Revolutionizing
the customer experience

In-depth with Dr Thomas Vetter,
Global Senior Vice President at SAP.

An increasingly digital retail landscape is transforming the way consumers shop. Driven by convenience and an ability to get the best deal, many are moving online. This presents a challenge for bricks and mortar retailers: How do they drive digitally-savvy customers into stores?

One way of increasing footfall is to create a personalized shopping experience inside the store. This can be done using data about a customer's preferences combined with their transaction history. But in order to gain greater insight into customers, retailers first need to understand the data they own, according to Andrea Sangalli, Associate Research Director, Retail Insights, IDC Europe.

In the past, retailers have concentrated on grouping customer profiles together based on similar characteristics.

However, Sangalli says, far greater benefit can be achieved by approaching each consumer as an individual, using big data and analytics.

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Personalized services

Indeed, connecting vast amounts of data from various sources allows retailers to create personalized offers, says Dr Thomas Vetter, Global Senior Vice President at SAP.

When data analytics is added to the mix, it helps retailers understand the customer and their behavior. Going one step further, the emergence of self-learning 'cognitive' techniques such as machine learning and artificial intelligence (AI) offer even more potential for retailers: They can now predict consumer preferences based on data.

A self-learning approach improves the customer journey because the system is able to learn and adapt processes appropriately, Sangalli explains. Among the benefits, this allows retailers to increase the value of each individual relationship and transaction over time.

However, there are challenges for retailers looking to harness their data

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to enhance the customer experience. As Sangalli points out, the customer journey is currently fragmented between multiple channels – including online, in-store and face-to-face.

In addition, Sangalli points to the key role of data management in helping to enhance customer service levels: "Retailers have to be able to collect and analyze data and visualize the customer's experience. Therefore, they need to adopt data management that can support these capabilities."

It is also important that retailers are in possession of a unified information lake gathered from both structured and unstructured sources. But this requires merging independent data sets from multiple websites, so an analytics layer is integral, according to Sangalli. Adding to complexity is the EU Update to Data Protection Regulation (GDPR), which sets out stricter rules governing the privacy of customer data.

Once these challenges are overcome, there are infinite possibilities for retailers using data to personalize the customer journey. One example is the so-called 'internet of things' (IoT) – the term that describes the growing number of devices connecting to the internet.

This technology will play a key role in transforming the store, says Sangalli. He suggests IoT enabled applications in retail such as remotely controlled shelf labels and tracking for product inventory can be combined with location-based services for proximity marketing including digital signage to transform the shopping experience.

Data in action

Taking this potential into account, many retailers are already using data to create a more personalized experience in stores.

Dr Vetter points to a large high-end fashion brand that is harnessing data to offer personalized services. "The store associate gets informed about a customer's shopping habits and can recommend a certain shirt or accessory that matches a previous purchase," he explains.

Sangalli cites the example of shoe retailer Aldo, which is improving the customer experience by merging e-commerce with in-store shopping. "The store consists of integrated touch points linked to mobile apps that provide features and functionalities, such as the ability to share on social media.
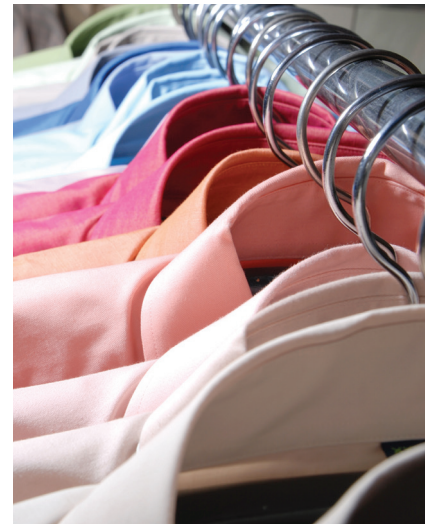
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"Customers can use their mobile to connect with the store and see where the product is, resulting in high levels of engagement and an increase in conversions."

And these types of services are only the start. In the future, as stores become much more digitalized, data can enable the systems that guide customers to the most appropriate offers. As part of this, indoor positioning systems are able to use data to locate customers and help them navigate the store.

Philips Lighting technology allows the use of LED lights in a similar way to a GPS signal to locate products or consumers. According to Dr Vetter: "If customers are in a large store and want to find something, in-store navigation capabilities will guide them to the right shelf."

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