CLOUD4WI

Transforming Retail: How AI and In-Store First-Party Data Redefine Customer Experiences, with WiFi at the Core

WHITE PAPER

Executive Summary

In today's digital-first world, retailers face growing expectations to deliver seamless, personalized experiences across multiple channels, from e-commerce and in-store shopping to loyalty apps. The convergence of artificial intelligence (AI) and first-party data collection has emerged as a pivotal strategy, empowering retailers to tailor each customer interaction with real-time insights. By strategically gathering in-store data, retailers can bridge the gap between physical and digital experiences, creating a strong foundation for AI-driven personalization.

In-store WiFi plays a crucial role in this process, allowing retailers to capture valuable insights on customer preferences and behaviors; even from those who don't make a purchase. As a result, retailers can offer personalized, location-aware experiences that enhance engagement, foster loyalty, and boost revenue. This paper explores key trends in AI adoption within retail, the critical role of first-party data, and how leveraging in-store WiFi can unlock the full potential of personalized customer journeys.

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Trends in AI Adoption for Retail Personalization

Current Landscape

Personalization has shifted from a competitive edge to an essential pillar in modern retail. Today's customers engage across multiple channels and expect consistent, seamless experiences that cater to their preferences, whether online, in-store, or through loyalty apps. As AI technologies evolve, retailers have new opportunities to meet these expectations by tailoring each customer interaction in real time.

Why AI in Retail?

AI empowers retailers to analyze vast, complex datasets and make real-time adjustments that align with individual customer preferences. By leveraging AI-driven insights, retailers can anticipate customer needs, deliver personalized product recommendations, and fine-tune interactions across channels. This capability to create cohesive, data-driven experiences helps retailers forge deeper connections with customers at every touchpoint.

Adoption of AI to Deliver Personalized Experiences

AI adoption in retail has surged, with nearly **83% of retailers** now implementing or expanding AI to meet the growing demand for personalization[1]. Recent data indicates that **60% of retailers use AI to enhance customer engagement**[2], while **45% leverage it to deliver personalized offers**[3]. Retailers increasingly rely on AI to analyze data across multiple touchpoints, creating targeted and relevant experiences that drive both loyalty and revenue.

Demand of Personalization

Customer Engagement

Personalized Offering

Main Use Cases of AI in Retail

As AI becomes more widespread, retailers are focusing on key areas where it delivers the greatest impact; enhancing customer interactions and streamlining operations. By integrating AI into these core areas, retailers can deliver customized experiences, optimize inventory, and quickly adapt to market changes, boosting both engagement and efficiency. Here are the primary use cases of AI in retail today:

- **Customer Engagement:** AI helps retailers tailor interactions by analyzing customer histories, preferences, and behaviors to create personalized and meaningful engagement.
- **Product Recommendations:** AI-driven recommendation engines analyze browsing history, previous purchases, and similar users to suggest relevant products, driving conversion and customer satisfaction.
- **Demand Forecasting and Inventory Management:** Many retailers now use AI to predict demand and optimize stock levels[4], with **44% reporting fewer stockouts**[5] and improved product availability, helping ensure that popular products are always accessible.
- **Dynamic Pricing:** AI enables real-time pricing adjustments based on demand, competitor prices, and inventory levels[6], allowing retailers to maintain profitability while meeting customer expectations.

