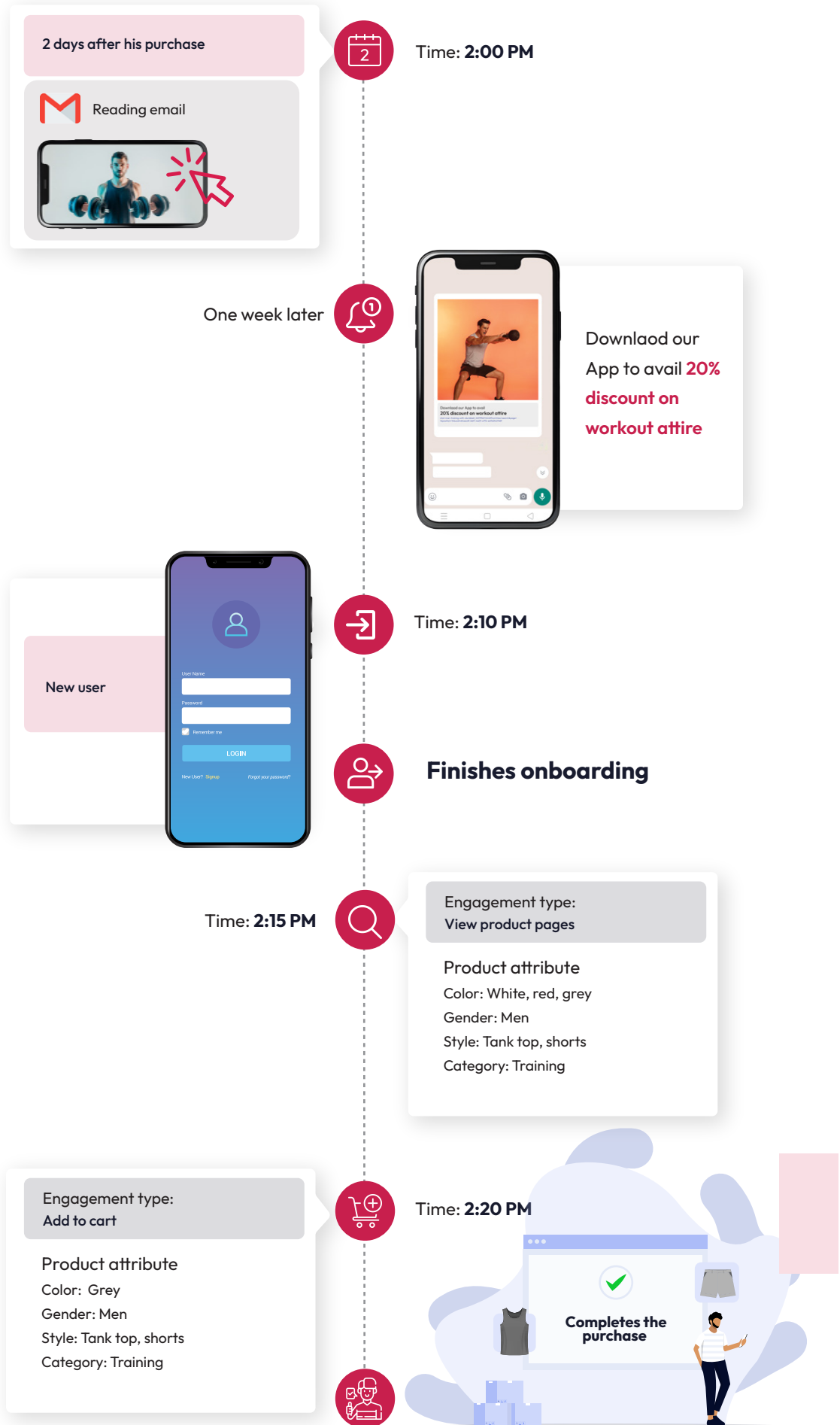
Generic personalized journey



Now, imagine a hyper personalized digital purchasing experience for John.

