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Compelling

CUSTOMER EXPERIENCE

through digital

Compelling customer experience through digital

Every retailer knows that the best kind of customer is one who trusts their products and services enough to keep coming back for more; one who will choose their preferred brand over all other comparable retailers, even if they have to pay a premium or wait a little longer for their desired product.

This kind of loyalty depends in no small degree on customer experience – how they interact with the brand at each purchase touchpoint, how the brand responds to their specific needs, how they 'feel' about their purchase once the transaction is complete.

The challenge facing retailers today is to ensure that what their customers experience remains consistent, positive and true to brand values across the multitude of channels available to them, from shop floor to mobile app.

In this guide, we take a look at how digital plays a vital part in enabling brands to ensure that they deliver a first-class experience, by placing the customer at the heart of their business.

Keeping the customer satisfied

All the figures from retail studies around the world suggest that good experience = increased sales*:

- 86% of buyers will pay more for a better customer experience, but only 1% of customers feel that retailers consistently meet their expectations.
- Only 37% of major brands received good or excellent customer experience index scores this year. 64% of brands got a rating of 'OK,' 'poor,' or 'very poor' from their customers.
- 89% of consumers began doing business

with a competitor following a poor customer experience.

- When asked what were the key drivers for a customer to spend more with a retailer, 40% said improvement in the overall customer experience.

* Source: Forrester, Oracle, Forbes

One of the most telling stats comes from Econsultancy's Multichannel Customer Experience report:

- 40% of organizations cite 'complexity' as the greatest barrier to improving multichannel customer experience

and this is where digital in general – and mobile in particular – comes in as a universal 'connector', with the customer as its central focus.

The customer is king

It's a truism which retailers always return to when they attempt to identify the core purpose of their commercial activity. But it's a truism for a reason – without customers, commercial enterprises wouldn't exist, and working to make sure they keep coming back to the shop, whether it's a multi-floor department store, market stall or digital commerce site, should be at the centre of any successful retailer's business plan.

The weapons in today's commercial armoury are more varied and efficient than ever before, and that's in no small part thanks to major advances in digital technology over the past decade or so. And it's entirely understandable that the appeal of the new - the desire to develop an app, make use of the latest gadget, get involved in the most current social trend, simply because it's perceived as 'cool' or because competitors have done it - has in some cases diverted focus away from the customer. However, leave the customer out of your equation for the future of your

retail business and you're unlikely to get the long-term results you want.

Roll out the red carpet

There are several 'truths' which provide the key to recognising the customer's elevated position in your retail strategy:

- *Customers will always want an in-store experience*

  All the evidence suggests that we as individuals enjoy and will continue to want the physical experience of shopping – 76% of us say we prefer making purchases this way.** The ability to see, feel and try before we buy is compelling – the concept of a 'shopping spree' as a treat doesn't have quite the same impact in the virtual world.

  Even the tech-savvy younger consumer (the much-discussed 'Generation C') still craves a physical shopping experience, but they expect it to be enhanced by the latest web- and mobile-based gadgets and innovations - much like the rest of their lives. And there's evidence that user-generated Gen C content has led to a direct increase in physical sales - as an example, the cosmetics industry has seen a 38% increase in eye make-up sales following growth in the number of amateur 'how-to' make-up videos uploaded to YouTube.
  ** Source: Retail Eyes consumer intelligence

- *Customers have the power to choose how and when they shop*

  Customers literally have purchasing power at their fingertips – smartphones, tablets and laptops have freed up the shopping experience and allowed engagement in all kinds of new ways, unrestricted by time or place. For retailers, this means enhancing shopping experiences to meet and exceed customer expectations – multichannel retailers should look at how they can integrate in-store and digital

into a complete experience with multiple opportunities to make a purchase, before, during and after customers have engaged in a physical shopping experience. Practically, that's using mobile and tablet functionality to give customers access to special offers and exclusive deals while they're in-store - barcode scanning, QR code-based discounts and 'instant' social sharing.

Retailers who choose not to engage in in-store and digital crossover may well experience loss of business, as customers vote with their smartphones and their feet. Brands without a strategy for digital commerce which integrates with and supports their brick-and-mortar stores may find that they become de facto 'showrooms' for other retailers, as customers visit, check out the physical goods, find a better price in an online-only outlet and take their custom there. It's vital to get the balance between digital commerce and physical commerce right.

It all comes down to listening, learning and acting – in that order – on what your customers are telling you, either directly or via their shopping behaviour. The technology exists to make their shopping experience fit perfectly to their needs and yours – with potentially unlimited opportunities for access to products and means of purchase, it makes commercial sense to converge business channels and break down the barriers between in-store and online.

