

Superhuman online experiences

How AI empowers product discovery and inspiration



Editor's introduction

Do you truly know what your customers want to see on your site? Does this match with what you are showing them, both in terms of suiting their needs as well as yours?

To suggest the best content and products that satisfy both the customer's and the retailer's needs requires numerous insights. The retailer needs to understand exactly where the customer is in the buying process, for instance. Additionally, they need to know the intent of the visit as well as its context. But how many retailers actually manage all of this?

Al is one solution that helps retailers learn what customers – and others like them – are searching for. Since Al isn't foolproof, quite yet, it still needs some human intervention to maximise its opportunities.

In this white paper, produced by InternetRetailing in conjunction with Attraqt, we have surveyed 3,000 consumers, split equally between the UK, Australia and France, in order to understand more about their buying process, the role of discovery online and how much they are willing to share if they want to enable a closer relationship between retailer and customer.

In our reader survey, we talk to retailers so that we can understand how they are using AI to help them sell. We examine, in four key sections, how retailers can maximise their online merchandising opportunities. These include looking at why consumers want to discover products and content; earning the right to suggest; how listening in the moment is key; and how to achieve all this through a careful balance of AI and human intervention.

Achieving such a balance is the key to this white paper and we hope that it helps you in defining the right equilibrium for your business.



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Why AI is not a silver bullet but is an important part of the toolkit

As a society we've been through seismic shifts in how we shop and interact with brands. Ecommerce has quickly accelerated to an almost heroic position of offering convenience and a safe, easy place to buy. The clinical "Amazon experience" is often held up as a benchmark for ecommerce success. However, depending on the need of a shopper, being transactional and precise is not enough, and ecommerce needs to become more about responding to human behaviour in a way that understands the context of why a shopper is on your site, and what their goals are for being there. This can vary greatly from one visit to another, and as shopper journeys interweave across different channels, it's becoming increasingly difficult for retailers to keep consumer attention.

Discovering and buying a product can trigger a series of emotions and needs, in the same way shopping in-store does. Which is why as product discoverability changes across channels, savvy brands know that individual moments matter when a shopper is on their site. Each moment needs to deliver an experience that motivates the consumer to stay with you, to progress on their journey, from one moment to the next, until they make a decision to buy. In reality, these are the lessons successful in-store marketing, merchandising and sales teams have been putting into action for generations. Yet, as retailers rush to create these rich and personalised experiences online, many don't seem to be able to achieve this effectively. Based on the consumer research in this report, clearly shoppers feel this.

It's not enough to simply personalise the experience by presenting the products and offers which are seen to be most relevant. Today's retailers need to be able to identify and predict the actual needs of the shopper and to customise the experience to the precise reason why they are there. This requires a data-led understanding of behaviour and intent. Combined with the right investment in AI technology, this plays a fundamental role in the future of personalising ecommerce experiences, guiding product discovery, as well as unifying ecommerce teams around common goals, systems and KPIs. We know AI is not a silver bullet. Be sceptical of the hype. But recognise that it forms an important part of an evolving toolkit to solve real ecommerce problems.

With this in mind, AI technology will create new heroes in ecommerce, with new benchmarks for ecommerce success being set. Ones that are about creating a wealth of varied and enjoyable brand experiences across entire shopper journeys, ones that keep bringing shoppers back again and again.



David Newberry
Chief marketing officer,
Attragt

About Attragt

Attract powers exceptional shopping experiences for over 300 of the world's leading brands, manufacturers and retailers. Attract provides a set of API-enabled, algorithm-driven, intelligent SaaS services covering personalization, search, navigation, merchandising, recommendations and internationalization. The Attract platform builds true personalization strategies and creates differentiated experiences at scale, so our customers can exceed the expectations of today's shopper, while reaching commercial goals.

www.attragt.com



Introduction: Why discovery experiences are so important

For any customer, the heart of a great shopping experience has always been the joy of finding a product that best suits their needs, ideally with a retail experience that matches. Such a pleasurable experience is about discovery and delight – helping to build loyalty and inspiring them to return for more. But, in reality there are many experiences that take a consumer to a purchase. And all need to be optimised.

