

E-commerce Insights

3 Ways Interactive
Guided Shopping
Delivers the Future
of Authentic
Personalization



Custom content for Skafos.ai by Retail Dive's Brand Studio

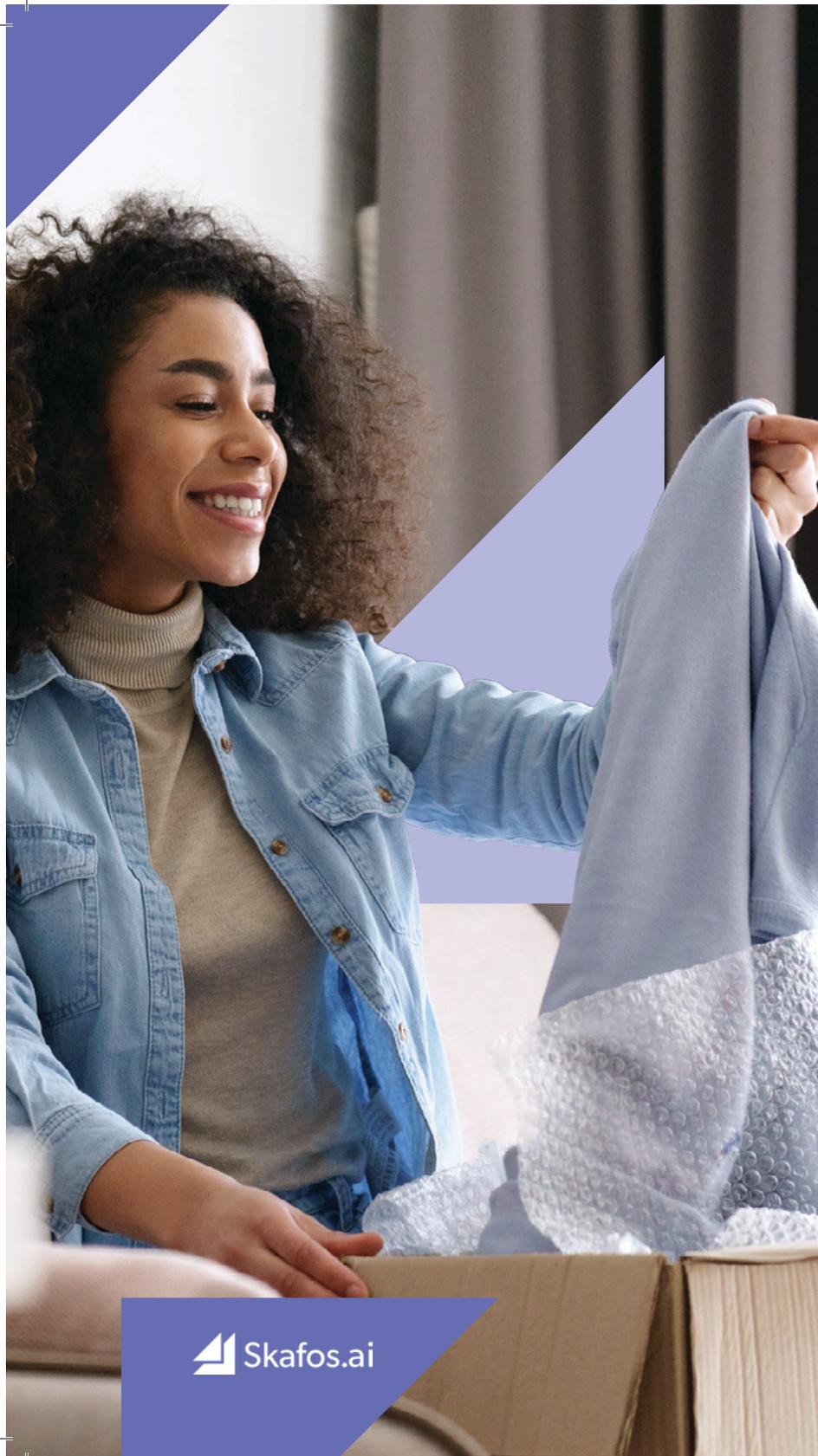


Established retailers have historically prioritized customer-centric, in-store shopping, treating e-commerce as a secondary source of sales and order fulfillment.¹ But e-commerce has grown into a \$3.46 trillion industry² that cannot be ignored – and a signal boost from the COVID-19 pandemic contributed a 49% boost from March to April in U.S. e-commerce sales.³

As consumers turn to e-commerce more rapidly during this “new normal,” it’s quickly becoming clear that traditional, transactional online shopping is not enough. Retailers that want to capture customer attention and loyalty need to find a way to bring the desirable elements of in-store shopping – personalized product discoverability and customized browsing – into the online experience.

