



Customer Retention Strategies in a Crowded E-Commerce Market : Personalization in a Post Covid World



Retail, Post-Covid



The coronavirus pandemic has radically altered our way of life. Businesses have undergone transformation unlike ever before - specifically, retail.

Retail, which was still primarily an 'in-person', 'touch and feel' activity, has seen its digital transformation accelerated at a dizzying pace over the last couple of months. **According to the WEF, there was a 50% increase in data traffic across the world when the lockdowns across the world began.**

1

Store shutdowns and supply chain disruptions

3

Multiple heritage retailers filing for bankruptcies

2

Consumers' preference for omnichannel methods of purchase, eg: Curbside pickups, BOPIS etc

4

Massive shift to e-commerce across consumer demographics

Despite the lockdowns across the world, consumers have not stopped shopping and they have definitely not stopped browsing. We are seeing groups of consumers who were less likely to buy goods online, like people over 60, now getting comfortable with e-commerce. And when behavioural shifts like these happen, they're likely to stay.

In fact, **McKinsey predicts that e-commerce is going to go from 20 to 40% of total retail over the next few months and is unlikely to go back.**



Source: Bank of America, U.S. Department of Commerce, ShawSpring Research

Now is the perfect time for retailers to accelerate digital transformation efforts and to experiment with solutions that may not have been high on a priority list before but will help the business going forward.

Retail's Big Challenges

Increased Competition

As shoppers turned online to meet their needs, retailers too accelerated their digital journeys. The number of new online stores across the globe on Shopify's platform increased 20% week over week, in the last two weeks of March alone. Increased competition has made customer acquisition more expensive, while at the same time putting pressure on margins.

The Gap Between Expectation & Reality

According to Forbes, 77% of shoppers are irritated when they see content that is not relevant to them on an ecommerce site. Yet less than 35% of large online retailers offer content personalized to their shoppers. With increasing customer acquisition costs, leading retailers have built strategies around customer retention as a way to achieve sustainable growth. There can be no long-term customer retention without personalized shopping experiences.

More Shoppers, Smaller Baskets

While online shopping has grown across categories, many segments have seen a decrease in basket size. Fashion for example saw a 76.7% increase in online purchases, according to a study by ITA, but saw a drop in Average Order Value (AOV) of 54.5%! Retailers need to embrace personalized recommendations that increase conversion, as well as cross-sell/ upsell.

Creating Immersive Online Experiences

This crisis actually presents an opportunity for retailers to really look into technology that can give consumers a richer experience. Luxury brands, in the wake of all the cancelled fashion shows at Paris Fashion Week are actively looking at Virtual Reality and Augmented Reality. Retailers must look to recreate the experience of shopping in-store, online. **By incorporating A.I., retailers can enable personalized journeys for each and every customer, where their catalog can be shown in context of each customer's likes, preferences and lifestyle profiles.**

Creating immersive online experiences

Personalization is at the Forefront of Customer Retention

Technology has made it easier for businesses to adjust their strategy to satiate customer needs. Retailers have adopted AI-based technology at various touch-points for better customer engagement and retention, and to increase conversion and AOV.

Retailers however often **mistake segmentation for personalization**. **Segmentation** by way of demographics, customer lifetime value, or clustering of shoppers based on various attributes is **static, shallow** and **will not deliver the kind of retail experiences that has become table stakes today**.

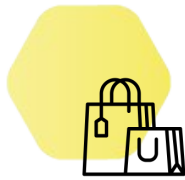
“With Vue.ai’s Personalization Suite, we saw 8x the engagement from users who had interacted with Vue.ai, compared to users who hadn’t interacted with them. The average basket size per order via recommendations was 40% larger than that of non-engaged users. The Vue.ai team has also been really prompt with suggestions for optimizing the placement of widgets, for constantly improving results.”



Shoji Kimura
CFO, Flava

True personalization needs to be 1:1. It needs to understand every individual shopper’s style preferences, understand their intent, and use the two to offer highly relevant and individualized content, at scale.