In store, such an experience would involve retailers clearly targeting their customers. It would involve sales assistants who can quickly establish what the customer is looking for, based on getting to know more about the individual or being able to see what customers like them have bought in the past.

Online, these elements of discovery are just as important. Getting the right combination of logic, emotion and maybe even surprise can be the hook that pulls the customer in and increases their lifetime customer value as a result.

In our consumer survey, we found that consumers love to discover new things – whether that's products or content. This love for discovery was highest among the French, where 59% said it was important. This compares to 42% for UK and 37% for Australian consumers.

The element of surprise

More than half (51%) of Australian and UK consumers and a third (35%) of French consumers said such recommendations were a nice surprise even when the items suggested weren't what they were specifically looking for.

This is an important point as it highlights the need for retailers to be inspiring. We found that apart from a specific need to buy something, consumers browse a retail website for several other reasons. The most important, for just over a third of all the consumers we surveyed, is research. Over a quarter want to see the latest products.

But consumers also say they are browsing for general interest. Here again, numbers in our research were fairly consistent across the three nations, with around 14% wanting to find out more about the brand or retailer, a similar amount wanting to read content they are interested in and one in ten browsing simply as a leisurely pastime.

"Shopping is not always a necessity," says David Newberry, CMO of Attraqt. "Consumers don't always just shop to buy a specific product or to satisfy a specific need, many are simply browsing the store in search of the joy of a find."

Proactively presenting products or content that best suit a customer's needs within this moment can therefore be of true value.

Why discovery needs to be personalised

This element of discovery will be different for each customer. What are they doing on your site? What are their goals – their intent? Where are they and who are they buying for – their context?

Newberry says this matching of intent with the right product, content or information, at the right time and within the right context, is crucial to success. "It's about ranking and prioritising based on relevancy to the individual at that specific moment, so that what they are looking for is easier to find."

Achieving this requires a heady mix of understanding the data you have, the type of consumer, their stage of the buying journey and the range of options

Discovery is key for 59% of French, 42% of UK and 37% of Australian consumers ••



– including product and content – available to you. Within this, the application of AI is vital, which is why we explore it later in this white paper.

How to help your customers find the unexpected

We've already said that customers love to find the unexpected. In a physical store, this can be achieved as the customer makes their way around the shop, with hot spots and themed displays inspiring them at key locations. Customers naturally filter out the irrelevant as they wander around.

Online, it can be harder to achieve, despite it being even more important. It's easy for online customers to leave when they can't find the product they want, or where what is suggested isn't relevant to them – they just click on a different search result.

Newberry says the key to a successful customer experience is a fast journey to what they are searching for. "It's about helping them to narrow their range of options as quickly as possible, by presenting products that are highly relevant and well-matched to their needs."

It's also about surprising and delighting them with extras through what Newberry calls "delivering the unexpected". This can range from aligning values – such as around ethics – to personalised offers, exclusive events, early access and even random acts of kindness.

Linking the customer journey

Ultimately, the retailer needs to understand the stages of their consumer's journey and identify at what stage they're at. According to Newberry, the journey consists of six steps:

- 1) Discovering (search)
- 2) Refining (navigation)
- 3) Assessing (listing/category)
- 4) Reviewing (PDP product detail pages)
- 5) Comparing (recommendations)
- 6) Re-engaging (post-purchase targeting)

"Connecting these visits is essential to achieving conversion, and this can be delivered through the application of AI," he says. "It helps to identify where the customer is on the buying journey and, by understanding their specific intent, is able to deliver the right experience for them at that specific moment."

Section 1: Earning the right to suggest



We know that consumers love to discover the products and content that is relevant to them. We've also realised that simply throwing a host of different options at the consumer doesn't work. They either don't notice, don't care or, like encountering a pushy sales assistant in store, will resent being bombarded with suggestions of products and content that aren't relevant to them.