“What the pandemic has highlighted is how essential physical retail experiences are to our well-being. E-commerce is cold and transactional. It’s the difference between buying and shopping.”

Trevor Sumner,
CEO of Perch⁴



“Before COVID-19, omnichannel was a key strategy for retailers where online transactions were primarily in place to support in-store shopping,” said Jody Stoehr, chief revenue officer at Skafos.ai. “In-store, customers can see what they’re looking for and quickly, visually, narrow down the products they want to purchase, perhaps researching and even finalizing the purchase online. COVID-19 has changed what customers want from the online shopping experience. Retailers and brands that can bring more visual interactivity to that online experience, combined with real-time personalization, will be able to merge the best parts of browsing in the online and offline shopping experiences.”

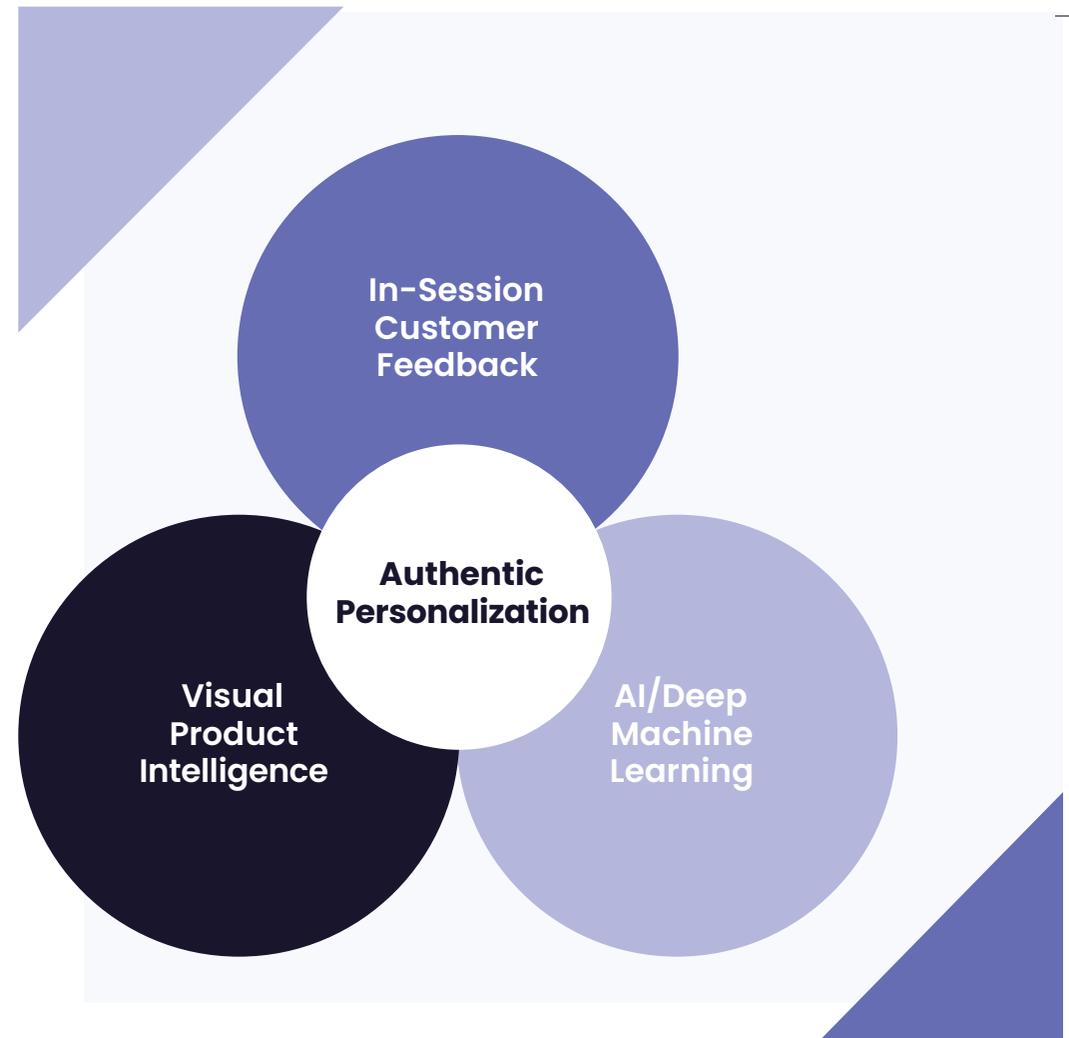
“Interactive guided shopping turns a one-way transactional e-commerce process into a two-way engagement that allows for a more authentic personalized browsing and shopping experience.”

