



Guide  
Retail Omnichannel Customer  
Engagement

# Level up your retail CX with AI-powered personalisation

Five principles for boosting sales  
and CX, while reducing costs.

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Leading brands used to be built with advertising. Today, they're built through powerful, personalised experiences.

### **The power of personalised experiences**

At their very best, personalised retail experiences combine business insights, human empathy, and technological innovation. They allow brands to recognise and serve their customers more efficiently, while creating loyalty and trust—and additional revenue.

For more than 20 years Nuance has helped leading brands deliver personalised experiences just like these through our AI-first approach; building better customer experiences, all around.

Over the next few pages, we'll explore the fundamentals of effective personalisation and share five principles to guide your personalisation initiatives—whether you're trying to solve a specific business challenge like improving your conversion rates, or you're simply looking to level-up your customer (and agent) experience.



# What's the first thing you think of when you hear the word "personalisation?"

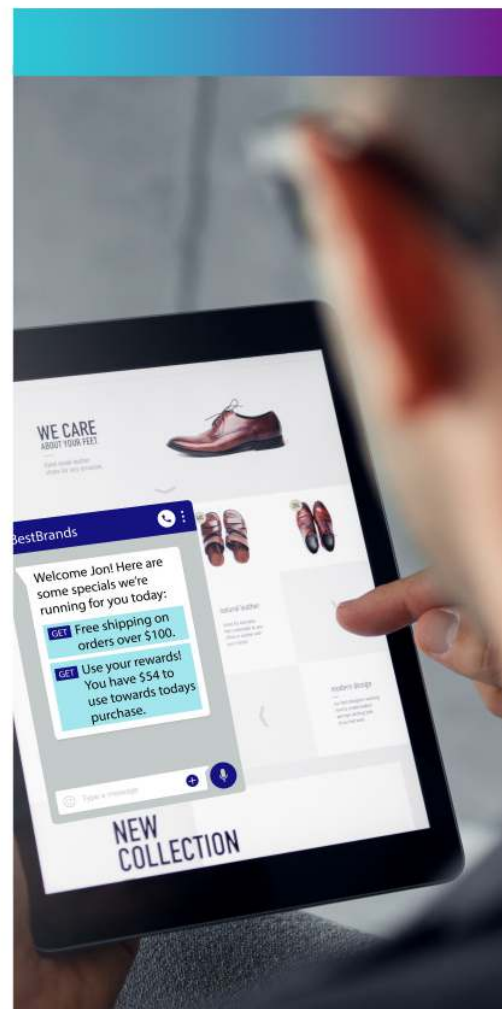
## Let's get up close with personalisation

For many, it's the experience of visiting an online retailer and being greeted by products we might want to buy based on our previous purchases or browsing patterns. This is a testament to the impact of Amazon's pioneering work on recommendation algorithms. The company's ground-breaking advances include recommendations based on similarities between products, not customers, and the chronological sorting of data before being input into neural networks.<sup>1</sup>

But maybe the word "personalisation" doesn't make you think of online shopping. Maybe you think of an electronics store suggesting a sound bar to go with your new television, or the sweaters an apparel retailer believes you'll like. Maybe you think about your pharmacy knowing who you are when you call to refill a prescription. Or a supermarket's virtual assistant checking if you want to default to your usual curbside pickup preferences.

The reality is that personalisation comes in many flavors—and most all of them are well received. As customers, we enjoy feeling "known" by our favourite brands; and our favourite brands enjoy that we're less likely to leave them for a competitor that doesn't already know our taste in clothing, or high-top trainers, and that we always pick up our groceries from the store on Oak Street.

But whatever the experience your company is looking to personalise, one thing remains true: Effective personalisation starts with first knowing who you're talking to.



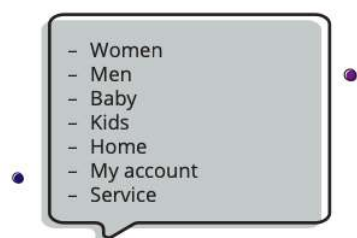
Customers enjoy feeling "known" by their favourite brands. Greeting them by name, with products that fit who they are, based on browsing patterns, and purchase history delivers convenience while bolstering your sales.