Our research shows that the effectiveness of retailers' suggestions, and their customers' reactions to them, varies hugely. One in ten consumers in Australia, France and the UK say that the products suggested to them online are mostly what they are looking for. Around 40% say that while they aren't looking for the suggested items specifically, they suit them well. However, one in ten say they find suggestions annoying and aren't interested in the items.

There is clear evidence of consumer fatigue around the constant bombardment of information and marketing messages that consumers can be hit with across all channels and devices. How, then, should retailers get their customers' attention?

Why what you say or suggest must add value

Newberry says that retailers can't expect to receive the attention of the shopper unless they have something meaningful to say to them, or to offer them. Without these, consumers will turn off or, as we saw in our consumer research, simply not notice their efforts. "Retailers need to earn the right to engage, to suggest, to recommend," he says. "They cannot expect the undivided attention of the shopper unless it is valuable and assists them in meeting their goals."

Targeting content specifically works. According to Attraqt, at retailer La Redoute, providing highly targeted content for each shopper profile led to a 40% increase in click through rates directly from recommendations.

The right to suggest must also be based on trust, with the retailer proving that they can collect data such as cookies or historical viewing data from customers logging in, then use it responsibly. On this point, many retailers struggle with winning customer trust. Our consumer survey found only around one in five consumers freely share information with retailers, while around half do it sometimes. Around a quarter of the total (although a third of Australian consumers) don't like to share their information and limit the information they provide.

"Earning this right is based on the theory of mutual value exchange – consumers agree to their data being used in return for a more personalised and valuable experience," says Newberry. "This is down to the level of trust that the consumer has in the retailer to manage their data appropriately and then deliver highly relevant, consistent, value-led brand experiences."

66 Retailers need to earn the right to engage, to suggest, to recommend ??

David Newberry, CMO, Attragt

How to get it right

We've already said that consumers are tired of being bombarded by messaging. Is this a surprise to anyone in retail? Since shoppers' online experiences are shaped by giants such as Google and Amazon, other retailers must offer similarly slick experiences. They must balance what the consumer is looking for with the fact that promoting new, high margin or high inventory items needs to be a priority of marketing. "This can be achieved by ranking products based on both shopper and retailer fit," says Newberry. "We call these 'ranking cocktails' at Attragt."

Retailers need to be offering relevance, authority and the right service or product proposition at the right time. This means understanding the consumer's specific context at the moment of engagement as well as their motivation – whether that be functional or emotional. "If the right message and brand interaction occurs at the right time for a particular shopper, it's more likely to appeal to that person's goals," says Newberry.

He says the challenge for marketing and ecommerce teams it that their approach to personalisation has been based on the data to hand. When restricted to silos and teams that can lead to different data-sets and a brand or product-based approach that is retailer-centric rather than customer-centric. Instead he says marketing and ecommerce teams need to align around the customer, connecting the consumer and shopper journeys together.

"Every brand is now starting to think a lot more deeply about customer behaviour and analysing how consumers think. In a datadriven world, companies already have demographic, behavioural and transactional data to work with. Yet often they're missing detail on why people buy the things they buy. Understanding the so-called 'why behind the buy' ensures that you deliver the right offer, in the right way, with the right terms and at the right time."

8 WAYS TO WIN THE RIGHT TO SUGGEST

- Match consumer with product The more you understand both your products and consumers and the more attributes you have of each the better the match
- Have a clear product taxonomy This needs to bring structure to the entire store catalogue, to enable effective search and navigation, by customer and retailer
- A highly effective search box Able to understand any search term used, including misspellings etc. and match and rank relevant products
- 4) Category pages that highlight range
 This can bring products to life by,
 for example, showing how they are
 used to further inspire discovery
- 5) Curate assortments This can help prevent overwhelming the customer and ensure all items are relevant to the assortment theme
- 6) Filtering by preferences Allow customers to filter based on what THEY want
- 7) Product recommendations What do similar shoppers like?
- 8) Provide the extra information they need – From delivery to product reviews or sizing guides

Section 2: Listening in the moment

We've seen that consumers want to discover product and content and that retailers need to earn the right to make such suggestions. But how do they know what to suggest and when?