At The Forefront of Customer Retention



Returning shoppers spend

3X

More than a new shopper



Customer acquisition costs are

5X

More than customer retention



Yet returning shoppers are just

20%

Of the total traffic on site



75%

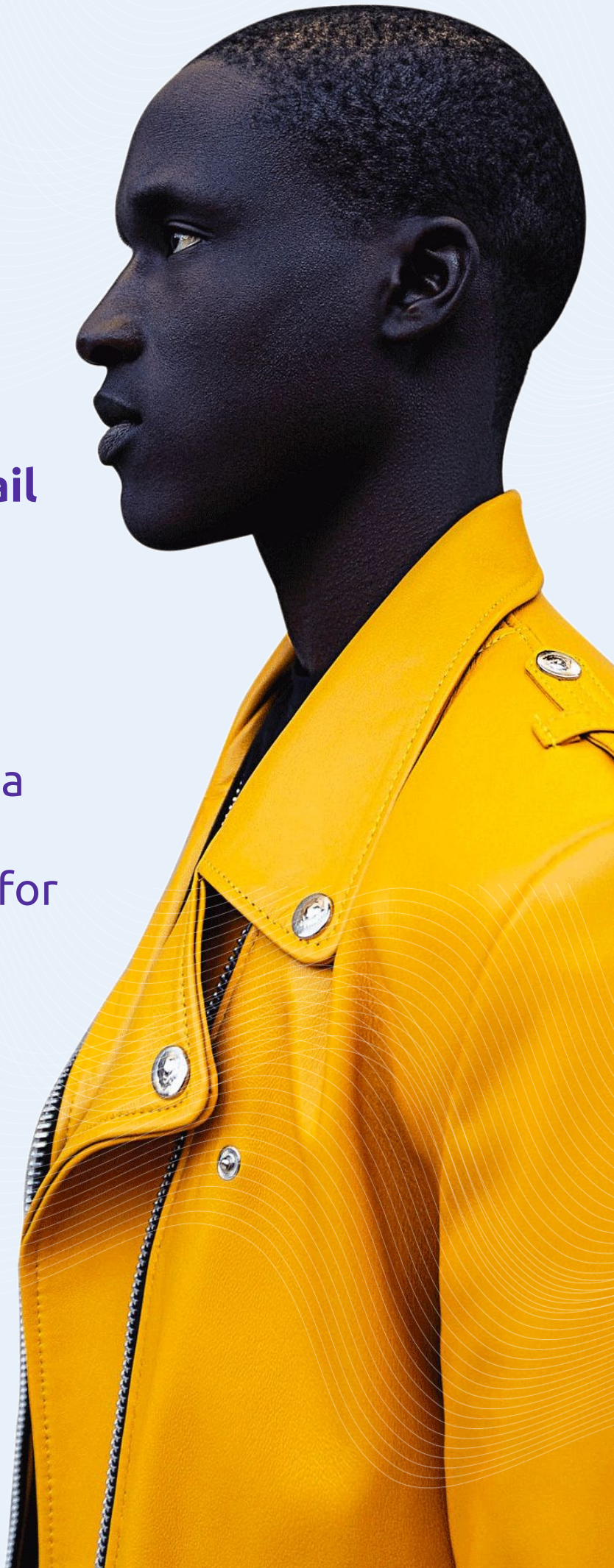
Of consumers prefer brands that offer personalized offers and experiences.

Shoppers are increasingly looking for **personalization** that is relevant to them as individuals. The typical “people who bought this, also bought” kind of recommendation does not cut it anymore!



Vue.ai is changing retail personalization at a fundamental level.

We do this by seeing every shopper as an individual and creating a version of the online store, in real-time, just for them.



Product Intelligence Is Key

The key to high impact personalization on ecommerce sites lies in the quality of product or catalog data. The deeper the product data the more the number of patterns and insights that can be derived from it. Let's look at this with an example.



CATEGORY: DRESS
NECK: HALTER
COLOR: PURPLE
PATTERN: SOLID
LENGTH: THIGH



CATEGORY: DRESS
NECK: SQUARE
COLOR: PURPLE, OPAL, MINSK
PATTERN: SOLID
SLEEVE: SLEEVELESS
LENGTH: THIGH
FIT: A-LINE

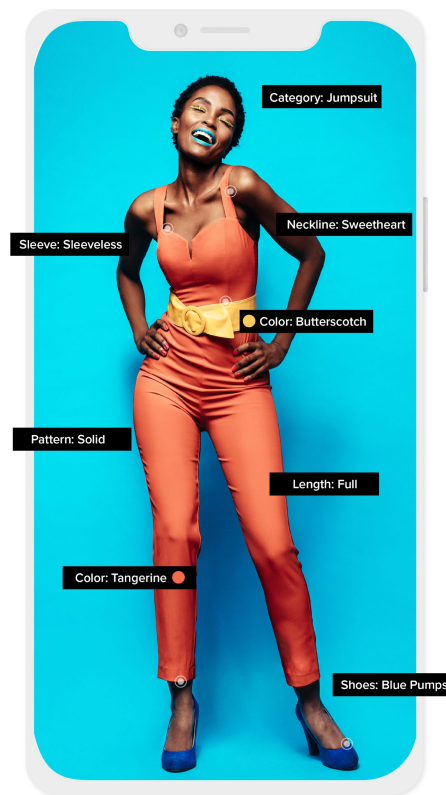
When a product has inadequate metadata, it significantly reduces the chances of the product being discovered by a shopper or served as recommendation, even when it is relevant to what a shopper is looking for.

