

# Individualisation: The powerful trend shaping retail customer experience

 Bylan Steyn

18 Oct 2018

Rising inflation. Record petrol prices. A VAT increase. A technical recession. South African consumers are feeling the pinch as a confluence of forces put immense pressure on their wallets.



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For retailers, the picture looks equally bleak: according to recent StatsSA figures, year-on-year retail sales growth for the first four months of 2018 averaged 3.1%, well below the 5.5% reported between September and December 2017. The constrained environment is providing retailers with renewed incentive to build greater engagement with customers in order to ensure they don't lose out on share of wallet to competitors.

To this end, many retailers have made sizeable investments into customer engagement activities that aim to foster strong bonds between their brands and the consumers they serve. Loyalty programmes, discounts, rewards, vouchers and coupons, enabling new ways to pay (such as Samsung Pay), retailers have a bevy of tools and tactics to bring them closer to the hearts of customers - and keep them there.

To focus on engagement makes sense. According to a McKinsey report, 58% of African consumers are brand loyal, while a recent survey found that two-thirds of South African consumers aged under 25 are members of at least one loyalty programme.

But in this me-first era of convenience, consumers are fiercely resistant to mass communication, offers or programmes, opting instead to support brands that understand them and offer them personalised customer experiences. In fact, one global study found that 55% of consumers said they're willing to pay more for a guaranteed good experience.



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## The era of individualised customer engagement

I would argue, however, that personalisation is no longer enough. Retailers need to strive for individualisation: the ability to develop offers and rewards based on accurate individual customer insights and to execute against those insights in real time. Thanks to the arrival of a more data-driven approach to customer engagement, retailers can now achieve this.

Advanced business intelligence solutions featuring machine learning capabilities today equip retailers with detailed reports, dashboards and metrics utilising customer engagement data to develop a single accurate view of individual customers. This intelligence can then be fed into shopper marketing activities which turns these insights into targeted promotions in real time.

And with the power of machine learning and AI, shopper insights can go far deeper than was possible before. For example, instead of just knowing which customers are likely to find value in certain products, the business intelligence solution can also determine what day of the week and time of day they're most likely to visit the store.

This opens the door to far more meaningful and personal connections with individual customers, with retailers better able to provide value to the customer's purchasing decision and overall lifestyle. But it's a tricky job that requires the skilled hand of experienced customer engagement and technology solutions providers.



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The challenge of effectively engaging with customers at an individual level is made all the more daunting considering the five distinct generations of customer that most retailers serve, each with their own consumption habits, maturity regarding technology use, preferred communication methods and key motivators, including:

- 1. The Silent Generation**, classified as people born between 1920 and 1945, that are nearing retirement, have little experience with new technology, and prefer old-school forms of communication.
- 2. The Baby Boomers**, born 1945-1965, who value quality over price, are more likely to shop at a single location, and prioritise products that are reliable and budget-friendly.
- 3. Generation X** (1965-1980), who are driven by consumption, are comfortable with technology, and want speed and convenience to match their fast-paced lifestyles.

**4. Generation Y**, or Millennials, born 1980-2000, who are the most dominant consumer segment in terms of their size. Generation Y is less influenced by advertising, instead preferring peer recommendations, and want engagement and recognition from the brands they support.

**5. Generation Z**, born after 2000, who are the first generation to not know a world without mobile phones, social media and the internet. Generation Z are typified by quick engagements across multiple social platforms, and demand some form of social responsibility from brands and corporations.

Retailers face a tough time ahead as a constrained economy takes its toll on the bottom line and consumers constantly seek the best deal. Building the capabilities that enable them to engage with customers individually paves the way not only for their continued survival and growth during this tough period, but sets them up for the new age of individualisation.

Key takeaway: In a constrained economic environment, retailers can fight more effectively for share of wallet by prioritising technology investments that enable the individualisation of customer offers in real time.

## ABOUT IAN STEYN

Ian is the Product Executive: Customer Engagement at Innervation PAN African Payment Solutions. He has over 15 years experience in the integration and operation of large range Value Added Services and Payments into various tiers and verticals within retail. Ian was part of a team that deployed the first online and real-time prepaid electricity vending in South Africa in 1998.

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