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Five Things Every Retailer Should Know About Personalisation

Introduction

Personalisation is a powerful tool for selling and communicating to consumers. It offers the perfect scenario for both shopper and seller: a less frustrating and more successful shopping journey for the customer; and better conversion and loyalty for the retailer. It also collects data at a finer granularity than ever before, giving retailers valuable insights to better serve customer needs and to improve product and operational efficiencies.

This makes for an exciting time for retail, but there are significant challenges associated with personalisation. Not least, deciding how to get started, navigating the numerous solutions on offer and learning how to build genuinely trusted connections with customers.

Based on our work at Dressipi, and our many conversations with retailers across the spectrum, we share five key thoughts on how to approach personalisation to get the most value for both your customers and your business.

1. Choose the right personalisation for you

Personalisation means different things to different people. Anything from simply recognising a customer and greeting them by their name, to sending emails on a cohort basis, all the way to creating tailored experiences to each individual customer across the entire shopping journey. Sharing thinking and getting everyone aligned is essential to choosing the right technology path, joining up pockets of data and managing expectations around opportunity and outcome. Although the end game for most retailers must be to predict the most relevant recommendations and communications to each customer, each organisation will have their own way of getting there.

2. Technology partners — recognise the real from the hyperbole

We understand how hard it is for retailers to select the right solution and partners from the many available and how to differentiate the ones who can truly deliver today from the hyperbole and fads.

For example 'Deep Learning', 'AI', 'Machine Learning', 'Neural Networks' are now mentioned in almost every company's sales pitch but few companies have significant capabilities in these methods today and retailers shouldn't be wowed by these claims. When looking to explore personalisation that is truly effective we recommend a simple checklist to help narrow down the choice:

- Does the product do all of the things you need it to do today?

- Have you seen the product working with actual retailers (not just a demo or slideware)?

- Are those retailers similar to you in either customer size, data set, territory, etc?

- Has the product been in use for longer than two cycles of sales/returns?

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- Does the team have a good pedigree in the technology and the solution they are selling?

- By what order of magnitude are the results better compared to a non-personalised approach or other competitors? (If the results are not validated or look unbelievably high, then the most likely explanation is just simply that they are not believable).

Here at Dressipi, we have built our entire business on Machine Learning & AI from day one and believe it will have an enormous impact on retail over the coming years. But for us, the name of the approach or the inner workings of the technology are distracting and unnecessary details. What really matters are the results and the business impact in cold hard numbers.

3. Talking of hard numbers — test, test, test

Test to compare solutions, test to continually improve and test to make the gains necessary for a long term competitive advantage.

Once you've identified one or two solutions that meet your exact criteria, it is important to establish the value of each by A/B testing against one another as well as against no personalisation. We recommend testing no more than two to three variants at any one time — as it's quicker and cleaner. The key to a valid test is identifying one single measurement of success and ensuring it is the most relevant to the KPI of the overall business (we prefer net incremental revenue per visitor as it takes into consideration conversion and returns). Don't be tempted to evaluate on any other metric other than the one selected and let your test run for the full duration regardless of early results.

Once you have real business results and have made your selection then plan to test on an ongoing basis to improve performance. Personalisation in fashion retail is still very nascent and there is much to learn and gain as the technology gets smarter and the data collected gets richer. The goal is to create superb experiences that the customers want and need and to use the insight to create unique value propositions which continually evolve.

4. Build genuine trust

At the very core of personalisation is trust. The customer is giving access to personal data and preferences (that couldn't be captured in any other way) in return for a more delightful and effective shopping journey.

In our experience, the customer has an inherent understanding of the value of the trade and can quickly recognise the difference between genuine assistance versus a misuse of data to push irrelevant products or encourage behaviour that is beneficial to the retailer but not to the shopper.

Personalisation, done successfully, is a golden opportunity —

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it has the ability to build longer-lasting and genuine connections with customers and deliver game changing profitability. Any organisation that misses that could pay heavily both financially and reputationally.

5. Position for the future

Amazon has the full toolkit — customer trust, loyalty, same day fulfilment and cheap capital. It also has an ever growing dataset and insights which it uses brilliantly to champion the customer via personalisation and optimisation of merchandising and operations. While Amazon is a short term friend, retailers should also recognise it as a near term competitor focussed on taking away customers and margins.

The smarter retailers have understood that their competitor set is changing and that collaboration could be one of the key solutions to survival. By forming alliances that consolidate data and give access to deeper insights, these retailers are positioning to offer hyper personalised experiences that touch the customer when in-store, online and when using their products at home - as well as changing the way they optimise product inventory, communications and operations.

At Dressipi we have already seen the significant value of these partnerships via our 'Portable & Connectable' project and it's evident that collaboration across retailers presents a fantastic opportunity for growth and long term competitive advantages.

Final thoughts

Personalisation offers outstanding benefits to both customer and retailer alike. However, like all new technologies, it is important for those evaluating options to gain clarity as to how exactly the solution will be used and to ensure it delivers value to all parties. Similarly, in a world with so many competing demands for our attention, we recommend that retailers focus on solutions with a demonstrable track record, and who seek to ensure that any gains are both measurable and are aligned with the business's goals. We hope this short paper helps retailers make an informed decision when considering their options.

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About Dressipi

Dressipi is the world's only Fashion Prediction Platform, enabling retailers to predict what their customers will buy and not return, optimising profitability and giving customers the best possible experience. Our data-driven approach helps drive significant new revenues for retailers (a minimum of 8% increase in net incremental revenue per visitor), decrease returns (by 15%) and increase conversion and frequency of purchase (by up to 30%).

Leading retailers use Dressipi's Fashion Prediction Platform for its best in class recommendations and prediction scores, enabling radically improved customer experiences and more informed decisions on demand to supply matching, merchandising and acquisition. Our unique database of over 5 million connectable fashion customers combined with fashion specific AI, expert knowledge and proprietary structured product data means retailers can be more profitable, more customer centric and more efficient.

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Contact Dressipi

To learn more about how Dressipi's data-driven approach accelerates leading retailers to be truly predictive, get in touch today.

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