



INFLUENCING THE PURCHASE JOURNEY OF MILLENNIAL SHOPPERS

Manesh Sadasivan, Koshy K. Varghese

Abstract

Retailers have come to the realization that consumer shopping behavior has fundamentally and permanently changed as a result of the Internet, social networking, and, most importantly, the enormous proliferation of mobile devices. Traditional retailers have transitioned from a focus on store channels to an integrated retail business of providing value to their customers in a manner that is most convenient for them. That value might come in the store, at home, or through a gamut of digital devices that are always connected. The adoption of a seamless experience for customers across all channels and touchpoints is the first step in this direction. We are already witnessing many retailers transform their systems and processes in order to make the seamless experience a reality. Moreover, they are implementing more innovations in order to take their stores to the next level of customer engagement.

We predict that the next wave of changes could help retailers to better serve consumers based on their respective shopping journeys. This next wave of improvements will focus on context-aware, self-adaptive, omnichannel retailing strategies.



Renew and New: Influencing the Purchase Journey of Millennial Shoppers

The retail industry was a laggard in adopting technology until e-tail became the new retail in the late 1990s. Pure-play Internet startups competed with established retailers to fulfill the promise of eCommerce. In a crowded marketplace, Reflect.com, an online retailer of health and beauty products, took the biggest leap of faith.

Reflect.com allowed women to select the color, texture, ingredients and packaging to create products. Customers could even name their creation after choosing from approximately 50,000 permutations in hair care, skin care, cosmetics, and fragrances. However, the innovative shopping destination shut down after six years of operations.

The idea may have been ahead of its time, but Reflect.com offered an invaluable learning experience in co-creation, personalization, mass customization, and the interface between consumers and technology. Today, the millennial shopper buys clothes from an app on a smartphone using algorithms that simulate the ideal fit and color.

The retail industry has embraced technology to make cash registers ring.

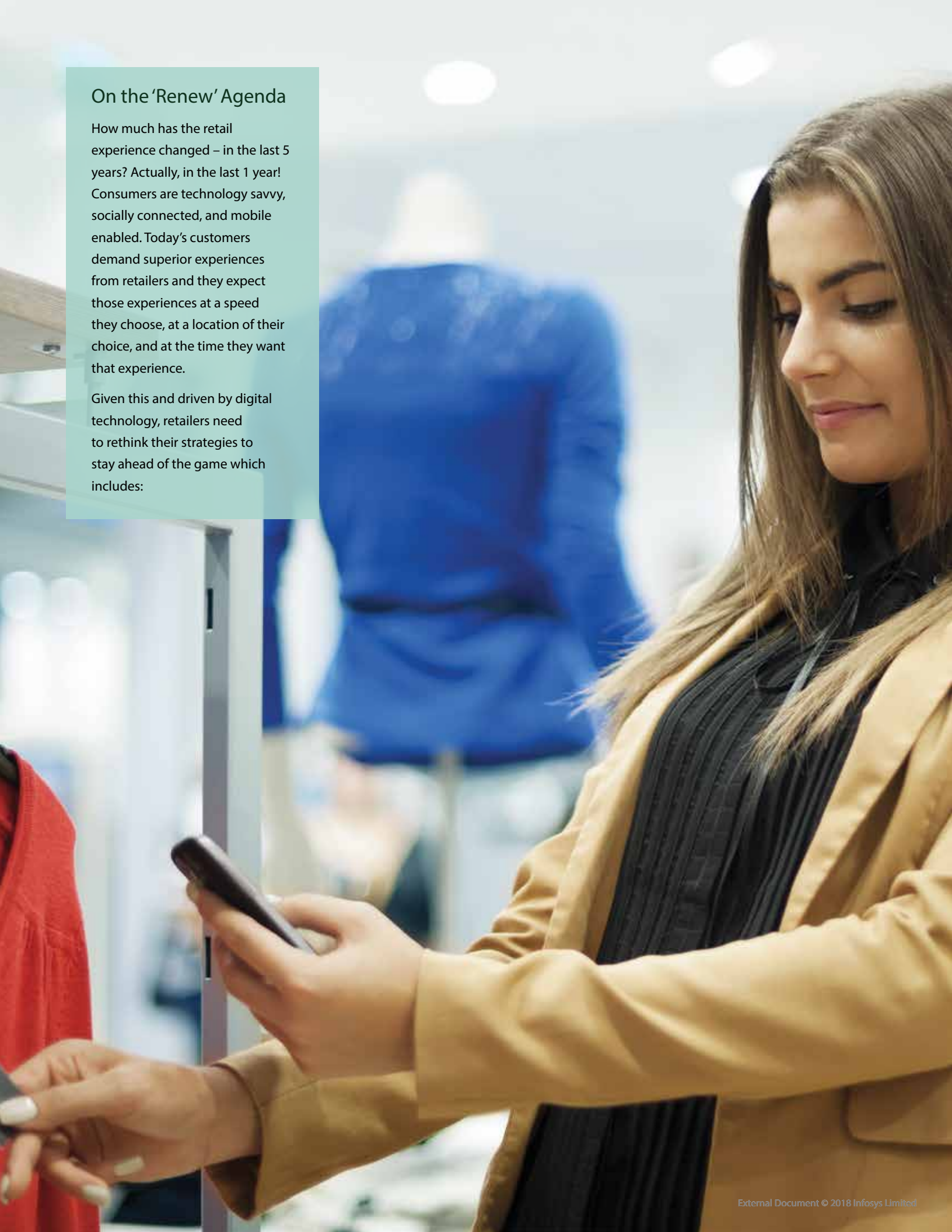
Retailing has been reinvented by mobility, virtual interface and gesture-based technologies. The millennial shopping experience offers interactive storefronts, product catalogs on a smart phone, and digital currency. Brands can capture the attention of shoppers at the moment of highest impact and reward action. Significantly, millennials seek recommendations from peers on social networks before making a purchase decision.

