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INTEGRATED CUSTOMER EXPERIENCES

Game Changer for Omnichannel Retail

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Embracing an 'integrated experience-first' model is the only differentiator for retailers to deliver richer and more meaningful engagement with today's customers and to outperform in this competitive economy.

Executive Summary

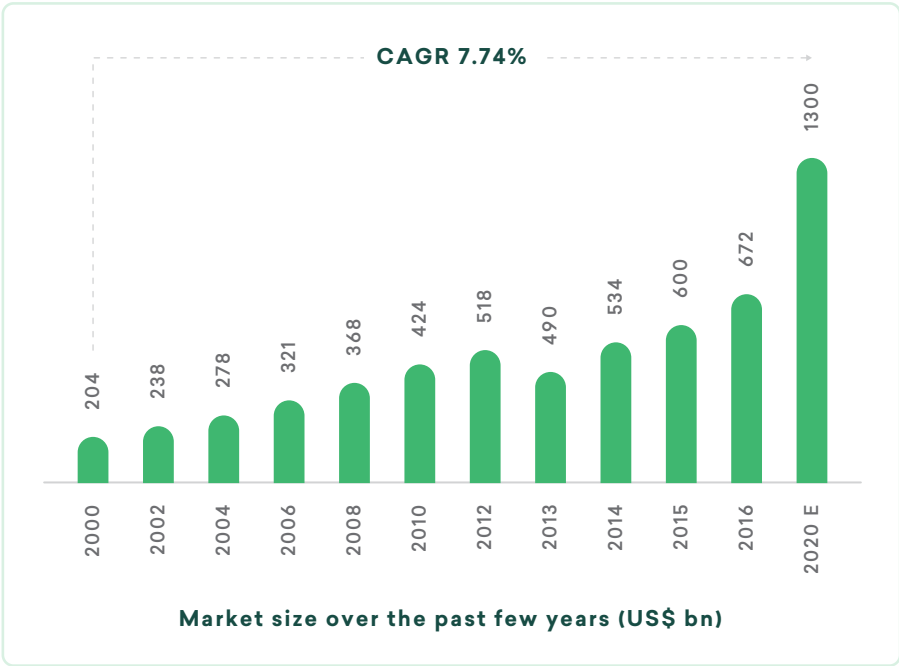
We are in Twenty Eighteen where the genesis of an emerging economy is gaining prominence – the **Experience Economy** - shifting the power dynamic between retailers and consumers. The Experience Economy is not a new concept, but its influence on the retail industry has accelerated as consumers have undergone a transformational shift in what they value most - experiences.

The retail Experience Economy touches all parts of the industry, from beautifully designed shopping centres to omnichannel retailers who empower their customers through the implementation of same-day delivery on products they have ordered on mobile-optimised platforms. Regardless of channel, be it the shopping centre, high street, retail park, online, in-store or a combination, experiences are driving a shift in the perception of economic value. The key battleground for retailers now centres on the staging of meaningful experiences throughout the entire omnichannel customer journey, and the Experience Economy will drive that retail revolution.

In the following pages, we examine the necessity for today's retailers to shift into the new customer engagement paradigm thinking and develop a competitive edge by offering refreshing experiences to their customers. We lay out real-world examples of how leading retailers are responding to consumers' digital fingerprints, anticipating their shopping preferences and delivering real-time, contextually-relevant, and inspiring experiences.

