

Why Smart Retail CMOs should move to our Psychology-based Recommendation Platform



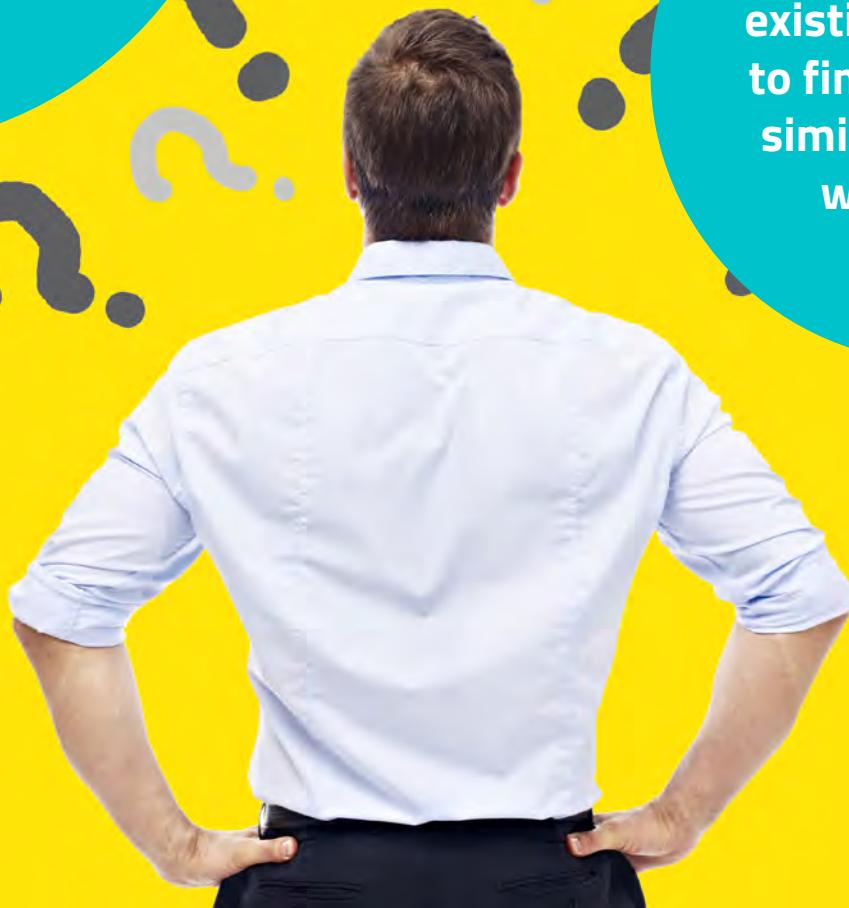
SOME CONCERNS OF A SMART CMO

"How to increase the number of clients by identifying and focusing on micro-segment with highest propensity for my products / services?"

"Which of my customers can I up-sell /cross-sell to?"

"Which segment of the market has the highest life time value for my business?"

"How can I clone my existing customers to find others with similar attributes with ease?"



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“WE SEE OUR CUSTOMERS AS INVITED GUESTS TO A PARTY, AND WE ARE THE HOSTS. IT'S OUR JOB EVERY DAY TO MAKE EVERY IMPORTANT ASPECT OF THE CUSTOMER EXPERIENCE A LITTLE BIT BETTER.”

JEFF BEZOS, AMAZON.

A great deal has been researched on how consumers shop, but the rationale behind their behavior remains undetermined. This paper aims at explaining the consumer's decision-making process and the factors that influence it. Research shows that there are predominantly three factors that can influence a buyer's purchase pattern- psychology, personalization and intuition. A smart CMO recognizes these patterns and designs his outreach solutions modeled on this framework.

In order to understand a customer wholly, retailers need to go beyond demographic features, to psychology based features. Businesses need to recognize the customers' personality to serve them better and provide a seamless journey. Retailers must observe that in order to reach a holistic and deeper understanding of the customers and their behavior they need to consider their motives and personality.

Psychology based retailing is not just about luring the customers to buy more, but to make the buying experience a memorable and fulfilling one.

Personalization is the next influencing factor. No major retail can survive in the market without providing personalized recommendations to the consumers. Amazon derives over thirty percent of its revenues from personalized recommendations.