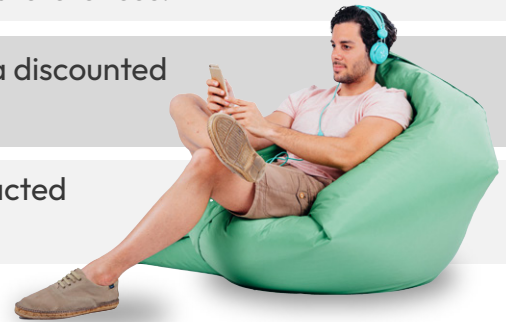
A mere two days following his purchase, John receives an email with a fitness theme. Curious, he clicks through to discover a video offering valuable insights on avoiding running-related injuries. A week later, he receives a personalized WhatsApp message encouraging him to utilize the retailer's mobile app, enticing him with an exclusive 20 percent discount on workout attire. Despite not having previously bought such items, John is enticed by the offer and proceeds to purchase a new tank top and shorts. What started as a simple purchase of running shoes became a much more engaging and tailored digital experience for John.

Hyper personalized journey



Data points from the above example:

- **Product Category:** John is interested in Sportswear.
- **Time Spent Browsing:** John's high purchase intent is evident from his 10-minute browsing in this category.
- **Product Search Behavior:** John filters by brands and size preferences.
- **Real-time Price Response:** John attempts to purchase at a discounted price.
- **Historical Marketing Response:** John has previously interacted with similar push notifications, such as "shoes on sale."



Use case: 'Naked Wines' personalized recommendations

Naked Wines, an online wine retailer operating in the US, UK, and Australia, partners with independent winemakers to offer customers exclusive wines at great prices. They tailor customer experience using data from 28.9 million reviews to provide personalized wine recommendations.

Naked Wines excels in personalized customer experiences, especially in recommending wines based on user feedback. Customers rate wines they've tried, and the site suggests similar wines accordingly.

Looking at what you've enjoyed before, we reckon this is the wine for you!

Wine Name	Match for You	Normal Price	Angel Price	You Save
David Akiyoshi Reserve Cabernet Sauvignon Clarksburg 2014 by David Akiyoshi	86%	\$22.99	\$12.99	\$10.00
F. Stephen Millier Black Label Cabernet Sauvignon California 2015 LOW STOCK by Stephen Millier	94% of 10,724 would buy it again	\$24.99	\$12.99	\$12.00
David Akiyoshi Reserve Cabernet Sauvignon Clarksburg 2014 by David Akiyoshi	93% of 10,895 would buy it again	\$22.99	\$12.99	\$10.00
Scott Kelley Pinot Noir Oregon 2015 by Scott Kelley	92% of 5,790 would buy it again	\$24.99	\$14.99	\$10.00
Arabella Reserve Shiraz Viognier 2015 by Stephen de Wet	91% of 14,622 would buy it again	\$19.99	\$11.99	\$8.00

Sort by: Highest Rated

Feedback icons: You'll love it, We're not sure, You won't like it, What's this?

Fig 3. Naked Wines App Recommendations

They use this customer data to refine their recommendations. Plus, they personalize emails based on your feedback and purchases, sending you offers that match your taste and budget.

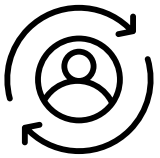
In 2020, Naked Wines launched an app with three key focus areas:

- Improving personalized shopping experiences
- Implementing advanced CRM and CMS tools for better customer communication
- Making shopping easier and faster

Results:

- Established remote customer service with over **90% positive feedback**
- Maintained high wine quality with a 91% average buy-again rating

Although Naked Wines isn't as big as Amazon or Netflix, the use case shows that effective personalization is achievable with the right approach to customer data.



How can retailers adopt hyper personalization based on data?

The retail game is all about attracting as many repeat customers as possible. How is that possible? Simple. Give consumers more of what they want. When they want.

Apparently, for loyal customers, you need to deliver exceptional experiences even outside the store too. To do this, you need an experienced digital transformation partner who can leverage your data. That will shift your digital strategy to.....

Hyper personalized digital journeys like:

- Sending relevant offers and promotions based on previous purchases
- Giving away more personalized loyalty rewards

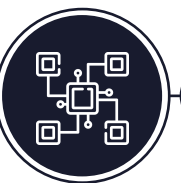
Let's explore three key strategies retailers can adopt to leverage data for hyper personalization:

**1**

Increase conversion rates using relevant messaging

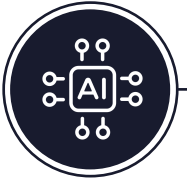
Let's say you're sending out thousands of emails every month, but most of them just end up being ignored. That's because they're not personalized to each customer you're sending them to. With data analytics and hyper personalization, you can send out messages across different channels like email, SMS, and push notifications. But here's the thing: more messages don't always mean more people buying your stuff. What really works is creating personalized journeys for each customer. So, how do we do that?