Behind the scenes, an entire a team of retailer staff, from merchandisers to marketers, will have decided what's important. Their activities will range from listing the right product attributes that aid the buying decision, to understanding the latest fashion trend in order to help influence product choices.

To be truly effective, the retailer needs to combine all of these efforts with what the customer wants. They need to be listening to the shopper and understanding what is happening at each moment on their journey.

This listening element is crucial. It's not enough for retailers to just engage with their shoppers based on historical knowledge or data about their customer, or by pushing what they want to sell without any thought for the customer. As we have already seen in our survey, this behaviour is quaranteed to turn shoppers off.

The better approach is to learn about individuals at every step in order to build more meaningful customer relationships and better understand buying behaviour. Since a great online experience is optimised at every point of the journey, it's vital to understand the intent of the customer wherever they are, whatever stage they are in and whatever channel they are using.

The role of intent

Do retailers truly understand customer intent? For instance, when a regular customer returns to your site, it could be natural to assume that they are shopping for themselves and browsing for their latest purchase. But are they? Could it be that they love your products so much, they have decided to gift them to someone else? In this case, suggesting products and content based on previous purchases wouldn't be helpful.

Retailers need to understand the context of the buying process and where the customer is in this decision process to understand what to show them. Are they browsing for inspiration, or are they targeted and ready to buy?

"Understanding context and intent underpins ecommerce discovery across different moments on the shopper journey," says Paul Tough, chief product officer at Attraqt." It enables brands to present highly relevant products that shoppers are looking for based on what they are searching for, or what they are doing at a particular moment."

How Al can help

How the retailer reacts to shopper behaviour must be based on what each customer is doing in that moment in order to anticipate what they might then want or need. This is where Al can be a huge help.

Al-powered search technology is an example of how retailers are able to do this," says Tough. "We ingest all the metadata we have about a product: for example, images, text descriptions, attributes, prices. Then we combine that with an understanding of how real users are interacting with that content or product at a particular moment. This is how we get a clear picture of what their discovery intent on that shopper journey is, and respond to it with the right prediction that serves a relevant experience or product match.

Understanding context and intent underpins ecommerce discovery across different moments on the shopper journey

Paul Tough, chief product officer, Attragt



This process is continuously refined and used to develop a deep, contextual understanding of every shopper who eventually joins that journey with a search query. This is where the real value in AI happens – the algorithms are able to derive insights and patterns, continuously learning and predicting based on every instance of shopper behaviour. "

Fashion retailer Kooples worked with Attraqt to make recommendations based on the contents of the customer's basket – meaning that the retailer was listening to the customer in the moment. Kooples achieved a 9.5% increase in average basket value as a result.

Training the data

Training systems with the right data to enable this is a vital part of the process. This is achieved by developing the patterns and ascertaining the learning from data and context in order to create a model that will then be used by the algorithm to promote the right products and content at the right time.

In our reader survey, half of those surveyed said that they use AI within their business for the onsite experience, although nearly half found feeding AI with the right training data a challenge. A third haven't done any training and one in five just do the initial training.

Only 17% said that they regularly update their training data. Those that do override or tune their AI to better understand and listen to their customers have several reasons for doing so. Some don't touch the data in the hope that the AI will better learn. "We don't override because we want the AI to learn with more and more datasets and not change the training regime," said one survey respondent.

Others intervene only when they think the system is encountering something it may not comprehend. "We generally try not to but if there was a factor that wasn't exposed to AI, we would potentially step in," said one respondent.

Another said they intervene only for new products. "We do it to prioritise specific products we want to push that are newly released and therefore do not have any history for the Al to use," said the respondent.

This need for human intervention is explored in more depth in our next section but for many product areas, a combination of Al and human is required. One respondent said that in his particular market, there can often be compatibility issues between items. "This means that in some cases, we have to train the Al to understand that certain products are not compatible with others."

