

Whitepaper

THE BIGGEST CHALLENGES IN DELIVERING HYPER-PERSONALIZED RETAIL EXPERIENCES

AND HOW TO OVERCOME THEM

Introduction

Hyper-personalization is a key differentiator for retailers today. The use of AI, automation, data, and advanced analytics to create tailored product and service experiences is critical to surprise and delight customers. It is also a key enabler in allowing retailers to move through the digitalization lifecycle as they develop and deploy AI-driven customer service capabilities at scale.

25%

increase in revenue for retailers who deploy advanced personalization.¹

However, effective hyper-personalization is a complex task.

41% of global marketing decision-makers believe personalizing communications, experiences, and interactions is their biggest marketing execution challenge.² It requires vast amounts of data, gathering insights from that data, then integrating those insights into existing operations. An additional challenge lies in striking the right balance – delivering personalized communications at the right time throughout the end-to-end customer lifecycle without overwhelming users with intrusive customization.

Given the number of intricate factors involved, knowing where to start can be difficult. This guide covers:

- / The biggest challenges faced by retailers in delivering effective, highly personalized customer experiences.
- / Practical steps and real-world examples for navigating these challenges.
- / How Sutherland supports retailers at every stage of the digitalization lifecycle to deliver and enhance hyper-personalized experiences for their customers.



¹ <https://www.bcg.com/publications/2019/next-level-personalization-retail>

² Forrester - The-State-Of-Consumer-Personalization





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CHALLENGE 1

Omnichannel Customer Service and Issue Resolution to Accelerate the Digitalization Lifecycle

While many retailers have focused on strategies to mitigate human-to-human contact volume and improve operational productivity to reduce costs, customers simply want easier resolution and empowered advisers who can support seamless interactions across all channels.

Omnichannel capabilities have, therefore, become one of the biggest drivers of customer experience (CX) quality – and a major contributor to increased customer loyalty and revenue.

71%

of customers say they want to use different support channels depending on the query they have or the help they need³

42%

of businesses offer two or more customer support channels, presenting a significant missed opportunity⁴

³ <https://www.bcg.com/publications/2019/next-level-personalization-retail>

⁴ Forrester - The State Of Consumer Personalization



True omnichannel customer service enables frictionless experiences across channels and touchpoints. This depends on customer service agents, whether human or AI-enabled, having a unified view of these interactions, requiring joined-up customer experiences at every stage of the journey.

Omnichannel support consolidates customer interactions to give agents a holistic overview of the customer journey regardless of the channel on which they take place. Retailers that are further along their digitalization journey provide support through each customer's preferred channel, resolving issues in-channel rather than moving customers to another channel – and another agent.

Today, all retailers need to operate in this way to grow and thrive. But many don't.

HOW RETAILERS CAN DELIVER OMNICHANNEL CUSTOMER SERVICE

To meet expectations in customer service, retailers must determine an effective strategy to deliver personalized experiences in an integrated way across the end customer's channel of choice. Here, it's important to think about how human agents and AI can work together to drive added value and creativity.

AI can be leveraged on customer service platforms to assess interactions, transcribe conversations, and extract information. AI can also help combine data from multiple sources to support operational streamlining. This is the starting point to create a true 360° view of the customer. It drives insights into the most appropriate resolution endpoint for each individual customer at any given point in time, be that self-service, AI, or human assistance. Further context and recommended actions surfaced in those channels facilitate the hyper-personalization of customer service.

This augmentation of human agent capabilities via AI becomes the foundation for real omnichannel experiences, enabling retailers to deliver seamless, connected interactions that increase satisfaction and drive repeat business.



CASE STUDY

DIGITAL TRANSFORMATION DRIVES HYPER-PERSONALIZATION

A leading conglomerate in the Middle East that represents the world's largest brands in auto, retail, real estate, and finance was looking to expand. But its infrastructure was incompatible with its need to scale.

