



## Hyperpersonalisation— the holy grail of retail

The retail sales (excluding auto) in Singapore has been declining since 2014 on an average of 0.2% per year, but the yearly decline is much faster in departmental stores and apparels at 0.7% and 0.4% respectively. This decline in retail spending is despite the household incomes going up by 12% during the same period. Clearly, the malls and stores need to have a paradigm shift in shopping experience to be able to reverse the declining trend and give a solid reason for shoppers to spend more in stores.

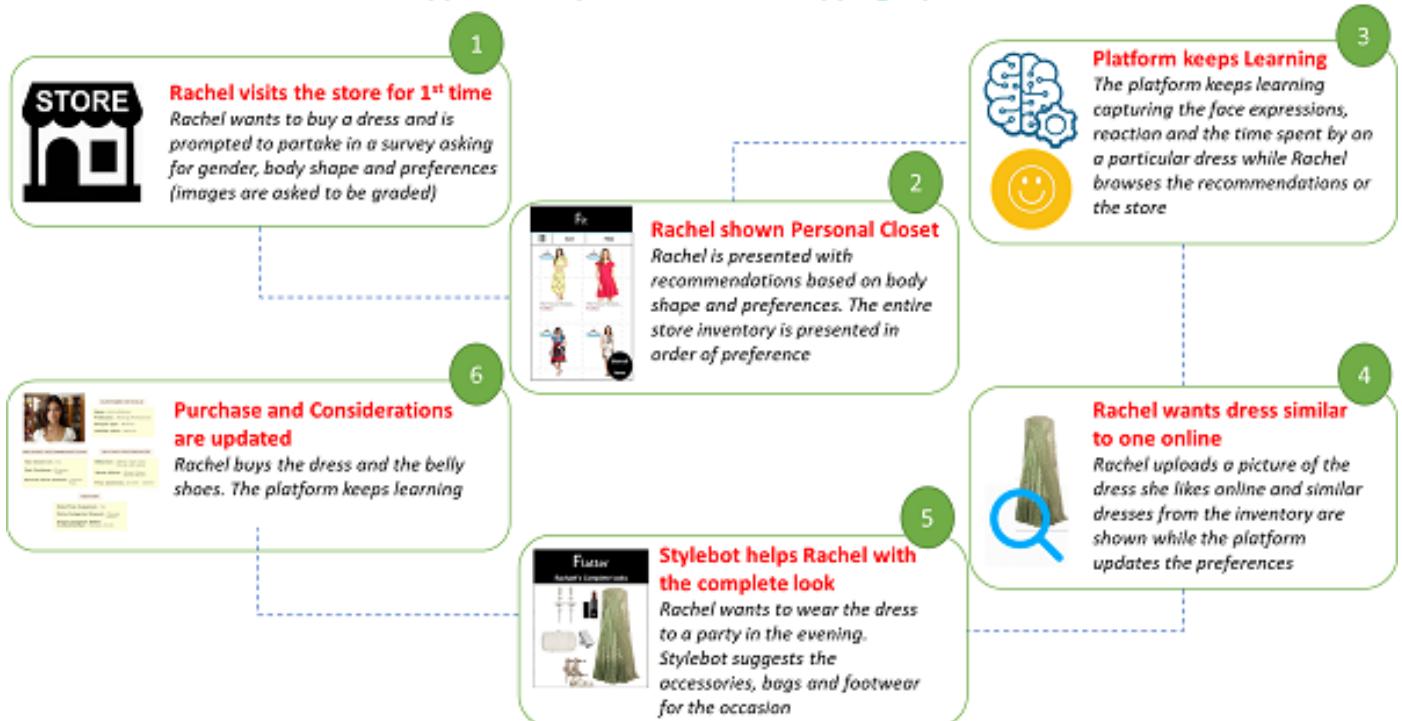
There are a lot of barriers to shoppers finally flashing their credit cards and it should be the aim of retailers to make the shopper journey as frictionless as possible. Shoppers leave so many data points or marks behind screaming their

preferences, likes, dislikes, etc. and the retailers just need to consolidate the data and gain meaningful insights out of it.

