Driving Personalization in the Retail Industry with Emerging Technologies

Introduction

The key focus for retail fashion and lifestyle companies has been to deliver personalized experiences by driving differentiation. Market disruptions have compelled the companies to create tailor made experiences for individuals. From customized garments to customized shoes, the brands have tried all to woo the customers and get an edge over the competition. All of this is supported by optimizations delivered by supply chain management.

The optimizations have reached to a level where the customer finalizes the customization, and the shoes get delivered the next day. Organizations need to go beyond the traditional approaches to meet the customer's expectations. They need to anticipate the customer expectation and exceed it. Harnessing the power of technology becomes very important to get the required computing efficiencies to enable this.

Out with the Old, In with the New

Traditional approaches, which were robust at one point, are not enough to meet ever-changing customer expectations today. In addition, competition and efficiency in the supply chain have put more pressure on the organizations to engage with customers in more innovative ways to get the right mind share. Leaders now focus on personalization with various degrees of expertise and depth. With more data available with them to personalize these experiences, greater is the need to explore emerging technologies and design thinking to bring in value.

Traditional models will soon be outdated, and early adopters will get the required edge in the market. With artificial intelligence (AI) and machine learning (ML), customer engagements will be more meaningful, enabling brands to bond deeper with the customer. There is this need to leverage quicker computing power, lower data latencies, and better decision-making algorithms across the customer lifecycle journey.

New Age Computing for Impacting Customer Lifetime Value

Historically, the point-of-sale customer data has been the source to generate the required personalization with standard algorithms, but now organizations have started looking beyond the algorithms to use AI/ML to deliver personalization requirements.

The primary focus of using such approaches is to increase revenue, drive profit, innovate, optimize processes, elevate customer experience, and enable quick decisions powered by AI/ML. For instance, smart mirror is one of the many implementations that has started gaining traction in the fashion and lifestyle industry. The predominant use cases come from the implementation of mirror technologies in smart retail, electric vehicles, fitness industry, and the increasing penetration of IoT sensors for home automation.

In fashion and lifestyle, virtual try-on flourished during the COVID-19 era and became a new norm amongst customers. Customers are now more adept at interacting with technology and finds comfort in doing so, leading to physical store-level interactive technologies gaining momentum.

The industry has seen many benefits from such implementations, but as we know, each technology has its own advantages and limitations. Getting the correct permutation and combination of such technologies is vital to delivering optimum results. We see that customers face many challenges while doing physical shopping. The easier a brand can make this browsing, selecting, comparing, and transacting process, the closer it would be to the customer. The trick lies in the balancing act, i.e., digitizing to the level with which the customer can adapt without taking away the delightful experience they get from physical shopping.

We foresee a combination of such technologies to deliver the required level of customer experience and personalization throughout the customer journey. For example, interactive displays close to aisles/shelves/exhibits, interactive screens with cloth scanners in the trial rooms in fashion retail.

The values that can be delivered are:

Hyper-Personalization

We know that e-commerce brands and online aggregators use historical patterns for individual-level personalization. They use data and analytics, AI/ML, cloud, and other automations. Bringing these parameters of influence to the physical store's experience by logging-in customers with any of these interactive modes into the digital world is what we visualize will add that required edge.

Dynamic Personalization

An emerging trend in the industry is not only to use historical customer data but also to use current customer behavior to achieve personalization goals which includes AI-based size, fit, fabric, and color. Imagine that you are in the trial room trying a product that was scanned as soon as you entered. The interactive screen in the trial room allows you to look at the complementing products; for example, white T-shirt options for the blue jeans that you are trying on.

Dynamic Pricing

This enables the brands to achieve a better top and bottom line and can be done by deriving the sales patterns and changing the prices of the products in real time. In addition, this will help the brands to optimize the inventory levels by pushing the slow inventory (as required) and to enjoy higher margins wherever possible on fast-moving/high demand inventory.

Staff Assistance at the Aisle/Trial Room and Stock Information

The interactive screen allows you to raise a notification to the store associate for assistance at the trial room to get a different size, color, or at the aisle to get more information on the product and offers.

Advance Order

For instance, the same interactive screen allows you to look at the product's inventory level based on the size guide. You can place the advance order per your requirements then and there. The display will generate the digital acknowledgment and provide the ETA before you confirm the order.

Clearly, this all adds to an elevated customer experience and **customer lifetime value**. It also helps brands to refactor their inventory levels and **optimize their supply chain**, bringing in a larger impact on the financial parameters. With the rise of the technologies such as **quantum computing, and interactive displays,** these forward-looking statements appear to be contemporary avenues that will bring value to the brands soon.

About The Author

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Arpit Khandelwal has over 11 years of experience. Arpit has a master's degree in Business Administration (MBA) from SPJIMR, Mumbai.

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