# Intelligently cutting through the noise

How can personalisation help during the busy peak trading period when loyal customers are buying outside of their usual purchasing patterns and new shoppers continue to browse? *Emma Herrod* investigates.

**M**ANY ASPECTS of locking down and planning for peak follow a programme of testing: can we handle the throughput, what level of stock is needed at which location, do we have enough capacity booked with carriers? Personalisation at peak, however, is a year-long process which doesn't have an end point. It's something that runs constantly and enables retailers to be ready for peak with a better understanding of their customers while delivering a relevant customer experience and keeping the brand front of mind in the crucial run up to the holiday spending season.

The benefits of adopting personalisation on a website have been proven time and again as relevant content and products are served to individual browsers thus giving shoppers a better experience online and increasing ROI for the retailer. Farfetch, for example, increased conversion by 125% when it started combining advanced personalisation with flexible business rules. However, expanding the use of personalisation from a single channel into multiple channels or an omnichannel business model is much more complicated and still in its infancy – especially when running it in real time.

Segmentation is powerful but it's a manual process. "It's manageable in a single channel but segmentation is not scalable across channels," says Mike Harris, SVP & GM EMEA, Monetate. "That can only be done through automation," he adds, explaining how if retailers want to deliver relevant content across desktop, mobile or mobile app then machine learning and artificial intelligence will be key.

### MACHINE LEARNING AT PEAK

Where traditionally marketing would have locked shoppers into certain segmentation groups in September or early October with plans put in place around what to serve to different segments, there is always a risk

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that it may or may not be right for the actual behaviour. "You are putting people into buckets before you've even seen them. If you get the segmentation wrong it will impact your performance over that time," says Harris.

As Steven Ledgerwood, Managing Director UK, Emarsys points out, retailers need flexibility or a solution which provides relevant content to customers to get the desired result rather than having to stick fixedly to a plan set and approved earlier in the year. Retailers need the agility to be able to change promotions without changing code, data transfer or website updates that may upset a platform. This is the core reason why solutions are integrated pre-peak.

With automation, the right promotional criteria or content can be set by each customer's lifecycle stage and engagement with the brand in the past few months so marketers can focus on the strategic aspects that are relevant for certain segments rather than manually uploading creatives.

Harris believes that machine learning gives insurance since it continues to learn as shopper behaviour changes during peak season with old habits giving way to new information as they continue with their Christmas shopping. As everyone returns to more normal shopping patterns in the new year, the peak behaviour becomes the old data and learning so is discarded in favour of newer data. "Machine learning is constantly in a state of exploration and exploitation, constantly exploring what behaviour is driving successful decisions," says Harris. Thus the retailer is always up-to-date with the shopper and able to offer the best option in real time, every time.

He explains that the fast moving and high volume nature of peak is ideally suited to a machine learning type approach. "Irrespective of vendor, machine learning will understand and capture the benefits of what's happening amongst your clients during that critical period," he says.

**eBags Current Web Personalization**

**Product Finder (Backpack Finder)**

- Navigation and search through alternate ways of "filtering" by persona or lifestyle

- Gamification of search process

- Easy product findability

- Increased shopper engagement
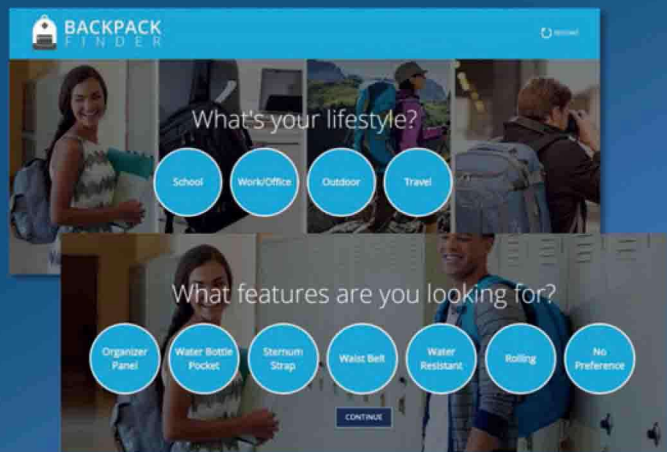
Meyar Sheik, CEO, Certona agrees that machine learning enables retailers to give the best experience to shoppers in real time.

A good experience requires attention to be paid to what the shopper or browser is doing right now, understanding their characteristics and signals from the past along with current needs and intent to suggest the right product or merchandise. Machine learning will allow one-to-one profiling, adapting and reacting click-by-click to each interaction on the fly. However, it's challenging to do one-to-one personalisation during peak unless the shopper is buying from a company they purchase from at other times such as from a fashion retailer which knows their favourite brands and size.

Shopper psychology is different in Christmas present buying journeys and it will be more constructive if a retailer helps shoppers to find what they want faster and with less friction, offering similar choices and alternatives to items that are out-of-stock so that shoppers have a friction-free purchasing experience enabling them to tick people off their gift-buying list and move on.

"There isn't very much history if you are buying random gifts," says Sheik. "There lies the big challenge for any kind of personalisation in the holiday season unless you are shopping for yourself or someone you shop for throughout the year."

The data to build predictive models is sparse. A retailer can still use a customer's profile to influence the discovery examples such as the price points and brands usually purchased in order to suggest gifts that are comparable. Other signals such as time of day and type of device can also be used to differentiate, but it's the products and merchandise that are being looked at that inform the context of shopping journeys the most, explains Sheik.

