

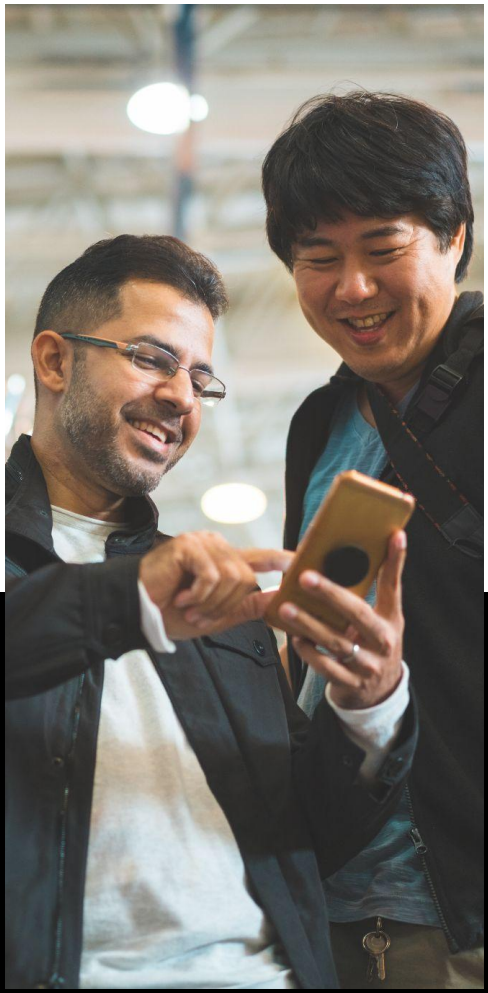
THE ART AND SCIENCE OF RETAIL PERSONALIZATION

Melissa Minkow
Director, Retail Strategy

CI&T

Striking a balance between **customizing experiences** and preserving **privacy** is crucial for today's retailers.

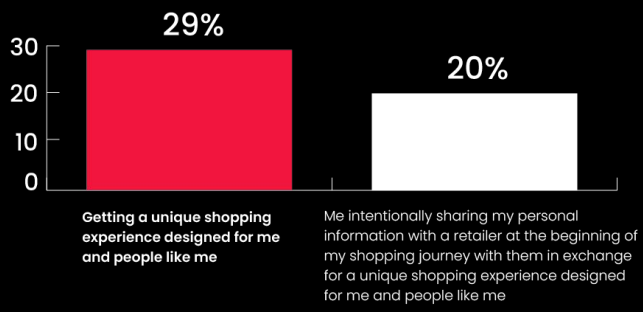
For over a decade, personalization has been *the* word in retail as the primary way to win shopper loyalty. Advancements in data capture have allowed retailers to collect and leverage more personal information than ever before. However, just because retailers can, it doesn't necessarily mean the path to purchase should be hyper-personalized. In multiple cases, participants in our Personalization Survey were most likely to say that personalization is and should be, about tailoring the shopping experience to a group of similar individuals versus to the individual.



While brands have elevated options for tailoring experiences, consumers' preferences for personalization have not moved at the same speed. For retailers to best cater to shoppers while respecting their boundaries, striking a balance between customizing experiences and preserving a sense of privacy is crucial.

Which of the following do you believe best describes personalization in the retail industry?*

Top two responses selected



* For the purposes of this survey, let's define "personal information" as any of your data that could help a retailer better understand what you are shopping for. For example, Personal Information could include things like your age, gender, race, where you live, how many people in your household, what items you've bought or looked at before, etc.

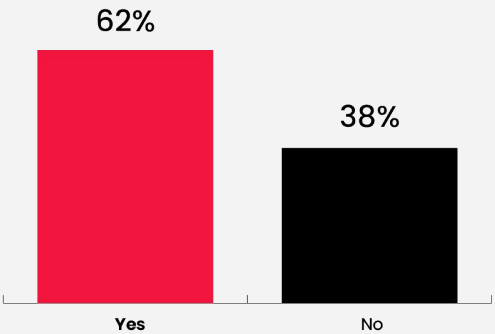
Please select which statement you agree with more:





Unexpectedly, **62%** of consumers believe there are brands doing a good job at personalization. Still, the brands they cite (Amazon, Nike, Walmart, Shein) are already embedded within their shopping routines. The road to personalization requires careful navigation for brands without ongoing access to consumers' data.

Are there currently brands doing a good job of personalizing the shopping experience?