In addition, product tags need to be mapped to shopper-specific taxonomy and trends. Good quality product data also helps build nuanced filters that help shoppers find the exact product they are looking for, in the fastest possible time.

More than 30% of shoppers leave online shopping websites due to poor product descriptions.

Vue.ai's Visual AI-based

Automated Product Tagging Solution



VueTag uses image recognition and text to extract product attributes like category, gender, color, pattern, dress length, sleeve length, neckline.



VueTag improves search experiences and product discovery.



VueTag improves productivity of catalog teams.



VueTag provides deep, meaningful insights into assortment.



VueTag produces high quality, rich metadata for product catalogs.



VueTag builds a strong foundation for the retailers journey on the digital maturity curve.

How Is Vue.ai's Personalization Different?

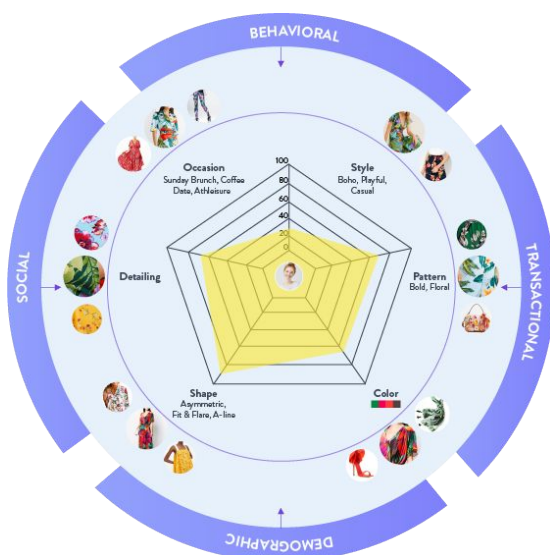
Bespoke Shopper Experiences at Scale

At Vue.ai we understand that there is no “average” shopper. And therefore, personalization based on segmentation can only have limited impact on retail growth. Vue.ai uses Computer Vision and advanced ML algorithms to understand every individual shopper's preferences and intent. As a result, no two buyer journeys are alike. Every shopper's journey is optimised for greater engagement and higher conversion.

Understand Individual Shopper Preferences

Vue.ai allows retailers to build individual experiences for each and every shoppers, based on an understanding of their unique preferences.

Style profiles capture visual affinities (Eg-color, pattern, shape), and non-visual affinities (Eg- brands, categories, price) to build a comprehensive understanding of every individual shopper.





Vue.ai's automated tagging solution is built for fashion. It has over 250+ tags developed from an understanding of fashion, its unique taxonomy, and how people shop for fashion.

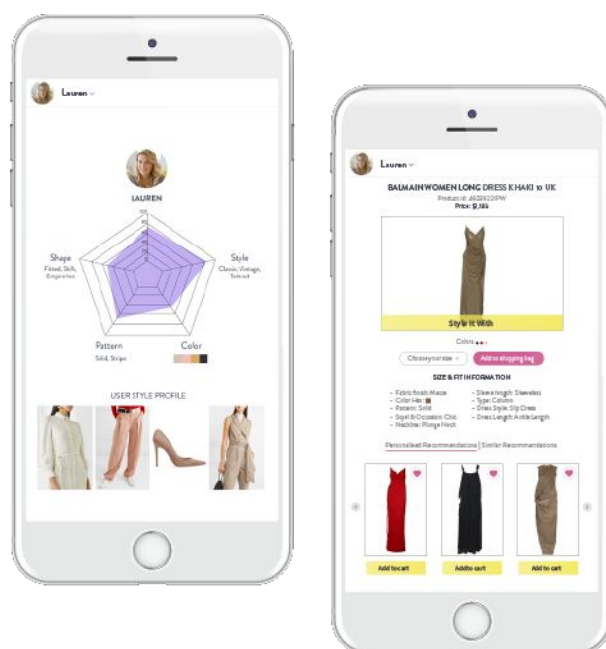
How Is Vue.ai's Personalization Different?