Therefore, data and machine learning can be better utilised to offer inspiration through associations between products rather than between people and products. Shopping for yourself is going to be far more personalised than if the shopper is buying a present for someone else.

"Retargeting is also very effective at this time of year in some cases resulting in a 20-25% recovery rate from emails. If you can keep 1 out of 5 abandoners on your site that's a really meaningful conversion and revenue," says Sheik.

Personalisation at peak therefore is about inspiring shoppers with the right product or promotion at the right time and giving a friction-free experience. Retailers need to be smart with personalisation and retargeting so that if someone has browsed your site and left they come back and make a purchase rather than going to a competitor. ▶

## RETAILERS RESPOND

International retailer of travel products eBags.com began using personalisation in 2007. The company has since seen click through rates increase by 49% by making product recommendations more prominent on product pages and has increased recommendation revenue by 23%. Its website was updated recently to make better use of customers' browse and purchase history for recommendations and to reduce clicks for product discovery as well as to personalise categories and content shown on the homepage. The new site also leverages browse and search behaviour to show product recommendations as part of site search results.

Meanwhile, BrandAlley, the gated retailer of brands' excess stock, uses personalisation in its communications with existing customers and in the acquisition of new ones. Specific customer segments are targeted by email ahead of new brand sales – of which it runs between five and seven each day. Some sales are open to loyal or high spending customers ahead of being opened to the general membership – such as a Karen Millen sale which was closely targeted to 26,000 Brandalley customers resulting in a 36.5% click through rate with 10% conversion rate. "Normally our purchase rates on a large email would be in the region of 2-2.5% but this one was more than 4 times that," says Rob Feldman, CEO, BrandAlley.

He explains that to get a 10% purchase rate, you need to have very good product at the right price. It isn't just the Artificial Intelligence-led personalisation leading to the good results because "it doesn't work unless you have great product that people want but if you do have the product you can use the system to gain a very strong result."

BrandAlley uses personalisation to target new lookalike customers for other sales, such as targeting Hugo Boss purchasers ahead of a Hackett London sale. Shoppers are also retargeted after abandoning baskets or brand sales with these emails "doubling conversion" according to Feldman. "We've had good success with Facebook retargeting," he adds.

The Emarsys platform used by BrandAlley has been learning quickly what does and doesn't work for its customers and will suggest segments based on what the marketing team is doing on the system and recommend a targeting strategy based on past results. "My team use the AI as well as using their knowledge of the brands we have coming up and what we know about our members and our customers," says Feldman.

BrandAlley has seen revenue growth of 35-40% every month since starting to work with personalisation nine months ago. Good product and brands along with good operations and customer services have aided this growth along with the better targeted emails and Facebook, explains Feldman.

While its peak season is not as marked as some other retailers, Q4 still accounts for 35% of its turnover with November seeing higher levels of traffic, gift-oriented sales and an increase of 10-15% in unique visitors.
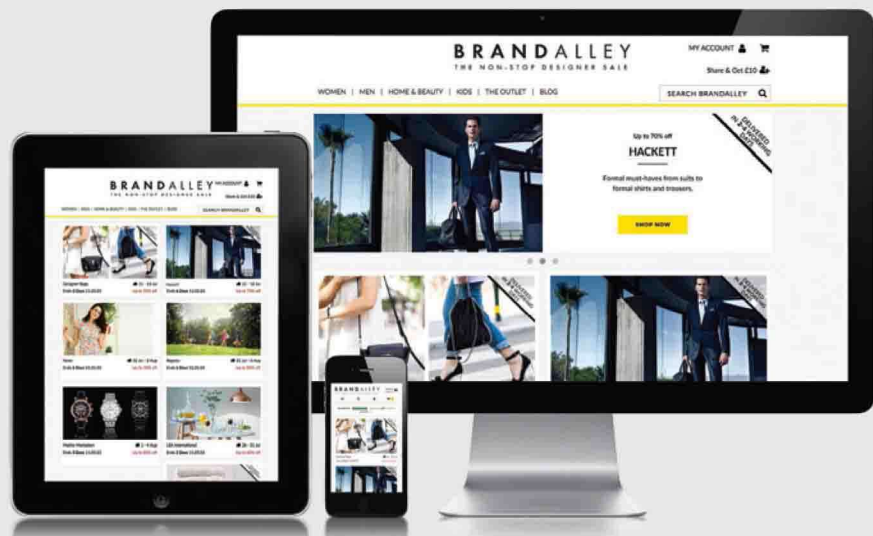
Personalisation is still at a nascent stage and AI is subservient to personalisation. AI can help to bring together the different data sources, signals that are explicitly coming from the shopper, those that are implicitly inferred by AI or machine learning, third party signals such as understanding where a shopper lives and their average income and education level. It's bringing together all of these different data points and putting the right weight and context on each of them in that moment to see which one of these signals is more important right now rather than having a one size fits all predictive model that doesn't change and is static which is historically how systems have worked. The world is a lot more dynamic and AI can help navigate in real time at the individual level for each shopper.

Christmas brings the chance to gather more data on shoppers. The more complex the shopping journey with multiple devices, social media signals, stores, contact centres, clientelling apps, AI can be used later to stitch together a better, smarter profile of each individual shopper and take the experience to the next level. That calls for marketers to better understand what they are getting from the AI data they've accumulated and to get better at understanding what needs to be input into the machine to get the desired results.