

# DIGITAL INNOVATION: STARTUPS SHIFT FOCUS TO PERSONALIZATION



# Overview

In a technologically advanced world where every company's growth is anchored by its willingness to adapt to technological disruption, consumption behaviours are rapidly changing. Digital innovation and consumer behaviour are so intricately intertwined that even a slight shift in one inevitably impacts the other. An after-effect of this kind of dynamic development over the years is that companies and consumers are shifting focus to personalising products and services.

Personalization is not a new concept; Dell pioneered direct, built-to-order PC sales in the 1980s and 1990s, and many more brands have recently focused solely on personalising experiences. Many

companies, especially startups, are adopting Direct-To-Consumer (DTC) model through personalization and benefiting greatly by operating following the perspective of end customers.

The pandemic further accelerated change in consumer habits. Since 2020, the key trends that have emerged show that an increasing number of customers are engaging with contemporary digital platforms instead of traditional websites. They have started using social networks, wearable devices, Kiosks, IoT channels like Alexa and Google Home, chatbots, etc., to shop for products and services. And the primary reason for this massive, ongoing change is that consumers are looking for a personal connection with the company. Customers feel a greater sense of satisfaction and respect when they receive customised solutions to their problems, which is made possible by digital innovation.



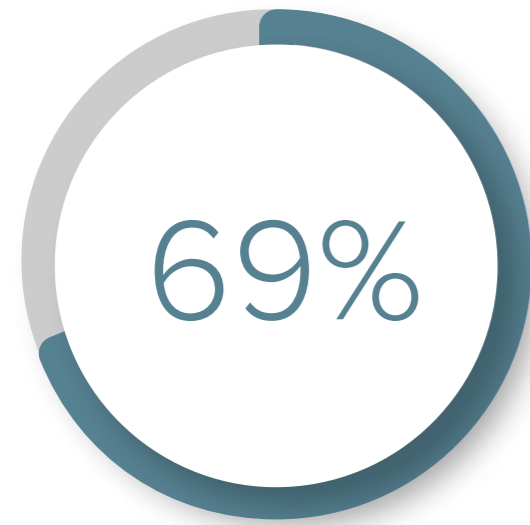
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# What Do Modern Consumers Want?

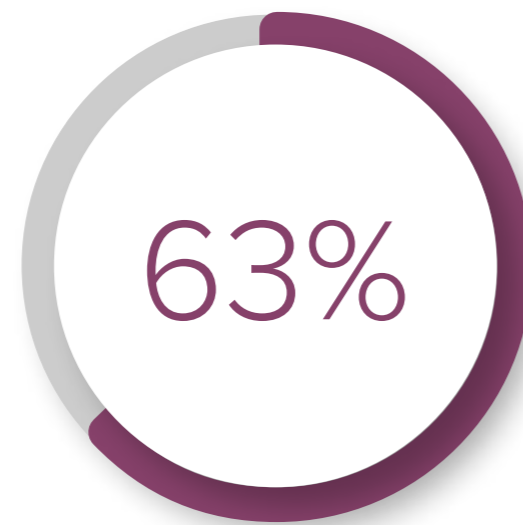
A few years ago, personalisation was limited to targeted offers only; but now it is applied to the complete customer journey from the product awareness stage to checkout.

**Key observations according to the Future Consumer Index <sup>(9)</sup> survey conducted by EY are listed below:**

The information above also implies that businesses can start building tighter links with consumers and express their intention directly in return for the customers' willingness to provide data. Therefore, startups invest heavily in high-quality customer experiences through technical expertise as a crucial strategy for long-term success.



69% of consumers believe that companies should thrive on an intention to **impact the world positively.**



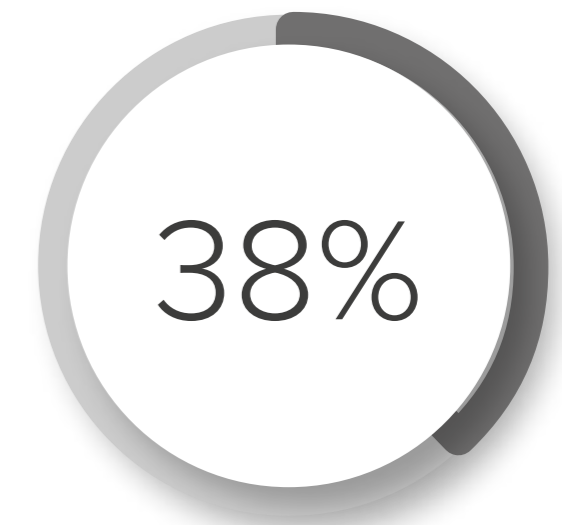
In three years, around 63% of consumers will predominantly look for the price criterion and **affordability** before purchasing any product or service.



62% of consumers support **data sharing** and are willing to share personal information in exchange for better, customised product recommendations.



