



ENABLING PERSONALIZATION IN THE WORLD OF GROCERY

With the advent in technology, retailers need to provide a seamless personalized shopping experience – both online and in stores.

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Abstract

Retailers recognize personalization as one of the most important dimensions in delivering a rich shopping experience in today's "experience economy." As physical stores continue to remain a significant customer touch point in the omni channel grocery experience, retailers must overcome existing challenges and provide a seamless experience both online and in stores. This paper, explores what retailers must do to provide a personalized shopping experience – one that is memorable.

Introduction

A century ago people walked into their small neighborhood grocer almost every day. The grocer who knew his customers personally, would suggest items that might pair well or new products to try or maybe even some baking products if there was a birthday coming up in the family. Consumers were loyal to their neighbourhood grocer and comfortable sharing personal information in return for a customized service. As small neighbourhood grocery stores gave way to large supermarkets, the consumer took a back seat and became anonymous.

With tough economic conditions persisting since 2008, retailers realized that shopper loyalty in the grocery sector cannot be taken for granted. Experts and retailers believe that tailoring the shopping experience to make it memorable is a key differentiator for creating and expanding a loyal customer base: ultimately leading to better revenues. To this end,

many retailers have already started personalizing grocery shopping. But somehow, when we shop for groceries, we do not have the same experience as our grandparents did.

Today, grocery retailers are primarily focusing on personalizing online grocery shopping with the help of customer data and analytics tools. Apart from using information from Loyalty Programs, retailers use personalization tools to segment customers based on historical purchases, browsing patterns and demographics. This enables them to target offers to a broad segment of shoppers. When shopping in stores, however, we do not see much personalization as most retailers just push customized coupons to shoppers. Some retailers enable shoppers to access their online shopping list in stores. When it comes to personalizing the grocery shopping experience, retailers are facing challenges not seen in Fashion, Electronics or Hospitality.

Personalization Challenges in Grocery

Grocery retailers are not just dealing with an individual's choice or preference but that of an entire household. This implies different dietary requirements, changing product preferences and more importantly, varying expectations about shopping experience. However, personalization solutions today classify shoppers into broad segments based on statistical algorithms. Any business defined rules for shopper segmentation are not in the hands of the retailer. These solutions often lack context, especially about the shopping event and the shopper intent, and do not integrate well when shoppers walk into stores. Retailers are, therefore, stuck with an online recommendation engine which cannot be customized for their exact business needs.

Unlike in fashion or electronics, grocery basket sizes are much larger, resulting in huge transactional data. Retailers are not equipped to take on the quantum of data that is being generated. The majority of retail CXOs interviewed, in a recent Wipro commissioned study by The

Economist, said their enterprise systems were not geared to handle the Big Data revolution (see Figure 1). This problem is likely to compound in the future as more and more data is made available through connected, wearable devices. Some of these devices may be monitoring household grocery consumption, individuals' health and may even recommend diets – impacting the grocery shopping list.

In the UK, even though online grocery shopping is witnessing a significant growth, it only accounts for about 5% of the total grocery spend. This implies that most people shop both online and in-store, with the majority of their money being spent in physical stores. As these stores continue to remain a significant customer touch point in the omni channel grocery experience, grocery retailers must find a solution to personalize the shopping experience in stores. They must help shoppers find the 30 to 40 products that matter to them from the 40,000-odd products in a supermarket. Moreover, for customers to have a uniform, seamless shopping experience, the level of personalization in stores must be akin to online.

So, what should retailers start doing to truly personalize the grocery shopping experience?



Figure 1: Retailers must improve their capability in Big Data Analytics

- <http://www.wipro.com/microsite/retail-big-data-revolution/>

Contextual Personalization

As more and more consumers are willing to share personal information in return for a great shopping experience, retailers must take advantage of this and engage consumers in conversations – through social media and direct feedback. This should help retailers better understand shopper expectations and preferences. In addition, retailers must start incorporating relevant information from connected, wearable devices such as fitness devices. Personalization solutions must become contextual and must focus on overcoming some of the limitations with the current breed of solutions in the market: channel specific, generic segmentation, “black box-based” approach (without any knowledge of its internal workings) and limited business context. These steps will further enhance the individual and household profile and help retailers better predict shopper behavior.

More often than not we see consumers start their shopping journey online, move into stores and complete their shopping in stores. Retailers must, therefore, not limit personalization to online but extend a seamless personalized experience to their physical stores as well. One way to do this is to take advantage of the fact that shoppers are willing to identify themselves in stores. Retailers must then be able to facilitate personalization through in-store or personal shopper devices such as smart phones.

Shoppers would have a delightful shopping experience as the device would guide them through aisles based on their shopping list or

preferences, suggest new or complimenting products, provide customized offers and also help them check out without waiting at the billing desk. Customers must be provided with an option to have a part or the whole of their shopping delivered directly to their homes. Retailers must also leverage store assistants with devices where important shopper preferences are made available to them in real time to deliver great service

Keeping Customers Clued In

On the other hand, as every aspect of shopping is customized for the shopper, retailers need to ensure they do not overdo personalization; this might result in an overwhelming experience. Probably, the most important criteria to keep in mind is that customers should always feel that they are in control. They should be able to decide how much information they wish to share and trust that the information shared will be used to provide a better shopping experience. The onus is, therefore, entirely on the retailer to instill this confidence in customers.

Challenging economic conditions notwithstanding, the grocery sector is not immune to the “experience economy.” On the contrary, providing a personalized shopping experience, that is both seamless and memorable, is sure to resonate with the ever discerning grocery shopper. This will enable grocery retailers to sustain and expand their loyal customer base in the hyper competitive grocery market.

About the Authors

Kuru Subramaniam, Managing Consultant

Kuru Subramaniam is a Managing Consultant with Wipro's Retail Domain Consulting Group, where he leads the Grocery business consulting practice. He is an expert on multi-channel retailing and focuses on providing Wipro's clients with innovative strategies & solutions in IoT, Personalization and In-store Experience.

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WIPRO TECHNOLOGIES, DODDAKANNELI, SARJAPUR ROAD, BANGALORE - 560 035, INDIA TEL : +91 (80) 2844 0011, FAX : +91 (80) 2844 0256, email : info@wipro.com

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