Data fragmentation was leading to inconsistencies in service delivery and increasing customer frustration. They needed to unify their operations and leverage customer interactions to deliver omnichannel personalized experiences that would drive loyalty and revenue.

To achieve this, Sutherland executed multiple holistic digital transformations of our client's systems using our SaaS-hosted technologies and omnichannel platforms. Integrating advanced tools such as Sutherland Connect, Sutherland Engage, conversational AI technologies, and advanced speech and predictive analytics, we transformed every step of our client's engagement with their customers.

Our predictive analytics delivered LTV, persona segmentation, churn, and propensity-to-buy models. This led to a far deeper understanding of customer preferences, enabling hyper-personalization and resulting in a 25% improvement in the overall customer experience.

As a result of this approach to the challenge, our client successfully expanded into two new geographies.





CHALLENGE 2

Bringing Together Marketing, Loyalty, and Customer Service

Traditionally, retailer's marketing, loyalty, and customer service functions have operated in silos, with each department focusing on its specific objectives and metrics. This creates issues across the board, with 76% of customers saying their interactions are poor and disjointed experiences.⁵

There are several factors that create silos in businesses, including organizational structure, legacy systems, and differing priorities and metrics. These limit collaboration, create bottlenecks, and prevent businesses from realizing the full potential of their customer data to deliver hyper-personalized omnichannel experiences.

THE IMPORTANCE OF BREAKING DOWN SILOS

Think of a business that has an operations team focused on minimizing customer contact to reduce cost, and a new loyalty team that needs customer contact and feedback.

Connecting these teams and the data held therein will greatly enhance operational efficiency and deliver:



**Enhanced
customer insights**



**Streamlined
workflows**



**Consistent messaging
across touchpoints**

Breaking down silos and fostering cross-functional collaboration is the first step in delivering harmonious end-to-end customer experiences that lead to satisfaction, loyalty, and advocacy.

⁵ <https://clearaction.com/4-keys-solving-channel-silos/#:~:text=Channel%20silos%20include%20service%2C%20sales,doing%20in%20any%20given%20day.>



HOW RETAILERS CAN BRING DEPARTMENTS TOGETHER

Successful department integration requires a strategic approach focused on fostering collaboration, communication, and a shared sense of purpose. Implementing a centralized communication platform or project management system that acts as a single source of truth will streamline information sharing and create transparency across departments. Teams must then be encouraged to use their connected capabilities to lean on their new interdepartmental allies for guidance, insights, and different perspectives.

The most advanced teams embrace AI-powered data analysis to enable rich insights that improve service experience whilst simultaneously reducing costs. They also continuously refine personalization strategies based on customer feedback and performance metrics. In addition, they invest in technology that anticipates customer needs to deliver better outcomes across the board.



HOW UNINTEGRATED DEPARTMENTS FUNCTION

Lack of alignment

Without shared goals and strategies, workflows become siloed and there is little or no collaboration between teams. This means disjointed processes and missed opportunities.

Wasted resources

Operating in isolation leads to inefficiencies, miscommunication, duplication of efforts, and decisions being made without consideration of their impact on other areas of the business.



HOW INTEGRATED DEPARTMENTS FUNCTION

Enhanced collaboration

Integrated departments share information, resources, and expertise, leading to streamlined workflows, faster decision-making, and improved overall performance.

A cohesive vision

A shared sense of purpose means greater accountability. This leads to an overall improvement in responsiveness to customer needs and market forces that is underpinned by innovation and adaptability.





CHALLENGE 3

Understanding Customer Data To Deliver Experiences That **Maximize Loyalty and Lifetime Value**

Forrester's 2021 report shows that only 26% of US adults believe that the brands they buy from do a good job of understanding them as a person.

To provide truly personalized customer experiences, brands need to leverage the data they hold internally in their systems alongside externally sourced data, rather than relying too heavily on external data alone.