Customer loyalty requires re-engineering of the purchase journey by renewing the ecosystem and introducing bespoke retail technologies.

On the 'Renew' Agenda

How much has the retail experience changed – in the last 5 years? Actually, in the last 1 year! Consumers are technology savvy, socially connected, and mobile enabled. Today's customers demand superior experiences from retailers and they expect those experiences at a speed they choose, at a location of their choice, and at the time they want that experience.

Given this and driven by digital technology, retailers need to rethink their strategies to stay ahead of the game which includes:



- **Understand buyers:** A study by Monetate, a digital marketing solutions provider, revealed that retailers faced challenges due to the proliferation of data: inconsistency in collecting specific data, inability to correlate data at the customer level, and difficulty in using data to personalize marketing communication. The conclusion: data silos are the root cause of erosion of customer confidence.

An enterprise data solution that consolidates databases and adopts Artificial Intelligence (AI) grows the retail business through discovery and personalization. It replaces the collaborative filtering process of eCommerce engines built on databases. AI augments recommendation engines by creating a structured knowledge repository based on the needs, aspirations, demographic profile, social interaction, and purchase history of customers. A detailed and accurate profile can be mapped with contextual data to evaluate customer requirements.

- **Stimulate demand:** A digital framework helps retailers monetize latent demand. Online databases for diverse sources of product information and customer data provide an intelligent system for discovery, analysis and reporting. Knowledge about product experiences, user preferences and consumer

sentiment allows marketers to provide value-added products, and make intuitive recommendations on the shop floor or mobile devices.

Investments in data platforms, data scientists and analytical tools grow the business through real-time business insights. Actionable insights include demographic and psychographic segmentation and identification of trends, gaps as well as 'influencers.' Insights into trends and emerging requirements empower retailers to sense and respond to demand.

Predictive analytics drives sales with targeted merchandising and marketing campaigns. Contextual analytics can be combined with social analytics to enrich the customer database and improve customer service. Contact center agents can use 'trending topics' in social media to engage customers via voice or text chat.

FaceCake Marketing Technologies, Inc., a cross-device marketing platform, combines augmented reality with intuitive user interfaces to enhance the purchase experience. A referral tool builds brand awareness and demand through social channels.