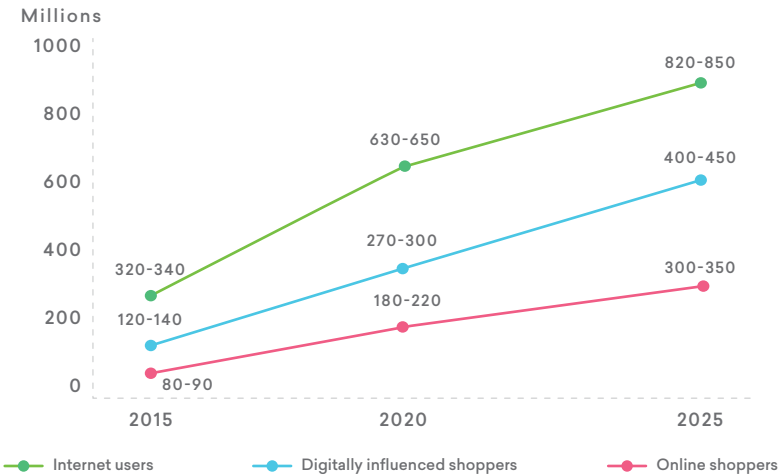
RETAIL 2020

THE ROAD LESS TRAVELLED

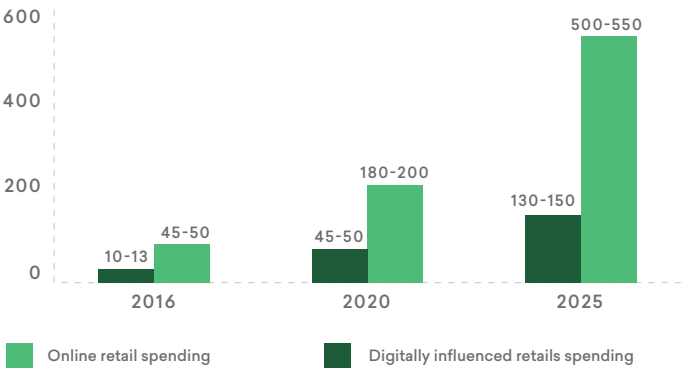


According to a study titled ‘Retail transformation: Changing Your Performance Trajectory’ conducted by CII and BCG, India’s retail sector will double to **\$1.1-1.2 trillion** by **2020** from \$630 billion in 2015, riding on income growth, rapid urbanisation and more nuclear families leading to higher per capita consumption. The tremendous growth of e-commerce market also plays an integral role in the high scale development of the retail sector; by 2020, ecommerce will be a **\$700 billion market (B2B)** with **530 million shoppers by 2025**, coming at par with offline stores within a span of five years.

Significant increases in the number of digitally influenced and online shoppers...



...will result in more than tenfold growth in digitally influenced retail and online retail spending.



Sources: Forrester Research; BCG CCI digital-influence study, 2015 & 2016; BCG analysis
Note: N=20,000 in every year. \$1=67 rupees.

Consumers climb the learning curve quickly and as they get more comfortable with digital capabilities, their usage patterns exhibit growth that belies age and other demographic variables. As retailers reimagine themselves along these and other lines, they should make two key adjustments.



Change their notion of the market and competition

Digitization has fuelled the efforts of many smaller retailers and unconventional competitors to disrupt sectors and tip the scales to their advantage. Developing new innovative offerings and building agility towards rapid change would be key to stay ahead of the curve.



Adapt to the changing nature of consumer-retailer relationship

The dynamic nature of the consumer-retailer equation and the amplified power to the individual consumer are both necessitating retailers to continually develop superior value propositions and effectively manage customer advocacy.

THE CHANGING CUSTOMER

ONE SIZE DOES NOT FIT ALL

It's fair to say that we operate in real-time today. As consumers, we don't have to wait for delivery anymore — we can order an item in the morning and pick it up at lunchtime from the store. But we seldom acknowledge that we also operate “contextually.” In a world of social media status updates, geospatial capabilities and location applications, we tailor our communications and interactions based on where people are, what they are doing and in some cases, even how they are feeling.

A commissioned study conducted by Forrester highlights how disconnected Indian retailers are today with their consumers — there are significant gaps between the experiences retailers are delivering and customer expectations.



38%

38% of shoppers believe retailers learn about their personal behaviors and preferences but infrequently use them to create personalized experiences.

31%

Customers predominantly shop across channels, yet only 31% reported having consistently positive experiences.

35%

On average, only 35% of shoppers actually use the various services that retailers provide.

Given how retailers have tried to improve shopping experiences through information and technology, what mistakes do you think they are still making?



