

A WHITEPAPER ON

TOP 5 WAYS TO IMPROVE PERSONALIZATION IN RETAIL WITH AI

Index

Improve the Search Capabilities	04
Interactive Apps and Interfaces	05
Better Support	06
Deeper Insights	07
Improved Marketing Capabilities	08
Reference	09

WHITEPAPER

Personalization is now the Holy Grail for customer satisfaction.

Brands have their task cut out in today's highly competitive business world, marked by increasingly short customer spans. The highly pervasive media makes customers spoiled for choice and subjects them to information overload. About 40% of people abandon a website taking more than three seconds to load, and the average shopping cart is abandoned more than 68% of the time.

In such a context, marketers are increasingly discovering personalization, or catering exactly to what customers want, as the solution to improve engagement, and through it prompt the customer to stick on and complete the purchase. Forrester Research estimates about **92% of marketers** marking a higher interest in personalization compared to the previous year, and 83% of them opining personalization being critical to their company's success.

Walker Research's "Customer 2020" report corroborates the trend by predicting customer experience to overtake price as a key driving factor in consumer buying decisions, before 2020. The report also lists three crucial ingredients for enhancing customer experience: knowledge, engagement, and personalization.

More and more enterprises are now looking to artificial intelligence and machine learning to drive their personalization initiatives.



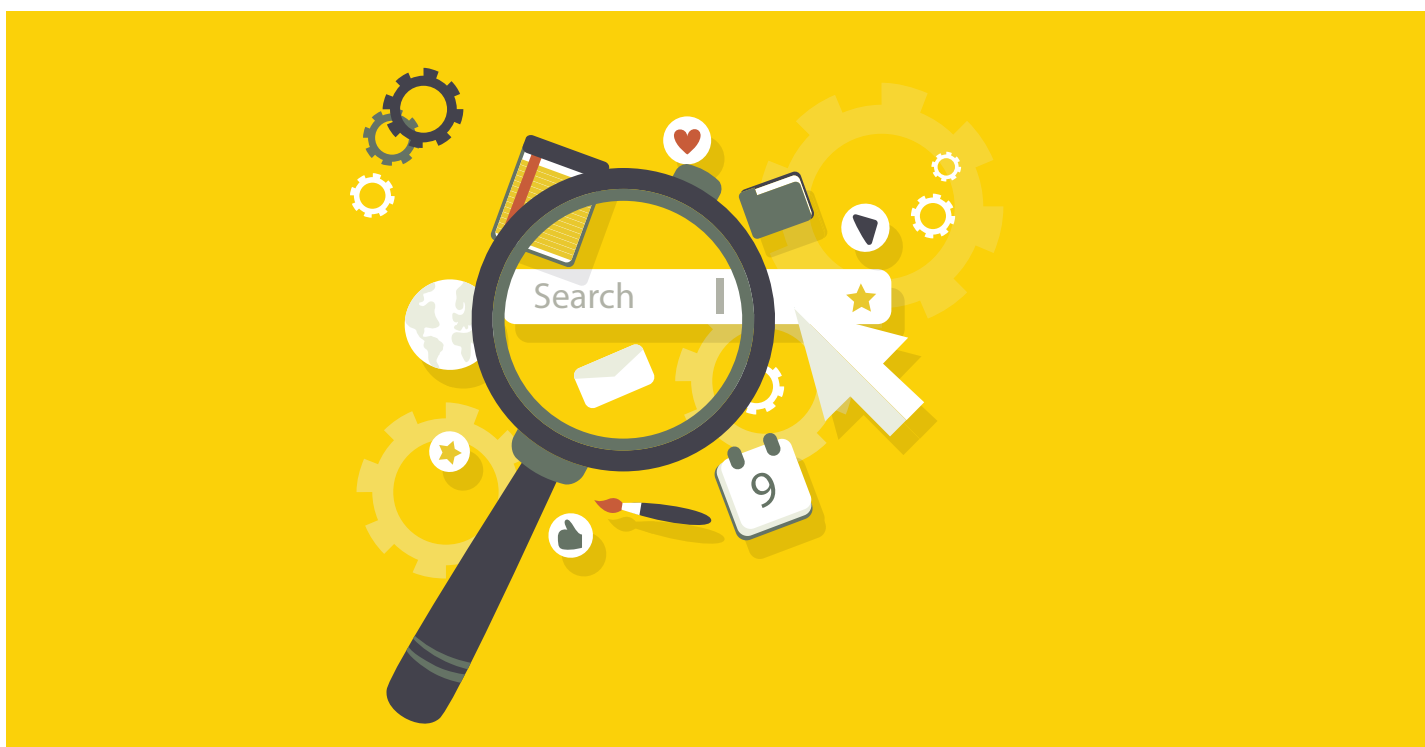
Here are five ways brands can apply artificial intelligence to improve their personalization efforts, and overall customer engagement.

