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???Peter Schultz



Let’s face it: shopping has changed forever. We are living in the “Me Economy” now. Shoppers expect brands to meet them on their own terms. They expect personalized product selection. They demand more personal and convenient ways to get what they want, whether a purchase is made in a store, picked up at curbside, or delivered to the home faster than ever. Meeting consumers’ wants and needs for personalization and convenience is not a byproduct of the pandemic, either. These changes were coming, and retailers such as Target and Walmart were adapting long before 2020. How might the grocery retail industry adapt to the Me Economy through personalization?

Grocery is different from other types of retail. For one thing, grocery as an industry has a captive customer base. You may not need a new shirt every week, but you need to buy your home eating essentials, and milk is perishable, so you need to restock constantly. But shoppers may not be loyal to your particular store; they might just as well pick up that new carton of milk at the closest store to them while they’re out running errands, which may not be the same store they visited a week ago

The key for grocers to succeed in this environment is loyalty. Loyalty is not a program or service. It is the outcome of a combination of attributes. Products need to be on the shelf. The store needs to be clean. Employees need to be friendly (in-store and delivery). Pricing is huge. The visit (online or in-store) needs to be easy. And the experience needs to feel personal.

At its root, personalization is the ability to understand your customer and communicate with them as if they are your most important customer. Personalization also means *cross-channel* personalization. Grocery retailers need to personalize a shopping experience that drives shoppers to brick-and-mortar stores. That's because grocery shopping remains a largely in-store experience. Shoppers want to touch and feel many products before they buy them, especially perishable items.

For those reasons, grocers are figuring out more effective ways to personalize the experience before, during, and after a customer visits the brick-and-mortar grocery store. The key is to design a strategy that combines data and intelligence to deliver a personal experience.

Think Strategically

Successful personalization starts with a data-driven strategy that sets up your business for success. The strategy needs to enable delivering the right product at the right time to the right customer – at every store. Doing that requires the grocer to possess completely transparent data – customer data, yes, but also real-time data about product inventory down to the store level. After all, what is the point of offering a personalized coupon offer to a customer for a product that is not in stock?

With complete and transparent data, a grocer also needs intelligence to understand the data; a smart marketing plan to execute on the insights gleamed from the data; and personalized communication to the consumer at the right time and place.

Access to data includes:

- Connected and unified systems spanning POS, inventory (on the shelf, backstock, expiring products); online ordering/picking; purchasing; staffing; and marketing (rewards program, promotions), and customer (non-PII)
- Data modernization (putting your data in the cloud). On premise data creates silo's, which can be more difficult to manage at scale.

Intelligence includes actionable and predictive insights (instead of historic data crunching) that helps Marketing optimize. With predictive intelligence, marketing can provide consumers with next best offers and recommendations before they realize they need them. Marketing also acts on intelligence to personalize content and offers to drive revenue. Not every consumer can be placed into a segment. Marketers need to think of consumers in terms of segments of one.

Personalized communications to consumers is about reaching out through the right medium for the right customer, including notifications, emails, text messages, and more. Content is king, but the difference between desired content and forced content is all about relevance and timeliness.

Roll Out a Multi-Channel Strategy

Once you have your data and intelligence aligned with marketing and communications, your store needs to figure out how to design a personalized approach that drives people to the store.

90 percent of grocery shoppers still shop in-store. Online grocery is growing at a staggering rate, but estimates indicate that only about 21 percent of shoppers will buy online by 2025. Digital remains an important tool in the decision-making process, whether they're having their products delivered, buying online and picking up at the store, using digital to browse for products – or, just as importantly, using a grocery retailer's website or app to accumulate loyalty rewards.

For those reasons, grocers are figuring out more effective ways to personalize the experience before, during, and after a customer visits the grocery store.

Before the Visit

Retailers can personalize shopping in many ways before the customer visits the store or buys online by turning their sites into smart content-and-commerce destinations. For instance:

- Recommending replacements for out-of-stock-products.
- Cross-selling complementary products. For instance, through a combination of consumer data and real-time browsing data a smart site or app might notice a customer is browsing through flour, sugar, and frosting products also bought a candle shaped like a 4 last year around this time. The site might reasonably predict the customer is interested in baking a birthday cake for a five-year old. The site might suggest additional products such as colored sprinkles, a candle in the shape of the numeral 5, or a reminder that they may need butter as part of most cake recipes.
- Combining relevant content with the purchase. As a grocery retailer collects first-party data on the customer, the retailer might suggest recipe ideas or "how-to" blog posts on topics that relate directly to the shoppers browsing and purchase history.
- Optimize price, promotions, and merchandising by reviewing delivered insights into products purchased together, customer flow and dwell time, and promotion redemption rates.

