zensar

Hitting all the
Touchpoints in
**Omnichannel
Retail**

Introduction

The retail industry is witnessing rapid changes since the advent of the ecommerce boom — a phenomenon that has made big retail giants rethink their go-to-market strategy. This has led to several initiatives where industry players have leveraged technology to compete and stay relevant. We have many examples before us, such as smart mirrors, unmanned checkouts, personalized AI-based assistants and more. If we probe the core of the customer journey, we see that the core has remained the same and technology has added multiple layers to this core. This increase in the touchpoints where the customer interacts with the product has made it mandatory for retailers to have a strong presence at all these touchpoints.

Omnichannel retail is on the agenda of many retailers, but not all of them are clear on what it exactly means. A customer now uses multiple touchpoints to interact with the product. At home, this means using a desktop or laptop. Away from home or when traveling, this means a mobile phone or in-store visit. This customer experience across multiple touchpoints needs to be consistent. When a customer walks into a store and the sales associate already knows what the customer is looking for, this can increase the conversion rate. The customer's online search history is present with the retailer but when the customer walks into the store, these insights are not available to be utilized. Most retailers are doing a great job in transforming individual touchpoints, however, the cohesion or consistency between the various touchpoints is lacking. Currently, there is no way a customer can know about their own past purchases across various channels at a single touchpoint. The data is already present, but in a disjointed way. There is a lack of

communication between the various touchpoints. If the retailer can create cohesion between the touchpoints, it will lead to a better customer experience.

Quick statistics 2019

Global figures^

Retail sales worldwide*:
$ 25.038 Trillion

Growth rate*:
20.7%

Global Ecommerce sales*:
$ 3.535 Trillion

^: eMarketer 2019 *: Projected

US figures@

Retail sales*:
$ 3.8 Trillion

Growth rate*:
3.8 – 4.4%

Ecommerce sales*^:
$ 586.92 Billion

Growth rate*^:
14%

@: National retail federation *: Projected

Customer Journey map

Phases	Activities	Goals	Touchpoints
Discovery	Online-ad, Offline ad, Store visit	Product requirement	Mass media, Social media, In-store
Evaluation	Evaluation of different options	Quality & Price considerations	Website, Mobile app, Social media, In-store
Customer Experience (Before purchase)	Website, App navigation, product search, In-store navigation, sales person interaction, Design experience	Minimize efforts or actions, enjoyability, helpfulness, aspiration, emotional delight	Website, Mobile app, Social media, In-store
Purchase	Order placement & Payment	Best option selected & order experience	Product trial , Assited shopping, Checkout process
Fulfillment	Receive order or pickup	Delivery or pickup experience	Timely updates, Text & Email
Loyalty	Repeat order	Overall customer experience	Social media & customer loyalty programmes
Feedback	Product, service & Experience feedback	Online, In-store, On-call support for any defects	Web chat, Phone, Email, Website
Customer support	Support on return & exchange (Reverse logistics)	Support return pickup & drop	Web chat, Phone, Email, Website

Retailer journey

Phases	Goals	KPIs	Activities
Discovery	Increase awareness & generate interest	No. of visitors, people reached, social media activity, Active engagement rate	Content creation, store design, awareness campaigns, demand generation campaigns
Evaluation	Increase no. of visitors, clicks, queries, ctc	Number of new visitors, avg. time per session, pages visited, repeated visitors, queries generated	Content creation, store design, awareness campaigns, demand generation campaigns, targetted offers
Customer Experience (Before purchase)	Clear value proposition, Understand customer requirement, help customer in making informed decision		Assist customers, engage on various platform, product information transfer
Purchase	Increase customer conversion, total cart value & better recommendation of complimentary products	Conversion rate, number of orders, avg. cart value, subscription	Streamline shopping experience & checkout process
Fulfillment	Minimize delivery time, accurate timely updates & reduced waiting time	On-time delivery rate, right product delivery rate, payment success rate	Order handling, packing, shipment
Loyalty	Increase customer retention, total cart value, targetted loyalty offers, customer engagement	targetted marketing, focussed loyalty programs, cross selling, upselling	Targetted marketing, focussed loyalty programs, cross selling, upselling
Feedback	Timely feedback on products & services, issue resolution of unsatisfied customers	Feedback rate, feedback quality	Feedback rate, feedback quality
Customer support	Decrease issue resolution time, waiting time for customer support & escalations	No. of issues resolved, escalations, avg. waiting time	No. of issues resolved, escalations, avg. waiting time