Improve the Search Capabilities

Search capabilities are now given for any retail digital asset, and Artificial Intelligence improves search capabilities manifold. It enables the test of multiple variants based on actual consumer insights and allows machines to understand individual preferences in real-time. Such interventions list the most potent result up front.

A case in point is artificial Intelligence powered platforms equipping e-commerce websites and apps with visual search capabilities, allowing consumers to upload images or even videos, to find similar or complementary products. The visual search technology matches products based on clues such as color, shape, size, raw materials, brand, and other factors, to offer highly relevant searches.

The improved search capabilities enabled by Artificial Intelligence also make the transition from offline to online seamless for the user. Consider the case of a consumer who sees a new pair of joggers at the gym or has a special liking for her friend's new dress. When an e-commerce portal is powered with artificial intelligence capabilities, all the user needs to do is take a snap and upload it. The intelligence engine matches the products on the fly, throwing up highly relevant recommendations with buying options.

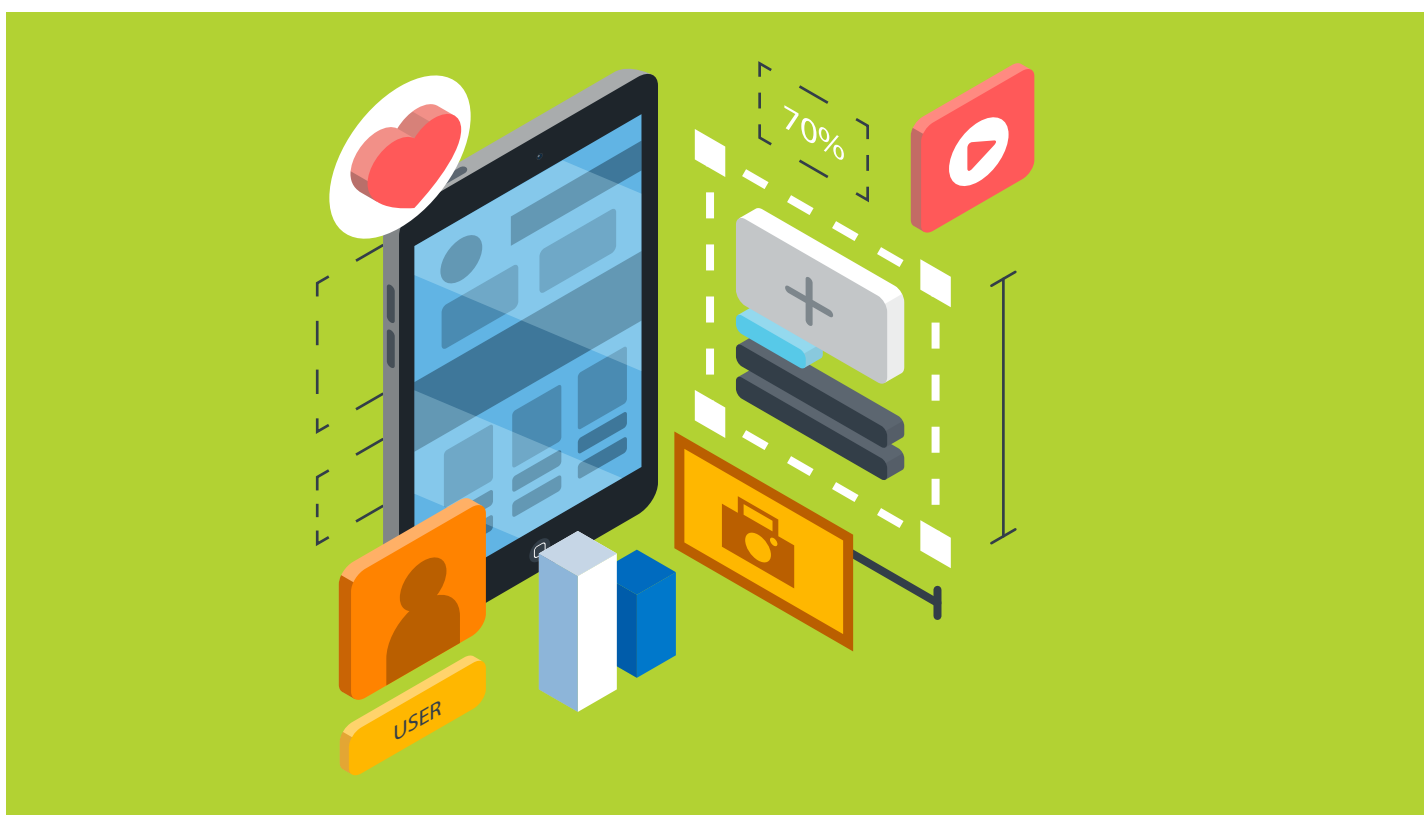


Interactive Apps and Interfaces

Artificial Intelligence powers the creation of interactive apps and interfaces, which takes personalized engagement to a whole new level.