HOW RETAILERS CAN UNDERSTAND CUSTOMER DATA

If companies want to unlock actionable intelligence from their data to provide personalized experiences that drive loyalty and maximize lifetime value, they must create well-defined pre-set personas or purchase journeys. This is a practical route forward for putting consumers into a particular track with pre-determined milestones and opportunities for hyper-personalized communications.

A beauty brand, for example, might use browsing history or past purchases to determine a customer's skin type and then use this insight to personalize future communications and loyalty offerings.

Brands can proactively engage with all members of a certain persona group by leveraging insights from an event/experience had by a smaller number of customers within that same persona.

Investing in AI helps understand customer needs and ensures communications can stay targeted and relevant, helping drive continued engagement. AI algorithms can analyze vast amounts of data in real-time, uncovering trends and correlations that might otherwise go unnoticed.

Machine learning models, natural language processing, and predictive analytics allow retailers to segment customers and forecast future demand more precisely.



CASE STUDY

PREDICTIVE ANALYTICS ENHANCE DATA ANALYSIS

A leading North American fashion brand was struggling to meet customer demand for product recommendations, order management, and loyalty program management.

Customer satisfaction levels were falling, and the brand was not able to leverage the holiday period effectively to increase sales. Our client needed to improve contact resolutions, enhance shopping experiences, and drive sales conversion.

To do this, Sutherland recruited, trained, and managed a team of fashion advisors to provide personalized experiences. We used predictive analytics to understand consumer data and develop customer shopping profiles that advisors could leverage to deliver these.

This resulted in higher levels of customer satisfaction. The average basket size grew by 7%, while the sales conversion rate increased from 15% to 25%.





CHALLENGE 4

Knowing When to Get Hyper-Personal in the Customer Lifecycle

29%

of American marketing executives say they personalize outreach when customers are using the product/service after the purchase.⁷

Consumers want to feel like the brands they choose to buy from care about their decisions and understand their preferences. This requires personalized interactions across the complete lifecycle, not just in a customer's initial interactions with a brand. However, retailers tend to focus on personalization in early communications with customers.

62% of American marketing executives selling to consumers agree they are most likely to leverage personalization when customers are registering for a service or setting up a product they've just bought.

Yet in the post-purchase phase, where personalization is vital, many companies are not delivering personalized communications at the rate needed for sustained business success.

Recognizing and overcoming this shortcoming is essential for businesses moving through the digitalization lifecycle toward effective omnichannel personalization.

HOW RETAILERS CAN DELIVER PERSONALIZED COMMUNICATIONS AT THE RIGHT TIMES

By leveraging AI-enabled customer data analytics, retailers can capture and learn about key post-purchase events for each customer. Automation technologies then allow retailers to deliver communications that are aligned to these events without human intervention so that customers receive the right messages at optimal times. Personalized communications can include product recommendations, exclusive offers, or reminders.

For example, clothing retailer The North Face has implemented technology that analyzes customer data, including location, gender, season, and activity, to provide customers with more tailored product recommendations. If a customer will be traveling to Iceland in October, for example, the system will make cold weather clothing recommendations; if they will be in New York in July, the recommendations will be different.

⁶ Forrester - The-State-Of-Consumer-Personalization

⁷ Forrester - The-State-Of-Consumer-Personalization



CASE STUDY

PERSONALIZING POST-PURCHASE INTERACTIONS WITH AI-POWERED SOLUTIONS

A liberal product returns policy was limiting growth for our client – a leading global online marketplace – as their reverse logistics and returned material costs were high.

