Delivering personalization for circular fashion industry:
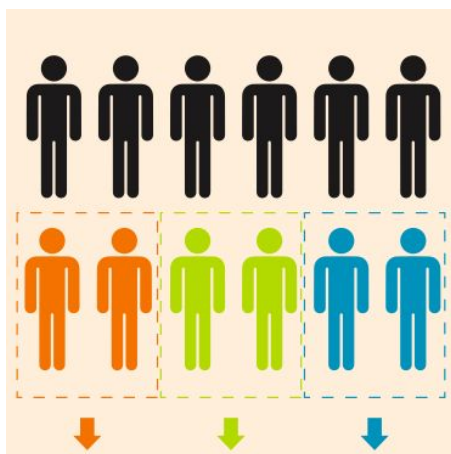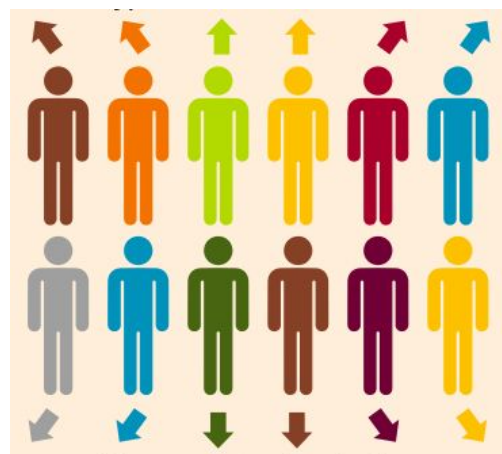## A VueCommerce impact study

What is personalization

Personalization or Individualization in the ecommerce and retail industry is the ability to

- understand the needs and choices of individual customers
- communicate with them one on one and not visualize them as parts of a larger segment

Segmentation

Individualization

According to a study by Brightedge, AI powered Individualization is the next big ecommerce trend.

Gartner studies indicate that by 2020, smart personalization engines used to recognize customer intent will enable digital businesses to increase their profits by up to 15 percent.

Image and data source: Capgemini

Are you segmenting or personalizing?

The technology retailers currently use focuses on shopper segmentation and not personalization.

Here's how to find out if you are segmenting or personalizing for your shoppers:

- Is your site able to understand each shoppers intent with every click they make on your site?
- Is only 20% of your catalog getting discovered?
- Are you able to track your shopper across their journey on your channel?
- Are you shoppers able to discover brands they like and have showed preference for on your site?
- Are your shoppers able to get recommendations tailored in real time to their profile and intent?
- Are these recommendations available across the channels that they choose to shop on?

71% of consumers express frustration when their experience is impersonal.[1]

61% have stopped doing business with a brand because of poor customer experiences.[2]

If you have answered yes to even one of the questions, your ecommerce site is segmenting your shoppers and not personalizing.
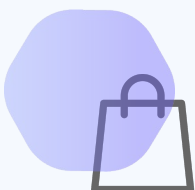
Shoppers are increasingly looking for personalization where N=1, and not segmentation. Which means, the typical "people who bought this, also bought" kind of recommendation does not cut it anymore!

1. The 2017 state of personalization report- Link
2. Ibid

It is time for an upgrade:
Style Profiles by Vue.ai

Vue.ai marries **Product Intelligence** with **Customer Intelligence** to build Style Profiles which is unique to every shopper. Shoppers continually leave behind clues that reveal who they are with each click, and interaction they have with an ecommerce site. Vue.ai generates elaborate customer profiles based on such interactions. Style Profiles are generated by mapping each shoppers affinities to visual and non-visual attributes along with affinites based on various data points.