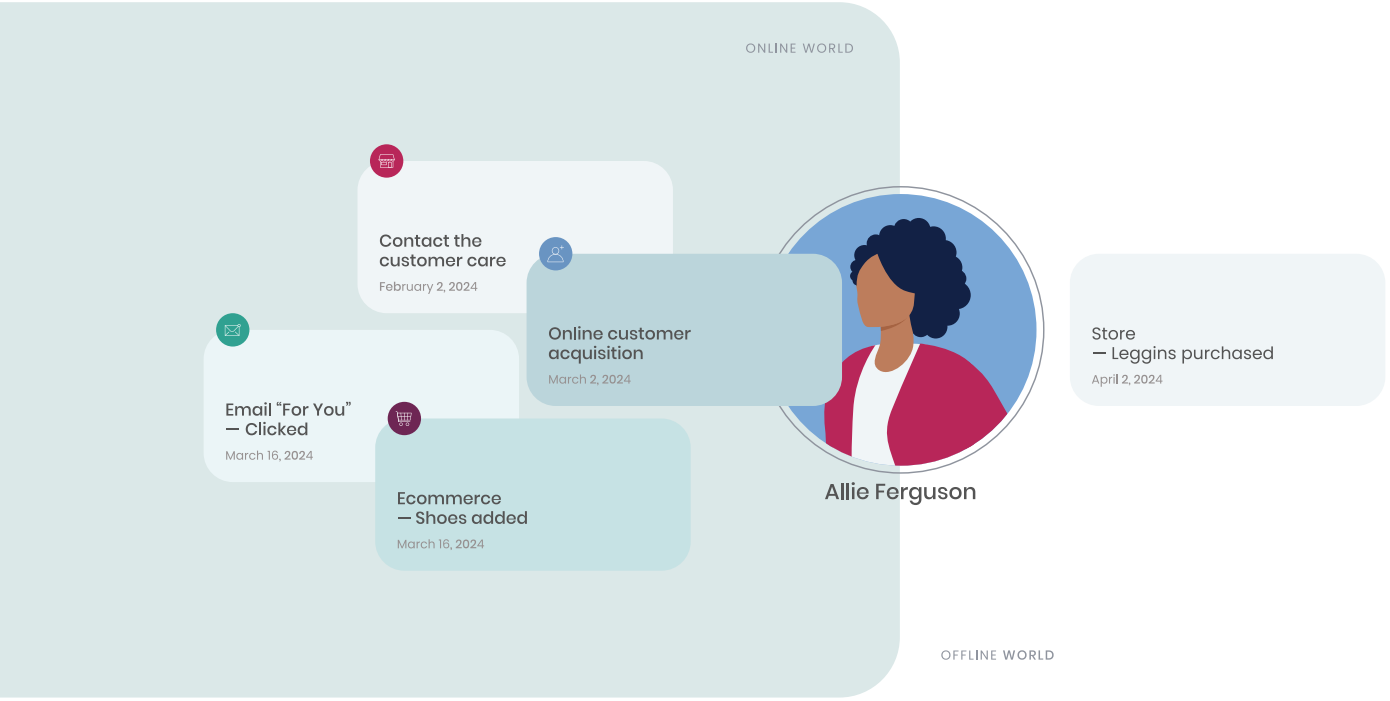
The Importance of First-Party Data for AI Training

Why First-Party Data?

AI algorithms depend on high-quality, continuously updated data to deliver meaningful personalization. First-party data information that customers proactively share with retailers, serves as a reliable, privacy-compliant foundation for AI models. This data provides critical insights into customer preferences and behaviors, enabling retailers to drive engagement and satisfaction through highly tailored experiences.

Current Limitations in Retail Data Collection

In the online environment, retailers can easily gather valuable data on customer identities, preferences, and browsing behaviors. However, in physical stores, data collection has traditionally been limited. Retailers often lack insights into the activities of customers who visit their stores, but don't make a purchase. While smart POS systems and loyalty programs capture transaction details, they miss critical touchpoints that reveal the broader customer journey within the store.



In-Store WiFi to Bridge the Gap

In-store WiFi bridges this gap by giving retailers a comprehensive view of customer activity within their physical stores. By capturing first-party data on demographics, preferences, opinions, and in-store behaviors, WiFi enables retailers to engage customers in more meaningful ways. This approach supports cohesive, personalized interactions that drive revenue and elevate the overall customer experience—unlocking possibilities that were previously beyond reach.

The In-Store Data Gap: Challenges and Opportunities

In-Store WiFi: An Underutilized Resource

In-store WiFi presents a valuable yet underused opportunity for retailers to collect first-party data directly from customers. As shopping habits shift, customers increasingly rely on WiFi while browsing in-store, with **77% using their mobile phones**[7] for product research and information.
Millennials, a key demographic for retailers, prioritize connectivity, with **70% considering WiFi access essential**[8] to their shopping experience. Additionally, **66% of shoppers expect seamless and uninterrupted WiFi**[9], underscoring its importance.

However, few retailers fully leverage in-store WiFi for data collection and engagement. A field survey by Cloud4Wi across 100 U.S. retailers revealed that while **76% offer in-store WiFi**, only **34% use it to gather subscriber data**, missing a direct communication channel with customers and valuable engagement opportunities.