Jody Stoehr,
Chief Revenue Officer at Skafos.ai

Understanding Interactive Guided Shopping Technology

Interactive Guided Shopping (IGS) closes the gap between the online and offline experience, allowing e-commerce retailers to authentically personalize the process of discovering relevant products for the shopper by capturing in-session customer feedback and delivering intuitive interactive shopping experiences instead of one-way transactional ones.

Many consumers and e-commerce brands have experienced basic meta data product intelligence & AI technology over the past decade. But the latest technology takes advantage of advanced visual AI and machine-learning algorithms to elevate the experience beyond standard search and recommenders. It delivers more than visually similar results – it recognizes and personalizes those results to each unique customer's

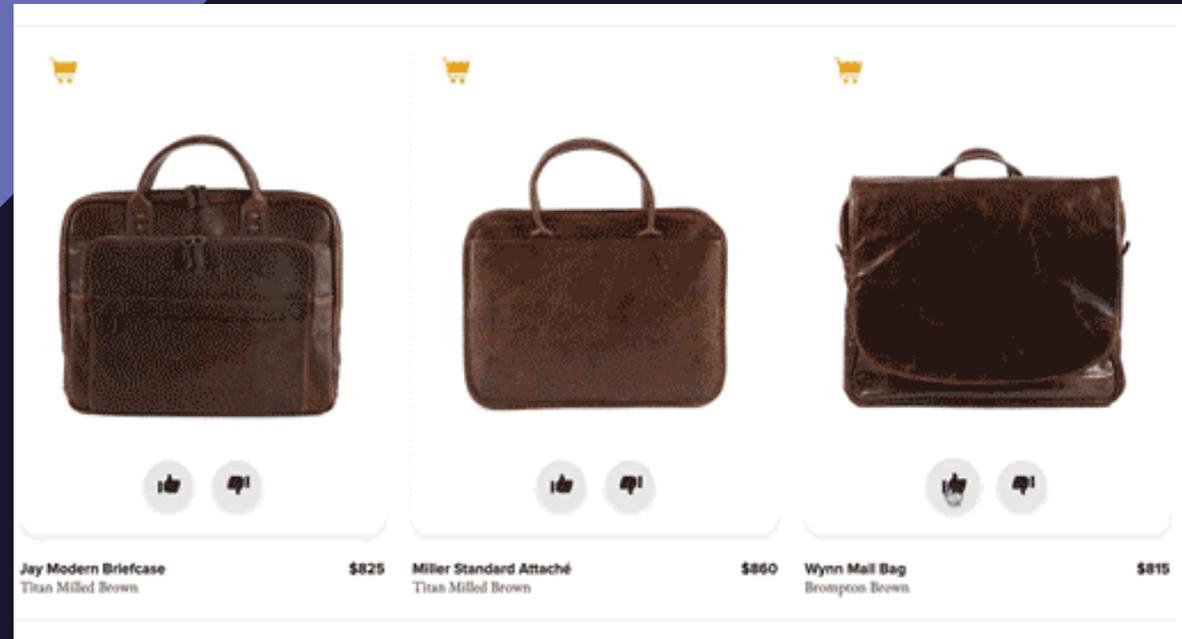


browsing session and by **direct in-session customer feedback**. At the core of this technology platform is Authentic Personalization powered by Skafos.ai.

Authentic Personalization allows customers to browse and shop more effectively on their terms making them the true expert of their shopping experience. While e-commerce stores typically try to minimize calls to

Example of IGS

Based on the customer interactions, the product assortment adjusts in real time toward their preferences built upon visually similar and more favorable meta data.



action to focus customer behavior on checking out and making a purchase, this technology makes room for the fact that sometimes you don't know what it is a customer is looking for. And if you make it easier for them to find it themselves, instead of guessing where to lead them through a complex site navigation, they'll have a better shopping experience and end up buying more, ultimately becoming more loyal to the brand.

"Predictive systems with AI and machine learning are no longer the sole domain of big companies with heavy R&D and large web-operations budgets,"

said Michael J. Prichard, CEO at Skafos.ai. "At, Skafos.ai, we now make it easily accessible to growing e-commerce brands whose focus is to make their online shopping experience more simplified and authentic to their customers."

