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Customer engagement, Retail AI

The rise of hyper-personalized retail and changing consumer expectations

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In 2020, many consumers tried new avenues for shopping and service. Today, they remain open to these changes – and their expectations are high. In short, consumers want personalized retail experiences, whether they're online or in the local shop. Brands that can deliver on these expectations will lead retail into the next decade. The good news is that AI and the Cloud already offer retailers the power to meet consumer demands for hyper-personalized service.

In December 2019, PSFK reported that 70 percent of customers expected retailers to offer them the same level of personal service, whether they were shopping online, on their mobile device, or in a physical store. Then the pandemic forced previously reluctant shoppers into unfamiliar online spaces.

But once they arrived, they found a range of benefits, even from the simplest forms of retail personalization.

For example, when people who had driven to the same grocery store for the last 30 years placed their first online grocery order, they discovered more than the convenience of having their items delivered directly to their home. They also discovered that the store's site would remember their previously purchased items, making it easy to simply click or tap to buy it again. They uncovered discounts based on previous purchases and new brands to try.

Even fiercely loyal customers found that there were rewards to trying new shopping experiences: changing retailers when essential items were out of stock at their go-to shop, and perhaps discovering an

even better experience elsewhere. Reporting on the pandemic's impact on shopper behavior, McKinsey identified "a shattering of brand loyalties," with 36 percent of consumers trying a new product brand, and 25 percent trying new private-label brands. It's a "dramatic shift in consumer behavior."

"Covid and the rise of E-commerce has quadrupled the choices of brands and products for customers. Brands which simplify both products and services in manners that align to customer motivations will stand to acquire customers over from ones who are focused heavily just on paid customer acquisition," said Sid Jatia, GM of Retail, Microsoft.

And, with the help of advanced AI and cloud, leading brands are already seizing the opportunity.

Recognizing shoppers with AI

What does it take to create hyper-personalized experiences that combine the best of digital and in-store retail? It takes AI.

AI is the key to unlocking seamless, omnichannel, hyper-personalized shopping. It means recognizing your customers like you would a family member, letting them check out without hard-to-remember and unsecure passwords, and offering them the right discount on the right pair of sneakers.

For most retailers, one of the biggest challenges for delivering personalization is that they usually don't know who they're talking to initially. Hyper-personalization always starts with knowing your customer. Today, advanced, AI-powered biometrics—including voice, behavioral and conversational biometrics—are making such identification and verification simpler, stronger, and more channel-agnostic than ever. Biometrics can even help retailers to personalize service when a customer gets in touch for the very first time. Voice biometrics, for example, can accurately estimate the age of someone calling a retailer's contact center, allowing the brand to offer more vulnerable age groups a priority service.

Retailers that use biometrics to help them both identify and authenticate their customers can personalize with confidence, based on not only the data they keep about that customer, but the data permissions that customer has granted them. Respecting those boundaries isn't just an issue of regulatory compliance, it's increasingly key to building customer trust and loyalty; when PWC asked consumers how they had evolved over the six months to June 2021, 46% replied, "I am data conscious."

Personalizing retail experiences with AI

The key is to capture – and safeguard – all the data you can to enhance each customer's profile. Take every opportunity, for example, to build out profiles with credit card details, addresses, and phone numbers (all masked and privacy-protected) alongside browsing history, call intents, and branded app usage. Together, this provides a holistic view of every customer journey. Then, as consumers add new channels and touchpoints, retailers can set themselves up to capture that data they can use for personalization.

For many brands, their existing, AI-powered self-service interactions will often provide a natural starting point for increased personalization. A quick win, for example, might mean further personalizing order status inquiries made online by making sure a web-based virtual assistant (VA) provides all the details the customer needs to track their order. If the VA is built on the same platform as the retailer's IVR, rapidly replicating personalized experience for customers becomes possible, regardless of whether the customer prefers to make a phone call over an online inquiry.

Leading retailers are already using AI to personalize conversations with employees as well as with their customers, such as to support a sales assistant on a warehouse floor or a customer service rep in a contact center. The AI works hand-in-hand with human colleagues to provide timely, personalized recommendations, dialog, and next steps. The result should be a better experience for customers and agents alike.

Imagine a customer bought an oven from a big box retailer and called in to change their delivery date. AI-powered biometrics can automatically validate the customer's identity based on the sound of their voice. Likewise, the AI alerts the agent to the fact the customer hasn't signed up for the retailer's $30 haul away service. The agent can offer this service to the customer, which not only saves the hassle of disposing the old appliance, but also helps the agent achieve their performance goals.

But retailers shouldn't only use AI to respond to shoppers' personal needs and preferences. Retailers should use AI to anticipate needs and address them proactively. It's the shift from a live chat conversation that starts, "Which one of these options can I help you with today…" to one that starts, "Hi, Lisa. Do you need to change the order you just placed?"

Shutting down silos and embracing the cloud

As retailers break down barriers between their teams, they must also break down the silos into which their legacy technologies have naturally settled in.

When a retailer's web-based VA isn't connected to the live chat solution—and both need to be separately integrated with real-time customer data—creating optimal, hyper-personalized retail experiences will always be an uphill struggle. But when your AI-assisted identification and verification, web-based virtual assistant, live chat, IVR, smart speaker, and even service agent experiences are all built on the same platform, operational efficiency and service parity flow much more easily.

This is where embracing cloud is key. Cloud has brought the world-class conversational AI and data analytics required for hyper-personalization within reach of retailers of every shape and size. Brands can quickly and easily create and maintain enterprise grade, omnichannel customer service experiences using unified tooling platforms, with as much or as little expert support as they need.

The brands that dive into their data and are led by their customers' behaviors. And ultimately, these are the brands that will meet their consumers' demands for hyper-personalized retail experiences by depending on an AI-first, holistic strategy.

Tags: Retail, Intelligent virtual assistant

More Information

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About Sebastian Reeve

Seb Reeve is a customer experience industry leader who is always seeking to provide thought-leadership, lateral-thinking and decision-support for Fortune 1000 Enterprises who are both his customers and partners. Reeves has more than fifteen years of experience in deploying technologies to improve the user experience. In his current role at Nuance as EMEA Director of Product Management and Marketing, he is responsible for defining and evangelizing the Nuance customer care proposition across Europe, the Middle-East and Africa – sharing how companies can create extraordinary automated experiences which their customers actively choose to use rather than simply tolerate and complain about, promoting best practices in AI and Machine Learning to the world of Customer Experience.

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