First-Party Data Collected Through In-Store WiFi

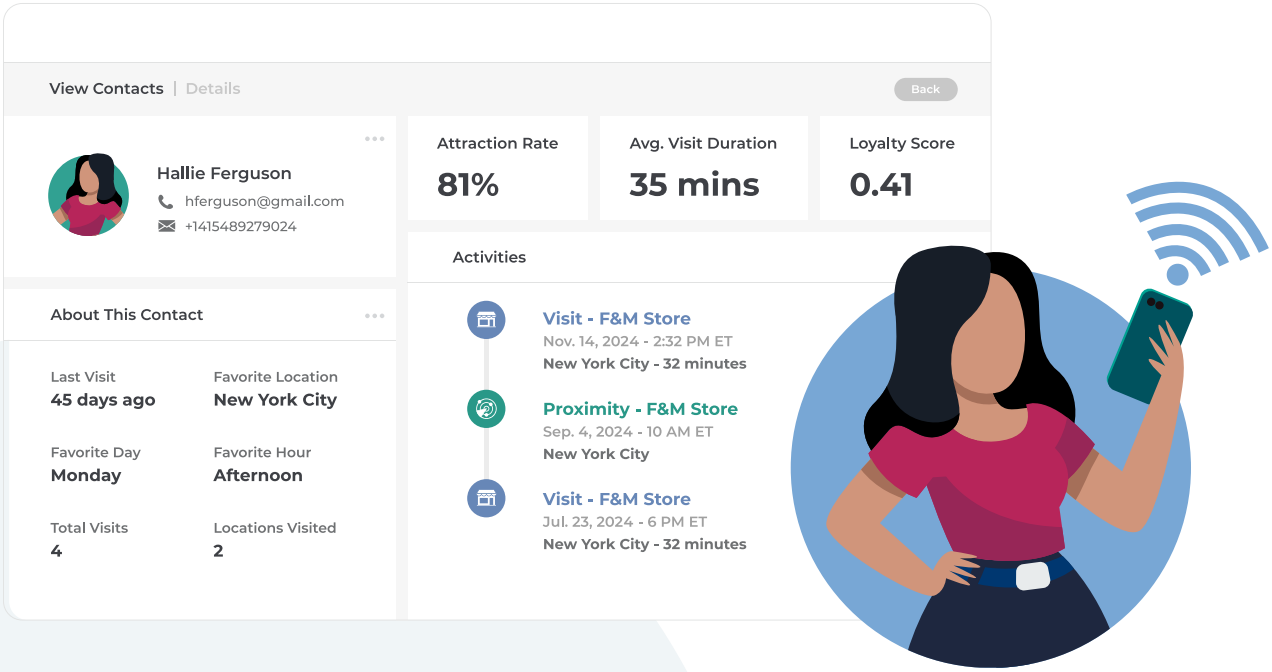
By strategically utilizing in-store WiFi, retailers can collect rich first-party data while maintaining compliance with privacy regulations. The data gathered enhances customer profiles with insights that support targeted marketing and improved customer experiences:

- **Demographic Information:** Understand customer attributes such as age, gender, and location.
- **Contact Preferences and Opinions:** Capture preferred communication channels (e.g., email, SMS, push notifications) to optimize outreach.
- **In-Store Behavioral Characteristics:** Analyze patterns such as most-visited stores, peak shopping times, and average visit duration.
- **Real-Time In-Store Behaviors:** Track customer movements in real-time, enabling tailored experiences based on location within the store.

Unlocking New Use Cases with In-Store WiFi Data

Armed with detailed insights into customer identities, preferences and in-store behaviors, retailers can create innovative, location-aware experiences that drive engagement and increase sales.

- **Digital Merchandising:** Promote new products or services by delivering targeted information during WiFi onboarding, encouraging in-store purchases.
- **In-App Experiences:** Provide seamless in-app capabilities, even in low-coverage areas, through automatic, secure connectivity via a WiFi mobile SDK for loyalty app users.
- **Localized In-Store App Mode:** Personalize in-app content and services based on customer behavior and location within specific stores.
- **Real-Time Messaging:** Send timely notifications triggered by a customer's entry, exit, or duration of stay, using WiFi to monitor in-store activity.
- **AI-Powered Virtual Assistant:** Support customers with product inquiries, recommendations, and checkout processes, tailored to each store location.



From Zero to Hero: Building Success with In-Store First-Party Data Collection

Implementing in-store WiFi for first-party data collection requires a phased approach, careful technology evaluation, and strategic planning across key functions. This structured framework ensures retailers can maximize WiFi's potential for enhancing customer experiences and collecting valuable insights.

Phased Approach

Most retailers already have an in-store WiFi network for POS systems, clienteling devices, and other internal operations. Expanding this network to include customer access can significantly enhance their experience. For those without an existing network, additional setup steps are required.

- **Discovery and Planning:** Assess the current infrastructure, identify key stakeholders, and define objectives for expanding WiFi to customer use.
- **Design and Development:** For retailers with existing WiFi, this step involves configuring the network for secure customer access. For those starting from scratch, it includes selecting technology providers, planning the network layout, and setting up security protocols.
- **Deployment and Testing:** For retailers without an existing network, implement the WiFi system, conduct thorough testing, and resolve any technical iss ues before full rollout.
- **Launch and Optimization:** Launch WiFi access for customers, monitor usage patterns, and continuously optimize based on feedback and performance data.