Bespoke Shopper Experiences at Scale

Understand Shopper Intent With Every Click

Collaborative and content based filtering often provide irrelevant recommendations as they fail to look at shopper behaviour in context.

Vue.ai uses real-time and historical data, to deliver the right product, to the right shopper at the right time- even when a shopper is looking to make an unusual purchase, for a gift or a special occasion.



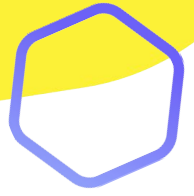
Match Content to Shopper Behaviour, Real-Time

Legacy personalization systems that are based on segmentation are static. They offer a segment of shoppers a pre-decided buyer journey.

Vue.ai provides a dynamic shopping experience that is adapting real-time, with every click, to offer the shopper exactly what they are looking for.

Vue.ai's Recommendations

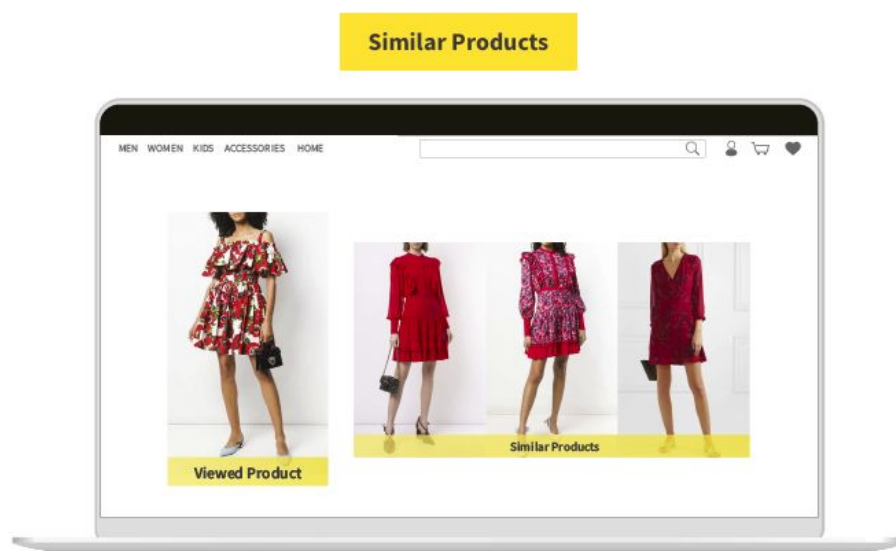
Visually Similar Recommendations



Vue.ai's recommendations are dynamically personalized for every shopper and their place in the shopper journey. Retailers benefit from better product discovery, greater catalog coverage, increased conversions and higher order values.

Visually Similar Recommendations:

Vue.ai understands customer intent & preferences, while they interact with a product. It shows shoppers products that are similar in visual style, price, brand, or specific attributes that the shopper is showing a preference. The recommendations are based on shopper affinities and can be dynamically personalized.

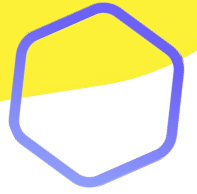


Benefits:

- Enable relevant product discovery
- Create opportunities to upsell products
- Take shoppers through brand-led journeys

Vue.ai's Recommendations

Cross Product Recommendations - Smart bundles, Complete the look

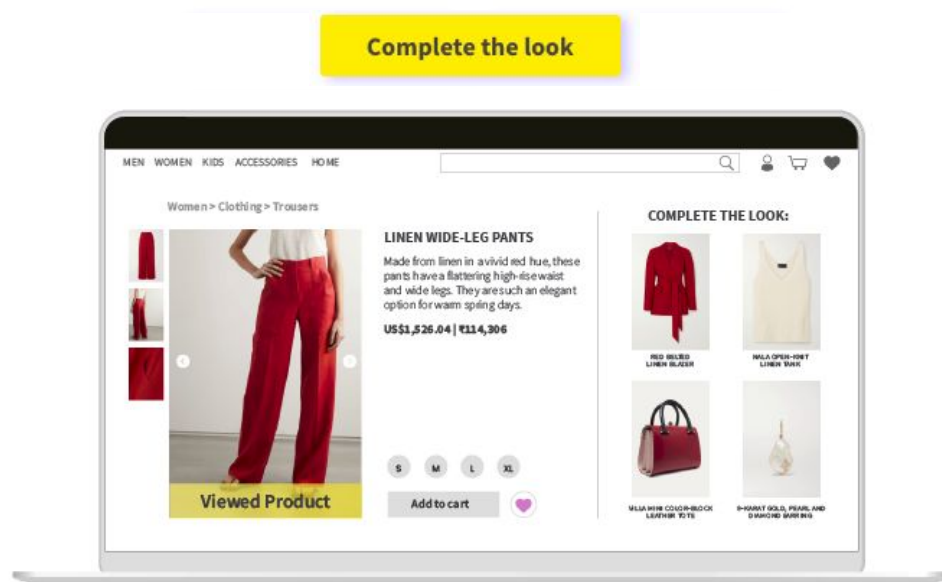


Cross product recommendations inspire shoppers to buy complete ensembles, or give them the convenience of pre-assembled product bundles assembled using relevant and meaningful recommendations.