Product Discovery

Imagine you are casually browsing through an interesting article or your social media feed and an advertisement pops up. The chances of you ignoring the ad are higher than the chances of you clicking on it. This is likely because the advertisement is not relevant to you at that time or the product displayed is not interesting enough. This predictive intelligence applies to newer touchpoints but what about conventional touchpoints? Most retailers have not been able to crack this code. A recent report from the IHL group states that for **every single company closing stores, five companies are opening new stores**. A total of 73% of retail store closures are attributed to only sixteen companies. About a year ago, numerous marketing reports came out with farfetched headlines like "Retail Apocalypse." The store will never be made obsolete. In 2018, ecommerce formed 14.8% of total retail sales in the US.

Customers are now looking toward an omnichannel experience to connect across all levels of touchpoints. A retailer with a strong online presence also requires a strong offline presence. Amazon accomplished that with its recent acquisition of Whole Foods Market (including 500 stores in the US). Wal-Mart's acquisition of ecommerce players Jet.com and Bonobos is another example of a strategy to build a presence across all channels. To generate high recall among consumers, retailers need to build a value proposition that is relevant and consistent across all channels. A higher number of customers will notice a company's optimized marketing efforts across all channels, resulting in higher ROI. Retailers can leverage massive amounts of data to determine how consumers interact with them at each interface. This data, if analyzed properly, can give consumer insights that are relevant and application-oriented. An analytics tool such as Google analytics can help retailers hit the right spot for each customer.

Product Evaluation

Many times, superior products lose out to lesser-quality products because the value proposition associated with the product is not clear. Consumers look at product quality, price and brand value. Much of the time the brand communication is not targeted enough to grab the customer's attention. Retailers can help customers make an informed decision. Many retailers have resources available to consumers to help them make the decision, such as aggregated product reviews across various platforms. The value model that encapsulates the customer journey spans across social media, online and physical store touchpoints. These touchpoints should work in tandem to provide outstanding customer experience. For the in-store experience, issues can include lack of parking space, store design, product range, waiting time at check-out and even the store associate's behavior.

Before Purchase Value Proposition to Customers

Touchpoints: Website, app navigation, product search, in-store navigation, salesperson interaction, and design experience

Goals: Understand customer requirements, offer clear communication of product value proposition, minimize efforts or actions for the customer (with ease of interaction), assist the customer in making informed decisions, provide relevant and engaging content at all touchpoints, resonate on an emotional level, and provide value.

Product Purchase

At this stage, after the customer has evaluated and is convinced with the value offered, the customer is willing to pay to get this value. The customer experience during the purchase can be enhanced by offering complementary goods. This is widely implemented by ecommerce retailers, where a series of products are suggested in conjunction with the purchase. This type of offer must be available in offline offerings as well. The need for a store product

catalog where products are mapped to specific demands of the consumer can serve as a good recommendation engine. For premium retailers who offer assisted shopping, it's important for the store associate to understand the customer requirement. We now have smart mirrors in dressing rooms to ease the decision-making process, a self-service kiosk for checkout, and card or cashless payments to streamline the shopping experience. For example, Sephora allows its customers to try out beauty products without actually applying them to the skin through their "virtual artist" technology. Ralph Lauren has installed a smart mirror inside the dressing room to augment the customer experience. Similarly, other retailers can build business cases around the use of smart mirrors that best suit their customer needs. Retailers strive to provide products without any issues or defects to minimize returns. To that end, a return/exchange policy is clearly stated to the consumer. The lack of touchpoints after an issue arises is one of the biggest reasons for non-returning customers. If we look at the new customer acquisition cost compared to a loyal customer, it costs almost 5-6 times to acquire a new customer. The Pareto principle, also known as 80/20 law, gives a broader understanding — that most of the revenue is generated from loyal customers or about 80% of revenue is generated from 20% of customers. This may not be a fair estimate but still presents a picture on how important it is to focus on loyal high lifetime valuem customers.