STYLE PROFILE BY VUE.AI
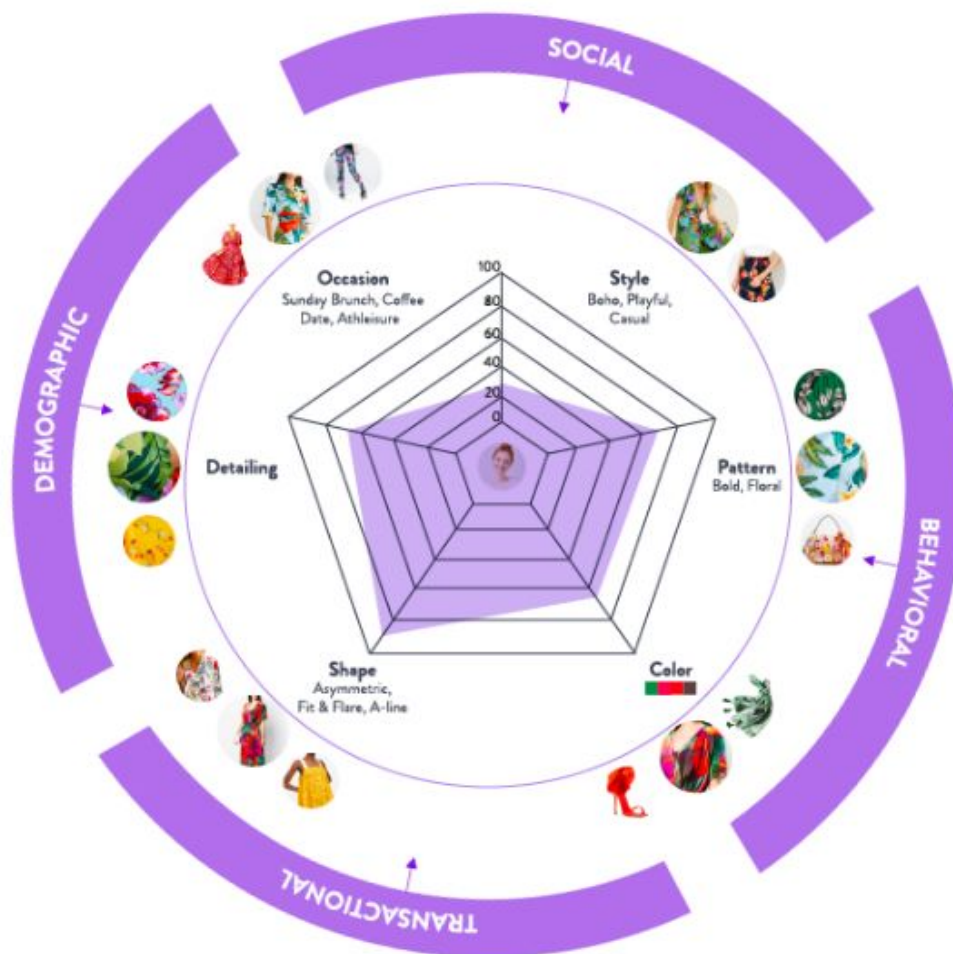
VISUAL STYLE PREFERENCES Color | Shape | Pattern | Style	INTENT IN THE CURRENT SESSION
AFFINITIES Price | Brand | Category	LONG-TERM BUYING BEHAVIOUR

It is time for an upgrade:
Dynamic Personalization by Vue.ai

No two shoppers have the same journey. Vue.ai's **Dynamic Personalization engine** understands this. The **image recognition based behavioral targeting engine**, works across different pages on the site. It understands shopper intent with each product the shopper sees, and serves personalized product recommendations with the highest likelihood of engagement. Intent interpretation happens in real-time, and is reflected in the product shown to the shopper with each click. This ensures your shoppers are hooked to the site across their journey. Dynamic personalization helps with real-time personalization and product recommendations based on shoppers current journey as well as their historical data

DYNAMIC REAL-TIME PERSONALIZATION

SHOPPER JOURNEY BEGINS

Shopper's pick:
Black Printed Dress

Why AI will transform the resale market

"With reselling, it's going to be interesting because we are going to start seeing AI being used to surface information about products. They really validate products and whether its with jewellery or fashion or furniture or golf clubs or anything, we're going to be wanting some kind of system that comes together to aggregate information from many sources. Say for instance if I'm buying an Alexander McQueen bag, maybe I'll want to know what the price was originally and what is the market price now or maybe I even want to know what show it was first shown in or what collection it was first in...We are shifting into a space where reselling and rentals and a different form of ownership is going to be important, so having that technology to bolster those sort of services will be really important."[1]

– Katie Baron, Head of Retail, Stylus

1.   The changing face of retail and why AI is crucial - R-Vue London

The retail customers:
Resale marketplace

The customers are the biggest resale marketplaces in the Americas.

They are at the forefront of a $24B second hand market.

One of them has
~ 35000 brands online.
100M unique items on their database.

They also focus on providing online, and in-store services for buying and selling second-hand apparel for retailers and brands.

"Our mission as a company is to inspire a new generation of shoppers to think second hand first and it's not because we believe that a 100 percent of anyone's closet at any time will be all secondhand clothing. But we're really confident that it's equally unlikely that people's closets will be 100 percent new. So if we can play a part in making that happen and making it easy for consumers in up-cycling more items of clothing so they're in use rather than sitting idle, we think that's a win for the consumer; we think it's a win for us as a business; it's a win for the environment. And that's just that's the kind of difference that we all wanted to make"

**Anthony Marino
President, thredUP**

1.   The Vue Podcast: Leaders in retail | Anthony Marino, President, thredUP

Customer challenges

The resale industry's exercise with personalization is pairing customer data with content with an added challenge **personalizing when inventory = 1.** Surfacing recommendations through the shoppers journey with products similar to the shoppers visual style preferences and intent was a challenge.