<sup>1</sup> <https://www.amazon.science/the-history-of-amazons-recommendation-algorithm>

You might be surprised to find a conversational AI expert saying that the most personalised experiences aren't the most "conversational." But if you take an AI-first approach to personalisation, that's the only logical conclusion.

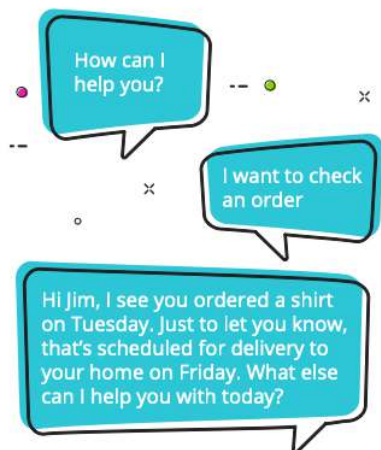
## What AI-first personalisation looks like

To understand why, we need only look at the rapid evolution of automated self-service experiences.



### Directed dialogue – “Tell me in my words”

In its simplest form, automated self-service enables generic “one to all” or “one to many” engagements. Whether through a basic chatbot or a menu based IVR, a customer is typically asked to, “Please select from the following options.” This is an impersonal experience on every level yet is the most common way to engage with a brand today.



### Open dialogue – “Tell me in your words”

More sophisticated automated self-service engagements allow customers to express their needs in their own words.

A virtual assistant (VA) combines conversational AI and contextual data to understand the customer's intent as expressed in their natural speech. For example, the customer may say (or type) “I want to look at brown ankle boots,” “I’m looking to get a service appt,” or “I need to check a delivery.” Some advanced VAs can even complete such tasks for the customer, accessing the relevant business systems on their behalf.



“With AI, the most personalised customer conversations can involve very little conversation at all.”

— Seb Reeve, Conversational AI Evangelist



Interactions with more sophisticated VAs *feel* more personal because they're more like an interaction with a human. But in some scenarios, it's possible to take AI-first personalisation even further and create experiences that are truly "one to one."

### "I already know."

Let's take the example of a customer calling a furniture retailer after delivery of their living room set has been delayed.

They reach the store's IVR, which is powered by an advanced virtual assistant. The VA uses call validation to identify the customer based on the phone they're using, and voice biometrics to seamlessly verify their identity. It can then personalise its greeting based on the customer's recent interactions with the brand, saying, "Hi Michelle. Are you calling about the delayed delivery of our living room set? Our apologies for the issue—I can provide some alternative dates that might work for you."

If the customer decides it's easier to look at these options on their laptop, they can move across to a web engagement without losing any context: it's an entirely seamless, highly personalised experience.

### "Here are some options."

But even this experience could be improved. The furniture store could predict the customer's need to reschedule and proactively contact them—through their channel of choice—to offer several optional delivery windows that may match their availability at home.

In this case, AI-first personalisation can actually save a customer from having a conversation with a brand; it personalises experiences to the point where many customers don't need to take any action at all. In fact, a survey and subsequent article by the Harvard Business Review found that you don't need a lot of bells and whistles to instill loyalty, you only need to make doing business easier and if possible, anticipate future needs or issues. This is the ultimate in personalisation—removing any work at all and acting on the customer's behalf for the best outcome.



## CASE STUDY

### Personalisation in practise at a top 3 global retailer

A top three global electronics retailer implemented Nuance Conversational IVR to help solve its customer support challenges. They can now predict a caller's intent before they say anything, with a 70-80% intent success rate—this means that the system uses Nuance AI to predict what the customer needs and connects them to the right department.

"Since the IVR's initial launch in 2015, we've continued to work closely with Nuance to improve the service, taking a flexible and agile approach to new deployments—our customers see major benefits from that."