Amazon Echo offers a sneak-peek into the future. The tool takes a picture using the smartphone camera, reviews the stylistic merits of the outfit the user is wearing and goes on to make personalized recommendations for more suitable items. The app recognizes and acts on voice commands.

Another case in point is Sephora's Visual Artist app, which makes the hitherto difficult or even near-impossible task of trying make-up easy. The app allows potential customers to “try on” cosmetic products such as lipsticks, eye shadows, and highlighting palettes. Seamless integration to the Messenger allows the user to click a picture and send it to the Sephora chatbot effortlessly. The chatbot responds almost instantly, with a range of suggested products, and augmented reality images of how it looks when applied. The AI-powered app maps and identifies facial features, and then uses augmented reality to “apply” the user’s selected product and shade. It has the “intelligence” to apply shades automatically, based on the consumer’s skin tone. What makes the app successful is the seamless integration with Sephora’s inventory, a highly powerful recommendation engine, and the ability to purchase the desired products on the fly.



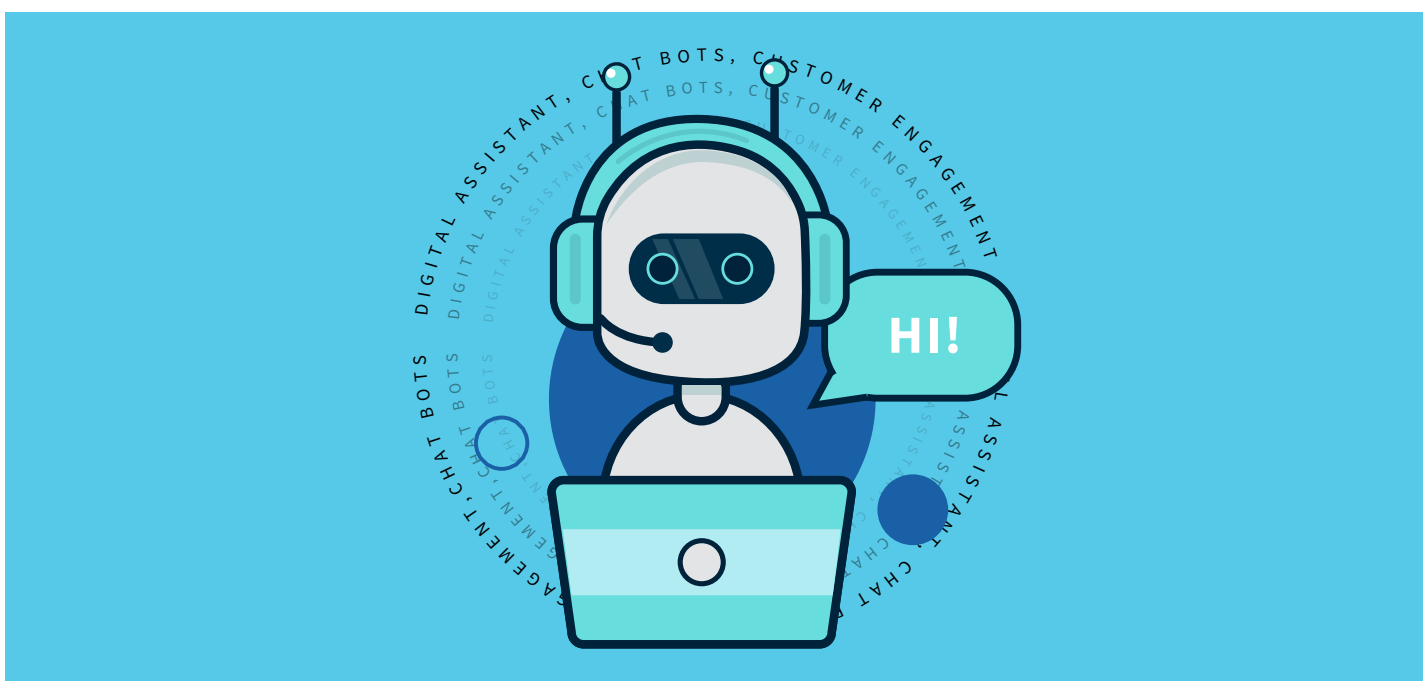
Better Support

Intelligent chatbots and other artificial intelligence powered technology improve customer support manifold, and take it to a higher plane.

While chatbots and other Artificial Intelligence powered initiatives quicken the customer support process manifold, the big improvement is enabling brands to offer proactive support, preempting issues rather than resolve the issue quickly.

