

The Personalization Expectation

How 21st century consumers are driving the shift to interactivity in retail



It's been 30 years since the advent of the Internet, and a whole generation of consumers has come of age during the Digital Era, bringing with them a whole new set of expectations about how to interact with the retailers with whom they do business. In order to compete with the "personalized, push-button purchase power" offered online, retailers need to provide similar levels of personalization and targeted offerings to these modern shoppers.

It's the holiday season, and Christen Neeser, a 23-year-old self-avowed "super shopper" is about to embark on a holiday gift buying spree.

She's budgeted \$1,200 for the season and plans to purchase gifts for a dozen friends and family members.

"It's something I really love to do," she explains. "I get a genuine thrill out of finding the perfect gift for the perfect person, so I probably go overboard a little bit."

But unlike shoppers of bygone days, Christen will spend only a fraction of her shopping time—and her shopping dollars—inside a mall or other traditional brick and mortar retail establishments. Instead, just like a large percentage of her tech-savvy, smart-phone carrying, Internet-trusting peers, the vast majority of Christen's purchases will take place online.

According to comScore, a leading researcher that measures consumer behavior in the digital world, consumers are increasingly accessing retailers via the Web, through specialized applications, and even via text messaging.



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In fact, digital interaction with retailers has increased as much as 111 percent compared to the 2010 holiday shopping season, comScore's research suggests.

And while that may be good news for online retailers, it presents a challenge to traditional retailers. How should these retailers engage with today's new consumer?

"We're in a brand new world when it comes to interacting with the average consumer," says Johanne Conforme, Executive Creative Director with the internationally acclaimed ad agency Ogilvy Mather.



As "Digital Lead" with Ogilvy Mather, it's Conforme's task to come up with new ways to use digital media to capture the attention—and the purchase dollars—of consumers like Christen.

"Consumers in the 18 to 35 age range barely remember a time before the Internet, if they remember it at all," says Conforme. "For these consumers, the idea that they are able to point and click and purchase the items they want or need instantly is second nature."

So to win back consumers lost to the virtual shopping mall, retailers are going to have to find a way to engage them on their own terms.

"We are now entering a state where people are moving around and moving away from their computers and into the world," he explains. "But because of smartphones, a lot of the interaction we're having with our environment is still digital."

Those retailers who can provide a context for their digital content are the ones who will win big in the new digital economy, Conforme predicts, and one of the best ways to provide that context is through interactive digital signage, or IDS.

"Digital signage has become the standard in selling ideas to our clients so acceptance of the idea of digital communication with consumers is already there," he explains. The next step is getting retailers to recognize the power of digital interactivity.

South Korean grocer Home Plus (or Tesco as it's known elsewhere in the world) came up with an ingenious way to use IDS to capture market share by targeting customers during their commute.

In July, 2011, Home Plus unveiled a pilot program that virtualized the company's goods and projected them on the walls of Seoul subway stations. Commuters could browse these virtual grocery aisles, use their smartphones to pay for the items they wanted to purchase before hopping the train to work and find their purchases waiting on their doorsteps by the time they returned home.

And that's the beauty of IDS, according to Conforme. "These consumers needed groceries, right? But IDS gives you the ability to do what you set out to do in a completely different way."

"IDS takes the traditional idea of a sign—a static, one way message—and turns it on its head," says Neeraj Pendse, product line manager for Elo TouchSystems IDS products, a global leader in touchscreen technology and a pioneer manufacturer in the IDS market. "IDS makes signage so much more engaging. Now it's informative, entertaining, enlightening and more."

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Pendse envisions a huge expansion in the use of IDS technology. “Imagine walking through a shopping mall and having signage that could personally recognize you?, that could offer you ideas for purchases based on your purchase history, or direct you to items you might never have discovered on your own because it’s able to access information about your tastes and preferences right from your smartphone,” he says.

And while that may sound like something straight out of a science fiction movie, one popular US retail clothing chain installed signage that accomplished almost all of this—and they’ve got the consumer intelligence and ROI to prove it.

“The IDS units this retailer installed offered customers a number of benefits that static signage couldn’t,” Pendse continues.

For example, the signage invited customers to identify themselves by entering their email addresses, which allowed the store to make personalized style recommendations and offer individualized discounts on products in which the consumer had already expressed interest.

Even if a small change in consumer behavior – increased conversion rate of 5% and the same amount of increase in the average basket size – will lead to recovery of system costs plus upside within an year.

That kind of new approach to advertising is entering the global consciousness of both advertisers and consumers, says Conforme. “Whenever you hear people talking about cloud computing, and getting information out of the cloud, that’s a good indication that the world is getting ready for a significant shift in how and where we access and store information,” he explains. “And when we make this shift, everything will be digital and instantly accessible, and that changes the whole consumer experience.”



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– **Johanne Conforme,**
Ogilvy Mather
Executive Creative Director



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