— Customer experience leader, top three global electronics retailer

# The five principles of successful personalisation in retail

For brands keen to bring this kind of AI-first personalisation to their own customers, there are a few key principles to keep in mind.



## 1. See it from the customer's point of view

This first principle may seem obvious, but it's surprisingly easy to overlook. There are many reasons to personalise customer engagement: to reduce cart abandonment, to increase sales, to mitigate agent fatigue, to reduce fraud, to bolster your brand's reputation, and so on.

But whatever your primary objective, it's important to start with your customers. To understand why, put yourself in the following situations.

- You've called a home improvement store to schedule an installation and you're greeted with, "Hello [Your Name], are you calling about the windows you just purchased?"
- You're driving home from the hardware store, and they message you to say, "Based on your recent purchases, we see you're remodeling your kitchen. Would you like 10% off your next purchase?"

In both instances, the personalisation is offering genuine value to you as a customer. But for most people, the second scenario tips over into "creepiness." (There are plenty of ways to deliver location-based personalisation that doesn't feel "unsettling." For example, a wireless retailer might proactively send a customer a link to appropriate roaming packages as soon as they touch down in another country.)

Personalisation will always be a delicate balance—as customers, we want to be known, but not "too" known. Putting yourself in your customer's shoes is the surest way to get this balance right.

## 2. Be proactive and be timely

Nothing shows a customer you understand their needs like reaching out to them at the perfect moment to save them future worry or effort.

Imagine you're a supermarket with a large volume of home deliveries, but experiencing a localised power outage. With a little help from AI, it becomes easy to proactively message your affected customers about potential impact on deliveries—explaining the issue and providing regular updates on your work to restore their service.

Through this proactive, timely, personalised engagement, you address your customers' most likely questions, reduce frustration, and even prevent a spike in calls to your contact centre.

You'll also want to personalise your proactive engagements to reflect each customer's channel preferences. For instance, if you know that Alisha always reaches out to you using WhatsApp, you could do the same when you need to tell her about upcoming changes to her order.





### 3. Recover gracefully

No retail brand gets personalisation right 100% of the time. But the smartest understand that even a personalisation “fail” can be turned into a positive customer experience. The key is creating a path to recovery.

Let’s say you buy a pair of trainers online. They arrive the next day—just after you’ve seen the same pair for £20 less on another site. You sign into the retailer’s app to see if they’ll match the price.

The retailer’s chat is front-ended by a VA. Based on all the data it has at hand, the VA makes its best guess as to why you’re getting in touch. It says, “Hi [Your Name], are you happy with your trainers in purple?? If not, I can help you arrange a return.”

You say, “The trainers are great! But I’m hoping you can match a price I’ve found online?”

The VA immediately starts walking you through the retailer’s price match process, and you’ve soon arranged the refund you were hoping for. The VA has delivered a great, personalised experience—it asked a relevant question, and didn’t waste your time—despite initially misdiagnosing your issue.

In this sports trainers example, you’re likely to feel pleased with the personalised service and purchase again. The brand was responsive and easy to do business with, creating more loyalty. Additionally the retailer didn’t lose a sale and potentially a customer, it was a win-win.

As always, the key to recovering gracefully is seeing the interaction from the customer’s perspective.



The key to recovering gracefully is seeing the interaction from the customer’s perspective.

## 4. Personalise automated *and* human experiences

So far, we've spoken mainly about personalisation in the context of automated customer engagements.

But there will always be times when a customer needs or simply wants to speak to a human being: When they can't find the answer themselves, or when they need to feel human empathy and reassurance. And when they do, continuing that personalisation is the key to creating a better experience for both customers and agents.

AI can help human agents personalise the conversation. As we discussed earlier, AI-powered biometrics can authenticate the customer in seconds, allowing the agent to focus on establishing their need, not their identity. Then, AI can support the agent throughout the interaction—serving up details regarding the customer's service or purchase history, recommending relevant products, and suggesting next steps. It can even analyse customer sentiment and predict CSAT, guiding the agents' reactions and responses.