Seventy-five percent of Netflix's rentals are driven by personalized suggestions. Google's search results are increasingly personalized.

1-800-FLOWERS has built a concierge – named GWYN, for Gifts When You Need, it takes customers' questions and offers suggestions of its products. Recommendations are going beyond immediate purchases for self-purpose only, it also takes into account gifting as an option, as there can be innumerable reasons to shop for a customer.

LEVERAGING TECHNOLOGY AND DATA TO SERVE CUSTOMERS BETTER

“The goal is to turn data into information, and information into insight.” states Carly Fiorina, Former President of HP



Psychology based personalization understands, not just “What” people buy but mainly “Why” people buy, and can therefore recommend precise and relevant products that tap into the motives and needs that brought the customer to the site in the first place.

Any smart CMO in a B2C eco system can benefit from a recommendation platform that can do just this. iRecommend from Happiest Minds is an innovative- psychology-based personalization and recommendation system, empowered by cutting edge technology. The tool determines why people buy and can hence provide personalization that is precise and relevant. It combines data analytics and technology to reach a deep understanding of the customer. The intent of purchase builds an individual “psychological profile” for each customer, and enhances the customer’s omni-channel experience throughout his/her shopping journey. It provides powerful predictive models and helps marketers identify new market segments, new prospects and leads at a lower cost and increase revenue growth and sustenance.

The platform enables “Search Pages” to intuitively understand customer’s motives and reasons through relevant recommendations of new, niche and cross category products.

The “Discovery Pages” pleasantly surprises the customer with unique products that speak to their deeper needs and desires.

This combination results in higher conversion rate, increase in sales and most importantly, greater customer loyalty and overall life value of customers.

Now that’s a dream come true for a CMO!

Empower customers with cognitive advertising to enable intelligent, relevant, timely and two-way conversations with retail brands. Personalized engagements are a win-win situation for both the retailers and the customers.

This success can easily be noted with Netflix: Netflix has more than 75 million subscribers in more than 190 countries, and each subscriber is delivered a different experience each time they log in. Netflix has just 90 seconds to convince the user it has something new, exclusive and of interest for him/her to watch before he/she abandons the service. Consequently, personalization and apt recommendations is the key in ensuring users keep returning to the site.

HOW iRecommend CAN EMPOWER A SMART CMO

iRecommend is a personalization platform driven by analytics which identifies the right products, services, campaign and content for the right customers at the right time. It makes use of social media platforms, click stream, mobile usage, location, demographic and product category data, driven by psychological motives and product association algorithms.

iRecommend is receiving positive reception from smart retailers as it is enabled by:

**Best-in-class
algorithms**

**Driven by
human psyche**

**Guided, visual and
customizable
approach**

**Industry-specific
algorithms**

**Scenario specific
customization**

**Built-in optimization
capabilities**



OUTTHINK TOUGH BUSINESS CHALLENGES USING IRECOMMEND WITH BUILT-IN COGNITION.

A leading US based retail home improvement client of Happiest Minds, needed a solution for an advanced and efficacious recommendation engine, that enables aggregating data across multiple channels, quick decision-making and analyzing large unstructured data. The client implemented our analytics driven recommendation engine to combat these challenges and achieved business benefits like product to product and customer to product recommendations , real-time decision-making, cutting edge analytics & insights, and opportunity to drive business growth with better understanding of the customers and their requirements.

THE SCIENCE BEHIND

Customers love a personal touch and offering contextually relevant product recommendations adds that special touch to an online shopping experience. Any CMO in the retail space understands that this approach not only improves the customer purchase journey but also drives additional revenue.

iRecommend recommendation strategies are collaboration and similarity based. This includes techniques like: User-User Similarity, Item – Item Similarity, Item based ecosystem, Complete the look, Trending strategy and Search strategy.

User-User Similarity

Finding user similarity based on viewing history, social preferences, rating etc.

Item – Item Similarity

Finding item similarities based on attributes, which is suitable for a large customer base or product catalogs.

Item based Ecosystem

Finding heterogeneous products similarity based on an ecosystem and completing the ecosystem through different attributes.