Using digital to deliver a better customer experience

Having established the customer as central to any retail business strategy, we can take a closer look at how digital can facilitate a superior, 'joined-up' customer experience which maximises sales opportunities and purchase touchpoints, both on- and offline.

Most retailers have embraced eCommerce as a vital part of their business strategy, and have a grasp of the basics required for a good online experience:

- Simple, easy-to-navigate site with plenty of calls to action, making it easy for customers to source and buy products

- High-res images and clear, concise product descriptions

- No delivery/shipping fees, which tend to be the major cause of abandoned baskets

- Robust infrastructure for stock management, delivery and returns

But these are just hygiene-level requirements – the minimum expected by customers used to the slick systems and straightforward online shopping experiences they get from the likes of Amazon. They will keep the eCommerce figures ticking over (after all, many retailers are happy to front-load their sites with loss leader products and compete on price alone), but they lack that higher level of insight and intelligence which engenders loyalty and encourages return visits.

Using data to make it personal

Making the customer feel valued when they're completing a transaction online relies on the intelligent application of the wealth of digital data available to retailers.

- *Audience identification* – Careful analysis of who visits the site and when and their purchasing behaviour will reveal valuable audience traits which can be capitalised on. For example:

  - *What is the demographic profile of your customers – age, gender and so on?*

  - *When do people buy, and how much do they spend? Do their buying habits coincide with payday, or are they seasonal?*

  - *What effect does complementary media have on site traffic – are ads and press*

activity having an impact?

- *What are the most popular products and price points?*

- *How do users find products – are those that are easiest to find most popular?*

Using this information to build a full profile of your audience will allow you to tailor what you offer to their requirements – seasonal offers, age-specific promotions, product discovery etc.

- *Product recommendations*

  An in-depth knowledge of how individual customers behave has the potential to increase basket size. Appropriate product recommendations based on previous purchases and what others have bought have proved to be highly successful – Amazon reports that 35% of its sales come from 'Other people have bought...' cross-sales.

- *Rewards and recognition*

  Customers who have invested time and money in making a purchase respond very well to having their choices validated. Using purchase data to identify and reward purchases – with tailored special offers, discount vouchers and other types of recognition - is another way to make the customer feel valued and that they are receiving a service tailored specifically to them.

Using social to make it communal

As mentioned above, consumers enjoy in-store shopping as a social experience. Exploiting this behaviour digitally – making it simple for customers to share, review and comment on their purchases online, interacting with them via social networks and opening up a dialogue between brand and buyer not only personalises online purchasing, it also ensures that good experiences are shared between friends and family.

Building a brand 'community' of like-minded shoppers is also a terrific way to ensure customers feel special and remain loyal – big brands such as Harley Davidson, Nike and Coca-Cola have all reaped the benefits of nurturing active communities of fans and followers, who have effectively gone on to become brand ambassadors.

Using mobile devices to make it seamless online and in-store

Mobile is the ultimate connecting device – 98% of smartphone owners have them on their person at all times, and 70% actively use a mobile device while shopping***. So it's sound business strategy to exploit existing customer behaviour to give them a seamless transition between the online and in-store experience.

Currently, customers are using their mobiles for:

- *Price comparison with online retailers or competitors*
- *Spontaneous sharing through social networks, text and email*
- *'Showrooming' (physically checking out products in-store then going on to get the best deals and make the purchase online)*
- *Looking up product reviews*
- *Finding local businesses and stock checking*
- *Mobile vouchering*

Successful retail mobile initiatives, on both smartphones and tablets, reflect these behaviours – they have obvious, tangible benefits, universal reach, and are easy to understand.

*** source: Google – our mobile planet

On top of this, there are a number of applications for new technology which have the potential to provide the consumer with a more immersive, enriched shopping experience, with mobile as the central connector:

- *Augmented reality, bringing products to life with added information and illustrations*
- *Mobile payments*
- *Barcode scanning and NFC or other mobile tagging (60% of QR code scanning in-store leads to a purchase)*
- *Indoor location*
- *Mobile ePoint of Sale and interactive free-standing display units using Kinect*
- *Personalisation using mobile as ID*
- *Customising the in-store environment (eg voting on in-store music)*
- *Tablet kiosks*
- *Out of hours shopping via window displays*

Once again, the key point to bear in mind is that the customer profile should be central to whatever you do. Mobile development should be entirely for consumers and driven by them – a retailer's aim should always be to make it easier/better for them to shop wherever and however they choose.