First, we group our customers based on what they do online and in-store. Then, we use that information to send them messages that match their interests. For example, if someone usually buys just one sandwich, we might offer them a free drink with their next purchase. When we use data like this, we can see a big jump in how many people buy our products. And that's how we turn our marketing into sales. That's how we'll see significant improvement in conversion rates.

**2**

Serve customers lightning-fast with smart data connections

To simplify the process for customers starting their online journeys, your digital transformation partner needs to connect data from various systems and third-party apps. This will involve setting up a layer of API-led integration between these data sources. Allowing authorized users to have a complete overview of customer accounts, including past purchases, rewards history, and customer service inquiries, all on one screen – a Dashboard. This equips service teams with a system to handle cases more efficiently. With API-led integration, your retail business can address customer needs and roll out creative offers quicker than ever.



3

Leveraging AI for personalization

As the saying goes, people will forget what you said or did, but people will never forget how you made them feel. AI personalization enables businesses to create unique and memorable customer experiences tailored to every individual.

By analyzing vast amounts of customer data, including behaviors, preferences, and interactions, AI can anticipate and fulfill consumer needs and desires. This approach moves away from generic personalization, ensuring that every engagement leaves a positive and hyper-personalized impact.

With Data Analytics tools, we can use AI to target specific groups of people and send messages when they're most likely to act. For example, if we notice certain customers only shop at the beginning of the month, we can tag them as 'Salary Day Shoppers.' This makes it super easy for marketers to group them and send messages that speak directly to them.

Rather than bombarding everyone with promos anytime, we can tailor when we send messages based on customers' actions. So, if someone usually orders Burgers' around 8:00 p.m. on Fridays, we can shoot them a reminder with a special deal through the app that same evening.



How should brands think about personalization maturity in retail?

Today, many retail brands are considering their personalization maturity in different ways. Mature retail companies prioritize enhancing customer experience as a key strategy.

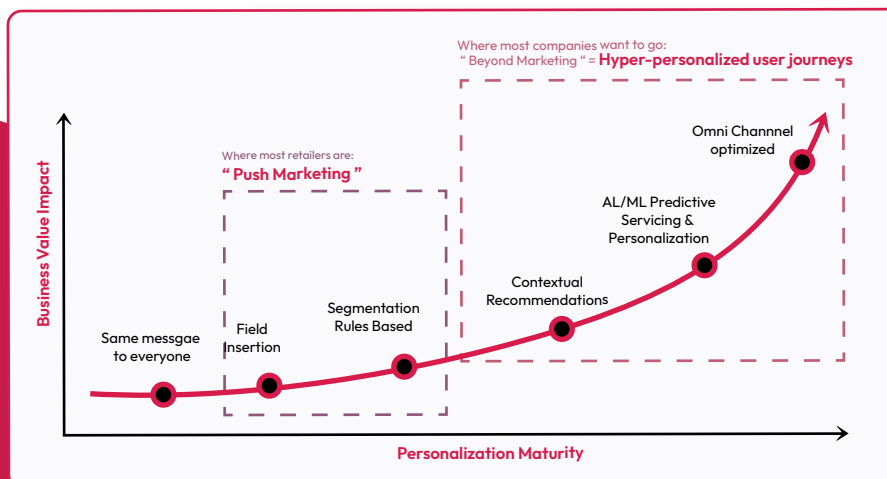


Fig. 4: Personalization maturity graph

The retailers who ask: How can we make our data more accessible so teams can act faster? How do we leverage our data to personalize every customer interaction? And how can we engage customers instantly through digital channels? Are considered highly mature. This focus on customer experience is pivotal for driving business growth. It's a significant leap for companies, which is why we encounter fewer retailers at this advanced stage. However, those who embrace it are seeing remarkable results.

Retailers have an opportunity to enhance their personalization maturity. This includes extending beyond email and placing more emphasis on enhancing the website experience, ensuring customers enjoy consistent experiences across various devices such as mobile and desktop.