Another said that it's been important to step in because of the exceptions of 2020. "All is only as good as the data that goes into it, and the stability of the market and user behaviour after those predictions are made. With the volatility across both of those aspects this year it has been important to provide manual interventions at times where results are far from expectations."

Section 3: The crucial roles of human and AI

The journey to discovery and delight relies on delivering the right customer experience – one that's relevant to the customer but that also helps to deliver on the commercial goals of the retailer.

We've seen that listening to the customer in the right moment helps retailers to understand their context and intent. Retailers can use Al to gather online shopping behavioural data in real-time, extract insights, understand intent and predict behaviour or actions. With this information, they can fine-tune what they are doing to deliver the right cross-channel journeys and experiences that are supplemented by available historical profiling data, such as purchase history and demographic information.

We have also begun the see that the real value in Al lies in its ability to continuously learn and predict based on behaviour at key moments of the customer journey. "An example of this is its ability to deliver personalised rankings and product recommendations at specific moments," says Tough.

"By identifying relevant activity and signals, the AI creates a set of behaviour patterns and segments the customers by clusters. It is then able to recommend items that reflect their interests and real-time behaviour, based on other shoppers who have acted in a very similar way. This might include weighting product rankings and recommendations based on how shoppers in the sale cluster engaged with best sellers. Here, AI is really effective in using data from similar segments to quickly guide shoppers to the product they would most likely want to buy."

The technology is both clever and valuable – allowing retailers to process and ingest data faster and more efficiently than human beings could ever hope to. But as we saw with the respondents to our survey in the previous section, it isn't failsafe. Retailers need to stand by to intervene. Humans still have a valuable role to play, whether that's the compatibility issues our retailer identified in the survey, or just dealing with the peculiarities of 2020.

The need to be smart

"Your algorithms can be very smart when it comes to analysing a specific task but dumb when it comes to being able to see the bigger picture," says Tough. An instance of this is that although the AI may produce what looks like the right results for the customer, it may not balance such results with the commercial value to the retailer. This might end up with recommended products that are more valuable when sold in combination with higher value items being sold out prematurely.

"Smart automation has its limitations and AI must rely on strategic human intervention at key junctures in the shopper journey," says Tough. "Analysing how these highly efficient algorithms contribute to commercial goals or the 'big picture' is something humans can do very well. It's a partnership of human-algorithm that always yields the best results."

A Your algorithms can be very smart when it comes to analysing a specific task, but dumb when it comes to being able to see the bigger picture

Paul Tough,

Attraqt

chief product officer,

Tough also explains that it's important that staff feel that they can challenge the technology. "One of the big lessons of AI is that it can be 'black-box' magic. Sometimes it will produce false positives, so it's important to understand how the algorithm works and continuously interrogate its performance. You may think it works brilliantly on one day and then give seemingly bizarre results the next. It's just a tool that supports our ability to mine a range of data in real-time and enrich a user's experience. But like any tool, it needs to be maintained and optimised. Otherwise, you'll end up with a situation of a rogue or 'Frankenstein' algorithm."

Getting the balance right

To get the best results, Tough says that retailers should be careful not to give the algorithm too much data, as this could be used to infer relationships that do not exist. Retailers therefore need an experienced data science team with proven algorithms to work from, or the inbuilt ability to continuously A/B test against KPIs.

Al can help optimise product display. It does this by applying rules based on product data to influence how results are sorted overall, based on sale items, stock availability, pricing strategies and any other information that would make you want to adjust list ranking of any item. The automation of this 'boost or bury' process is a dream for merchandisers, says Tough, but it's one that can become a nightmare when teams are unable to override the Al in instances where strategies change or simply aren't working.

The role of AI in the future of retail

We can see that AI is already playing an influential role in retail. Half of our survey respondents are already using it to help improve their onsite experience. But although 56% say that it has delivered on its promises when it comes to online merchandising, that still leaves 44% who believe it hasn't yet.

"AI, as it stands, has not yet met its full potential," agrees Tough. Yet he believes its role will accelerate in its influence - across customer service, omnichannel journeys, personalisation, inventory management and performance analytics.