Interactive guided shopping closes the gap between the online and offline experience in three important ways: allowing e-commerce retailers to authentically personalize the process of discovering products, capture customer preferences in real time and, deliver truly interactive shopping instead of one-way transactions.



Here's how IGS closes the gap between the online and offline experience:

1. Enabling Interactive and Authentically Personalized Product Discoverability

Product discoverability is essential to increasing cart size and ensuring customers find what they need when they visit an e-commerce store.⁶ But most e-commerce retailers have to choose between showcasing their visual brand storytelling and showcasing their product catalog. Until now, it hasn't been possible to do both at the same time, making it difficult for customers to locate what they're looking for if it's not directly related to those images or products, or if they begin to shop not knowing what they want.

"Many tools that help with product discoverability and visual AI require a lot of work on the back end, which isn't practical for a small team with the volume we sell," said Elizabeth Stroud, vice president of bags and accessories at Moore & Giles. "The ability for a tool to update itself and get smarter about the recommendations it provides based on what individual customers are actually doing is invaluable. It's surprised us with some pairings we never would have thought to recommend to our customers but are, in fact, really popular."

In one example, Stroud recounted Moore & Giles' expansion from men's leather goods into women's leather goods as well as furniture. While it might have been natural to assume that men were purchasing men's products and women were purchasing women's products and to, therefore, serve those recommendations throughout the shopping experience, what the team found was surprising.

In reality, there was a lot of crossover between men shopping for women and women shopping for men. Using interactive guided shopping, Moore & Giles could serve the most relevant products based on what customers were likely to check out, not based on assumptions about what they were looking for, which might have led to a lack of awareness about other products.

"Interactive guided shopping allows customers to browse a bit more effectively," Prichard said. "While e-commerce stores typically try to minimize calls to action to focus customer behavior on checking out and making a purchase, this technology makes room for the fact that sometimes you don't know what it is a customer is looking for. And if you make it easier for them to find it themselves, instead of guessing where to lead them, they'll have a better shopping experience and end up buying more."



"Enabling your customers to find that unique thing they're looking for is incredibly challenging. However, if applied correctly, interactive guided shopping is a tool that will outperform previous methods because it enables a conversation between the brand and customer using simple and clean images."

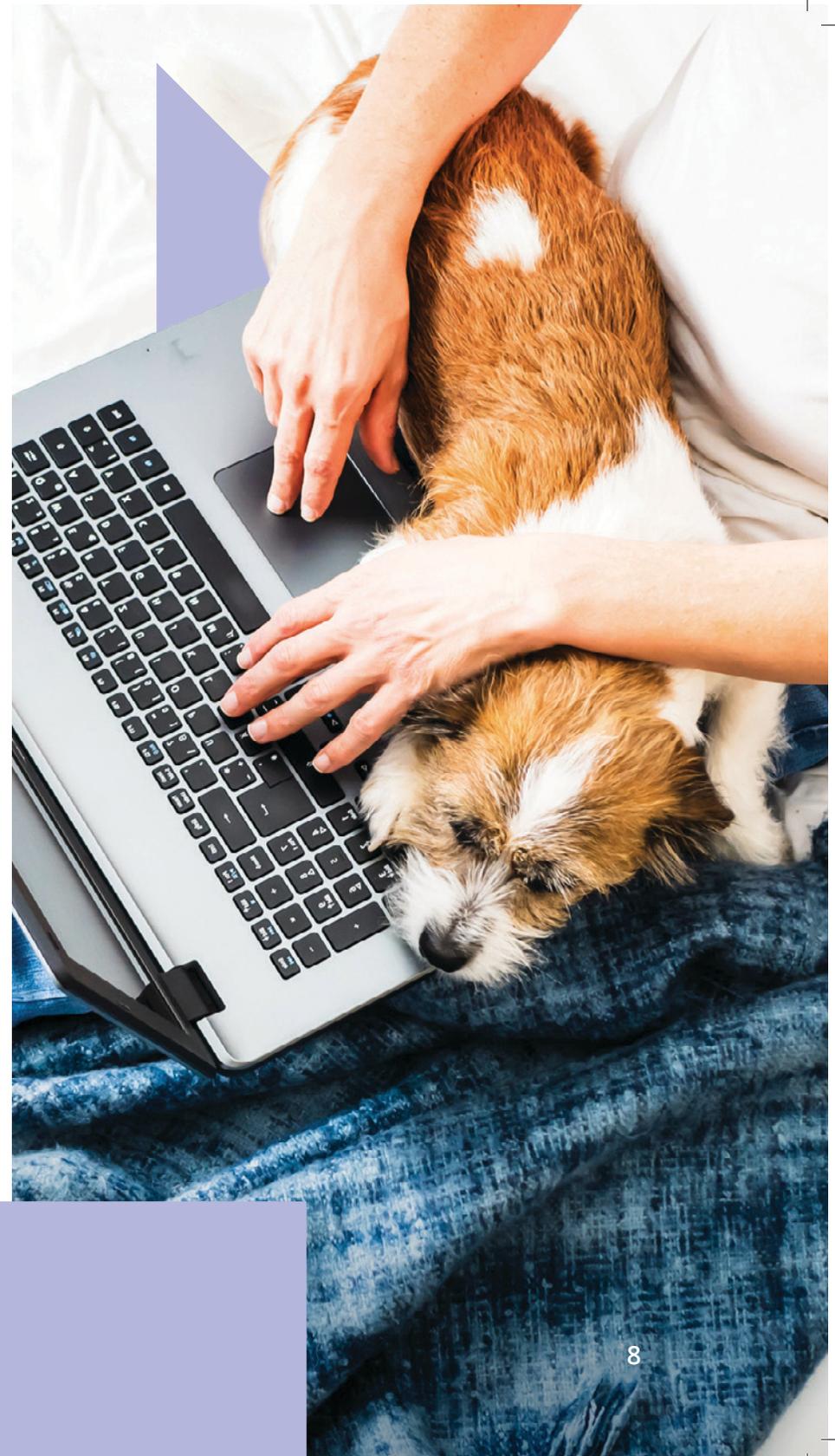
Luke Macfarlan,
Head of Product at Skafos.ai



