

ICXI-POST newsbriefing

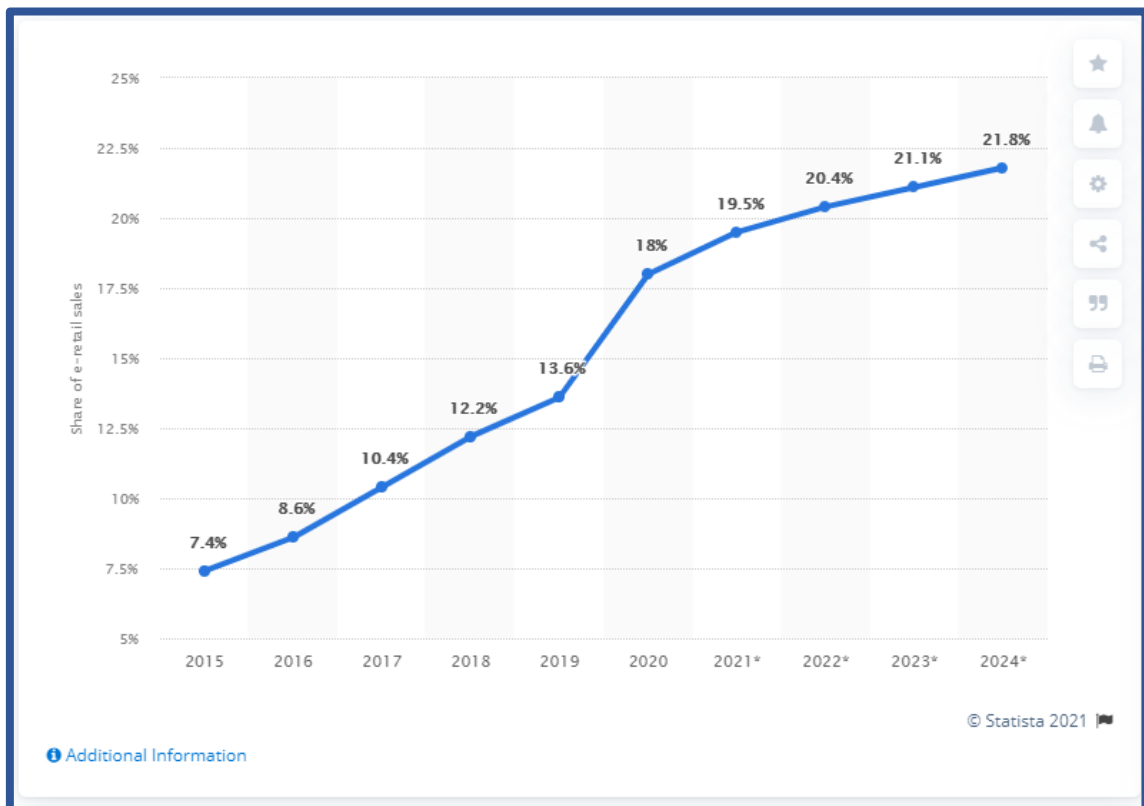
Vol 1 – Issue 3

Introduction From The President

Retail is Detail - The CX Challenge in The New Digital Retail World

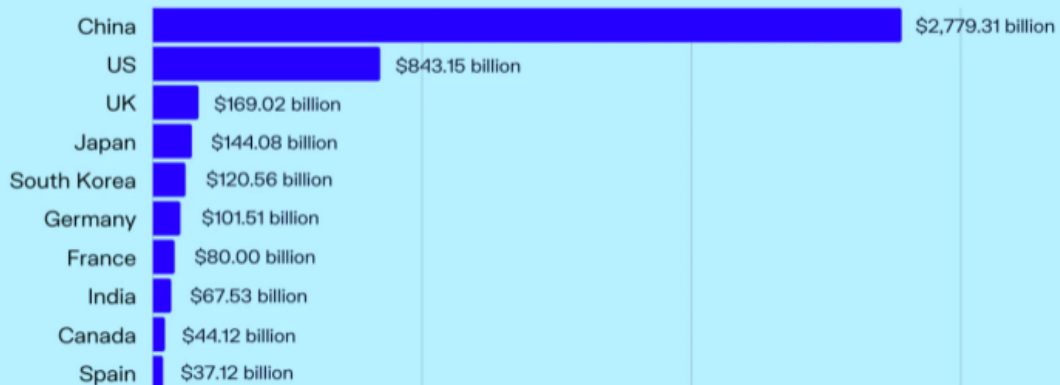
It is now well accepted that the trend towards digital retail that started 10 years ago was accelerated rapidly by the Covid 19 Global Pandemic. Figures from Statista show that this trend is set to continue into 2024 where one fifth of global sales will be online and others sources forecasting global sales to rise to \$US 6 trillion in the same period'

E-commerce share of total global retail sales from 2015 to 2024



Another key underlying factor in this trend is that the impact will be greater in some markets than others. (See Below) However the need to understand how the trend affects the management of the customer experience is equally great in all markets both for those already in a market of rapid change and for those in markets where the trend is only just beginning to pick up momentum. What also needs to be considered is the degree and speed of change in any given sector. Some sectors like travel have been largely on line for some time and will not see the trend as a major threat, others like high street retail, will have to concurrently learn both new online retail skills and customer experience management skills if they are to remain competitive in the new digital retail world.