Complete the Look

Recommend products based on attributes and compatibility, to help customer buy complementary products and increase average order value.

Trending Strategy

Recommending products that have a high rating score from a particular merchant, or in a specific category etc., and also products that have been searched/viewed/bought the most on a given day.

Search Strategy

Recommendations based on the current search context. Products are displayed based on the keyword searches by the visitors. Recommendations are also shown based on past searches, which increases the chances of the customer purchasing in the next login.

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FREQUENTLY BOUGHT STRATEGIES INCLUDE:

Recommendations of products that are related to the user's most frequently viewed or purchased product; informs the customer of suitable products for comparison shopping.

Products that are frequently bought with other products that user has recently viewed (based on recent history). Products that are likely to be purchased by viewers who looked at similar products.

Recommending high- ticket products or pull out recommendations for products that the user might purchase regardless of the context. When Amazon recommends a product on its site, it is clearly not a coincidence. The recommendation system is based on a number of simple elements: what a user has bought in the past, which items they have added in their cart, items they've rated and liked, and what other customers have viewed and purchased. Amazon calls this originally developed algorithm "item-to-item collaborative filtering.". A new mom may find Amazon pages filled with suggestions for baby and maternity products, whereas a book lover could see those same pages offering new book releases.



The architecture of the solution focusses on significant aspects of the customers and the products. iRecommend deep-dives into attributes related to the customers and the products which builds a part of the solution architecture. These key elements include:

Customer Purchase Behavior

The customers are profiled into two groups, mainly the Promotional and the Bargainers. The Promotional are loyal, price sensitive and analytical, whereas the Bargainers are one time and occasional buyers.

Product Selection Behavior

The customers buying pattern is studied and categorized into groups like style conscious, trendy, convenience seeker, luxury and value for money

Preferred Attributes

Various attributes are examined and taken into consideration, like color, size, pattern, features, flavors, brands, stores, type of packing provided, delivery options and mode of payments available. These attributes are observed and reflected on while recommending products to customers.

Recent Buys & Associations

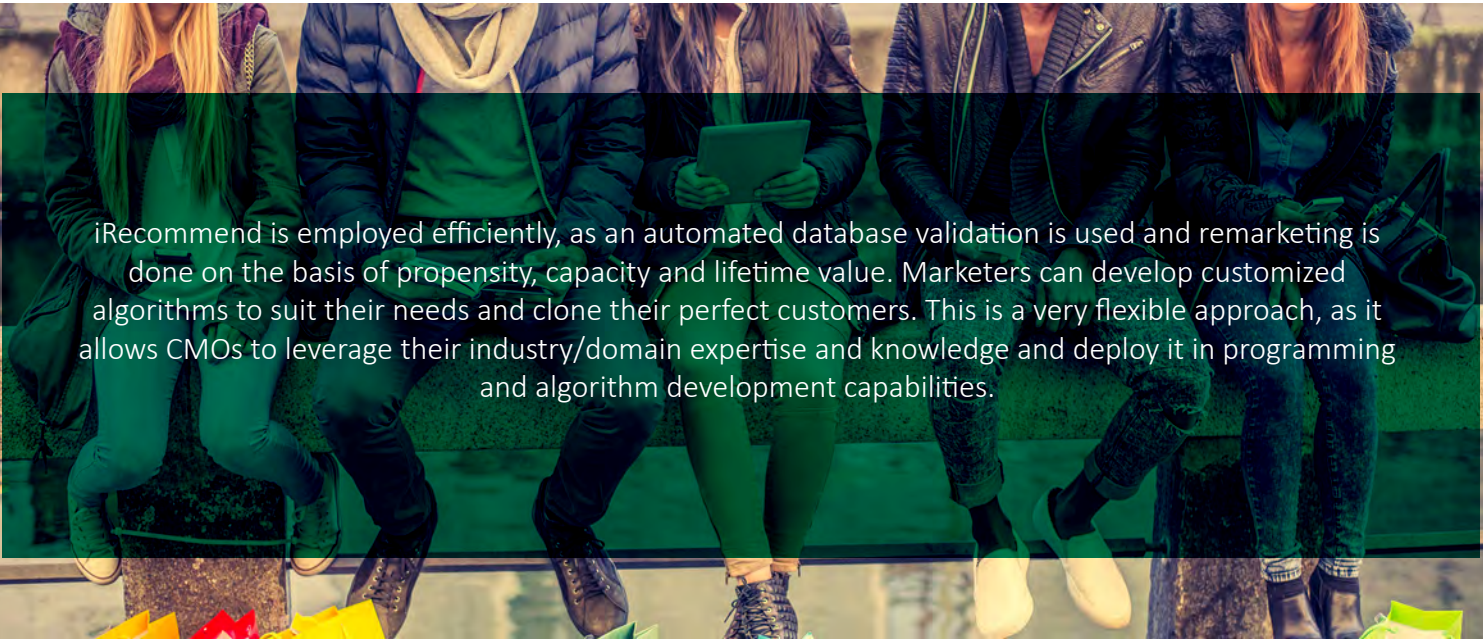
Recent purchases, products viewed, products added to cart, searches etc. are also incorporated in the solution architecture to understand the taste and requirement of the customer better.