Attracting Shoppers to the Store

The real fun and happens when a brand uses personalization to attract a shopper to the store. One of the most effective ways to do that is to use price incentives. For example, a grocery retailer might offer a coupon for a free Ben and Jerry's ice cream redeemable in-store based on a shopper's purchase history, something the grocer knows they buy regularly. True, the retailer might be giving up revenue for a purchase that a Ben and Jerry's fan might have made without the incentive. But retailers who use price personalization are willing to give up that revenue in order to attract shoppers to their stores, where they're more likely to buy more while they browse products on the shelves.

A grocery retailer can use personalized offers in many other ways to attract foot traffic. For example, an app or site that knows a customer's in-store purchase behavior includes frequent purchases of Tropicana mango juice might let a shopper know when a sale on mango juice is going on in the store or create a unique offer just for that customer as incentive to visit.

In the Store and Afterward

The next frontier of personalization is happening in the store. For years, grocery store retailers have offered personalized purchase recommendations through coupons printed at the point of sale. Of course, those coupons are based on a person's purchase history. These coupons build loyalty by encouraging shoppers to return to the store. But how about offering incentives while the shopper is in the store browsing? For example, an app could cross-sell products while a shopper is using their app

to search in store – say ingredients to complete a meal that a customer is preparing for (just as an intelligent commerce platform might, as noted above).

This experience can be especially dynamic and personal when a grocery retailer uses digital shelf technologies to monitor everything from inventory levels and prices to a shopper's browsing behavior. Through a loyalty app, a grocery retailer could offer a similar product that's on sale or a new item that the grocery just started to stock, which the customer might not know about – say a private label brand that just hit the market.

The app could encourage repeat visits, too – for example, by accumulating loyalty points with each visit and offering shoppers rewards for coming back.

This scenario holds great promise, but in-store personalization is still in its nascent form. Grocery store retailers are still figuring out a number of challenges here, such as the fact that many shoppers still don't bother checking their loyalty apps while they are shopping; and no one wants to be barraged with constant offers while they are shopping. But a thoughtful approach with the shopper's wants and needs at the center can succeed. For example, the app might:

- Reward shoppers for checking their apps while in store, such as offering product deals for a limited time.
- Give the shopper the option of turning off notifications or making them less frequent.

What about Curbside and At-Home Delivery?

One of the more fascinating ways grocery retailers can personalize the experience is via curbside pick-up and at-home delivery. For example, let's say a customer's purchase for pick-up or delivery includes detergent and bleach. A grocery retailer can partner with its CPG vendor to personalize the experience by including in the order free product samples for similar products such as fabric softeners. This kind of surprise-and-delight would require the retailer to:

- Sync up with consumer packaged goods companies by sharing data on regional purchasing behavior.
- Train store associates to efficiently and quickly stock bundles with the right samples.

But grocery store retailers have the means to do all this now.

What Grocery Store Retailers Need to Do

The kind of personalization I'm talking about is adaptive and predictive – predicting what a customer will want based on their interests and having the right product on the shelves in the store at the right time. This requires grocery store retailers to combine data and intelligence to deliver a human-centered experience:

Data: treating data (usually customer data) as an asset to be properly collected and analyzed with artificial intelligence (AI).

Intelligence: using AI to quickly synthesize data into insight about everything from consumer buying trends to potential kinks in the supply chain.

Experience: drawing on intelligence to deliver a lovable, personalized experience – which is where considerations such as notification frequency applies.

Finally, the grocery retailer can and should focus on turning its site into a content/commerce platform. This is about investing in a nimble cloud-based platform, whether an app, site, or ecosystem, to deliver a reliable experience.

One way a grocery retailer can get started is to tackle a specific problem using testing tools such as design sprints. A design sprint is engineered to help businesses test and learn rapidly and cost effectively. For instance, a retailer might ask, “How do we increase usage for our loyalty app through a personalized experience?” From there, the retailer might test different approaches and test them with real customers. To learn how to get started, contact Centific.

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