Base: 4,500 shoppers age 18+ who own a smartphone (global)

Source: A commissioned study conducted by Forrester Consulting, July 2016

The reason for this disconnect is that retailers are often making investments in new services and capabilities without the input of the shoppers they intend to serve, thus negatively impacting customer satisfaction, revenue, and profitability. It can eventually cause a significant divide between the experiences retailers believe they are providing and the ones shoppers are actually experiencing. The key to bridging this growing divide is digitally retooling the physical store experience to deliver on consumers' social shopping preferences and desire to feel valued across every touchpoint.

THE RISE OF PHYGITAL RETAIL

Today, we no longer ‘go’ shopping, but literally ‘are’ shopping – at every moment and everywhere. We are constantly inundated with messages underlying the criticality of good customer experiences. But what exactly is a good experience? Ultimately, it is an intuitive, simple, contextually-relevant and exciting digital interaction that personalizes all touchpoints a customer has with a brand.

Advantages of physical	Advantages of digital
<ul style="list-style-type: none">▶ Edited assortment▶ Shopping as an event and an experience▶ Ability to test, try on, or experience products▶ Personal help from caring associates▶ Convenient returns▶ Instant access to products▶ Help with initial setup or ongoing repairs▶ Instant gratification of all senses	<ul style="list-style-type: none">▶ Rich product information▶ Customer review and tips▶ Editorial content and advice▶ Social engagement and two-way dialogue▶ Broadest selection▶ Convenient and fast checkout▶ Price comparison and special deals▶ Convenience of anything, anytime, anywhere access

Digitization is helping transform physical retail experiences – predicting emotions and need states when people are ready to buy. Some industry experts are even calling it ‘mood retail’ – a mix of data, physical shopping, retail therapy and psychology. But the question is how can we experience anything that’s digital without being in the physical realm? We see what’s on

screen, we listen to podcasts, we touch that smartphone - it's really an online-offline world at any given time. The online-offline experience is not even two things coming together anymore. It's intuitive, immersive, and intensive. It's **'Phygital'** - combining the best of both worlds - the tactile satisfaction of physical retail and the intuitiveness of ecommerce.

“

“While enterprises have seen the first wave of disruption due to ‘digital-only platforms,’ the second wave of digital will be ‘phygital’—a combination of physical and digital, commonly called omnichannel.”

KRS Jamwal, Executive Director,
Tata Industries and Digitalist 2017

Disruptive and distinctive, the new-age connected customers hold unprecedented influence and wield enormous economic power of their own. They socialize, learn and have fun living in a fluid digital world—one in which the boundaries between their online and offline lives are nearly indistinguishable. With their last great experience becoming their new expectation, they are pushing retail brands to create personalized, integrated experiences with the latest digital advances. This kind of innovation is not linear or a one-time project — it is a new way of thinking, operating and behaving - the phygital way of retail.

“By 2025, integrated efforts will be the norm. Instead of planning and executing by channel, retailers will support a consistent brand experience by viewing consumer touchpoints in more holistic ways. Consumers will engage with brands simultaneously across connected devices and on various platforms.” - Cognizant Technology Solutions, ‘The Road to 2025: Retail, Reimagined’ Report, 2017

The growing need for a seamless, personalized and integrated omni-channel response will soon be table stakes to compete in this ever-changing digital ecosystem. Unless brands meet customers' expectations for such a unified response, they may lose market share, or worse still, struggle to stay profitable. Here are some approaches for retailers to consider in recalibrating themselves and seamlessly integrating their offline and online channel experiences to get phygital ready.

1.1 Operate as a Single Brand and Channel

70%

>70% of customers expect complete alignment in pricing across all channels

60%

>60% of customers rate pricing consistency an important factor in their decision-making

60%

>60% of customers expect similar promotions across all channels

- Define an authentic and unique value proposition, that feels familiar to the customer, regardless of the channel.
- Inject the brand's voice and core message into every communication.
- Be consistent with pricing policies, offers and rules across all channels.

