

Editorial: *Retailers' Technology Investments, Behavioral economics, Psychographic Profiling and the Paradox of the New Technology*

Consultants argues that there is a gap between what retailers understood with regard to consumer behavior's shift and their slowly reaction, a critical role in keeping customers' attention being played by technology driving personalized customer experiences.ⁱ That is why retailers need technology investments improving Omni channel experiences, offering a seamless experience across mobile, desktop, and in-store by synchronizing the physical and the digital worlds.

Retailers need to allow their customers to share their feedback through a conversational customer dialogue, engaging them at their right moment, valuing their time, enriching their CX.ⁱⁱ Being aware of the increasingly competitive and fragmented retail marketplace, they also need to allow their customers to take control of their shopping experience, personalizing content for the mobile shoppers who are regularly interacting and engaging with retailers' apps, addressing their customers' individual purchasing habits and desires.ⁱⁱⁱ But in order to discern their customers' connections, and engage with each more personally across all touchpoints retailers need Customer Intelligence 360 capabilities which enable an interactive Omni channel experience for their customers, increase their customers' knowledge for superior RFM (Recency, Frequency, Monetary Value) results, and manage and measure retailers' outlets as Omni channel hubs.^{iv}

As shown recently by Retail eMarketer,^v a BRP (Boston Retail Partners) survey of retailers in North America ("2018 POS/Customer Engagement Survey," January 11, 2018) revealed that 62% of respondents confirmed that the leading engagement priority for 2018 is personalized CX. This was followed (54% of respondents) by customer mobile experience alignment (mobile app/website/responsive design), empowering sales associates with mobile tools (51%), real-time retail (38% - disseminating data across all channels in real-time), customer-facing technology in-store (21% - digital signage, "smart" fitting rooms etc.), social media analytics (21%), and guided selling/clienteling (21%).

The "Heroes of the Mobile Age" panel that McCann Worldgroup (MWG) UK & Europe hosted at Mobile World Congress 2018 in Barcelona was surveyed by Campaign Magazine.^{vi} Through the many key takeaways highlighted by Campaign Magazine within this innovative and inspiring framework^{vii} allow us to give a few examples: the limitless of mobile; voice complements mobile, being the most natural and convenient user interface (according to Max Amordeluso, EU lead Evangelist, Amazon Alexa); brands are forced to have a more mobile mindset, mobile being the best channel to personalise messages, but not forgetting how important is adapting company's approach to existing technologies (and producing adequate content) while using the new technology (Elena Alti, Head of digital marketing at Santander); the real innovation lies in what people are doing with existing platforms (Jon Carney, Chief Digital Officer, McCann Worldgroup Europe). Campaign Magazine also underlined its top trends to

inspire innovation: *“The democratisation of technology... Convenience makes a hypocrite of us all... The ubiquity of AI... Keeping the things you love safe... Shared experiences, not solo.”* Within this context, at the fourth point, Campaign Magazine attracted our attention on the remaining paradox: *“new technology can help protect us but also exposes us to new dangers.”*

This made us recall that two years ago, in 2016, the Father of Modern Marketing, Philip Kotler, said that: *“Economists rarely mention marketing... Ironically, the discipline of marketing was started by economists... Behavioral economists... have to study how different marketing actors actually behave. This involves collecting empirical data. This will lead to recognizing many instances of non-rational or even irrational behavior...”*^{viii} Then, in 2017, Shahram Heshmat, Ph.D., an Associate Professor emeritus of health economics of addiction at the University of Illinois at Springfield remembered in “Psychology Today” that: *“The field of behavioral economics blends insights of psychology and economics, and provides some valuable insights that individuals are not behaving in their own best interests... Behavioral economics attempts to integrate psychologists’ understanding of human behavior into economic analysis... The understanding of where people go wrong can help people go right...”*^{ix} While in 2018, also in “Psychology Today”, Nir Eyal, a technology entrepreneur who blogs about the intersection of psychology, technology, and business, showed that: *“Our gadgets and apps are more persuasive than ever... There’s nothing wrong with building products people want to use, but the power to design user behavior ought to come with a standard of ethical limitation. The trouble is the same techniques that cross the line in certain cases lead to desirable results in others... The tech industry needs a new ethical bar... I humbly propose the “regret test.”*^x

And also in 2018, very recently, the Association for Psychological Science (former American Psychological Society) remembered how often is used in marketing and advertising – in order to classify people according to their attitudes, preferences, and other psychological factors – the so-called “psychographic profiling”, this being approached within the context of “The scandal involving Facebook and political data firm Cambridge Analytica”.^{xi} The dimension of the debate on this subject was confirmed, for instance, by: Mark Zuckerberg in a new post on March 21: *“We will learn from this experience to secure our platform further and make our community safer for everyone going forward;”*^{xii} David Beer, Reader in Sociology, University of York (a member of the prestigious Russell Group of research-intensive UK Universities): *“... We should look beyond that to try to understand how data-led approaches are influencing our lives on lots of different fronts, especially as the tools of data analysis are taken up in numerous different sectors. Just because the rest of the industry may not be as extreme as Cambridge Analytica, it does not mean that we should neglect to ask questions about the many ways that our data are being used to judge, rank and order our lives.”*^{xiii}

The Best Book of the Year 2009 according to The Economist and the Financial Times was “Nudge: Improving Decisions About Health, Wealth, and Happiness”, written by Richard H. Thaler (the winner of the 2017 Nobel Prize in Economics), Professor of Behavioral Science and Economics at the University of Chicago’s Booth School of Business and Cass R. Sunstein,

Professor at Harvard Law School, where he is the founder and director of the Program on Behavioral Economics and Public Policy.^{xiv} According to them, a nudge is “*any aspect of the choice architecture that alters people’s behaviour in a predictable way without forbidding any options or significantly changing their economic incentives. To count as a mere nudge, the intervention must be easy and cheap to avoid.*”^{xv}

In 2016, the prestigious Harvard Business Review published an article written by Utpal M. Dholakia, a George R. Brown Professor of Marketing at Rice University’s Jesse H. Jones Graduate School of Business, and entitled “Why nudging your customers can backfire”.^{xvi} In this article, the author started from making reference to the impact of the above mentioned book on consecrating the nudge marketing as influencing what consumers choose (steering them toward different options or stimulating purchases; nudges originating from behavioral economics), in contrast to the motivational psychology which arms consumers to make virtuous choices on their own. Taking account of certain limitations (nudges may not achieve the ultimate goal or produce sufficient impetus to achieve the desired outcomes even when they work, or consumers may become immune to nudges once understanding how they work), Dholakia pledged for the use of nudges in tandem with effective motivational psychology tools, treating customers as equals and empowering them accordingly. While in 2018, an article published in The American Journal of Clinical Nutrition and entitled “Nudging and social marketing techniques encourage employees to make healthier food choices: a randomized controlled trial in 30 worksite cafeterias in The Netherlands” concluded, for example, that: “*Strategies based on nudging and social marketing executed in a real-life setting are effective in encouraging healthier food purchases by employees and aim to remain effective over time.*”^{xvii}

Allow us to end by making reference to an article approaching “Data Driven CX Improvements: A Retailer’s Must Have For A Successful 2018” and concluding that: “*data you can understand supports improvements you can trust*”.^{xviii} And marketing (a conversation focused on solutions) is aiming customers’ trust.

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