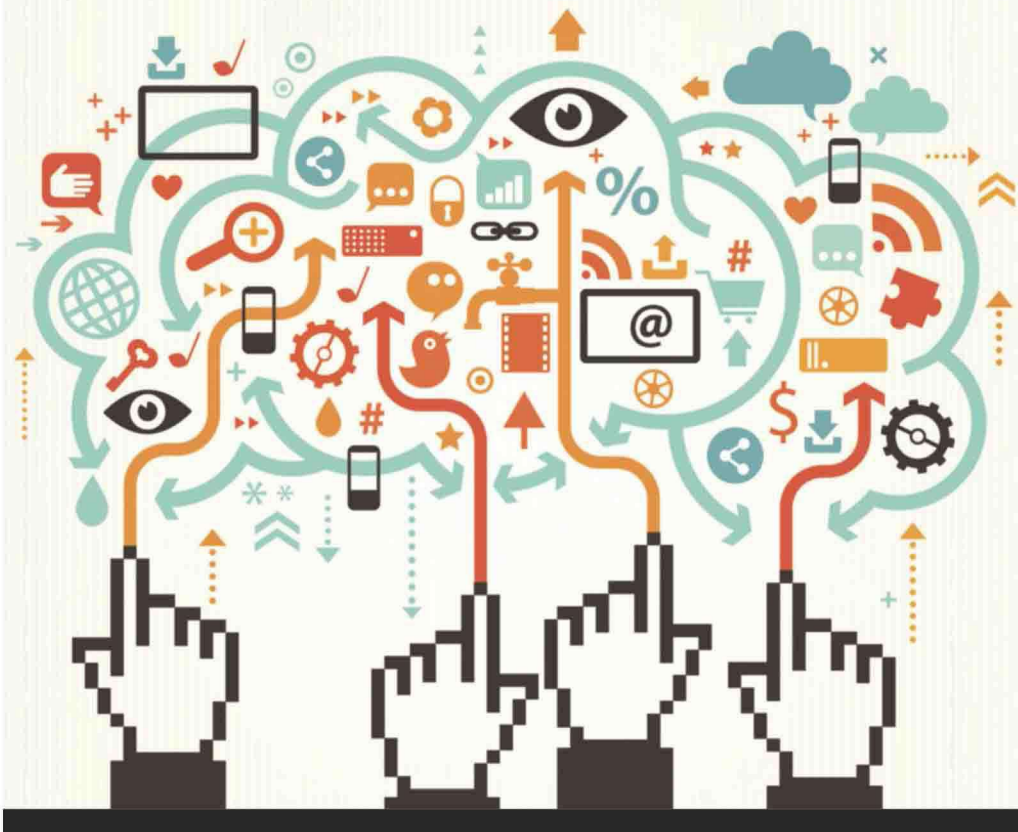


Retail Tries to Get Personal

'PERSONALIZATION' IS THE NEW RETAIL BUZZWORD. BY DAN TYNAN



Call it the Nordstrom versus Amazon problem. Stores like Nordstrom excel at “white-glove service.” Its staff may recognize your face and even greet you by name as they direct you throughout the store. However, they probably don’t know what you bought last month or what’s still sitting in your online shopping cart.

Sites like Amazon, on the other hand, know an enormous amount about your shopping habits, but it’s hard to get the human touch from an algorithm. The best you can hope for are recommendations for new products based on those you’ve already purchased.

Merging the two to create a truly personal experience both online and off is the ultimate goal for big retailer brands. That’s why personalization is a top priority for

organizations in 2018, says Brendan Witcher, principal analyst for ebusiness and channel strategy at Forrester Research.

“Over 70 percent of retailers are trying to personalize the store experience,” he says. “That’s never been higher. The reason is because so many customers respond to it. We see nearly three out of four consumers responding to personalized offers, recommendations or experiences.”

If retailers can provide more relevant experiences, Witcher says, they can both enhance their relationship with customers and boost sales. But for many brands, the personalization journey is only just beginning.

THE BEAUTY PART

When it comes to a personalized shopping experience, fashion and beauty brands tend to be ahead of the pack, notes Chris Paradysz, co-CEO of PMX Agency. “Beauty

in general is really at the forefront, and sports is starting to get there as well.”

But even then, when many retailers say “personalization,” it’s more like customization: asking customers what they want, suggesting products that match their desires or offering a menu of options to choose from.

For example, sportswear vendors like New Balance allow online shoppers to customize their kicks, choosing from a large palette of colors and styles. (Shoppers at New Balance’s flagship store in Boston can visit an interactive kiosk to get the same experience.) Consumers walk away with a shoe that reflects their personal aesthetic, but isn’t truly unique to them.

At Form Beauty, which sells hair-care products for people of color, online shoppers who complete a 15-question survey receive a list of five or six products that match their hair-health needs, along with advice on how to use them. Along with questions about how often customers wash their hair and what kind of pillowcase they use, Form’s survey also asks whether they’re pregnant or undergoing chemotherapy.

“All of those things really have an impact on your hair health,” says Tristan Walker, CEO of Form’s parent firm, Walker & Company Brands. “We wanted to bring the person back into personalization, and the most unique thing about a person is their physiological makeup and the lifestyle they lead.”

Besides recommendations, sites like Glossier are focused on personalizing content. The business has its roots in Into the Gloss, a beauty blog that launched in 2010. Four years later, Glossier—an online cosmetics retailer with a physical store in New York’s SoHo district—was born.