Consider Macy's On Call, an in-store smartphone-based helper, powered by IBM's Watson AI technology. The chatbot keeps the customer who enters a store engaged throughout the time she remains in the shop. The chatbot chats with the user, performing the role of a highly knowledgeable and helpful personal assistant. It uses natural language processing to understand a wide variety of requests and directs shoppers toward the products and services they desire or want. It even detects when the shopper is growing frustrated or bored, and alerts the closest member of in-store staff for prompt remedial action.

Intelligent chatbots listen intently to what the customer has to say, pick up visual and other cues, take the conversation forward, and respond with relevant advice, helping the customer make the buying decision. Such intelligent shopping assistants are much more effective, faster, and non-intrusive than human agents. These smart assistants can analyze huge quantities of data in minimal time, can perform human-like interactions, and even have 'personalities' to reflect that brand's image.



Deeper Insights

The importance of analytical insight is already well-known. Salesforce’s “State of Marketing” report reveals that **50% of consumers** are likely to switch brands if a company doesn’t anticipate their needs, making it expedient for brands to know their audience well.

Businesses already use analytics in a big way to gain insights about the customer. Artificial Intelligence technologies make the task easier, and allow the gathering of deeper insights, facilitating an even deeper and immersive engagement.

Many retailers now apply collaborative filtering to provide customers with highly relevant recommendations. The collaborative filters base results on most viewed history, best sellers, evergreen trends and other general parameters. However, such collaborative filters gather data from one channel. Artificial Intelligence filters change the equation to base results from all channels, including the online store, the brick and mortar store, the mobile application, websites, social media forums, complaint boards, and various other places. With the application of Artificial Intelligence tool, personalization gets a fillip from being a uni-dimensional and highly restricted offering to a multi-dimensional and highly pervasive solution problem.

A lot of information on shopping habits is very subtle, not easily apparent. The deep learning algorithms offered by artificial intelligence technologies delve into a customer’s online habits, and continuously learn every new signal and cue, as it manifests, enabling retailers to showcase personalized products better. The best manifestation is Salesforce’s Commerce Cloud Einstein, which gathers data on customer interactions, such as the products customers look at, the articles they read, the items they put in their shopping cart, and more. The tool then captures any change in behavior automatically, offering marketers valuable insights into changes in customer’s interests. As such, the marketer can personalize the experience based on real-time changes and experience, rather than mere shopping history and demographic data.



Improved Marketing Capabilities

Modern brands are integrating AI-based real-time marketing capabilities into their existing marketing automation stacks and for good reasons.

Salesforce estimates that **91% of consumers** will unsubscribe from emails. NewsCred estimates 44% of direct mail is never opened, and Kahuna estimates 60% of mobile users opt out of mobile push notifications. According to Google, over \$280 billion is abandoned in digital shopping carts every year. Artificial Intelligence personalization has proven to be highly effective in improving the stat, big-time, for retailers. The application of Artificial Intelligence technology allows marketers to move away from the highly inefficient batch-and-blast messaging to mass audiences, to understanding individual preferences. Each customer is unique, and the best way to engage with them is on a highly personalized and individualized basis. While this theory was never in doubt, hitherto, the lack of suitable technology and time constraints meant the theory was never really put into practice.

Today's highly demanding customers have raised the bar further. They now expect more than personal engagement. They expect and demand a consistent cross-channel experience, with the right message delivered at the right time, through the right channel. Such extreme personalization requires factoring in context, content and behavioral data to the mix.

Marketers can apply artificial Intelligence solutions to not just move from segments of customers to an individual customer, but also actualize extreme personalization. The latest Artificial Intelligence tools allow them to send out highly targeted and contextualized messages, from their existing marketing automation stack.

Artificial Intelligence drives Personalization 3.0. The seven tenants of Personalization 3.0 are the initiatives being marketer-friendly, data-driven, in real-time, highly individualized, iterative, integrated, and supporting omni-channel. Artificial Intelligence enables all these effortlessly.

And the best part is customers actually prefer such interventions. According to Research by J. Walter Thompson, **70% of the US millennial** like it that brands or retailers use AI technology to find and display more interesting products, and 72% of them believe brands using AI will be able to accurately predict what they want.

Author Bio

S. Karthikeyan, or **SK** as he is better known, has 19 years of experience in designing, leading and delivering world-class software solutions. His specialties include Product Ideation, Innovation & Strategy, Enterprise & Solution Consulting, Data Science Solutions, and Digital Transformation. As Chief Innovation Officer, SK ensures that experimentation and innovation continues unfettered at Suyati Technologies. He leads the Mekanate team that is developing a Digital Transformation platform using AI, ML, IoT and Big Data technologies. He holds a Masters Degree in Computer Application, and Advanced Certificate in Information Technology Management from IIM, Kozhikode. The opportunity to build technically complex solutions is what runs through his mind all day, and probably keeps him awake at night! Connect with him on **LinkedIn**.

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