Recommendations can be bundled as

Smart Bundles: Tightly bundled products that can be added to the cart in one click. Bundles are assembled according to shopper behaviour and business rules.

Complete The Look: AI-powered ensemble inspiration based on visual cues, category and aesthetic compatibility, and user behavior history.



Benefits:

- Enable product discovery with a layer of styling
- Cross-sell categories and boost AOV
- Push inventory based on business rules

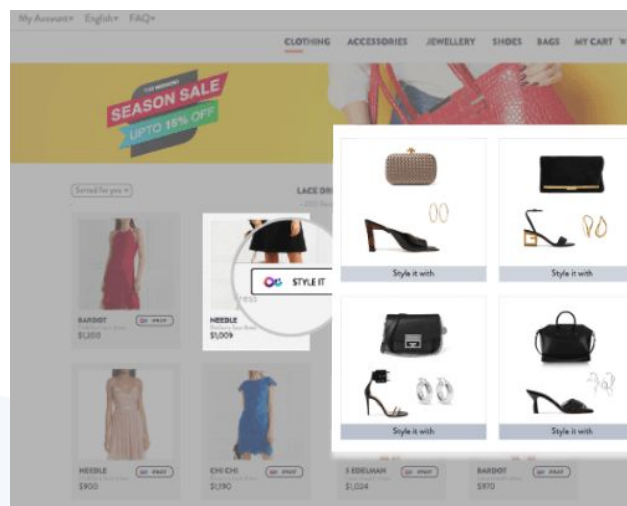
Vue.ai's Recommendations

Cross Product Recommendations - Style It

Style It button shows shoppers how to style each product for various occasions at any point in the shopper journey.

- Complete outfit visualizations are provided across occasions.
- Real-time learning
- Experience and behavior of module can be customized

Style It



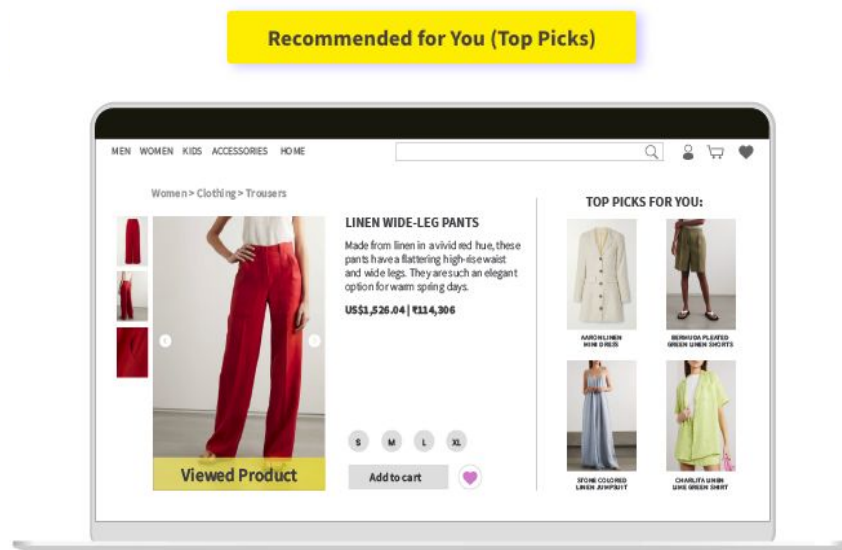
Benefits:

- Better visual merchandising
- Improved brand recall and loyalty
- Higher repeat visit rate

Vue.ai's Recommendations

Top Picks Recommendations

Top Picks shows shoppers products that are similar to styles they've shown an intent to buy in the past. These are also in sync with their most current visual preferences, category and brand preferences.



Benefits:

- Make shoppers feel understood
- Enable relevant product discovery
- Boost shopper engagement and conversions

Vue.ai's Recommendations

Trending Recommendations



Trending widgets show shoppers the most popular products on the site, that they would like. It is an ideal Go-to recommendation strategy when shopper history is unavailable.