Additionally, it involves implementing essential aspects of paid search marketing, acknowledging and rewarding loyal customers, adopting dynamic merchandising techniques, and deploying retargeting strategies—all while laying the groundwork with a solid data foundation.

Hyper personalization implementation challenges

Hyper-personalization opens doors to significant revenue growth and enhanced customer engagement. However, retailers encounter three primary challenges when initiating personalization:



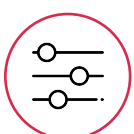
Data preparation:

A significant hurdle we face involves gathering all pertinent data dispersed across various sources. Real-time integration with these source platforms presents numerous obstacles, including legacy system constraints, a shortage of expertise, internal department policies, staff readiness, and more.



Developing machine learning and AI models:

Artificial intelligence and machine learning are crucial for success in the realm of hyper-personalization. However, developing these models necessitates access to costly resources such as data scientists, analysts, and infrastructure. Moreover, selecting the correct direction and strategy is paramount, as we've witnessed many such endeavors fail despite substantial investment.



Balance and scale personalization:

Excessive personalization brings discomfort to the customer mindset, and lower level of personalization may impact the interest of a customer. Balancing the level of personalization so it does not look over killing, is an important aspect. At the same time scale, the solution and approach to growing customers are equally important.



Measure success and bring the cross functional team together:

The introduction of machine learning has sparked numerous questions, particularly regarding success criteria, such as determining when we've effectively implemented a hyper personalized experience and calculating the return on investment.

Cross-functional teams frequently encounter conflicts when it comes to embracing this approach and grasping the significance of these concepts.

Our hyper personalization approach

Robosoft Technologies specializes in data and analytics solutions for global retailers. We've been a trusted digital transformation partner for many retail customers. To name a few – Sally Beauty, Target, SnapDeal, and JCPenney.