2. Capturing Customer Feedback Data in Real Time

The value of interactive guided shopping extends beyond the customer experience to offer retailers a rich source of knowledge about their products and customers. With up-to-date data about customer intent and feedback with specific products, retailers can understand not just the two ends of the spectrum – their best- and worst-performing products – but also how customers engage with their entire catalog.

As a result, e-commerce brands that use interactive guided shopping find they can discover smarter merchandising and assortment options and create more conversational interactions that increase traffic and conversion rates – **a real-time feedback loop that is constantly improving in accuracy.**



“Interactive guided shopping gives you unprecedented feedback on what your customers actually think about your products,” Prichard said. “It’s declarative statements of, ‘I like this, I don’t like this,’ which product buyers and designers often don’t get unless there’s a problem with a product and a customer returns it. E-commerce brands have used this feedback as input for product development, zeroing in on products likely to perform well and avoiding products that are likely to be a bust.”

“Interactive guided shopping gives you unprecedented feedback on what your customers actually think about your products.”

Jody Stoehr,
Chief Revenue Officer at Skafos.ai

An important nuance is that the process of capturing this data is more valuable when it is obviously happening during the customer’s visit – customers should see a change when they’ve selected something so they can have confidence it is working:

“Retailers often try to keep AI and algorithms in the background so customers can focus on buying, but consumers today want to be in the know,” said Dale Evans, technology leader, adviser and innovator, formerly with Chico’s. “It’s incredibly empowering for customers to be able to see that their actions on a website have impact, that their preferences and feedback are being taken into account in real time to improve their experience.”



3. Delivering Interactive Guided Shopping Rather Than Transactional Buying Experiences

Recommending additional products alongside a product page is best practice for optimizing conversion rates in an e-commerce store. But today's customers are looking for more than a simple, "You May Also Like" widget. Sixty-three percent of shoppers want personalized recommendations,⁷ and the brands that deliver this experience have been shown to boost revenue growth as much as 10% to 30%.⁸

In the context of post-COVID-19 e-commerce shopping, this transition to personalized, interactive guided shopping is critical for retailers that want to maintain or expand their businesses with e-commerce because it elevates transactional buying into a browsing one – customers are empowered to shop, experience and enjoy the discovery process in a whole new way.

“When you’re in front of a customer in a brick-and-mortar store, you can pivot and adjust your service to better enhance the experience you’re offering,” Evans said. “But when a customer is in front of a screen for e-commerce shopping, that experience is more transactional because retailers can often get caught up in what they think consumers want. Interactive guided shopping offers an opportunity to provide a similar level of personalization and responsiveness to the preferences of an individual website visitor so consumers are getting what they want when they want it.”