Benefits:

- Promotes best sellers
- Improves shopper engagement



Vue.ai's Recommendations

Other Recommendations

Recommendations can help continue shopper journey across sessions, by tapping into the most relevant levers, for any point in the shopper-journey.

Inspired by Browsing History:

Visually similar recommendations based on the shopper's browsing history.

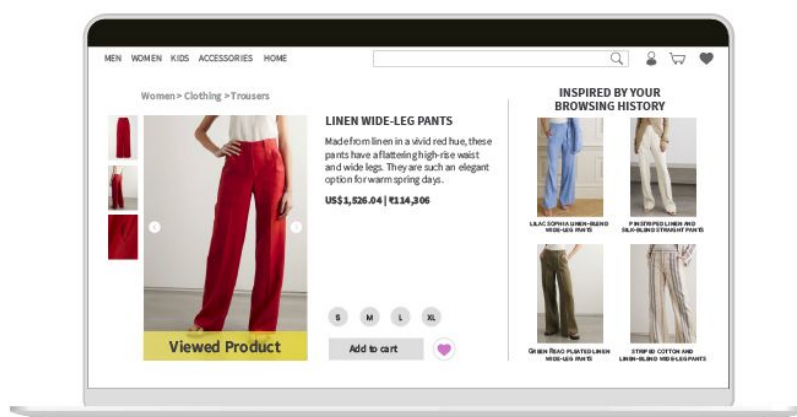
Recently Viewed:

A list of the shopper's most recently viewed products.

Brand-based Journeys:

Personalized recommendations from brands that the shopper is likely to engage with

Inspired by Browsing history

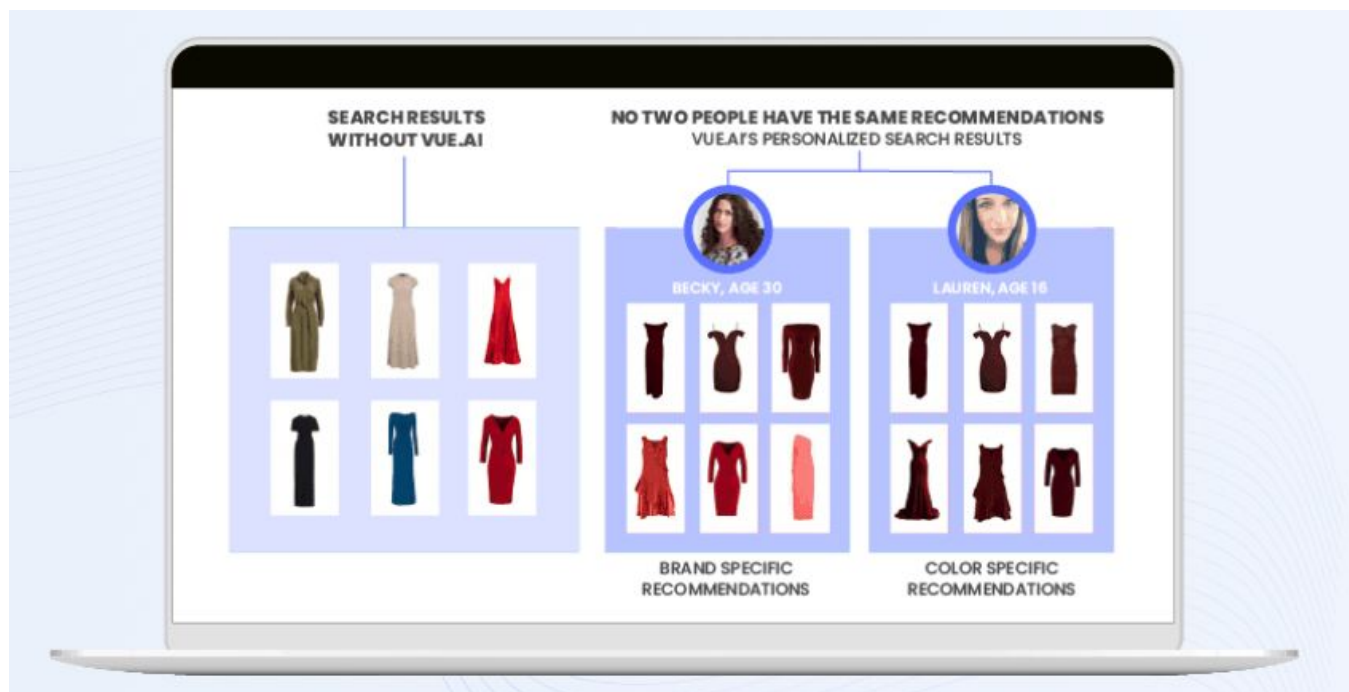


Benefits:

- Enable continuity of shopper journeys
- Improve shopper engagement
- Power relevant product discovery

Personalized Product Discovery

Understand shopper intent and serve search results most relevant to them, based on their Style Profiles.