Technology Evaluation

Expanding WiFi for customer access requires a focus on compliance, security, and integration to protect customer data and maximize the value of insights collected.

- **Compliance and Security Assessment**: Ensure compliance with data protection regulations and implement robust security measures to safeguard customer data.
- **Data Ownership and Control Verification:** Verify that data collection and usage align with the organization's data governance policies and customer consent requirements.
- **Integration Potential Evaluation:** Assess the potential to integrate WiFi data with the AI-powered martech stack for streamlined personalization efforts

Strategic Considerations

To fully realize the benefits of in-store WiFi, retailers should coordinate across marketing, IT, and customer experience functions. Aligning these efforts ensures a seamless, personalized, and scalable WiFi experience that boosts engagement and supports long-term growth.

- **Marketing:** Focus on collecting first-party data through targeted campaigns and personalized promotions. Use interactive content and loyalty programs to drive engagement.
- **Information Technology:** Ensure the WiFi network is compatible with existing infrastructure and scalable to accommodate future needs. Implement monitoring and management systems to maintain high performance.
- **Customer Experience:** Provide easy onboarding for customers to connect to WiFi. Offer personalized recommendations and location-based services to enhance the in-store experience.

Case Study: GUESS
A Transformation Blueprint

Background

Guess is a global lifestyle brand with a rich history. Since its founding in 1981, the company has grown to operate over 700 stores across more than 100 countries, becoming known for its stylish, high-quality clothing, accessories, and fragrances.

Challenge

In recent years, Guess has faced several challenges, including rising competition from online retailers, shifting customer preferences, and economic pressures. To remain competitive, Guess recognized the need for a technology solution that could drive personalized customer journeys. Guess sought to better understand in-store customer behaviors to power its AI marketing framework, enabling it to deliver more relevant messaging and trigger timely, location-based interactions.

Solution

Guess partnered with Cloud4Wi to enhance its Cisco WiFi network, providing seamless connectivity and digital services in stores while enabling first-party data collection.

Through branded, localized WiFi onboarding experiences, Guess incentivized customers to connect and subscribe in a fully consent-based manner.

Cloud4Wi's platform collects and activates in-store first-party data, which seamlessly integrates with Guess's AI marketing tools. This integration ensures a steady flow of clean, actionable data that supports precise, personalized marketing.

Results

The digital transformation with Cloud4Wi has delivered impressive results for Guess. The retailer now acquires 35,000 opted-in contacts per month and gains visibility into thousands of real-time, location-aware customer interactions across its stores globally. This data has allowed Guess to personalize marketing campaigns, enhance customer service, and create a more tailored shopping experience, ultimately boosting sales and fostering stronger customer relationships.

Shape the Future of Retail with AI and In-Store Data

As AI continues to evolve, retailers who leverage in-store data will be uniquely positioned to exceed customer expectations with seamless, connected experiences that bridge digital and physical worlds. Embracing in-store WiFi as a critical source of first-party data enables retailers to create meaningful, personalized interactions that drive both loyalty and revenue.

With Cloud4Wi, retailers can harness in-store WiFi to unlock valuable customer location data, combining the tactile, immersive experience of physical shopping with the personalized touch of digital engagement.

Explore Cloud4Wi's solutions and schedule a demo to discover the full potential of in-store WiFi. This step is essential for transforming the retail experience and shaping the future of personalization in retail.

Speak to our expert today

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About Cloud4Wi

Cloud4Wi is transforming the retail landscape by harnessing AI and in-store data to deliver personalized customer experiences. Our cloud-based platform enables retailers to accelerate customer data collection in-store and create innovative, location-aware interactions that resonate with customers and foster lasting brand loyalty. This approach not only enhances the shopping experience but also drives measurable business outcomes.

Cloud4Wi provides powerful strategic capabilities, including:

- **Customer Profiling:** Seamlessly capture detailed customer behaviors and preferences over in-store WiFi to build rich, actionable profiles.
- **WiFi Mobile SDK:** Empower your loyalty app with location-aware features, offering customers unique, real-time experiences in-store.
- **MarTech Integration:** Sync WiFi-generated data with your AI-powered marketing technology stack to streamline personalization efforts across all channels.
- **Compliance and Security:** Ensure full compliance with data privacy regulations and implement robust security measures to protect customer information and build trust.

Leading retailers - including Adidas, Albertsons, Burger King, Campari Group, Diamonds International, Guess, Lacoste, Prada Group, and Valentino - trust Cloud4Wi to elevate performance and enhance customer engagement.

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