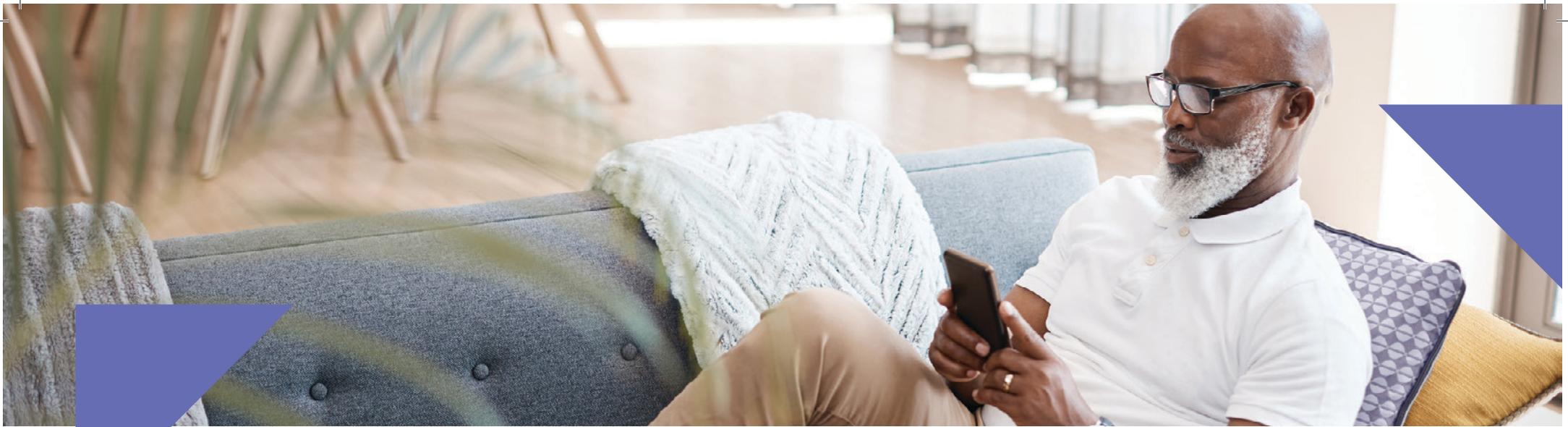
“Other tools we’ve considered offered a ‘product recommendations’ feature, but it was based on our own inputs, or even most popularly viewed products, not necessarily the ones that represent completed

transactions,” Stroud said. “It also wasn’t helpful to show people similar products to what they’d purchased, because if you’ve bought one luxury leather product, you shouldn’t need a second. You want to be introduced to other items you might like, not other versions of the thing you know you like.”

“In response to COVID-19, consumers will be relying on e-commerce to make purchases for a long time to come. Being able to take your e-commerce experience to the next level and provide the personalized interaction a customer would previously expect to have only in-store is critical.”

Dale Evans,
Technology Leader, Adviser and Innovator





Empowering the Shopper to Be the New E-Commerce Disruptor

Most of today's e-commerce experiences facilitate transactional buying, leaving shopping to brick-and-mortar retail. But the COVID-19 pandemic's long-term disruption of in-store shopping has created a new need for retailers to craft more personalized, browsing-friendly shopping.

Interactive guided shopping meets this need in a fun, visual and interactive way, enabling customers to disrupt their own online shopping on a deeply personalized level. Retailers that embrace this new technology embrace a new online shopping experience that delivers unparalleled, real-time insights about how customers engage with their products and meets the unique needs of today's modern e-commerce customer.



“In the online world, businesses have the opportunity to develop very deep relationships with customers, both through accepting their customers’ preferences and then observing their purchase behavior over time, so that you can get that individualized knowledge of the customer and use that individualized knowledge of the customer to accelerate their discovery process. ... [If we can do that,] customers will feel a deep loyalty to Amazon because they will feel that the company knows them well.”

Jeff Bezos,
Founder and CEO of Amazon, in 1998⁵

Endnotes

- 1 "The pandemic has forced Nordstrom to invest more in its off-price e-commerce business," Modern Retail, <https://www.modernretail.co/retailers/the-pandemic-has-forced-nordstrom-to-invest-more-in-its-off-price-e-commerce-business/>
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As the world's first lightweight, interactive guided shopping system, Skafos.ai is bringing brands and retailers into a new online shopping era of authentic personalization. Our solutions are geared to increase conversions, encourage a larger basket size and authentically connect with their customers through real-time, interactive visual merchandising experiences.

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