A leading multinational fashion retailer clocked almost 2% incremental growth in sales in just 4 months, owing to hyper-personalization initiatives through Data-Driven Scientific Algorithms.

SITUATION

The retailer identified the need to develop hyper-personalization capabilities that will offer customers relevant content, vouchers, and promotions, and to effectively drive cross-shopping and render a superior experience to loyal customers.
In addition, the past customer initiatives lacked a uniform approach of measurement and holistic evaluation of the impact of marketing on revenue.

IMPACT

The detrimental impact of non-personalized communication & inconsistent measurement approach sent to the loyalty base lead to:

- Lower ROI of marketing investments
- Lack of ability to attribute impact of revenue to customer initiatives
- Communication fatigue due to the series of generic, non-personalized communications

RESOLUTION

A customer-led inside out behaviour analytics approach was employed to ensure optimal impact, comprising:

- Customer focus group led voucher planning, informed by insights and responsiveness to past behavior and predicted customer behaviour
- Integration of personalization within Trade Promotion communications using Customer Intelligence
- Rigorous and consistent measurement approach to establish true incremental sales baseline & evaluate effectiveness

The Client

The client is a leading retailer in South Africa offering a unique blend of food, fashion, beauty, homeware, and financial services with the vision to be a leading fashion retailer in the Southern Hemisphere.

The Need

Myth: Most fashion shopping is unplanned and cannot be predicted by retailers. Fact: Based on the history of past purchases, combined with data-driven efficient scientific algorithms belonging to Advanced Statistical/Machine Learning & Deep Learning class of algorithms, retailers can now predict the customer's purchase pattern and provide personalized offers to them.

Personalization is all about creating relevant experiences for your customers. The retail industry is arguably where relevance is paramount. The industry has been evolving at a fast pace, making it particularly critical for retailers to work harder to keep up with the rapid shifts in the industry as well as in consumer preferences.

The client needed to make sure their customer experience is not only relevant but also memorable and hyper-personalized. The ultimate goal was to ensure that their customers were delighted with the experience offered to them.

They wanted **personalization** to extend beyond voucher campaigns and into trade promotion communications. They also wanted to establish a clear demarcation among targeted groups. In order to achieve this level of personalization, they wanted to incorporate a rigorous measurement approach which could generate recommendations that were tailored to each customer's individual look, much like those made by an attentive personal stylist.

The Solution

ITC Infotech provided a complete end-to-end service through a tested customer-led approach to ensure optimal impact. This was done by obtaining a deep understanding of each consumer's personal preference through data-driven scientific algorithms developed for relevant phases of the Customer's journey with the retailer and insights generated based on descriptive and predictive outputs

This "Customer-Led Inside Out: Behaviour Analytics Driven" approach comprised the following steps to address identified areas of opportunities:

- Drive Relevance to Loyal Customer Base: Target customers with the most relevant offers based on algorithmic predictions and objectives for the customer base along with campaign. This involved an analysis of their past behaviour, based on transactional history, response modelling

- Build Analytical Models: host of custom-built, advanced analytics models, including Customer Segmentation Model, Visit Propensity Models, Brand Propensity Models, Recommendation Model and Churn Model using state of the art Advanced Statistical/Machine Learning, Deep Learning & Stochastic Optimization, drove relevant offers and content to correct customer groups

- Use Apt Metrics: A rigorous and consistent measurement approach made it possible to track both individual campaign effectiveness and longitudinal impact over time

- Touch of Personal: To target the best customers for all Fashion, Beauty & Home Communications, extend personalization beyond voucher campaigns and customer attributes were used. The personalization approach was extended to the larger customer base while relevance was maintained using segmentation

Business Benefits

- Personalization allowed 1.3% more shoppers to be engaged under the Churn Arrest objective in the overall Personalization program

- The loyal customer group registered a ~ 5% higher spend, which was attributed directly to personalization initiatives

- 62% of the incremental revenue was generated through personalized voucher campaigns, which registered an ROI of over 620%

- Vouchers also contributed towards building stronger and longer loyalty with the brand within the Returning customer base. Key department vouchers were found to have a significant impact on overall Fashion baskets

- It was revealed that voucher redemptions push spend-levels for fashion shoppers, but they do not cannibalize visits in the long-term for any customer segments

About ITC Infotech's IT Solutions Practice for Retail Industry

ITC Infotech has extensive experience and exposure in the retail industry. ITC Infotech partners with its retail customers to create new data-driven digital possibilities to bring modern digital IT architecture and infrastructure operations – IAAS, PAAS, SAAS, DevOps, Cloud Migration and TAAS. By combining in-depth technical and industry experience with a commitment to building collaborative relationships with clients, ITC Infotech delivers innovative services and solutions that meet clients' most complex technical and business needs such as increasing conversions, customer lifetime value and revenue using state of the art Advanced Statistical/Machine Learning and Deep Learning algorithms coupled with sophisticated Optimization techniques and Business Consulting

Retailers juggle a multitude of factors across channels – demand forecasting, price, space allocation and so on. ITC Infotech helps retailers overcome this hurdle through closed-loop planning and optimization. Over the years, ITC Infotech has played a huge part in defining the strategies and best practices within the retail industry with its strong leadership team and an expansive pool of experienced consultants.

For more information, please write to:
contact.us@itcinfotech.com
www.itcinfotech.com