"We already see the first signs of how AI is democratising ecommerce experiences," he says. "It is no longer only reserved for big corporations with deep pockets and in-house data science teams. Advances in technology have made AI more accessible and are making it possible to bring advanced personalisation capabilities to companies small and big alike. Seasoned retailers and brands are now starting to develop their own personalisation algorithms to create unique and differentiated experiences that help them stand out from the competition."

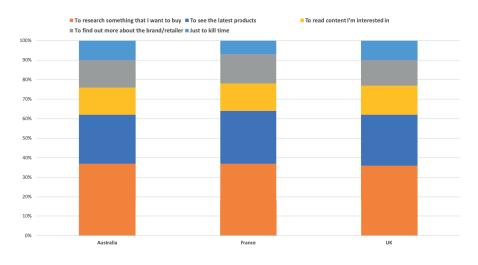
The balance remains critical, cautions Tough. "It is only as good as the data it ingests and relies on human intervention to deliver a human ecommerce experience. As such, we believe that building differentiated and individualised experiences is best achieved through a combination of Al and human expertise."

THE BENEFITS OF AI IN DRIVING SEARCH AND PRODUCT RECOMMENDATIONS

- Higher number of returning customers due to an enhanced shopper experience
- Improved customer retention and sales due to more relevant product recommendations and the fact that shoppers are able to find what they are looking for faster
- A personalised, connected shopping experience across the customer iourney
- Greater team efficiency since AI helps scale tasks, automates mundane tasks and frees up staff to focus on value adding tasks
- Helps identify the business strategies that are most likely to result in shopper conversion

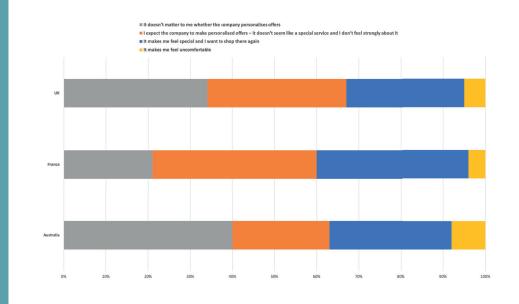
The consumer view on discovery





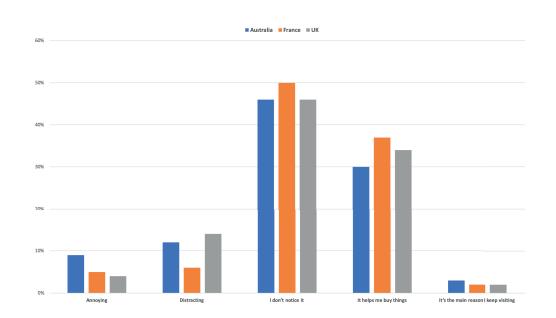
For nearly a third of consumers personalising offers means they return for more

1/3



Nearly half of consumers don't always notice the extra content you provide

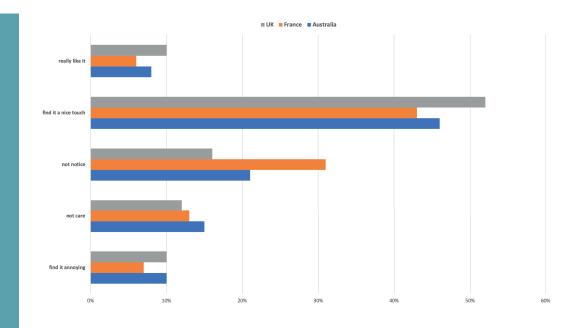
50%



SUPERHUMAN ONLINE EXPERIENCES

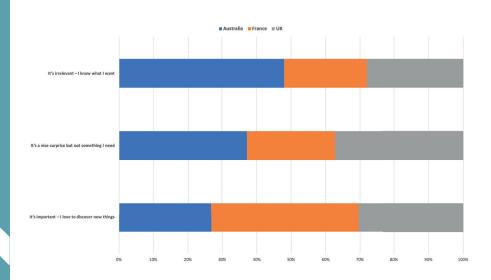
More than half of consumers appreciate personalisation efforts