- Leverage technology to improve brand authenticity and manage brand perception amongst connected customers.

Case Examples:



Domino's Pizza in India provides a seamless, consistent customer experience across all its touchpoints by ensuring that all orders, prices, choices, offers and services remain the same across stores, website and mobile app.



Croma's smartphone compatible website – Croma Online – provides a consistent experience by offering services such as 'store pickup' for users to view store-wise inventory, order a product online, and pick it up later from the store.

1.2 Understand Customers and Personalize Interactions Across Channels

70%

70% of Indian retailers consider customer catchment analysis as an important factor in product assortment choice

83%

83% of Indian retailers rate customer preview as an important factor in their product assortment decisions

100%

100% of Indian retailers review customer past shopping history when making product assortment decisions

- Recognize and acknowledge customers, the products and services they have purchased, and their prior interaction history, regardless of channel.
- Tailor customer interactions based on their recent actions across channels.
- Personalize offers and target products and promotions at a price that's right for customers given their likes and preferences.
- Help them comprehend the benefits in an easy-to-understand language tailored to their profile/account type, context and knowledge level.

Case Examples:



The Clubcard loyalty program from **Tesco** maps data to analyse and segment customer behaviour. It pushes **product recommendations and customized offers** through the Tesco website as well as to customers' smartphones when they're shopping in-store. The mobile app helps loyalty customers locate products on their shopping lists when shopping in-store.

1.3 Empower In-store Associates with Smart Mobility

123%

"Educated and engaged" store associates who can answer customers' questions and are knowledgeable about a store's products can generate a 123 percent increase in sales revenue at their store.

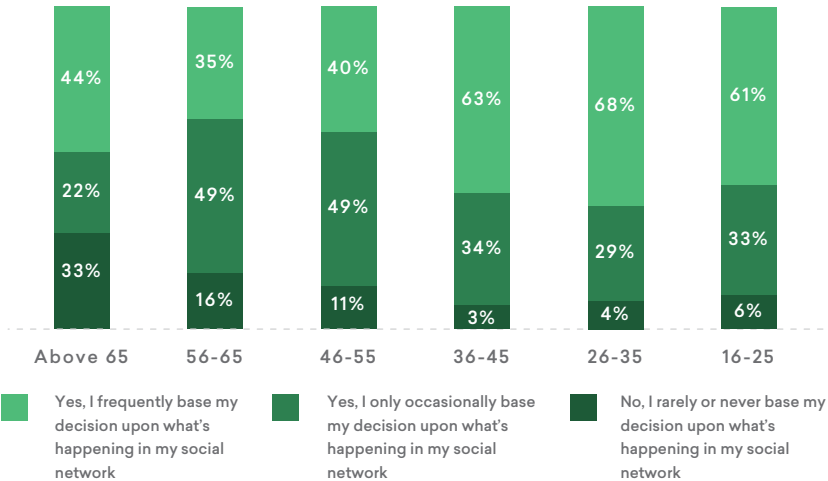
- Pamper customers with a personal companion in the form of an in-store associate, who is fed real-time insights to drive sales & ensures uber customer engagement.

- Empower associates with relevant insights about customer product preferences and buying behaviors to significantly improve how they engage and interact with customers.
- Provide associates the necessary digital tools to echo the brand story, answer questions, and facilitate smooth transactions across channels.