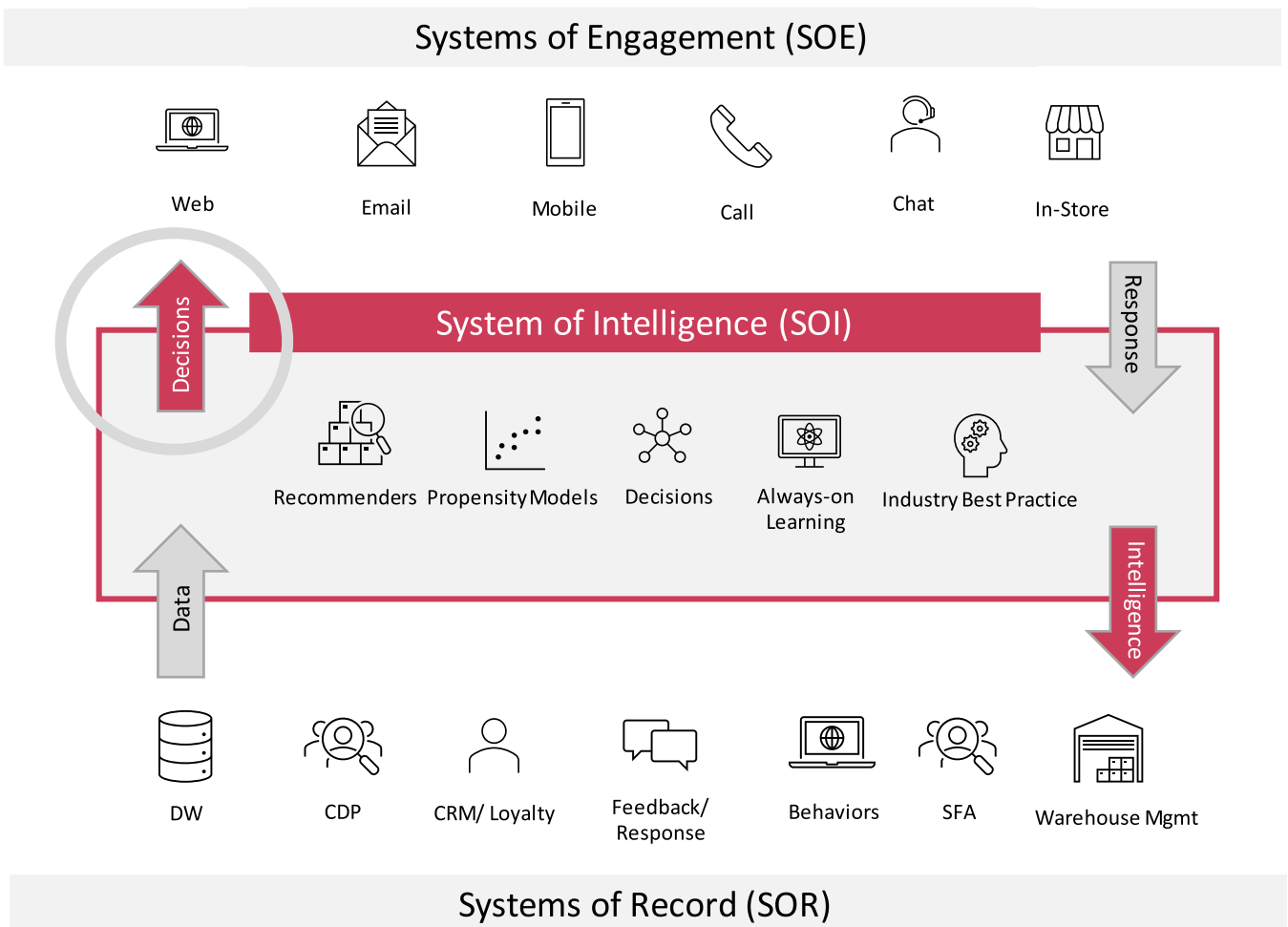


Fig. 5: Three systems that captures the online event



Manish Kumar Babul

Head of Data & Analytics at Robosoft



Our approach begins with an exploratory phase, wherein client teams and Robosoft personnel collaborate to diagnose the current situation. This phase entails interactive workshops, interviews, analysis of sample data, and firsthand experience with the current website/apps to gain insight into customer experiences.

This process yields numerous insights, including:

- Who are the customers?
- Different hypotheses the client has
- Product life cycle and its USPs
- Customer journey on the platform
- Data availability
- Current level of personalization and recommendation engine
- Product and client objectives
- Performance scale and complexities involved
- Integration available and needed



Exploration assists us in providing and suggesting pathways for implementing hyper personalization.



Platform-based:

Where you use our pre-built platform that seamlessly integrates data from various sources and applies pre-trained algorithms to customize customer experiences. The platform is primarily focused on the five modules –

01

Customer SVOC

The Customer 360 provides an ever-evolving front-facing view of the customer.



02

Recommender System

Multiple recommender algorithms, learning systems, marketing-friendly use cases, and multiple deployment options.



03

Predictive Scoring

Out of the box propensity scores, “likely to buy in the next 15 days”, “likely to buy this product category”, gain curves.



04

Smart Campaigns

Segment-of-one personalization and Recos, Auto-prioritization models, incrementality measurement.



05

Insights

Customer and Campaign insights, Incrementality and ROI tracking, KPI tracking, analysis, and perspectives.



Platform is suggested if we find the use cases are covered by the platform and no major customization is required.



Customized development:

In situations where data availability is limited, integration complexities arise, and there is a diverse range of customers and products, a comprehensive custom development approach is recommended.

The primary objectives are to enhance First to Repeat (FTR) rates and drive incremental revenue for the client. The process begins with the Analysis phase, during which the team dedicates approximately 2-3 weeks to scrutinizing the existing data, conducting tests, and identifying integration needs, data quality issues, and machine learning model requirements. Following this, the team outlines the timeline, project plans, and data prerequisites.

Both methodologies are overseen and implemented by seasoned professionals and data scientists with over 15 years of experience across various domains. It's essential to recognize that hyper personalization is a journey rather than an immediate solution for platforms or applications.

The initial development and strategies enable us to automate many intricacies. Still, client involvement is crucial to continue this journey and fine-tuning, upgrading, and enhancing models, data quality, bias, and personalization equilibrium. While you can anticipate initial results within 6 to 13 weeks of the project, ongoing collaboration ensures sustained success in the long term.

Key takeaways:

- ✓ Hyper personalization is a continuous journey, not an instant fix for platforms or applications. 14
- ✓ Retailers should move beyond generic personalization towards hyper personalization using real-time data and predictive analytics for tailored experiences.
- ✓ Naked Wines, though a smaller player, excelled in digital experiences with a hyper-personalized recommendation engine, boosting customer satisfaction and conversion rates.
- ✓ Retail brands must adapt to evolving customer needs and reassess their strategies to achieve higher levels of personalization maturity.
- ✓ Those asking how we can make our data more accessible and how we can engage customers in real-time through digital channels are at the advanced stage of personalization and seeing remarkable results.
- ✓ Retailers can choose between platform-based solutions or custom development for effective hyper personalization implementation.