Product Supply Chain

As ecommerce has evolved, the supply chain around product delivery has also evolved. A customer can order from a shop and choose to have the item delivered to their home or may opt to pick-up the order from the store. Today, supply chain technology allows the customer to track the order from the time it is placed to the time it is delivered. To enhance the customer experience, retailers are now moving toward reducing the shipping cost by using technology such as automated warehouses, advanced forecasting and order management techniques. The digital supply chain, as the name suggests, leverages different technologies to provide a seamless and timely experience. The ecommerce space has seen players develop a niche in hyper-local delivery, including same-day delivery. Logistics evolving as a separate service has allowed this to happen. Many retailers ignore the customer experience component of product fulfillment. Trader Joe's is not very prominent in the digital space compared to other retailers, but it has created a unique customer experience where customers get a sense of the neighborhood grocery store. The company has worked on store navigation, store aesthetics, and a customer-friendly team to weave this unique customer experience together. Many people remember th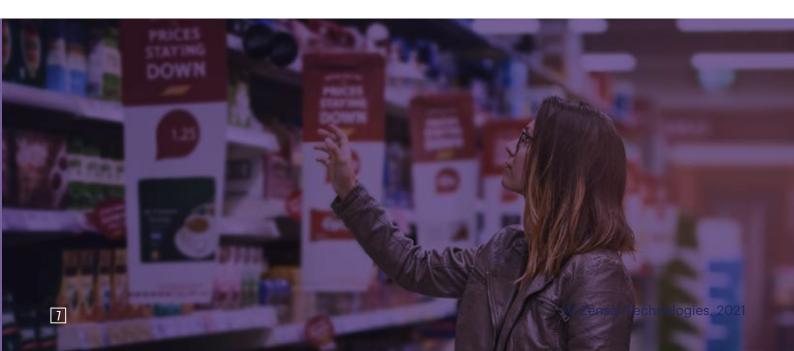e Amazon toilet paper incident, wherein a customer was charged US $7,455 delivery charge for an order in the amount of US $88.77. Initially, Amazon claimed it could not refund the delivery charge as it was shipped by a third-party seller and the product arrived undamaged and on-time. This focus on product fulfillment (and not the customer experience) resulted in bad publicity for Amazon and exposed a lot of areas where the Amazon business model was not based on customer experience and based more on product fulfillment. This can be improved by using technology to provide real-time updates, better order pick-up experience, and an active reverse supply chain.

Product returns are a hard reality for retailers. While most retailers have a well-developed forward supply chain, when it comes to reverse supply chain, there is a stark difference between the two. Product returns are an added cost which affects the bottom-line of retailers. Returns are a delayed or lost revenue unless the customer experience around the return is satisfactory, increasing the likelihood of a repeat customer. An effort should be made to reduce the number of action items for the customer. According to market research, there is a **59% chance of a customer not returning** after a bad return/refund experience with the company.

Customer Loyalty

The biggest revenue source for a retailer is returning customers or loyal customers. To that end, retailers must understand how customer loyalty is defined, what the lifetime value of a loyal customer is, what impact loyal customers have on brand equity, and key performance indicators used to evaluate loyal customers.