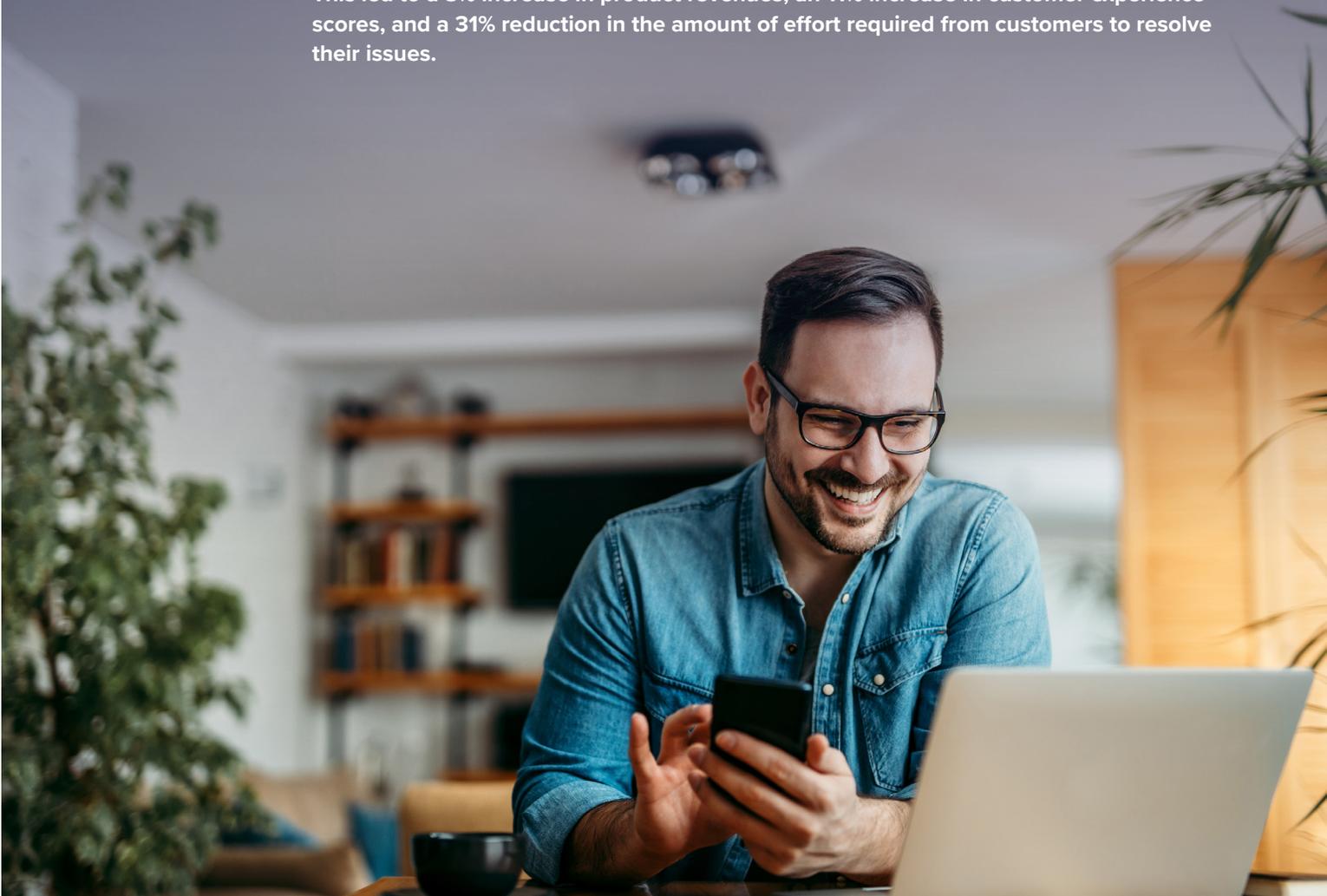
This situation was exacerbated by the client's customer service agents being hampered by having to refer to multiple data sources when addressing customer queries. On top of this, the content available to facilitate customer support was limited and generic.

We developed intelligent customer support content such as setup guides, troubleshooting queries, and detailed FAQs and policy documents. Delivered via an AI-driven KDB, these helped enhance the overall experience by providing contextual, fast resolutions to customer issues.