Conclusion

Improving Customer Experience (CX) should be a key focus of your retail strategy in 2024.

As a retailer, you might wonder how much to invest and whether to handle improvements in-house or through partnerships. Is teaming up with a Data Analytics and Customer Experience (CX) expert a cost-effective move?

A typical retail hyper personalization project could range from \$100,000 to \$130,000, covering key components such as project management, data integration, machine learning model development, marketing campaign setup, and analytics dashboard implementation. The project timeline is estimated at 3 to 6 months, depending on project complexity and data readiness. These costs can vary based on project scope and customization needs.

While partnering with external experts may involve upfront expenses, it can lead to long-term savings by avoiding the need to build and maintain internal capabilities from scratch.

Many retailers rushed towards digitalization during the pandemic; the most successful brands are now refining their 'Customer Digital Journeys.' They're replacing temporary solutions with more sustainable options to support long-term growth and innovation.

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About Robosoft

Robosoft Technologies is a full-service digital transformation partner. We are trusted by large global enterprises as well as ambitious start-ups, and mid-size companies. We worked with Warner Bros. Discovery, HP, ESPN, Invesco, Viacom, McDonald's, Disney, PGIM, HSBC, and many more to craft delightful, intuitive digital experiences enjoyed by millions globally

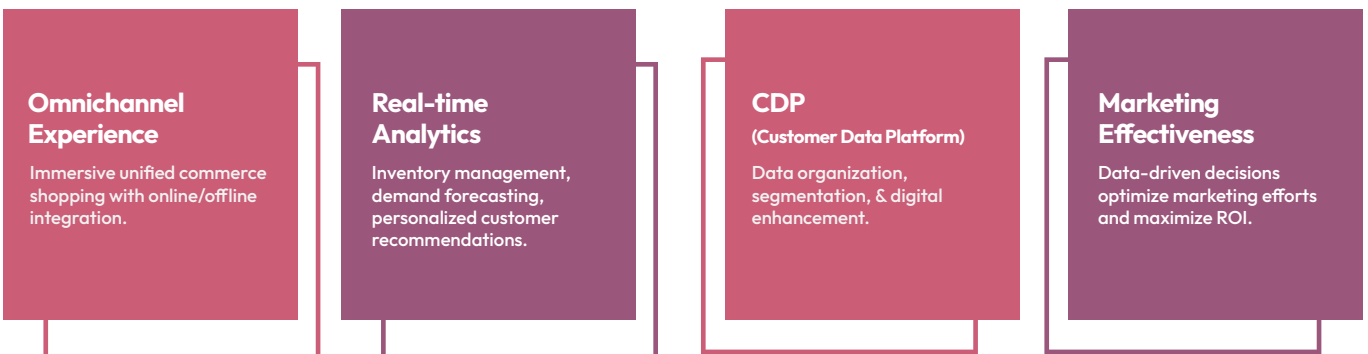
Our strengths are crafting end-to-end solutions for websites, mobile apps, cross-platform digital experiences, and building integrated systems. Our services include Digital product strategy and design thinking-led workshops, Customer Experience Design including seamless UI/UX across devices & platforms, Application development & maintenance across mobile, web & tablets, Testing-as-a-Service, Custom Software Development, Data Science and Analytics, SAP strategy & implementation and Cybersecurity.

Key services

Advisory	 Design Thinking Workshops	 User research	 Usability Testing	 Defining product vision
Design	 Design Strategy	 User Experience & Interaction Design	 Design Audit	 Proof of concept & innovation
Engineering	 Consumer & Enterprise Mobility	 Application Modernization	 Emerging Technologies - Web 3.0, Blockchain	 Testing-as-a-Service
Analytics	 Marketing Campaign Analytics	 Customer & Loyalty Analytics	 User-behaviour Analytics	 Business Analytics

Retail Transformation and Consumer Solutions

We're revolutionizing the retail landscape by focusing on hyper-personalization and dynamic user experiences.



**Connect with us to
unlock the power of
data-driven retail
marketing.**