The importance of personalisation in retail

ARE YOU SET UP TO LEVERAGE THE LATEST RETAIL TRENDS?

Today's shopper has instant access to product and pricing information and can switch allegiance at the click of a button.

As customer expectations and engagement behaviour are continuously changing, retailers have been forced to adapt or risk falling behind their competitors.

To remain relevant within the current marketplace, retailers need to examine how they can leverage big data to ensure intelligence on customer preferences and interactions is accessible and actionable across their organisation. With a deeper understanding of their customers' profile, they will be better placed to deliver an end-to-end personalised retail experience.

This whitepaper discusses the benefits of personalisation in retail and the challenges that retailers face in trying to deliver a truly personalised customer experience.

Why personalise?

Personalising the shopping experience is the surest way to the consumer's pocket according to the Connected Commerce survey with 62% of respondents claiming they buy more and/or more often when they receive a personalised retail experience.

This corresponds with 94% of companies who agree that personalisation is critical to current and future success.
Source: Econsultancy 2013

40% of consumers buy more from retailers who personalise the shopping experience across channels.
Source: mybuys.com 2014

This desire for personalisation encompasses both the in-store and online experience.
70% of shoppers around the world said they are more likely to embrace new in-store technologies such as GPS and WiFi tracking if they receive customised benefits in return such as personalised money-off vouchers.
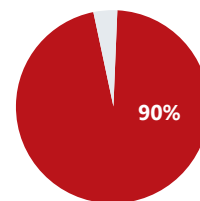Source: Connected Commerce study 2015

The benefits for the retailer are clear, but how can true personalisation be achieved on a large scale?
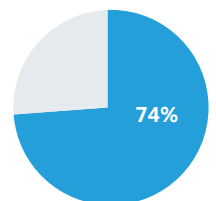
Facts about personalisation

48%

90%

74%
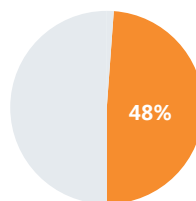
48% of consumers spend more when their experience is personalised

90% of marketers believe personalisation is the future

74% of consumers get frustrated when content has nothing to do with them

Personalise promotions and offers

75% of consumers like it when brands personalise messaging and offers. Source: Aberdeen Group

Targeted and relevant offers achieve a much higher customer response compared to generic promotion of products across the board.

With 16m active Clubcard users, Tesco is the leader in retail loyalty. The introduction of the Clubcard marked the retailer as one of the first supermarkets to successfully analyse the lifestyle behind shopping habits, enabling Tesco to send targeted coupons to its customers.
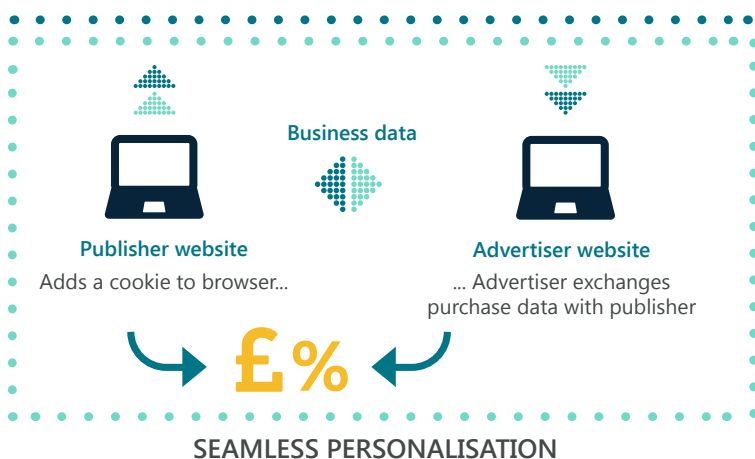
With coupon redemption rates that are far higher than the grocery industry average, Tesco's Clubcard scheme is a resounding success which clearly highlights the benefits of personalisation.

It obviously pays to get personal with data, yet research conducted in 2015 by Capgemini found that only 11% of loyalty programmes offer personalised rewards based on a customer's purchase history.

Communicate via every device

According to DigitasLBi's 2015 Connected Commerce study of the latest retail trends across 17 countries, shoppers expect omni-channel, multi-screen experiences from brands and retailers, with the average consumer interacting with a total of five devices in the course of making a purchase. That's a significant increase from the 2.8 devices reported in 2014.

Customer Journey

BUY   PAY   RECEIVE

Business data

Publisher website
Adds a cookie to browser...

Advertiser website
... Advertiser exchanges purchase data with publisher

£%

SEAMLESS PERSONALISATION

As well as making communications relevant to the customer, retailers also need to make them appropriate to the device they are consumed on.

Today's consumer hops from one device to another. While this can present a challenge when it comes to capturing attention, it offers an opportunity to connect in multiple ways; enabling retailers to reinforce the messaging of their brand.

> **Businesses that are currently personalising online user journeys, and who are also able to quantify the improvement, are seeing an increase in sales of 19% on average.**
> Source: Econsultancy 2013

Make messaging relevant

More data isn't necessarily better; it's the quality of data rather than the quantity that makes the difference. Retailers need the intelligence to make the link between shopping habits and social behaviour.

For example, you may generate a high response rate from an email campaign, but then be completely ignored when you tweet the same message.

A single view of the customer is imperative to connect each aspect of their behaviour and previous interactions with your company to achieve a contextualised picture.

A single view across all channels

Today's consumer no longer follows a traditional buying route. As discussed above, they may start their journey on a mobile device, carry out further research on a desktop, and then go on to make a purchase in-store.

Ideally, the buying experience should be seamless, but if customer data is siloed in disparate legacy systems, retailers can end up having unconnected conversations with the same person.

What's needed is to obtain a single view of the customer across all channels. With real-time visibility of purchase and search data, retailers can contextualise the customer's behaviour and respond with a relevant, personalised offering.

Delivering a differentiated experience

> **By 2017, 89% of marketing leaders expect customer experience to be their primary basis for competitive differentiation.**
> Source: Gartner 2014

It's clear that personalisation is the future of retail, and the latest technologies are enabling retailers to rise to the 'personalisation challenge' and meet the expectations of the modern shopper.

Cloud-based retail ERP solutions such as Microsoft Dynamics AX offer the scalability and accessibility needed to harness the power of customer data and enable its use for large scale personalisation.

An ERP solution that provides meaningful customer behaviour analysis can empower retailers to offer a personalised customer experience across all channels of engagement. Dynamics AX customer engagement capabilities, including retail store operations, channel management, order management, business intelligence, marketing and customer care, give the modern retailer a unified software solution that reduces complexity.

For retailers, this means the ability to deliver a complete shopping experience that is seamless, differentiated and ultimately personal.

Hso | the results company

Microsoft Dynamics AX

About HSO

HSO is a Microsoft Gold Partner with over 25 years of experience in implementing Dynamics solutions.

HSO is an expert in Microsoft Dynamics AX, a comprehensive ERP solution that enables retailers to work effectively, manage change, and compete globally.

Learn more at **www.hso.com**

About Microsoft Dynamics AX

Microsoft Dynamics AX makes it easy to operate across multiple locations and countries by standardising processes, providing visibility across the organisation, and helping to simplify compliance.

HSO has the specialist expertise to deliver industry-focused Microsoft Dynamics AX implementations for customers in retail, distribution, and manufacturing.