Using digitally-empowered staff to take it to the next level

The touchstone of this guide is that, ultimately, retail is about people – those doing the buying interacting with those doing the selling in a way which ensures both are satisfied (and ideally delighted) with the outcome. Bridging the gap between digital and in-store – converging business channels so that customers can enjoy a single, holistic experience – depends on using technology to leverage the advantages of being able to offer a personalised journey which will increase footfall and re-energise brick-and-mortar trade.

In retail, an enthusiastic and efficient sales team is the business' greatest asset. The

biggest advantage offered by technology - one which will revolutionise the way we shop and secure the future of both online and in-store shopping – is its ability to empower them to deliver a first-class shopping experience, from the moment the customer enters the store to the moment they leave, purchases in hand.

All of the advantages offered by the intelligent management and application of data apply equally to sales staff as they do to customers interacting with the brand digitally – equip employees with the right kind of mobile platform and they will have instant access to everything they require to provide a superior customer journey with significant sales potential:

- *Simple stock management and live look-ups across all retail outlets*
- *Access to purchase patterns and buying behaviour*
- *Ability to make product recommendations, special offers and discounts*
- *Ability to connect with co-workers, share advice and achievements and manage activity patterns*

It's a win-win proposition – staff will have a level of trust, autonomy and investment in the business which will drive continuous improvement and inherently raise the bar for sales performance. And customers will have the superior physical shopping experience they desire, coupled with the ease and convenience only digital can offer.

A word about lifetime value

A considerable amount of time and brainpower has been invested by retailers and industry analysts in assessing customers' lifetime value – a monetary representation of the worth of their custom, projected over the years they are likely to be actively making purchases. Designed to provide discipline to retailers' business forecasts and to guide them towards managing the long-term health of customer relationships rather than just profit, the concept has given rise to complex calculations and equations which should, if worked through properly, give an indication of where retailers should invest, how much they should spend on customer acquisition and the margins they should use to maximise revenue.

While digital is ideally positioned to provide detailed transactional information which has the potential to pinpoint exactly what each customer is 'worth', building a customer relationship that transcends sales channels, reaches far beyond individual transactions and is entirely guided by their needs and behaviours has a value which cannot readily be translated into a cash figure. To determine the lifetime value, retailers need to develop their own calculations, based on in-depth knowledge of their customers.

One thing is certain, however – without root-and-branch adoption and implementation of digital as an inherent part of retail strategy, customer numbers will dwindle, along with their lifetime value.

The customer experience of the (near) future

Accessing and applying the wealth of knowledge that exists about customers, their buying habits, likes and dislikes and using digital to connect their purchase touchpoints has the power to turn every shopping experience into a personal journey enhanced by promotion of just the right products at just the right time, by sales staff sensitive to each individual's requirements.

Customer contemplates buying an outfit for a night out, doing research on their laptop to check store location and stock

On the way to the store, the customer gets a message on their mobile – their first choice isn't available, but the brand is offering a number of alternatives. One is ideal – and cheaper than their original choice

They suggest a pair of shoes –the perfect pair, right size, right colour, on their tablet device

Upon arrival, the customer is greeted by a sales assistant, who has a range of outfits ready

Pleased with his purchases, the customer then tweets about his experience via the in-store app, for which he is rewarded with a discount voucher for his next visit

This picture might seem too good to be true – first-class, seamless service for the customer and multiple sales and value reinforcement opportunities for the retailer. But, thanks to intelligent application of today's technology, it's a reality which is within reach of forward-thinking brands wanting to maximise sales in an ever-evolving retail environment.

About Red Ant – Technology for smarter retailers

Red Ant partners with retailers to deliver smarter ways to engage with customers through connected mobile experiences. Our connected experience platform RetailOS joins up all your devices and touch points to deliver a seamless shopping experience. RetailOS fully integrates with your existing technology and data sources for an enhanced customer experience to drive engagement and loyalty.

Connected retail experiences

Delivering a seamless shopping experience across mobile, tablet, kiosk, wearables and in-store displays

Personalised customer loyalty

Engaging and rewarding to make every customer feel like a VIP whilst capturing valuable shopper insight

Smarter customer service

Empowering employees with valuable customer insights and knowledge with our cognitive sales advisor and trainer

Founded in 1999, Red Ant has been part of the evolution of digital and consistently at the forefront of innovation and technology change with our strategic partners including IBM, Samsung, and Hybris. In 2014 Red Ant won the IBM Watson Mobile Developer Challenge, and is currently the only company in Europe using the unique capabilities of IBM Watson to develop next-generation retail apps.

Red Ant – Working. Smarter. Together.

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