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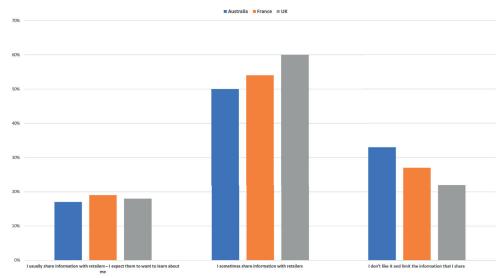


Consumers love to discover new things when shopping... even when it's not something they need



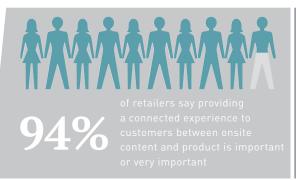


Only one in five consumers are open with the information they share with retailers



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Retailer results



HALF

ADDITIONAL consideration for retailers wanting to achieve better

data consolidation

HALF

The effort required presenting an onsite experience for sales effectiveness has reduced

20% it's easier now



time retailers are needing to override or tune their Al

And there are a number of reasons why, according to survey respondents

Of those who use AI within their solution more than half don't train the AI to understand the business, products and customers themselves

> We don't do any training we just use the supplier's setup

33%

Our range is too small/niche/ fast changing to support training

Our supplier does this for us

10%

We did an initial training (key words, current catalogue, website data)

We undertook extensive training activity including competitor sites, peers, social media and consumer media

train the Al to improve once they've beaten it with manual over-ride

We regularly update the training data (either manually or linked to our site updates)



46%

Regularly monitoring the system, or getting vendors to do it for them, is the most popular way that retailers ensure their Al is reacting to the right datasets within their organisation

Retailer focus

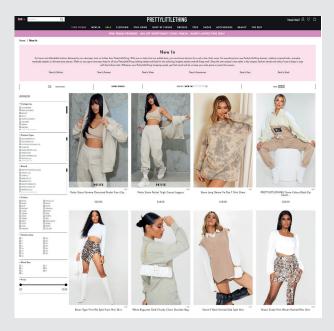
PrettyLittleThing www.prettylittlething.com

At PrettyLittleThing, using AI to help improve the search experience has been key to turning browsers into customers. The company says that it has seen a multimillion uplift in incremental revenue across its UK and French sites as a result of Al-powered search functionality.

The fashion retailer has been working with Attragt to improve the effectiveness of its long-tail searches. Although difficult to optimise, such searches made up 15% of the overall search volume for PrettyLittleThing. However, the existing search algorithm was using approximations and therefore wasn't proving effective.

The retailer turned to Attraqt's Al-powered search. This scanned all available information about a product and then combined it with natural language processing, deep learning and computer vision to build a comprehensive semantic representation of each product. This allowed the AI to understand the underlying intent of the customer in their search request and match products to it, even when specific terms weren't actually mentioned in the original search request. An example of this is understanding the intent in previously ambiguous searches, such as learning to associate 'baggy' with 'oversized'.

The self-learning algorithms work in the background of the system while the company's merchandising system is still able to have control over how search is managed. This leads to a balance of AI intelligence and human common sense when required.



The system has worked well. The greater understanding it has given has meant the retailer almost always being able to suggest some products, with its zero results reducing by 97% to 0.1%.

On the UK site, there was a 7% decrease in refined or rephrased searches, meaning that the retailer now understands consumer intent faster and more easily, even when the consumer isn't very clear about what they are searching for.

Conclusion

While consumers love to discover, retailers still have to earn the right to suggest. Getting this balance right, through a combination of Al and human intervention, can lead retailers to higher sales, better engagement and increased lifetime customer value.

If a retailer can truly understand customer intent and context, it can suggest the right products at the right time. As our consumer survey has shown, customers love the retailers that achieve this. For retailers it truly enables superhuman online experiences.

KEY LEARNINGS

- moments on the shopper journey is as important as delivering an efficient transactional shopping

- to customer needs



A white paper produced by InternetRetailing in association with Attraqt