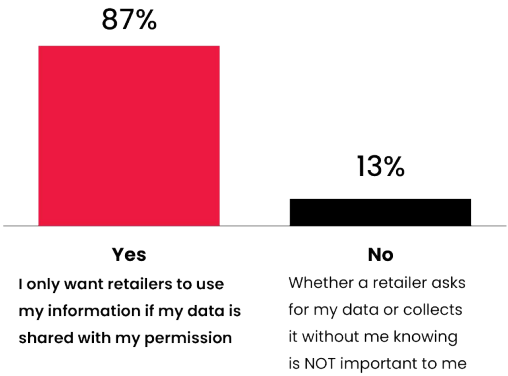


Though most consumers (**58%**) believe data sharing is necessary for brands to achieve personalization, **87%** of respondents reported that it's essential that retailers ask permission to collect that personal information first. Perhaps if more retailers were radically transparent with data collection, even more consumers would realize how vital doing so is in creating the most optimized shopper journey. Based on survey learnings, clear communication surrounding the request for permission should carefully explain which data points are being collected and assure the customer that, as a result, they will receive more visibility into assortment, rather than less.

Is sharing your personal information, whether intentionally or without permission, necessary in order for a retailer to personalize your shopping experience?



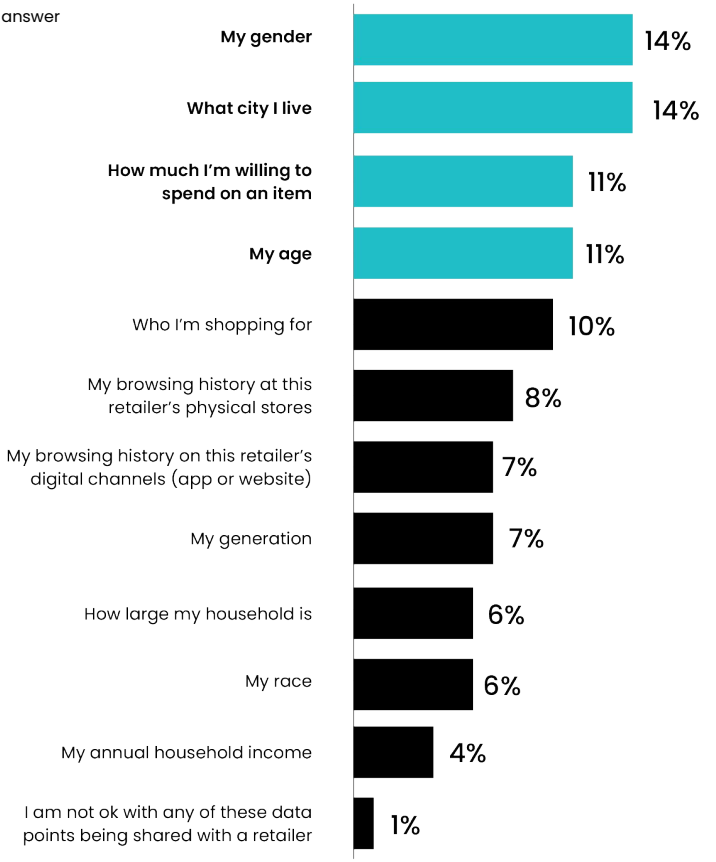
Is it important to you that a retailer asks your permission to collect your information, versus collecting it without asking you?



Regarding personal information consumers are most comfortable with, there isn't a high comfort level overall with what retailers know about them. The four pieces of information consumers are most open to retailers knowing are gender, the city they live in (both **14%** openness), how much the consumer is willing to spend, and their age (both **11%**). Even these highest-ranking selections still scored low, but it's important to note that only 1% chose "I am not ok with any of these data points being shared with a retailer." If brands articulated or demonstrated value to shoppers in collecting their data, there might be greater comfort in knowing what retailers can access.

Which of the following examples of 'personal information' would you be ok with a retailer knowing about you in order to provide a personalized experience?