- **Facilitate buying:** Millennial shoppers adopt new channels and shift between channels in a purchase cycle. Some

customers seek in-store access to the retail website on their smart phone, while others may want products to be dropped into their digital shopping bag by tapping a smart tag on the shelf. Merchants can maximize the lifetime value of customers by personalizing retailing for each and every segment, across the purchase cycle.

Technology helps brands attract customers and build confidence in the purchase. It enables shoppers to make informed choices on 'recommended' as well as 'long tail' products. However, retailers should continuously share information via diverse channels – customized messages, online and in-store promotions, and integrated social shopping.

Personalized offers and convenient shopping options accelerate sales cycles, while making service interactions more meaningful. Sales associates at Burberry Beauty Box, a high-tech showroom in London, greet shoppers by name and make recommendations based on their purchase history and fashion profile. Digital screens, video walls and iPads engage customers at the showroom with product information, virtual trials and cross-channel ordering, while collecting data to refine the customer profile based on in-store behavior.

On the 'New' Agenda

Seamless experience across channels will help retailers understand their consumers better by deriving insights from their physical and digital footprints. Using big data technologies to unify the vast amount of data and information present, will allow to gain actionable insights that can keep them constantly ahead of the curve. Here are some of the opportunities which will play a part in enabling the industry to renew its entire ecosystem:



- **Influence the decision:** Consumers across income levels and generations seek value. The 'Let's Make a Deal: 2014 UK Shopper Behaviour Study' by Blackhawk Engagement (formerly Parago) highlights macro-economic sentiments in purchase behavior. It revealed that price was five times more important than other factors. Price was the primary influencer in purchase decisions for 65% of consumers. A notable finding: 90% of consumers browsed online deals before a shopping trip.

The redemption rate for digital coupons provides feedback for the digital engagement strategy. Follow-up offers reinforce the brand through repeat purchases. In addition, deal seekers search for recommendations on social media. Stories of loyal shoppers influence purchase behavior. Social networks provide a platform to create demand and meet customer expectations.

- **Seal the deal:** Location-based technologies enable retail companies to connect with customers by using accurate and targeted marketing. Suggesting an action based on the location capitalizes on diverse shopping orientations. Proximity messaging, advertising and promotions deepen the engagement with digital consumers and drive traffic to retail stores.

SAMY, a mobile mall application from MobileBits, boosts sales and productivity for merchants with location-based mobile marketing services. Visitors entering a geofence – the virtual space of a retailer – receive promotions and offers via text messages. The application allows small business enterprises in malls owned by DDR Corp., a leading U.S. retail real estate company, to compete with retail brands.

Beacons are an invaluable data source. Notifications and alerts on a shopper's movement within a retail outlet provide

inputs of shopping requirements in real-time. The micro location-based data is used by store employees to deliver offers and share rewards and loyalty programs at the point of purchase.

Augmented reality allows customers to visualize life-size 3D images of products, including furniture and fixtures. The 3D model can be superimposed on the image of the home / office for a real-world experience. Peapod has installed virtual grocery shelves on railroad platforms in Philadelphia, and mirrors in the dressing rooms of Adidas NEO concept stores display accessories that match the selected clothing. De Beers' 'Forevermark Fitting' application allows a virtual trial of their diamond collection. Virtual assistants at the Burberry Beauty Box store in London help customers select an appropriate nail polish.

Build a Relationship

A long-term relationship is a business imperative in the retail industry. A customer-oriented retail strategy bridges offline, mobile and online experiences. It significantly simplifies the purchase decision by offering customized information to address specific requirements.

A 'sticky' purchase path transcends a transactional relationship. It incorporates outlier touch points that increase learning, build trust, and maximize messaging. Moreover, it refines the process to shape the next purchase decision of the customer and loyalty programs of marketers.

AFA Stores, a home furnishing and houseware e-tailer, engages with customers before, during and after the purchase. "You not only leave the customer feeling confident about their purchase and your company, you also learn about your business and some things you may be able to improve on," according to Josh Norman, President, AFA Stores.

Emerging technologies blend convenience with interaction to discover and engage prospects and customers. Retailing will be profitable when brands continuously distill insights from the physical and digital shopping experience to enhance the purchase process.



For more information, contact askus@infosys.com



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