Customer loyalty, in simple terms, can be defined as customers who make additional purchases. Loyalty in customers can be attributed to the overall customer experience received during their initial transaction. If retailers are not able to meet customer expectations, chances are that the customer will not return. The Net Promoter Score (NPS) is used to gauge how satisfied the customer is with the product and how willing the customer is to recommend a product. Customers can be classified into three categories based on ratings: detractors, passives and promoters. Detractors are those who are not satisfied with the product and would not recommend the product. Passives are those who are satisfied with the product but would not spread positive recommendations about the product. Promoters are satisfied customers who will recommend the product to prospective buyers. When the omnichannel customer experience is designed in a way that resonates with the customer, the opportunity exists for the passive group of customers to be converted to promoters. One of the ways to improve this statistic is a well-designed customer loyalty program. Most customer loyalty programs don't utilize artificial intelligence so opportunities to create a personalized, relevant experience may be missed. Future customer loyalty programs will focus on the individual rather than a group. Offerings should be designed in a way that customers can utilize. If a customer is interested in product A and the retailer's offer is designed for product B, then it's a lost opportunity. This requires a robust suggestion engine that can utilize the past data and come up with recommendations relevant to the customers. Social media should be use to engage with customers regularly and consistently. Crowdsourcing has emerged as an important decision-making capability as well and can be based on the sourcing of new ideas, designs or offers that are most popular. The freemium model is also emerging to turn satisfied customers into brand promoters.
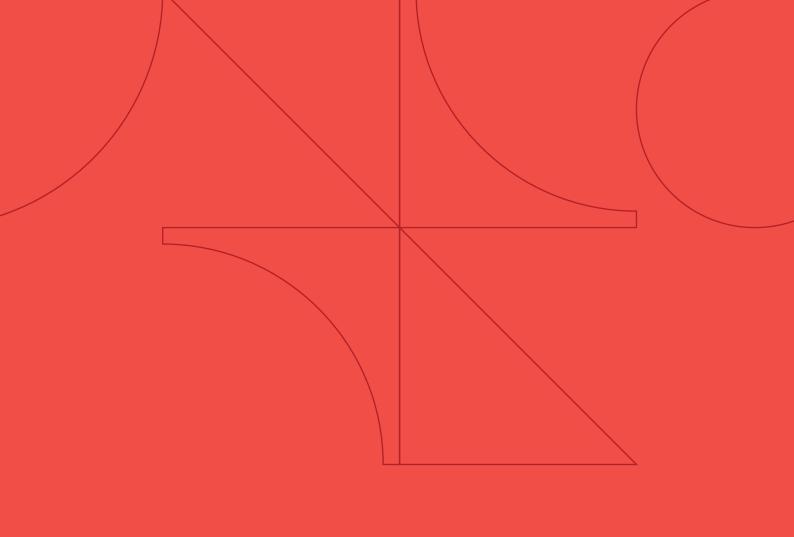
Feedback and Customer Support

The process is not over after the product is sold. Feedback is important as it helps retailers adopt practices that work best for a customer. The customer experience can then be personalized to address the feedback from the customer. A well-defined customer support network is based on AI-enabled chatbots, query resolution on emails, phone, customer feedback in-store and social media engagement. Chatbots are recommended for the first point of contact to resolve queries. If we look at the escalation matrix, the good customer experience can be related to the number of queries that get resolved in the first stage. The more escalations there are, the bigger the drop in overall customer satisfaction. The longer the wait for resolution, the more unsatisfied customers become. Timely feedback serves as an important way to understand customer expectations and a good way to cross-sell or upsell, reinforce a good customer experience and improve customer satisfaction.

Conclusion

As customer touchpoints are evolving, there needs to be a shift in strategy, moving from a single touchpoint to all the touchpoints in order to create a unique value proposition for customers. Personalized recommendations based on customer purchase history from both online and offline channels can help determine the lifetime value of the customer. Targeted advertising personalized to customers will increase the conversion rate and overall retention rate for retailers. The use of AI at each touchpoint and communication between each touchpoint is necessary to develop this personalized customer experience. As an outcome, the evolved customer experience across all channels will result in a greater number of satisfied customers and positively impact the bottom line. The current strategy of channelizing resources to improve one touchpoint is outdated and needs to be abandoned in favor of a strategy where retailers focus on all touchpoints. The message across all touchpoints should be cohesive, consistent and resonate with each other for a true omnichannel experience for the customer.

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