



9
QUESTIONS

IDENTIFYING THE
RIGHT RETAIL
PERSONALIZATION
VENDOR



According to Gartner- "By 2018, organizations that have fully invested in all types of personalization will outsell companies that have not by 20%". So, retailers are constantly looking out for methods to help them achieve higher average order value, higher customer lifetime value and, drive customer loyalty by engaging customers with digital product recommendations and personalized offers and promotions. The ultimate need is to develop an efficient personalization engine, what was once a nice to have option for the retailers, has become a mandate now. But, selecting a retail personalization vendor is always challenging. So, here is a checklist of questions to evaluate your retail personalization vendor:

1

Can retail personalization vendor create personalized experiences for the first-time visitors?



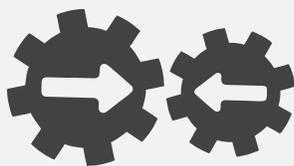
Strategy for first-time visitor

You invest heavily on attracting new visitors to your site. This will be fruitful only if the visitors have a relevant experience in the site. Be sure that the vendor you choose has proper plan for this. Though you won't have enough data about the first-time visitors, the vendors will have partnership with Data Management Platforms (DMPs), through which data can be delivered on first time visitors.



Capturing and activating referral data

The keywords used to search, ads clicked and referring websites, provide insight on each visitor's interest and brand preferences. An example for referring website is Facebook, where you click on the URL and land on an ecommerce website for purchasing.



Integrating with data aggregators

Data aggregation is method in which information is gathered and expressed in an easily understandable form, such as a summary. Gathering even simple data, like geo-location, can be useful. For instance, suggesting a leather jacket for someone in a cold place, is a result of effective retail personalization strategy.



2 Do they possess automated segmentation capabilities?



Categorising based on common characteristics

Every visitor will have their own preferences in buying the products. But there will be some common characteristics among them, like gender, brand preference, income, purchase history and geo-location. These data can be used to segregate them into categories which will give a head-start in planning the strategy.



Using third-party data to differentiate customers

The third-party data can be used to understand the type of products that the customers will be interested in. For example, Herfindahl-Hirschman index (HHI) data can be used to display products in high-end, mid-range and low-end on the homepage of your website.



Capturing all customer interactions on the site

The preference of the customers varies, and it is not necessary that a data point captured today to be true tomorrow. So, the retail personalization vendor must continuously monitor and store all customer data.



3

Do they offer multi-channel support?



Personalization across all devices and channels

The customers can interact with your website through any digital medium (mobile, PC, tablet, or smart TV). It can be via various touch points like web, mobile web, email, or mobile apps. Make sure the retail personalization vendor has effective retail personalization strategy for all the mediums including in-store and call centers.



Strategy for mobile

Many customers are using mobile to do their eCommerce purchases. So, it is mandatory to track the mobile interaction with a SDK (Software Development Kit), in both Android and iOS. This is one of the key elements of an effective retail personalization strategy.



Linking data points across devices

The customers who have indicated their preferences in one channel (like mobile), will expect to see those preferences in other channels too. The retail personalization vendor should link the data points together to give a seamless experience to the customer.



Making customer's journey better

Linking the data points will help you in understanding the customers so that you can help them take decisions while purchasing.

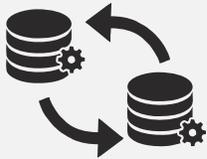
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Do they possess robust data collection capabilities?



Collecting as much data as possible

The data is the fuel for effective personalization. To have a wide range of personalization, the vendor must offer robust data collection and analysis.



Integrating the data

The marketers will be using the data assets to the maximum extent. So, the vendor should have a method to easily integrate the collected data.



Optimizing the strategies for personalization

Generally, we can customize the tracking strategies and monitor any specific data, like user logins, pages viewed and purchases done. Some personalization engines allow you to track the customers behavior on the website, like scroll speed or intent for exiting the page.



Integrating with third party data providers

This is important to do a better job in identifying and characterizing the visitors, which results in better experience.