> In serving our customers, the big challenge that comes with that is just the scale of the number of items that are there to be shopped. As you are browsing the site, you can filter down, and do searches, but there are still thousands and thousands of items. You can receive emails from us, but there are thousands and thousands of items. Having to sift through that, it does not make sense for everybody. Some people love the hunt, but very few people love hundreds of thousands of items hunt. And so, even if you love the hunt and want to see a lot, there is still some tailoring that technology can bring us, that personalization can bring. And if you don't love the hunt and you want to be shown exactly what you want, we can offer that with the technology as well.[1]

**Chris Homer
CTO, thredUP**

Shoppers had to be kept engaged

1.   With relevant recommendations across various pages on the site,
2.   By showing them items that were similar to their Style Profiles and intent.
3.   With recommendations similar to items that are out-of-stock or unavailable.

1.   Vue.ai at WWD Style Dimension: AI gets personal- WWD Style Dimension

Customer solutions

Solutions:

1. Vue.ai's 'Recommended for You' solution uses shopper browsing history—short-term and long-term intent—to surface recommendations that are the most relevant for that shopper in that particular moment. These strategies are implemented across pages that saw the highest traffic: the Home Page, shoppers personal page, and the Cart Page.

2. Visually similar product recommendations are deployed on the product page. The solution works at both the brand and attribute level - colors, patterns, styles, etc. This ensures that shoppers are always shown the most relevant product in a highly varied inventory.

3. Emails with compelling content helps improve click rates, increase engagement and conversion. Personalized content that understands user behavior through data signals ensures email content that is most relevant to each shopper is surfaced. Email also contains dynamic content that is individualized for each user at the moment when the email is opened..

"It happens seamlessly when the machine is trained. We train our neural networks to understand what the outfit even means. And how outfits are put together. We are understanding customers behavior and from that we are creating style profiles which is individualized. Recommendations are not based on what a thousand people have done, it is all about you the individual shopper. And then we create recommendations of individual products and outfits because we know that...the more a shopper interacts with the system and the more feedback we get, the more we learn"

Julia Dietmar
CPO, Vue.ai

1. Vue.ai at WWD Style Dimension: AI gets personal- WWD Style Dimension

The Vue.ai Advantage

For the Retailers

Curated individual wardrobes based on user browsing history	Enabled retailers to establish one-to-one relationship and a competitive advantage

Cross-selling and up-selling products through recommendations	Recommendations based on shopper preferences and past purchase data helped better engagement

For the Shoppers

Product recommendations generated from visual & non-visual cues	Provides users with a seamless shopping journey

Navigation paths leading to better catalog visibility	Informed shopping decisions

While many companies can and do leverage AI for personalized user experiences based on previous shopping and browsing behavior - the sheer volume of unique items thredUP processes daily magnifies the challenge, because it is all about finding the perfect needle in a haystack item for that consumer at that time. The AI can also create different service levels based on customer loyalty, historical spend and inclination to participate in other service offerings such as its box services, or special retail partnerships. - Forbes - How thredUP is driving the circular fashion movement with AI.[1]

1.   How thredUP is driving the circular fashion movement with AI - Forbes

Vue.ai Impact

10.2%
Higher AOV

2x
More revisits to site

16.5%
Uplift in average order value with Dynamic Personalization

3x
Conversion rate

"

"How to style that is also one of those things that technology can really help out with. For large catalogs, brands have creative directors to put together looks, for larger catalogs and larger retailers it literally takes an army of people to do that manually. And given that on an average a garment gets worn several times, don't you want customers to be more inspired, figure out how to wear that garment more often, and how to be more sustainable. One of the products that Vue.ai has is how to style for different occasions"

Julia Dietmar
CPO, Vue.ai

1. Vue.ai at WWD Style Dimension: AI gets personal- **WWD Style Dimension**
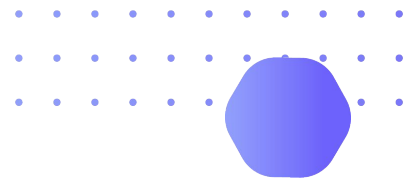
Personalization on the Home Page

Solution

Vue.ai's Personalization Suite uses shopper data to gain insights into shopper preferences. This included visual style-based attributes like color, pattern, shape, etc. These insights powered various recommendation strategies across the site including

- the ability to discover more products within a brand,
- see products that are inspired by shopper browsing history, and
- the ability to discover more brands.