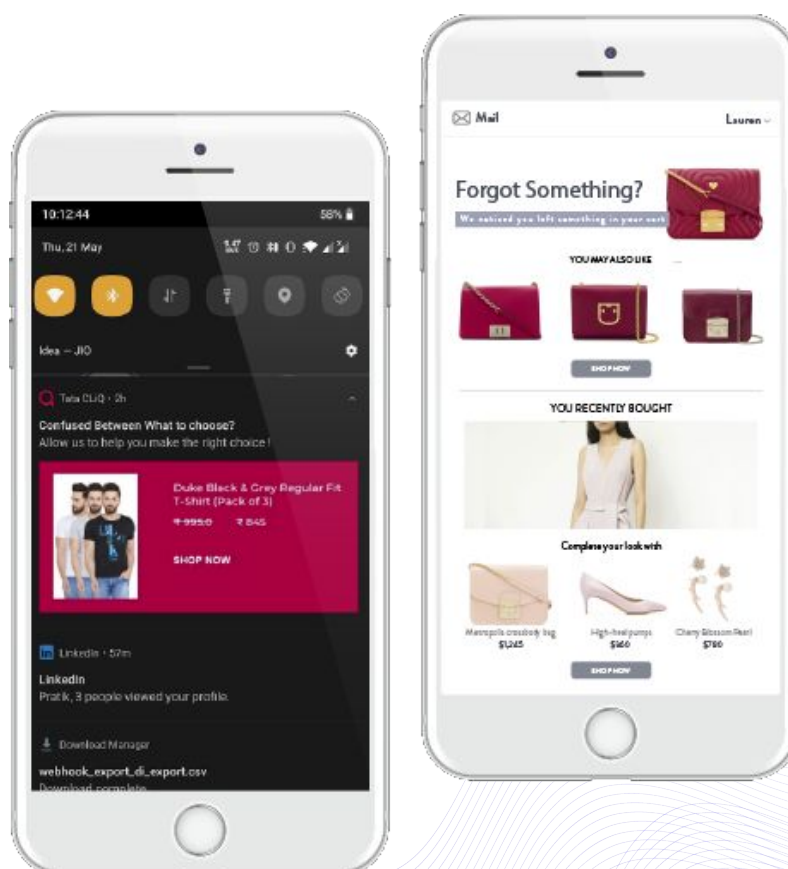
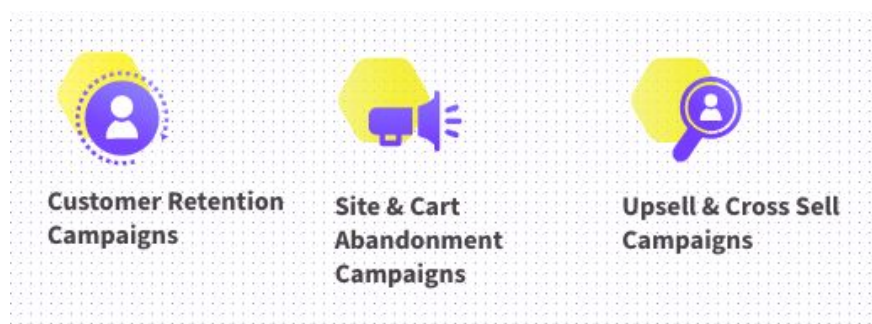
Benefits:

- Improve discovery, increase engagement and help your shoppers discover more.
- Make every search result convert.

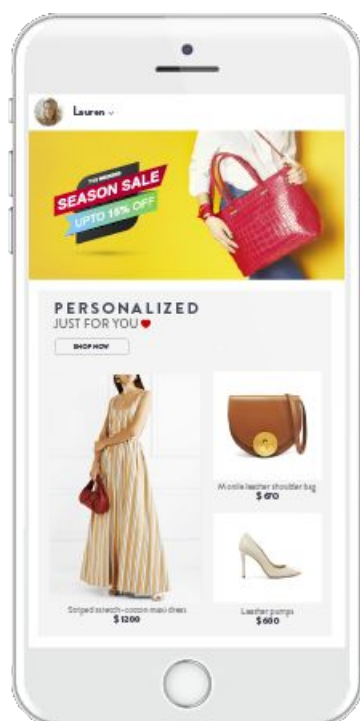
Cross-Channel Personalization

Engagement Beyond the Website

Vue.ai takes personalization out of your website into multiple touchpoints. Enable your marketing team to send out personalized emails and push notifications with relevant product recommendations, resulting in high CTRs. Recommendations are generated in real time—when the shopper opens the email or clicks on the notification—based on up-to-date shopper affinities and behavior.