*Participants could mark more than 1 answer

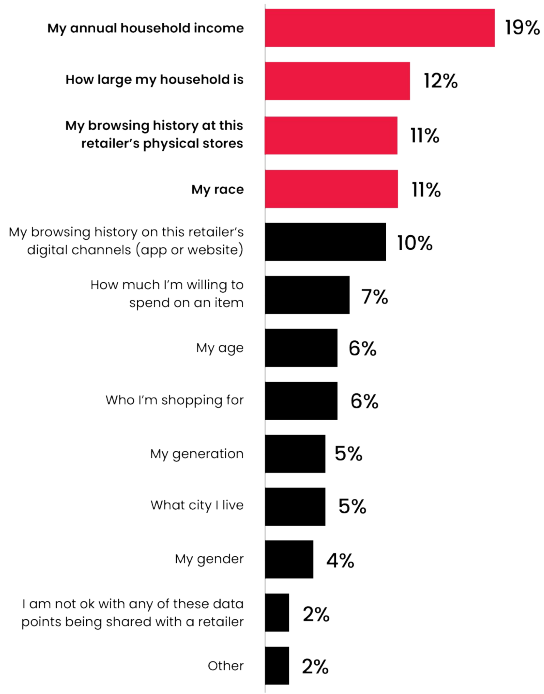


There aren't many data points showing consumers' high comfort levels with sharing with retailers. However, we do know there are certain pieces of personal information respondents were uncomfortable with retailers knowing about them. For example, **19%** of participants reported not wanting retailers to know their annual household income, **12%** said they didn't want retailers knowing how large their household is, and **11%** reported not wanting retailers to know their race. Personal information doesn't receive a warm welcome for collection; even information that can help narrow a consumer's shopping search provides only slightly more comfort.

At a product level, the data points respondents most frequently chose as wanting to share with retailers were sizes that fit the shopper best (**17%**), the styles the shopper prefers to wear (**16%**), and the price point most aligned with how they spend (**15%**). Though "who I'm shopping for" was only selected with **8%** frequency, the top two most commonly chosen responses signal the importance of being shown items that are most relevant to the shopper themself.

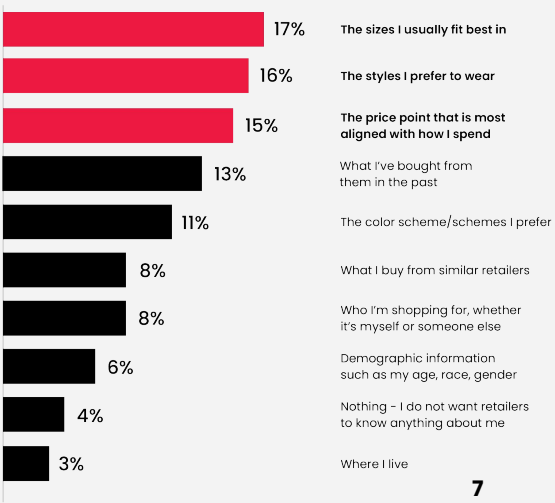
Is there any information about you you do not want retailers collecting?

*Participants could mark more than 1 answer



Which of the following do you wish retailers knew about you when you were shopping with them?

*Participants could mark more than 1 answer



These numbers combined with the personal data numbers might suggest that consumers don't care for personalization, but **56%** of respondents said they are excited, versus uncomfortable with the idea of a retailer using their personal information to personalize the shopping experience. So while there's sufficient demand for personalization, achieving it in the most privacy-respecting way possible is imperative. Winning retail strategies will demonstrate awareness of the tension between consumers' appreciation of personalization, their recognition of the necessity of data collection, and their reluctance to share that data.

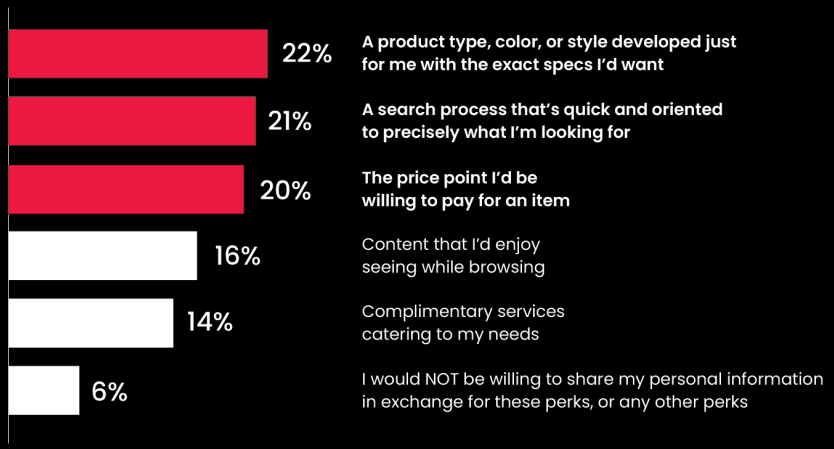
Which of the following best describes how you feel about retailers providing personalized shopping experiences?