1.4 Enable Two-way Customer Engagement Through Digital Channels

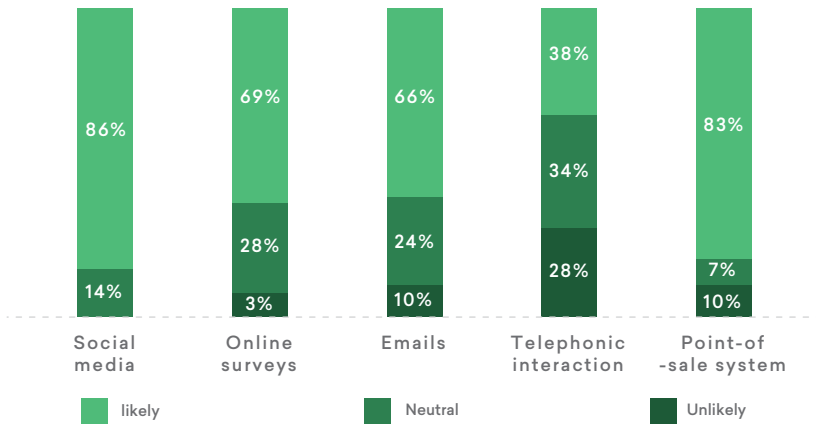
- Create two-way customer interactions (through forums and communities) across all touchpoints.
- Honor commitments to customers with service response times, closure of issues and complaints, and demonstrated actions in response to feedback.
- Measure customer feedback across the entire purchase decision process.

Young connected customers are highly influenced by social media...



...and Indian retailers believe social media is an important source for customer feedback

How likely are the following modes of customer feedback to improve the customer experience?



Sources: A.T. Kearney Connected Consumer Study; A.T. Kearney-RAI retailer survey, 2015

Case Examples:



Starbucks has a dedicated social media team that handles over **90% of customer complaints** from across phone, email and social media **within a span of 2 hours**. Its social media page **‘My Starbucks Idea’** currently has over 21,000 unique ideas in terms of suggestions and observations shared by its users.



Amazon launched a replenishment service in the form of a Wi-Fi enabled **‘Dash Button’**, enabling users to automatically reorder specific products through their connected devices when supplies run low. When pressed, the Dash Button alerts Amazon to place an order for the depleting supply using the user’s smartphone.

MAKING PHYGITAL VISION A REALITY

THE FRESHDESK ADVANTAGE

DECATHLON, a leading global sports goods retailer has already jumped on the bandwagon of next-generation retail with its vision to bridge the gap between two retail worlds that have been separated for long – physical and digital. With the single-minded focus of becoming customers' ally, Decathlon is crafting holistic and seamless customer experiences as part of their omnichannel strategy, blending new features, tools and content, easing maintenance while increasing sell-through.

The Decathlon logo is displayed in white, bold, uppercase letters against a solid blue rectangular background.

As part of the new phygital vision, **Vijoy Nair, Head of User Happiness at Decathlon, India** was looking to

- Implement a single, customizable, comprehensive solution that unifies and delivers contextually-relevant and measurable customer experiences across all of Decathlon's retail channels.
- Deliver an authentic and consistent brand messaging and experience across all key touchpoints with product information and online purchasing options.
- Connect his customers and products better to create an adaptive phygital environment that engages the consumers respective to their journey.
- Enable an interactive two-way customer engagement across all touchpoints to improve team performance and customer retention.

Freshworks worked closely with Decathlon to realize this dream and design a single-view system to seamlessly integrate the offline and online channel experiences of their customers. It has enabled Decathlon to enhance its entire customer relationship management process by providing better insights into customer requirements, improving key business metrics and enabling agents to leapfrog the customer happiness quotient.

Business Benefits:

↑ 82%

Customer Satisfaction

—
Increase in overall
customer satisfaction
rating to 82%

↓ 61 mins

First Call Response Time

—
Reduction in the first
call response time to
61 mins

↑ 92%

SLA Resolution

—
Improvement in
SLA resolution to
92%

LOOKING AHEAD

Powered by technology, analytics, mobility and flexible marketing operations, retail brands can deliver innovative experiences in ways that bridge marketing, commerce and service interactions. And they can do so by implementing a single, comprehensive solution that unifies and delivers relevant, connected, and measurable customer experiences across all retail channels.

Achieving an integrated omnichannel reality requires the executional courage to move forward, the right organizational structure, and a partner who can bring the global horsepower to get things done. Only those retailers that manage to design the right omnichannel customer experience program for helping consumers tide through the shifts - will emerge on top in this experience game.

To learn more about omnichannel retail experiences, connect with us at

www.freshworks.com

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