Reflektion's AI and analytics updates aim to elevate personalized customer engagement

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Introduction

Through a new series of features, Reflektion is continuing to grow in the e-commerce personalization space. Enhancing customer experience has become mission-critical for leading retailers and brands, and multiple vendors are bringing a breadth of consumer knowledge to the enterprise in an effort to better understand and predict consumer needs and buying behavior in full and in real time.

Reflektion's Customer Engagement Platform intends to help digital marketing and e-commerce decision makers drive increased revenue without having to manage multiple legacy point products, deploy scarce expertise on rules-based approaches, or overspend on integrating customer data from multiple disparate sources or overlaying SEO.

451 TAKE

Customer experience spans touch points and channels more frequently than ever. Understanding not only what a customer wants to buy, but why they want to buy it gives more in-depth context as to what products should be recommended and how. Reflektion's AI-enabled personalization platform weighs both the 'what' and 'why' equally, giving a more complete picture for its machine-learning algorithms to work with. This includes the ability to recognize patterns, comprehend intent, predict, problem solve, identify actions and make decisions, which can result in creating a more immersive shopping experience as it learns and displays content and products that are most relevant to the individual. In addition, Reflektion has recently enhanced the analytics capabilities of its platform to help businesses deliver more meaningful (and ultimately profitable) experiences informed by data-driven context clues, which will only increase in number as the amount of available data – especially unstructured data – proliferates.

Context

Reflektion, founded in 2012 with headquarters in San Mateo, California, has seen great success since we last covered the company. Founder and CEO Amar Chokhawala is supported by an upper management team that brings a broad range of experience across AI, machine learning, retail, personalization software, search and large-scale systems. Several team members are alumni of major software players like Google, Oracle and Netflix.

Reflektion is backed by an impressive group of investors – including blue-chip VC firm Battery Ventures, as well as boutique firms like Clear Ventures and Hasso Plattner Ventures. Further investment continues to be used across the organization to bolster platform/technology innovation, as well as the sales, marketing and customer success teams.

The vendor claims to be achieving $11.2m in annual recurring revenue, and is growing 50-60% YoY. Its customer base has doubled over the past year – now around 165 – and overall processed shopping sessions are growing 5x YoY, which shakes out to around $8-9bn in total transaction volume. Newer clients are signing lucrative, multiyear deals with the company as well. Reflektion claims to have signed many six-figure deals in the past few quarters, and has signed several larger clients to multiyear, seven-figure contracts.

Strategy

The overall goal of a customer engagement platform is to give retailers a better understanding of their customers' preferences and habits, and the ability to act on this in real time with content and product displays that are predicted algorithmically to be most appealing to the customer. Newer artificial intelligence and machine-learning algorithms help with scaling insight from growing visitor-interaction data – and accurately ensure that those insights are used to dynamically engage the customer with effective hyper-personalization strategies.

Hyper-personalizing the digital touch points for every customer requires going beyond rule-based segment marketing by using algorithmic e-commerce technology at scale. There is significant and growing pressure to deliver differentiated and consistent customer experiences as a result of the major digital disruption occurring across industries. Simultaneously, a seismic shift in business growth strategies is taking place, with many organizations subscribing to services rather than purchasing products outright.

The subscription model changes short-term economics and long-term relationships with customers, necessitating new business and engagement models. The result is a stronger focus on loyalty and relationships that builds on consistent, positive interactions with customers. Our data from 451 Research's Vote, Customer Experience and Commerce survey states that 42% of business leaders are prioritizing customer analytics and measurement as the top investment in the next 12 months.

Reflektion's noteworthy clients span a diverse range of verticals including fashion, jewelry, healthcare, beauty, home goods, food and sporting goods. Among these clients are name brands like TOMS, Sur la Table, Hanes, Ulta, Godiva and others that have not been publicly disclosed. Through partnerships with e-commerce platforms like Adobe Magento – which underlays roughly a quarter of existing clients – Salesforce Commerce Cloud, Oracle/ATG, Shopify, WebSphere and SAP Hybris, Reflektion is able to increase adoption. It also has a number of tech and systems integrator partnerships with vendors like Bluekai, Smartling, Yottaa, Kadro, Robofirm, Peakactivity, Thanx Media and Centric.