This ensured

- **Every shopper** has their journey **tailored for them** from the minute they come into the site.
- **User attributes are mapped meticulously to product preferences** based on various signals.
- Every shopper has access to products and styles that are unique to their **on-site journey** and their **preferences.**

16x

Users Engaging with Home Page modules convert 16x better

Personalization on the Home Page

*"We show a variety of similar options and how to wear (an outfit). One of the things that we have also found that's **important** for **discovery and inspiration** is introducing some **diversity** of those items. You might show a blazer, and show some different pants that might work well with that blazer, or you might show other blazers that people who liked those types of blazers also liked these ones. The plethora of options really sprawls out. But depending on the mode the shopper is in she may want a specific item, or she may looking to be inspired and upgrade the entire wardrobe, or a large section of the wardrobe, so depending on that mode you might want to show more to less diversity"*

- Chris Homer, CTO, thredUP

1. Vue.ai at WWD Style Dimension: AI gets personal- [WWD Style Dimension](#)
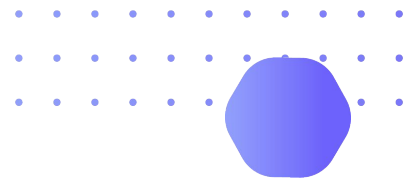
Personalization on the Category Page

Solution

Shoppers often turn to category listing pages to discover products. Listing pages are said to generate as much as 60% of a site's traffic. The process of clicking through filters, product, and pages can be time-consuming and frustrating. By personalizing this page, retailers decreased the time it took for shoppers to find products of interest, and decreased the time to purchase. Product recommendations are based on shoppers' browsing history, which help determine their affinities to visual attributes such as color, patterns, and non-visual affinities including price, brand, and category.

This ensured

- **User attributes are mapped meticulously to product preferences** based on various signals.
- Shoppers are better able to locate products that matched their intent and had a seamless journey on the site.
- Every shopper has access to products and styles that were **unique** to their **on-site journey** and their **preferences**.

1.3%

Top Picks carousel on Category Page directly attributes to 1.3% of total revenue for one of our customers in the resale industry.

Personalization on the Product Page

PROBLEM:

Shoppers were unable to find products because of lack of relevance, and poor product discovery on the site. There was also a lack of clarity on product availability.

SOLUTION:

Vue.ai's Visually Similar Product Recommendations: **visually relevant styles** for each shopper, taking into account attributes such as color, pattern, shape and more.

1. Products with Increased relevance are served to the shoppers. When shoppers reflected affinity to certain attributes, Vue.ai algorithms recognizes these affinities and displays products based on these.
2. These recommendations are used to manage out-of-stock products on pages, so shoppers can continue their journey even if a product they liked was unavailable.

OUTCOME:

Shoppers were able to explore a variety of products in line with their style preferences.

Potential increase in cart size was seen because of greater product visibility and ability to visualize ensembles.

Personalization on the Cart Page

PROBLEM:

The customer wanted to ensure that the shopper was given enough visibility into as many products as possible, across brands.

SOLUTION:

Once a shopper is well into the purchase funnel, there is limited opportunity to surface additional products. Recommendations on this page are useful in driving upsell. Cross product recommendations ensure the shopper is given insight into as many products, across as many brands as possible.

The Complete the Look solution is implemented for the customer on the cart page to provide greater product visibility for shoppers. Shoppers are shown product recommendations that complemented what they had added to their cart, based on their Style Profiles as well as fashion rules.

OUTCOME:

Shoppers were able to explore a variety of products in line with their style preferences increasing average cart size.

Boost in average order value was achieved because of greater product visibility and complementary product recommendations.

Why is digitization crucial for retailers?

"To really make a leap and transform this industry and make the most of data, there has to be an understanding and a conscious decision to digitize the supply chain. Unless you do that, you will always be using data to inform a process which is manual and offline. So your ability to react fast is limited. And at the moment, you're only looking at data inwards - understanding what your client wants, making a better presentation, with the hope that they will buy it. But when it becomes digital the game turns on its head because you can influence the product...Currently it's a challenge because the fashion industry is still behind when compared to other industries, where either the products are digital or the revolution has been significant...But that is also the reason why the fashion industry should digitize - to leverage data efficiently"[1].

- Remo Gettini, CTO, Depop

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1.   The changing face of retail and why AI is crucial - R-Vue London

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

sales@madstreetden.com
www.vue.ai I www.madstreetden.com