Understanding how resistant consumers are to sharing personal information while simultaneously being interested in personalization begs the question of where tradeoffs lie regarding the types of personalization that would most incentivize data sharing. Despite participants stating a preference for personalization geared toward groups of consumers versus individuals, when asked, "For which of the following personalized perks would you be willing to share your personal information in exchange," the most commonly selected option was "a product type, color, or style developed just for me with the exact specs I'd want," with **22%** frequency. "A search process that's quick and oriented to precisely what I'm looking for" was the next most chosen example of personalization, with **21%**, further demonstrating considerable interest in products and experiences uniquely catered to their pursuits. "The price point I'd be willing to pay for an item" was the following most chosen example with **20%**, which is congruous with other price-related findings; consumers will gladly welcome 'good' prices. Shoppers do not want brands to know their annual household income, but they do want discounts and low prices. Though comfort overall with data sharing is minimal, there is even less comfort with personal information than with product-based information.

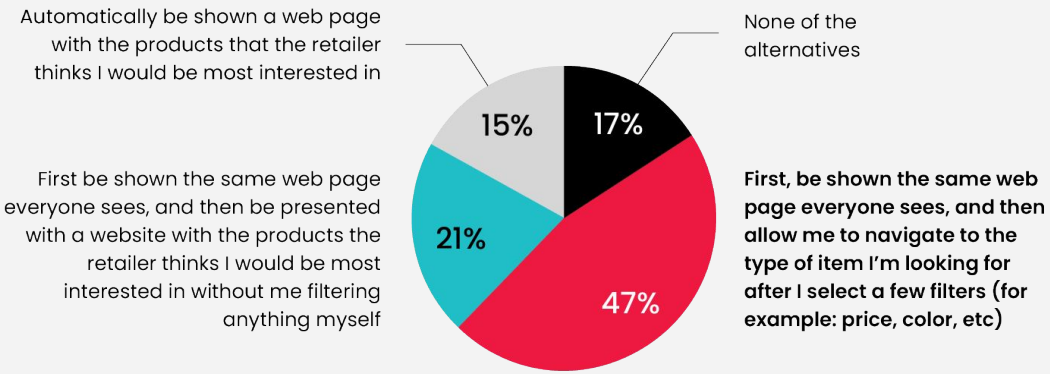
For which of the following personalized perks would you be willing to share your personal information in exchange?

*Participants could mark more than 1 answer



Even though a personalized search process scored well, respondents indicated a lack of openness to a personalized landing page at the start of their shopping journey. Consumers want to feel in control of the search process and don't want to feel as if they're missing out on assortment. **47%** of participants indicated that when they arrive on a retailer's site, they would rather "first be shown the same web page everyone sees, and then allow me to navigate to the type of item I'm looking for after I select a few filters (for example price, color, etc.)." Only 15% chose to "automatically be shown a web page with the products that the retailer thinks I would be most interested in." In this world of ChatGPT buzz, there is heightened focus and expectation on the search process. Consumers desire shopping experiences where what they have in mind is shown to them efficiently, but without sacrificing the opportunity to be shown something they may unexpectedly desire. Retailers must build consumer confidence in their search results. Alternatively, shoppers want to avoid the possibility of not being offered something they could want. Thus, advanced search capabilities that empower the customer and validate their mission are more desirable than overly-proactive and potentially exclusionary recommendations.

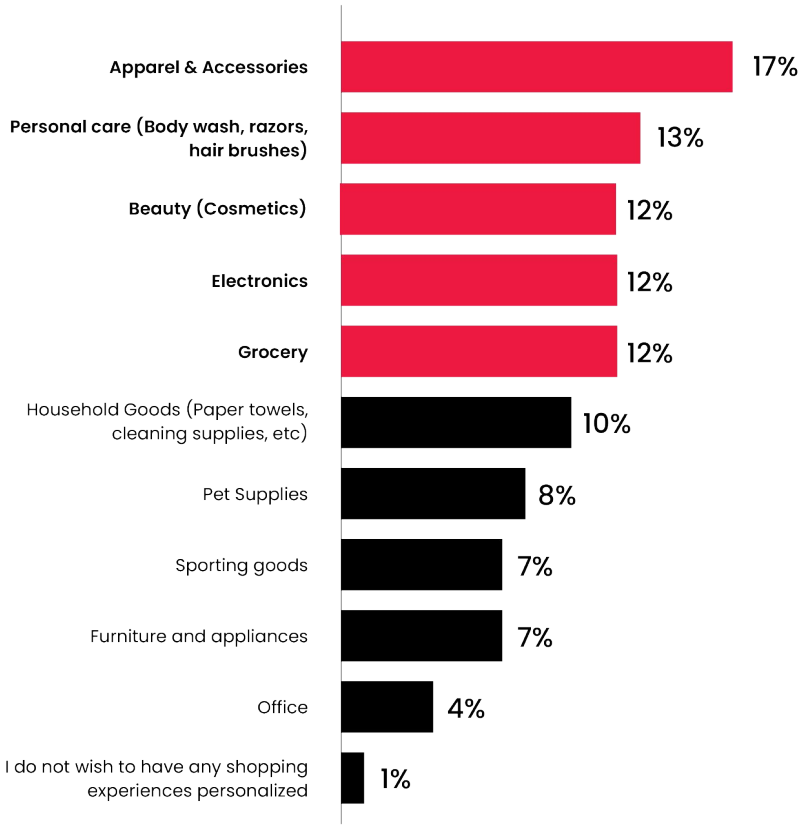
When you arrive on a retailer's website, which would you rather?