Personalized content across shopper journey

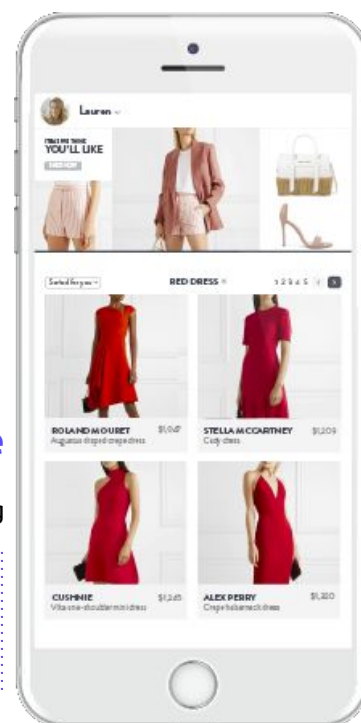


Homepage

Top picks for the shopper
Personalized trending
Inspired by browsing history

4.5x

Improvement in
Product Discovery

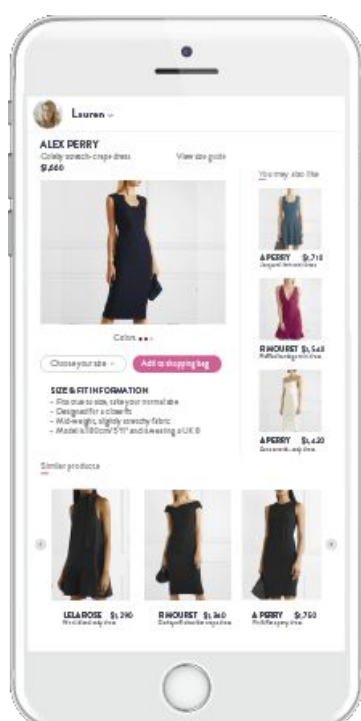


Category Page

Personalized sorting

3x

Higher Conversions

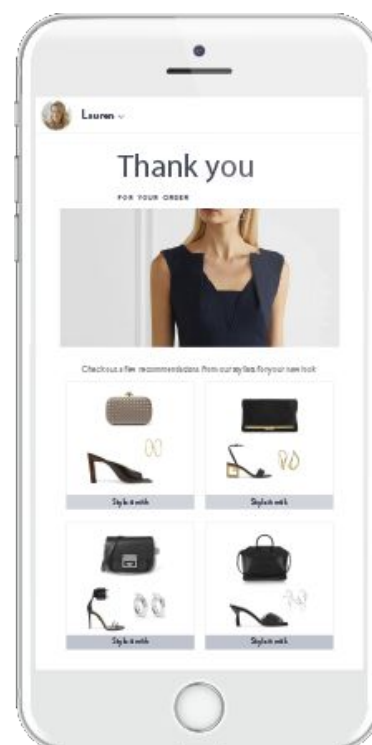


Product Page

Visually similar recommendations
Personalized outfitting, styling

4x

Increase in Page
Views



After Checkout

Personalized outfitting, styling

3x

Products viewed per
session

Business Impact

Benefits of VueCommerce



3x

Higher Conversions
with Vue.ai's
Personalization Suite



5.9%

of Total Business
Revenue directly
attributed to Vue.ai



40%

Increase in AOV
through Vue.ai's AI-powered
Styling and Outfitting



35%

Increased Retention
with Higher
Repeat Visits



25%

Lower Bounce Rates
with Personalized
Homepages



Intelligent Retail Automation

Process Automation & AI solutions for the Retail Industry

Vue.ai is an end-to-end retail automation platform that is redesigning the future of retail with Artificial Intelligence. Using Image Recognition and Data Science - we extract catalog data, analyze it with user behavior and help your marketing, product and cataloging teams get actionable insights that **improve customer experiences, drive conversions and reduce costs**. We help you digitally map your products' DNA to create **one-of-a-kind retail experiences** for your customers and translate product information into the language that your teams can understand and make business decisions with.

Making Retail Teams AI-Ready

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