Now the articles that customers read on the editorial platform help drive product suggestions on Glossier, says CTO Bryan Mahoney. “We’re able to make sophisticated recommendations for our readers gleaned from their interests on Into the Gloss. If you’ve been a customer of Glossier or a reader of Into the Gloss, we can make decisions for you, so you get where you want to go more quickly and serve up content you ultimately want to see,” says Mahoney.

Still, the definition of personalization is rapidly shifting away from recommendations and toward individualization, says Witcher. “Online personalization is really about content, while in-store personalization is about the customer journey,” he says. “But it’s no longer about product recommendations, it’s about creating an experience that’s more relevant for consumers, either within the store environment or afterwards.”

ONE TO NONE

But to provide a true one-to-one experience, brands need to merge the data-rich universe of

online commerce with the high-touch world of brick and mortar. So far, that has proven elusive.

“All of these companies are trying to do this sexy personalization stuff, but the truth is they haven’t done the unsexy work of capturing, organizing and using customer data to create truly relevant experiences,” says Witcher.

According to Segment’s 2017 State of Personalization Report, just over half of department store shoppers expect a personalized experience, yet less than one in five actually get it. Online, the difference is even more stark: More than three-quarters of online shoppers expect personalization but only 23 percent of stores deliver.

“Shoppers expect brands to remember who they are, whether they’re on a digital channel or in-store,” explains Peter Reinhardt, CEO of the customer data platform. “However, very few companies can actually deliver on these tailored experiences. The brands who get this right will reap the rewards, as personalization and the customer experience will be the key differentiators in the near future.”

Even Amazon, considered best in class at friction-free commerce, falls short at personalization, says Jeriad Zoghby, managing director for Accenture Interactive and global lead for personalization. “No one’s doing a good job of being personal yet in the digital world,” he notes. “If you walked into Nordstrom and the salesperson said, ‘Oh, I see you picked up that shirt. Let me show you other shirts that people like you bought,’ that would not be very personal. The guy who helps me at Nordstrom knows I don’t like buttons on my collar. He knows the shade of blue I like, the fabrics I prefer, the brand I buy. No one has closed the gap between the offline and online experience.”

CHANGES IN STORE

While true personalization is still in its infancy, there are glimmers of change on the horizon.

Later this year, Glossier plans to roll out a point-of-sale system inside its SoHo showroom that will merge customers’ online and offline data, says Mahoney. “The sales associate will be able to see your history, how often you shop, products you tried before, the last one you bought, the last article you read on Into the Gloss—any information we can give to people on the floor to make the shopping experience better.”

Witcher says an increasing number of retailers are outfitting sales associates with mobile devices, so they can look up user accounts on the store floor to create a more personalized experience.

Some makeup brands are looking closely at technologies like facial recognition, says Allan Cook, managing director with Deloitte Consulting. Peer into a smartphone app or a digital mirror at the cosmetics counter, it will identify you, pull up your purchase history and offer personal makeover advice.

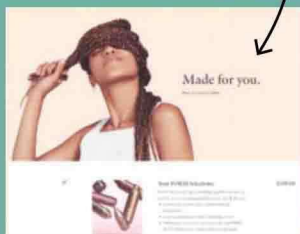
JUST FOR YOU

Retailers’ “personalized” shopper experiences are more like customization.



New Balance

Online shoppers can select from a large palette of colors and styles that reflects their personal aesthetic.



Form Beauty

Customers who take a survey get a list of products that match their hair-health needs.



Toys R Us

The retailer uses cameras to capture kids’ movements to turn them into Mickey Mouse.

For the last three months Melissa Shoes USA in Miami has been piloting a facial recognition platform called Facenote. Shoppers opt in by texting a selfie to the store or sharing it on social networks using a special hashtag; using cameras inside the store, Facenote recognizes them and notifies a sales associate on their mobile phone or store app. The platform ties into a store’s CRM database, so associates can view a customer’s previous purchases and preferences, says Facenote CEO Eduardo Rivara. He adds that the company is talking to a handful of large retailers about adopting the technology.

Next month, Danish footwear brand Ecco will debut a pilot program called “Quantified U.” Shoppers who enter its concept store in Amsterdam can have their feet scanned; a 3-D printer will then produce a midsole made from medical-grade silicone perfectly tailored to the customer’s foot shape and gait.

“Each midsole will be truly unique to each customer,” says Susan Olivier, vp of worldwide business development for consumer goods and retail at Dassault Systèmes, whose FashionLab tech incubator collaborated with Ecco on the 3-D modeling technology. “That takes personalization to another level.”

Olivier predicts that advances in 3-D printing over the next five years will make it possible to produce bespoke tableware, footwear, handbags, sporting goods and other one-of-a-kind items.

“That to me is something retailers should be jumping on,” she says. “Physical stores need to move from ‘storage’ to ‘story’ to remain relevant. Offering access to goods customers can’t get anywhere else is how you turn a store into a destination. This allows retail locations to act as showrooms, keeping basic items in stock but allowing almost anything to be custom produced for a small upcharge and turnaround time.”

NOW WHAT?

The retail industry knows it needs to personalize, but it’s still struggling over what to do, says Paradysz. “The marketplace understands the how and the why; it’s the ‘what’ that’s the challenge. What do they do with all this data and technology? What do they need to spend? Very few have solved the data problem or overcome the technology barriers,” Paradysz says.

Zoghby says retailers need to stop trying to control the customer journey, and make it easier for people to get what they want on their own terms. “The future is not about creating journeys, it’s about enabling them,” he says. “That’s a subtle difference many people don’t get. Amazon, Uber and Netflix didn’t win because they used technology; they won because they reinvented old service models. Retailers will win when they focus on the service model and enable customers to create their own journeys. Don’t create a portal where they get to customize things. Just make it easier for them to do what they want.”