Retail is an expansive space, and consumers have different shopping needs and expectations depending on the category. Preference levels for personalization varied slightly across categories, with apparel and accessories scoring the highest. Personal care, then beauty and electronics, followed. For each category, participants were offered examples of personalized interactions with a "human brand expert" and personalized interactions with a "virtual (chatbot) brand expert."

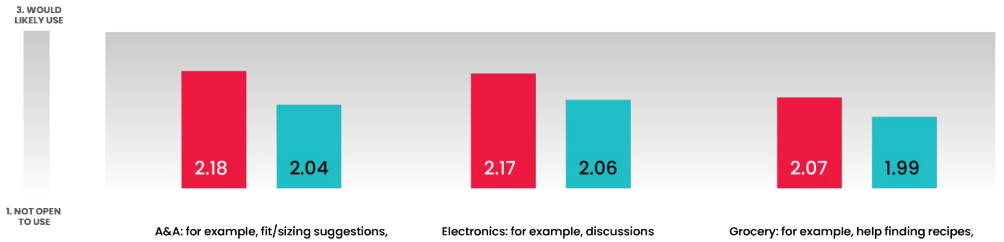
In which of the following categories would you prefer to have the shopping experience personalized?

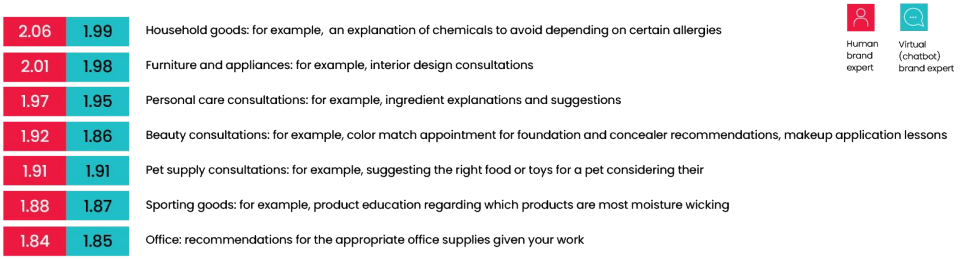
* Participants could mark more than 1 answer



Apparel and accessories and electronics were the two categories where respondents most often reported a willingness to use virtual consultations with either type of brand expert. The fact that these categories were repeatedly chosen suggests the importance of research when shopping for apparel and accessories, and electronics. However, there's still a long way to go before consumers embrace branded decision support.

Score the following services in terms of your willingness to use the following types of virtual consultations with a human or virtual (chatbot) brand expert.





Consumers are generally excited about personalization, but retailers must be cautious when developing tailored shopping journeys. Asking permission, collecting only data customers are comfortable with, and allowing shoppers to feel in control of the path to purchase are crucial components of a well-received personalization strategy. Customers want to play a voluntary role in product discovery, and an artful balance must be struck between personalizing for groups of consumers and personalizing for the individual.

Methodology

The CI&T Personalization Survey was conducted with a sample of 542 US consumers, carefully selected to be representative of the demographics of the US population.

MASTER THE ART AND SCIENCE OF RETAIL PERSONALIZATION FOR YOUR BRAND! **TALK TO US**

MELISSA MINKOW
Director, Retail Strategy
melissaminkow@ciandt.com



Be ready for the ever-changing world.
Subscribe to our **newsletter**

click here

CI&T
ciandt.com