Relevance has always been holy grail for selling. Fashion retailing is probably the sector where relevance is most applicable. The industry moved from small scale personalised products to mass production in an industrial era. However, with the use of technology, retailers now have a chance to move back to personalised experience.

Several stores are offering product personalisation, e.g. Tumi, engraves the name on the bag label. Gucci also enables customers to personalise their Dionysus bags with various designs. However, this is the first level of personalisation which is a great delighter but may not drive sales. By personalized shopping experience, we mean that the store recommends the products to the shoppers based on their preference or past purchases. Imagine a shopper walks in a store and the entire store inventory is presented in order of his or her preference. This makes shopping fast, efficient and personalised. Please refer below for a typical consumer journey in a personalised shopping environment.

### Shopper Journey – Personalized Shopping Experience



## Shoppers expect personalised experience

Shoppers expect personalised shopping experience as they are hard pressed for time and have shorter attention spans. Singaporeans are well travelled and do get exposed to the developments in other markets. Retailers in US markets are using technology to personalise the shopping experience. Retailers in emerging markets like India and China are also piloting curation of products using artificial intelligence. Shoppers expect the same from the retailers back home here in Singapore.

Retailers can provide shoppers with tailored services that remember their previous interactions and shape their future purchases. Even though every retailer, big or small should be thinking of using technology to provide personalised experience, there are very few retailers in Singapore and ASEAN that are taking steps in this direction.

As per a study on state of personalisation, 71% shoppers express frustration when their shopping experience is impersonal. It is a common belief that shoppers expect personalisation in online stores only while they can browse for products in offline store. However, studies have found that shoppers do expect personalised experience even in a physical store. Around 51% shoppers expect personalisation in department stores. Some stores do try to personalise service by hiring more sales support staff but as the store gets bigger and the inventory becomes larger, there is a need for technology to hyperpersonalise.

## Personalisation increases sales for retailers

According to some of the industry estimates, only 30% of inventory is exposed to shoppers. In other words, 70% of the inventory is never seen by shoppers in stores with large number of SKUs. However, there could be “a particular skirt” that would be liked by a very niche set of shoppers. The trick is to present the right product to the right set of shoppers. Using AI and digitising the physical inventory, a store can direct the shopper to their preferred product and the niche product is many times more likely to sell rather than lying in dead inventory.

As per a survey, 58% of shoppers are more likely to make a purchase when a retailer recommends options for them based on past purchases or preferences. Not only do the shoppers buy more but also buy in impulse as the recommendations are personalised. The shoppers are likely to become repeat

buyers and advocates of the brand if they find their experience personalised and shopping efficient. Select pilots by us have shown promising increase in conversions, as high as 57% increase along with increasing basket size. 95% of the shoppers expressed satisfaction with the shopping experience.

## Personalisation drives insights-based retail operations

The big advantage of personalised shopping is not only shopper satisfaction or higher sales but also the insights that get generated in the process. A beauty store giving personalised recommendation on products can generate insights around split of its consumer by skin type (normal, oily and dry), skin tone, face shape, shade preferences, etc. These insights can be used for demand forecasting, optimising inventory and more importantly for sourcing new products. Use of artificial intelligence for personalisation helps capture real time shopper insights and enable the retailers to act on the insights in real time. There significant savings when the demand forecasting accuracy levels are high. Not only the inventory carrying cost is low, but also the store does not have to markdown the prices to get rid of the inventory.

## Summary

According to a survey by YouGov a third of Singaporeans have thrown away clothing after wearing it just once. This is a colossal waste! Imagine the savings that would have been possible if shoppers had brought what they had preferred and would have looked good on them.

Clearly, the impact of shopper insights might be difficult to quantify at times but better retail operations when added to the higher savings and revenues proves to be a very good business case for personalisation. It is therefore imperative to use technology for personalised experience even if the store is not facing problems with shopper satisfaction or the store has enough sales staff to provide personal attention. Personalised shopping experience would not be a “nice to have” option in future but would be an ubiquitous phenomenon across retailers and the first movers would have a definite advantage.



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