Harnessing our proprietary AI-powered technologies – including Sutherland Extract, SmartLeap HelpTree, and Connect – we aggregated and analyzed data from multiple sources to allow customer service agents to provide personalized post-purchase interactions.

The results were rapid and tangible. The Return Prevention Rate dropped by 53% worldwide, heavily reducing reverse logistics costs.

This led to a 3% increase in product revenues, an 11% increase in customer experience scores, and a 31% reduction in the amount of effort required from customers to resolve their issues.





CHALLENGE 5

Bringing Together **Diverse Technologies**

Rather than there being a single personalization technology category, personalization capabilities are baked into many categories that are always evolving, including AI and automation. To deliver hyper-personalized moments across the customer lifecycle, retailers must find a way to harmonize multiple technologies.

Choosing the right technology to integrate, the right service provider for your needs, and managing disparate solutions if these offerings come from multiple companies, are all challenges retailers must overcome to future-proof their businesses.

HOW RETAILERS CAN OVERCOME TECHNOLOGY CHALLENGES

To overcome these hurdles, retailers need innovative transformation partners who can provide end-to-end, framework-based solutions to support both front- and back-office operations, creating a frictionless journey.

These solutions should integrate easily with existing workflows and technologies and be scalable, ensuring a quick ROI and great agility in responding to ever-changing customer demands. With a partner with this capability, retailers will be able to maximize customer lifetime value by driving sales conversions and creating loyal customers.



CASE STUDY

TECHNOLOGY INTEGRATION AND MODERNIZATION SUPPORTS GLOBAL EXPANSION

Our client's existing technology infrastructure was fragmented and outdated, and their reliance on multiple customer service providers meant they were delivering inconsistent experiences.

After investing more than \$3bn in the launch of a new global streaming entertainment service, the client needed highly scalable, unified, modern infrastructure. They also needed AI-driven customer service capabilities to ensure the delivery of exceptional customer interactions.

Through Sutherland Connect, we delivered an end-to-end transformation for the client. Having deployed Sutherland Connect before, they decided to utilize the hosted platform to manage all touchpoints across different engagement channels, introducing a fully automated conversational AI system.

Leveraging cognitive AI and advanced analytics, we recorded and analyzed every customer interaction through machine learning. This provided deep insights into customer sentiments and engagement that helped the client deliver a frictionless experience.

The efficiency and scalability of the Sutherland Connect platform enabled us to ramp up easily to support additional providers and new sites. Our client was therefore able to meet historic demand with zero downtime and disruption – with the entire Sutherland solution delivered in just six weeks.



Making Hyper-Personalization a Reality **With Sutherland**

Delivering hyper-personalized customer service, products, solutions, and experiences will help set your retail business apart today. Doing this will attract new customers and pave the way to future success by building loyalty and high levels of engagement among existing clients.

Overcoming the challenges detailed above is imperative for staying competitive in the modern retail landscape. The introduction of new technology needs careful consideration, and many retailers will want step-by-step guidance to achieve the best results. Sutherland takes a human-centric approach, redesigning processes around the needs of both your customers and service teams.

WHAT WE CAN DO FOR YOUR BUSINESS

With our unique combination of market-leading technology and relentless focus on innovation, Sutherland is the ideal partner for retail businesses seeking to benefit from hyper-personalization capabilities.

Contact us to learn more about how Sutherland can help you deliver hyper-personalized retail experiences that deliver measurable results.

We make digital
human[™]

sutherlandglobal.com
sales@sutherlandglobal.com
1.585.498.2042



Sutherland is an experience-led digital transformation company.

Our mission is to deliver exceptionally designed and engineered experiences for customers and employees. For over 35 years, we have cared for our client's customers, delivering measurable results and accelerating growth. Our proprietary, AI-based products and platforms are built using robust IP and automation. We are a team of global professionals, operationally effective, culturally meshed, and committed to our clients and to one another.

We call it One Sutherland.