**Positive brand attributes** like authenticity and trustworthiness are critical to 54% of consumers.



38% of consumers want to engage more with brands that offer exceptional **customer service.**

# Digital Innovation Role in Achieving Personalization Benefits

The modern DTC generates a path that propels company growth. Today, a multitude of customisation software solutions, including Artificial Intelligence (AI) and Machine Learning (ML), enable startups to accomplish one-on-one personalization in unprecedented ways. The DTC business model has revolutionised through technological penetration.

Further, due to the advancements in e-commerce platforms, which have simplified and facilitated the establishment of e-commerce businesses, many startup firms are employing the DTC model. It is a mode that has become much more realistic for small businesses due to the efficiency and cost reductions provided by developing a variety of technologies.



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# How To Get Started With Digital Innovation?



Digital innovation has introduced a wide range of software that collects, stores, and manages consumer data to create personalised experiences. However, startups need more than just an understanding of the fundamentals of technical expertise; they need Technology Business Incubators (TBIs) to help them use the software in an integrated manner to create a first-rate seamless customer experience.

Technology influences the end customers, and it's a faster path to reach the end destination without spending a massive amount of money. And TBIs can serve as a bridge between digital innovation and personalization by incorporating their technical expertise into everyday business operations.

# Benefits Of Personalisation Through Technological Transformation

We have already discussed in great detail what personalization is, why it is needed and how TBIs can help startups achieve personalisation through digital innovation. Now let's go through the primary advantages a startup can leverage by shifting focus to personalization through different end-to-end solutions.



## Enhanced Customer Experience

Companies have realised that high-value consumers participate in various journeys while searching for the perfect product as they engage with a brand. And this journey has grown more detailed as technology has advanced. Consumers have started becoming dissatisfied when presented with generic or irrelevant material; they **demand** <sup>(10)</sup> personalisation as a standard company attribute.

Dynamic content and individualised product suggestions, acquired through AI-driven testing and setting up customer-data platforms, aid in developing trust, making your business purpose and equity feel more natural. After all, consumers buy from brands that give them an enhanced experience.



## Increase In Conversion Rates

One of the world's **leading management companies**<sup>11</sup> has predicted the share of global sales that transit through business ecosystems to increase to nearly 30% by 2025. While several factors influence a company's conversion rates, the customer experience is one of the most critical ones. Revenue can surge drastically **up to 20%** <sup>(12)</sup> if the right message is conveyed to the right person at the right moment.

As the brand gains more insight into consumer data, reflecting their needs, they are more likely to create tailored pages, feedback systems, and newer sales channels using technology tools. In return, this allows more revenue to be generated, which further aids the business in streamlining its operations and building better quality products.



## Increased Customer Retention

The difference between a customer's willingness to buy and actually making a purchase is essential to increasing the startup's income. A significant fraction of people are not compelled enough to buy a product or service if your company cannot hold their attention or influence them to meet end solutions. However, with improving performance measurement metrics, a greater emphasis is being placed on testing velocity, conversion rates, and new inventions.

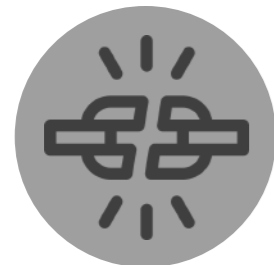
Digital innovation has allowed brands to include real-time pop-ups, dynamic browser re-targeting, email advertising, and other methods to increase customer retention. As each step of the consumer experience becomes more accessible through sophisticated programs, companies can evaluate their needs and act accordingly.



### Growing Average Order Value (AOV)

The average order value is an essential metric for any data-driven firm to monitor if they wish to expand their profitability and revenue growth. Knowing the average amount spent on each order placed through your business channels will help you focus on what is required, whether it's marketing initiatives or price planning. Personalization technology uses what you currently know about your customers in real-time to provide them with relevant knowledge about a product, offer, or service.

Systems will be able to create recommendations based on different customer data, including their GPS location and facial features. Digitising key business aspects according to the need of the hour will boost AOV and ROI.



### Brand Independence

Every firm desires brand independence, and it's better to start young while the company is in its initial stages. Technological innovation has paved a slightly less bumpy path for companies to acquire brand independence at a young age. It allows them to take control of their own future rather than depending on third-party entities. It also allows companies to connect closer to their customers and identify with their end goal.



### Scaling Empathy

Digital transformation using ML and AI improves a machine's way of understanding and responding to emotional cues. More advanced algorithms enable computers to read visual and audio inputs and analyse human emotions more accurately. After detecting the immediate necessity or demand of the customer, the company will be able to provide explicit services accordingly.

### PERSONALIZATION TECH



source <sup>(13)</sup>

# IN CONCLUSION

Today's business environment is complex from every angle, including price competition from hypermarkets, market disruption from internet competitors, and more price transparency for buyers. Strategic pricing and unique promotions are traditional approaches to achieve differentiation and an edge over competitors. In the modern world, however, businesses need to build a personal relationship with customers holistically, so each person is influenced by the brand and engages with their product or service. That is why startups need to start investing in methods and techniques of digital innovation to keep up with the ever-evolving, non-stop competition. Using TBIs to bring customisation to different business aspects is the way forward.



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