One great way to make live agent experiences feel even more personal (and to manage contact centre traffic volumes) is to offer customer service via asynchronous messaging.

Asynchronous contact gives your customers the freedom to pause their conversation while they drive the kids to school or jump into their next meeting—just like they would pause a text conversation with a friend. When they're ready to continue, the agent still has all the context they need to pick up exactly where they left off—seamlessly and hassle free.

Leading retailers that have already embraced asynchronous conversations are even finding that it helps them to drive increased revenue: One wireless retailer that adopted the technology saw a 12% revenue increase in a single channel. When the carrier examined their data, they found that when customers had their questions answered or issues resolved quickly and effortlessly, they were more likely to enquire about add-ons like accessories, new devices, and plans.

12%  
revenue increase in a single  
channel at one telco that adopted  
personalisation technology

### Personalisation in practice—across agents and AI

One of the largest wireless retailers in the US has been working with Nuance for over 12 years. More recently, the company took advantage of our open APIs to integrate its Nuance Live Chat platform with a third-party VA and IVR—enabling seamless customer engagement across automated and live agent interactions.

#### FEATURED OUTCOMES/ STATISTICS

100%

outbound sales  
chat provided by  
Nuance agents

50%

increase in CSAT  
scores over 3 years

38%

increase in conversion  
rate over 3 years



## 5. ABO (Always be optimising)

Our final principle for creating powerful personalised experiences is to keep looking at your engagement data. Keep analysing what's working, and what isn't. And always be optimising for ever-greater success.

Optimising begins with analytics, processes that work, and being flexible. Knowing what steps or channels in the process are not working. The devil is in the details and in simple terms, you can't fix what you don't acknowledge.

If you choose a solution vendor with both deep expertise in your industry and the ability to do facilitate or guide in the optimisation, the right vendor should be able to do both of these from day one. And once you've

set that high bar for success, they should be able to help you push it higher and higher.

A great vendor will also be flexible enough provide a strong DIY toolset to allow you to create and implement your own optimisation plan, have a robust team of AI experts available to do it all for you, or to provide a hybrid of both, that puts your brand in the driver's seat.

Select a well-established vendor, and they'll be able to guide you based on learnings from across their customer base, not just from within your own business. At Nuance, for example, we're able to draw on the insights we gain supporting 31 billion customer interactions and 8 million authentications every year.

## Conclusion: Personalisation that serves everyone

The power of successful personalisation is easy to grasp. Just think about walking into your local café and hearing the server say, "Hi there! Flat white coming up! Oh, and you know what? We've got those red velvet donuts you love fresh, out of the oven!"

This sort of personalised experience feels great for you, for the server, and for the business (which has very likely just upsold a donut.)

Today, with the help of the latest conversational AI and biometrics technologies, it's possible for retailers to deliver similar levels of personalisation remotely, and at scale.

So, when a customer contacts you, your agent can greet them by name, know what they're likely calling about, and what else they might be interested in—if your IVR hasn't already saved them the conversation by anticipating and resolving the customer's need directly.

As you build out your own personalised experiences, just remember:

1. Put yourself in the customer's shoes
2. Be predictive and proactive, and save conversations
3. Recover gracefully when personalisation misses the mark
4. You can (and should) personalise both automated and human engagements
5. Optimise. Optimise. Optimise.

Simple steps to help create frictionless, efficient, loyalty-building experiences that your customers and your brand will love.

### LEARN MORE

Visit our [Retail CX Resource Hub](#) for the latest videos, guides, on-demand webinars and more to help take your customer experience to the next level. Or email [cxexperts@nuance.com](mailto:cxexperts@nuance.com) for more information.





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[Nuance Communications](#) (Nuance) is a technology pioneer with market leadership in conversational AI and ambient intelligence. A full-service partner trusted by 77 percent of U.S. hospitals and 85 percent of the Fortune 100 companies worldwide, Nuance creates intuitive solutions that amplify people's ability to help others. Nuance is a Microsoft company.

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