Product

Reflektion's personalization platform acts as a 'system of intelligence' and directly integrates with its clients' preexisting systems-of-record e-commerce and ERP applications via JavaScript, APIs or through predefined cartridges. Reflektion is positioned as an e-commerce personalization PaaS – although each module can be purchased separately.

The platform is built on a micro-services architecture to improve scalability and faster innovation. Also, Reflektion's control center, called the Customer Engagement Console (CEC), has roughly 60 predetermined algorithms, each tailored to fit a different product or customer set. Every algorithm is customizable, allowing users to accommodate any of their niche needs. The CEC now gives an in-depth view into direct attribution analytics for each customer's purchase, so retailers will better understand the direct impact of the Reflektion platform and SEO strategies in detail over time.

On the back end, the CEC offers a daily dashboard that shows analytics and metrics down to category, brand or individual SKU level, while also giving insight into click paths taken by shoppers, and the keywords or products they're directly associated with. The CEC is intelligent enough to recognize when attribution should or should not be recorded – for example, when a shopping cart is abandoned after 30 minutes before the customer finally makes the purchase, no attribution will be assigned. Attribution records are also not siloed by touchpoint, and can acknowledge when multiple devices are used to make a purchase.

The algorithm only tracks first-party data, which generates anonymized customer profiles that are continuously adjusted and modified per shopping session. Creating anonymous shopper profiles also addresses potential data privacy concerns and maintains GDPR compliance. Reflektion argues that tracking individualized shopping trends allows for more contextual personalization, such as tailoring products based on why a customer is shopping, not just by what they are shopping for. Everything from search results, homepage layout and even product pricing factors into a shopper's anonymous profile.

Personalization extends throughout every module in Reflektion's platform – most notably into their search functionality. Each search triggers updates to a customer's purchasing profile and shares these insights across Reflektion's suite of products. Search functionality can now include natural language processing, which moves away from traditional keyword triggers and uses AI to more accurately interpret and find what a customer is looking for.

Competition

Customer experience and e-commerce personalization is a crowded space. With a large established set of providers being challenged by Reflektion and its contemporaries, competition can come from all over. Legacy vendors such as Oracle Endeca is often found being used by potential clients and eventually supplanted by Reflektion.

Vendors such as Evergage, Certona, RichRelevance and BloomReach are also seen in the space; however, Reflektion claims to be moving in and replacing them as well.

SWOT Analysis

STRENGTHS

The company counts major retailers as reference customers, some with impressive improvements in key metrics from search, recommendations and content personalization. By combining their enhanced analytics capabilities with existing advanced machine learning, Reflektion now enables more advanced hyper-personalization strategies for top retailers and brands.

WEAKNESSES

Since Reflektion utilizes an anonymized customer profile database, the company still positions itself as a personalization platform as opposed to a customer data platform, for use beyond marketing to personalize the entire retail e-commerce process, and in real time across the customer shopping journey.

OPPORTUNITIES

Reflektion can go beyond e-commerce personalization to address customers' increasing demand for new immersive experiences that rely heavily on rich media content, prescriptive insight and intelligent automation to build deeper connections, recommend next best actions, and create more contextually driven interactions. Investing in algorithmic e-commerce technologies like Reflektion will enable retailers and brands to achieve scalable contextual relevance, with intelligent applications increasingly making more automated decisions.

THREATS

As strategic use of customer data becomes more integral to business success, decision makers must be cognizant that hyper-personalization strategies must be carefully deployed to not break consumer trust. This innovator's dilemma is a cautionary tale of the importance of transparency, especially in the context of new regulatory demands.