Feedback & Complaints

List of items which were given a positive feedback, rating and list of products for which there were complaints, returns etc., are also analyzed

Customer Profiles

The customers are divided into segments based on demographics, like age, gender, location, occupation, income status etc.



iRecommend is employed efficiently, as an automated database validation is used and remarketing is done on the basis of propensity, capacity and lifetime value. Marketers can develop customized algorithms to suit their needs and clone their perfect customers. This is a very flexible approach, as it allows CMOs to leverage their industry/domain expertise and knowledge and deploy it in programming and algorithm development capabilities.

A SMART CMO'S MISSION

- BEYOND STALKING; BEING AN INTELLIGENT GUIDE

A smart CMO understands the risk of crossing the thin line between intelligent recommendations and spamming. It has been noted that various online shopping sites recommend products, and these products are not useful and are actually spammy. With iRecommend this is evaded. iRecommend recommendations are based on individual shopper's profile and the artificial intelligence used, takes this into consideration and removes the chances of spamming the shoppers. Individual motives are analyzed based on shopper's profile, as there are infinite reasons to shop. iRecommend uses best-in class algorithm, driven by human psyche.

A psychology profile is built for each shopper, this includes the customer's personality profile and behavioral attributes. A personal promotional text is generated for specific customers, which makes the customer feels understood, pleasantly surprised and offers a delightful shopping experience.