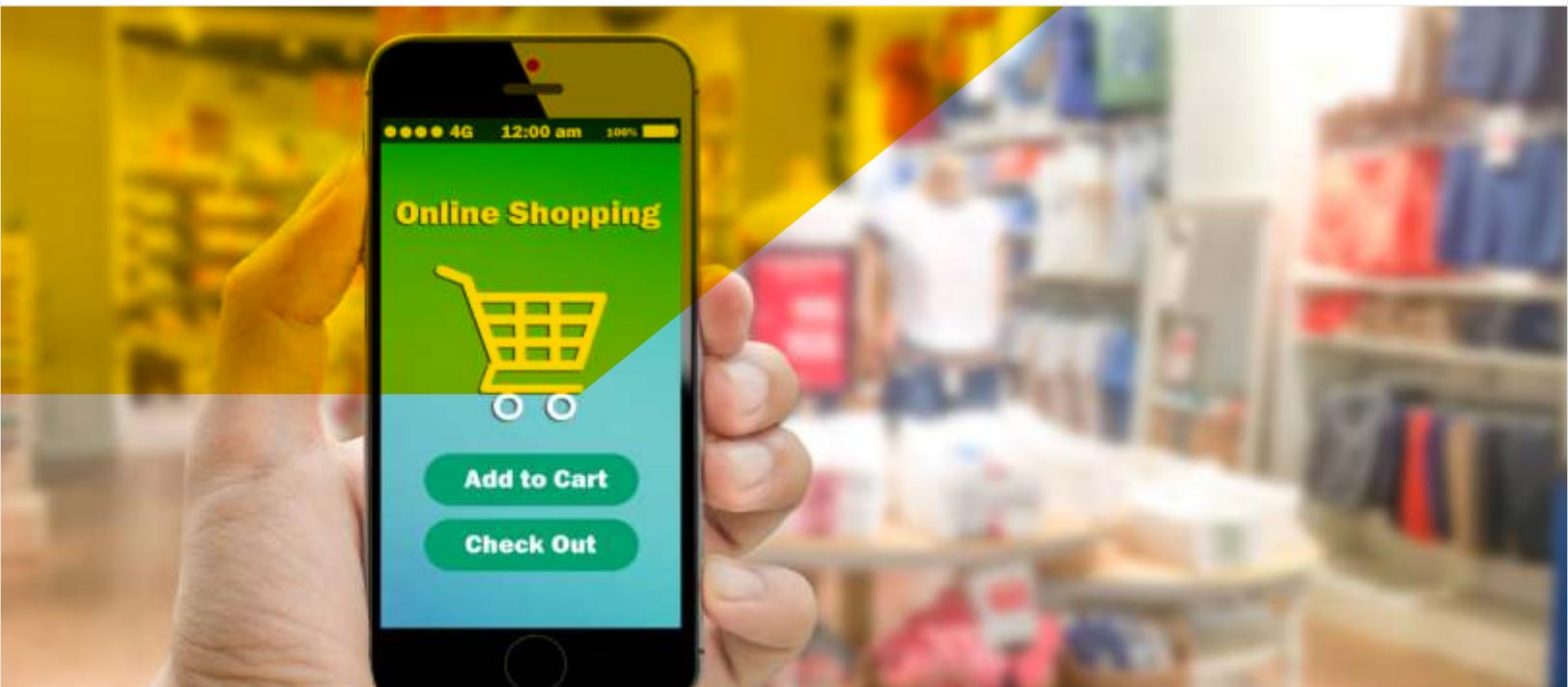
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Do they take care of layout personalization?



Personalizing the site layout for each customer

Some customers prefer to see the latest products first, whereas some may want the products to be sorted by price. Some like it to see electronics on the home page and some prefer clothing instead. Website layout is very critical, particularly for homepage, because this will tell the customer that they have reached the right place to shop. This layout can be customized based on the customer's shopping data over a period.



6

Do they enable automated merchandising with manual controls?



Combining automated and manual merchandising algorithms

The automated merchandising, that is driven by algorithm, allows you to optimize the retail personalization strategy. But the merchandisers too will have a great deal of expertise about the customers, which should also be used. So, there should be an option to implement this knowledge through manual control whenever required.



7

Do they continuously optimize retail personalization strategies?



Continuous update for strategies

Personalization is effective only when it is constantly assessed based on the customer journeys. It is necessary to continuously experiment and adjust the strategies to make it successful.



Support multivariate testing

Data scientists widely welcome multivariate testing as it automatically splits the traffic for A/B/n testing.



Contextualised testing

With a wide range of testing capabilities, it is necessary not to optimize only for an average user or to a segment of users. The contextualised testing determines the most appropriate variation for each customer segment.

8

Do they deliver 1:1 personalization?



Analyze customer in detail

The solution offered by the vendor should allow you to isolate and analyze any customer behavior in detail. This is called micro targeting. The more you micro target, the more you can offer to all types of customers.



Collaborative filtering and predictive analysis

Personalization can work only if the solution combines all data, analyzes it and uses it to provide a truly personalized experience for all users, automatically.

Do they offer scalability?



Easily adaptable to larger scale

Migrating to a better platform in future will be a trouble that you want to avoid. Hence, make sure the vendor that you collaborate with offers scalability.



Flexibility at scale

The personalization solution must make it easy to use the growing customer base, and it must be easy to present the content in whichever manner is more appealing to the customer.



Conclusion

Each year, personalization and marketing vendors are increasing in numbers, but only a few can keep up their promise of delivering effective omnichannel retail personalization, ensuring increase in revenue and brand loyalty. It is necessary to filter and choose the right retail personalization vendor to achieve greater ROI on your investments.



ABOUT THE AUTHOR

Devanshu Dawn, a Senior Retail Consultant, has rich experience working with the Fortune 100s in their digital transformation journey. By leveraging the cutting edge technologies, he has helped retailers in their personalization, agile ecommerce, supply chain management and omnichannel strategies.

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www.altencalsoftlabs.com



business@altencalsoftlabs.com