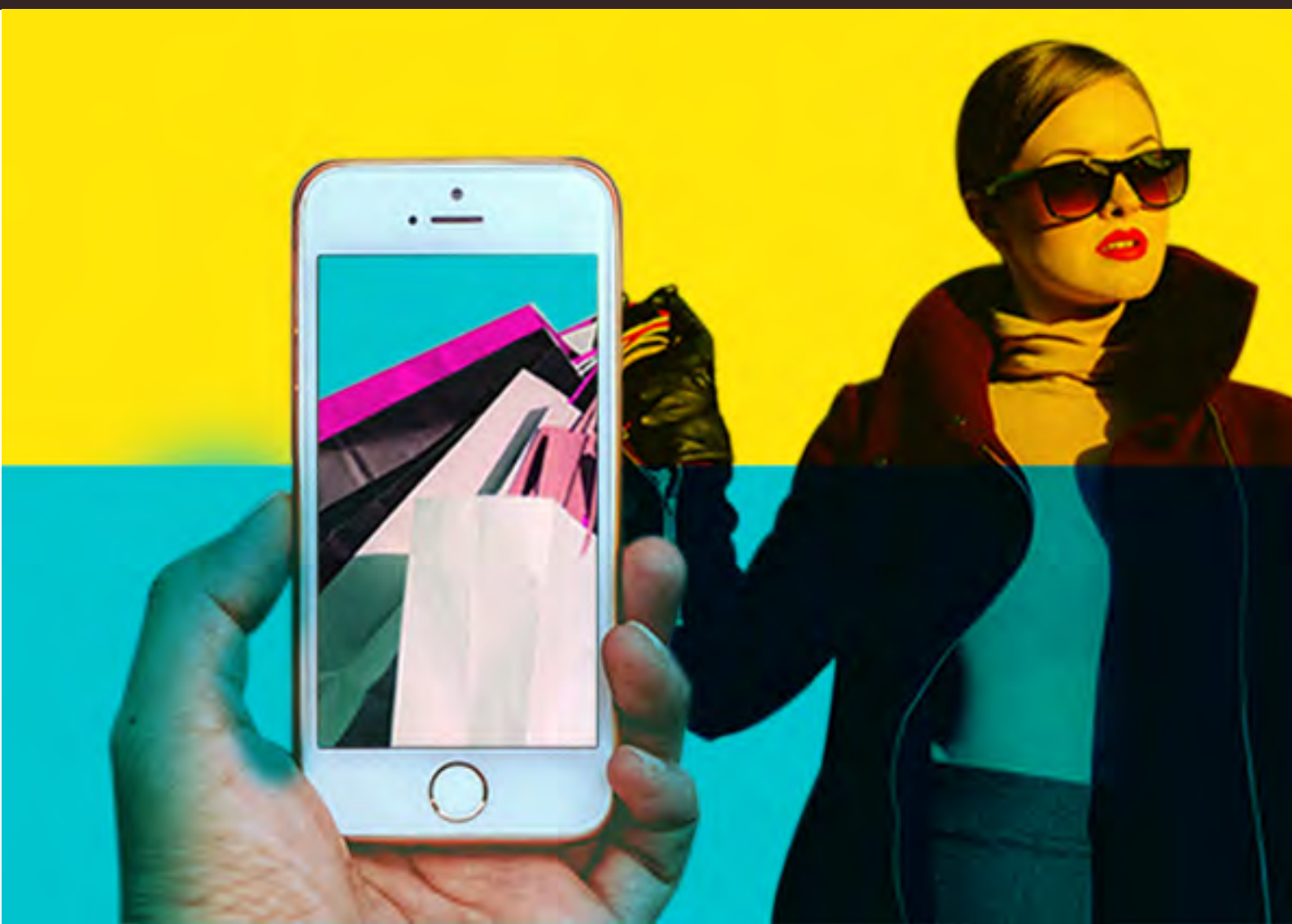
A personal touch is added in shopping, which makes ecommerce more relevant than physical stores. With iRecommend CMOs can assess the customer's purchase capacity even before making any marketing investments, and can also prioritize customers that will benefit the business most over long period. Knowing why customers are shopping, helps recommendations to be more relevant, contextual, timely and benefits the retailers to upsell and cross-sell. These factors also benefit the customers with better service which leads to increase in loyalty, retention and lifetime value of customers.



WHY IRECOMMEND OVER OTHER RECOMMENDATION ENGINES?

iRecommend covers the whole array of recommendation algorithms from collaborative filtering to psychology based recommendations. iRecommend helps smart retailers understand all transactions, visualize customer journeys and provide the insights which is needed to create a seamless customer experience.

With iRecommend retailers can deliver personalized, custom, content related recommendations. Deep analytics will help the businesses gather insights and measure success of customer's engagement and help in understanding the constant changing needs of the shoppers. iRecommend already understands the conversations customers want to have and delivers them the best with combination of psychology based and collaborative filtering based recommendations.





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About Happiest Minds Technologies

Happiest Minds, the Mindful IT Company, applies agile methodologies to enable digital transformation for enterprises and technology providers by delivering seamless customer experience, business efficiency and actionable insights. We leverage a spectrum of disruptive technologies such as: Big Data Analytics, AI & Cognitive Computing, **Internet of Things**, Cloud, Security, SDN-NFV, RPA, **Blockchain**, etc. Positioned as “Born Digital . Born Agile”, our capabilities spans across product engineering, digital business solutions, infrastructure management and security services. We deliver these services across industry sectors such as **retail**, consumer packaged goods, edutech, e-commerce, banking, insurance, hi-tech, engineering R&D, manufacturing, automotive and travel/transportation/hospitality.

Headquartered in Bangalore, India; Happiest Minds has operations in USA, UK, The Netherlands, Australia and Middle East.

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The Mindful IT Company
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SOURCE FOR STATISTICS

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