Ecommerce Sales by Country (2021)



Source: eMarketer

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The Challenge

The challenge was clearly and succinctly expressed by Theo Slaats Partner at Deloitte

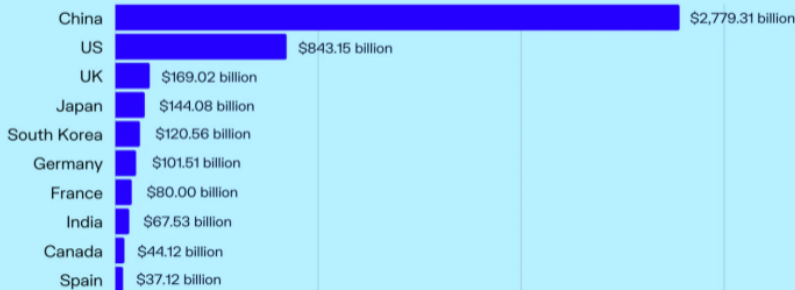
A customer service reformation is taking place. It's radical, it's far-reaching and it's being driven by customers. The digital age has transformed the way customers shop and share their experiences. Today, customers are driving the buying process using websites, blogs, vlogs and social platforms. By the time they enter a store or become visible in the sales funnel, they know what they want to buy and how much they want to pay. It doesn't stop there. Once the sale is closed, customers use those same channels to join forces and name and shame those that disappoint.

<https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/consumer-business/deloitte-nl-the-digital-transformation-of-customer-services.pdf>.

So the management of the customer experience has truly be end to end if the relationship is to be positive and its potential benefits optimised. As mentioned above the scale of the programme needed to address the challenge depends to a large degree both on the sector in which an organisation operates and also on its ability rapidly to redesign the legacy processes and behaviours to address the needs of customer experience management tomorrow. Needs which potentially take it into uncharted waters and may well require investment, expertise and courage in an environment where their traditional market foundations are being eroded away.

The challenge is powerfully disruptive and requires the urgent attention of organisational leaders especially those whose traditional business models are at most risk. It is not something that can be addressed simply by price led marketing. The customers of today's post Covid retail world have experienced how the best digital retailers operate and that has raised the bar of customer expectation to a new height.

Ecommerce Sales by Country (2021)



Source: eMarketer

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Almost Everything Is Going Digital - From Aircraft to Piano Lessons Online is There



Buy Aircraft ▾ Sell Aircraft



Best Online Piano Lessons: Apps ...
pianodreamers.com

Digital sales are also now established in sectors where physical see/feel /touch were considered necessary parts of the purchase experience. Buying and selling cars are examples of where the digital world is now a key player in many markets. A Capgemini survey showed that in the UK 32% would make their post Covid vehicle purchases online while the numbers in India and China were 44% and 49% respectively. Manufacturers like Tesla now only sell on line. In the US companies like Vroom, Carvan and Shift report record sales. In the UK a host of online car buying companies like webuyanycar.com, carbaba.co.uk, wizzle.co.uk are the organisations that are effectively setting the market pricing for second hand car trade-ins.



As almost 50% of purchasers do their pre-purchase research online and over 40% use multiple devices then a major factor in determining how successful a vehicle seller will be conditional upon the effectiveness and usability of the Processes through which the customer can research their options and trust the seller's brand. A major part of dissatisfaction with face to face dealership interaction centres around the F & I department meeting and the paperwork. If online processes can eliminate this hassle they are already on their way to delivering a better customer experience. In sectors like this Processes must be robust and effective. As a brand element they have a critical role to play as part of the organisation's proposition and as a fulfilment element in building the customer's confidence to commit to carrying out a major purchase online.

So Online is Just Like Mail Order But Digital – Right?

Could not be more wrong. The belief that putting some product/service details and prices on a website will do was never good enough in the past and is nearly not good enough for the new digital retail world. The challenge involves having the drains up on the way the whole operation is able to drive the customer experience.

The customer journey starts when the buyer begins considering whether they have a want or need to fulfil and ends when they have the product in hand and are using it either to their satisfaction or dissatisfaction. In between, there are a myriad of opportunities to shape and influence the customer retail experience to encourage them to visit more, spend more, and be more satisfied.

<https://www.fujitsu.com/global/solutions/industry/retail/digital-transformation-trends-retail.html>

Fujitsu go on to suggest their idea of Connected Retail



Easy Order Everywhere

Shopping can start on a mobile and continue instore.

Frictionless Shopping

Using a mobile to scan, pay, and go - cuts queues.

Human Centric Retail

Identify customers to offer personalized service. Multiple data sources – PoS, RFID, Wi-Fi, cameras provide real-time actionable insights.

Operational Excellence

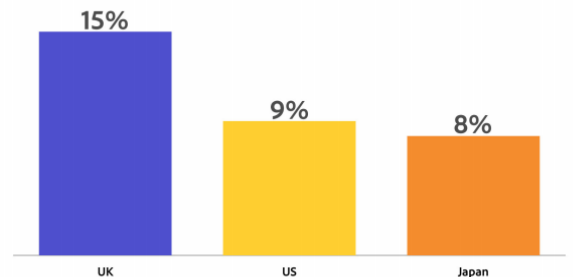
Achieve the best of online and offline - Empower staff to deliver higher value service

As Fujitsu suggests the customer journey may start on a mobile or even before, perhaps having their interest stimulated by media exposure or word of mouth and their questions about the product or service satisfied online and all of this in their control. If they then choose a physical retail channel to fulfil the purchase it is imperative that the actual purchase process is as easy and as seamless an experience as the earlier part of the process.

Digital is Catching On Fast to New Consumers

Consumers Across the World Tried Digital Retail For The First Time

- UK e-commerce attracted the most new consumers online in 2020, with 15% of consumers that reported having shopped in 2021 never having purchased anything online prior to March 2020.
- In the US, 9% of online shoppers are new to this activity.
- Across the world, the demographics of new shoppers skews young, with the greater share of young shoppers reporting being new to e-commerce.



ADOBEE DIGITAL INSIGHTS
Percent of Consumers that Shopped Online in 2021 but Never Shopped Before March 2020
Source: Adobe DEI Survey

Source - Adobe DEI 2021

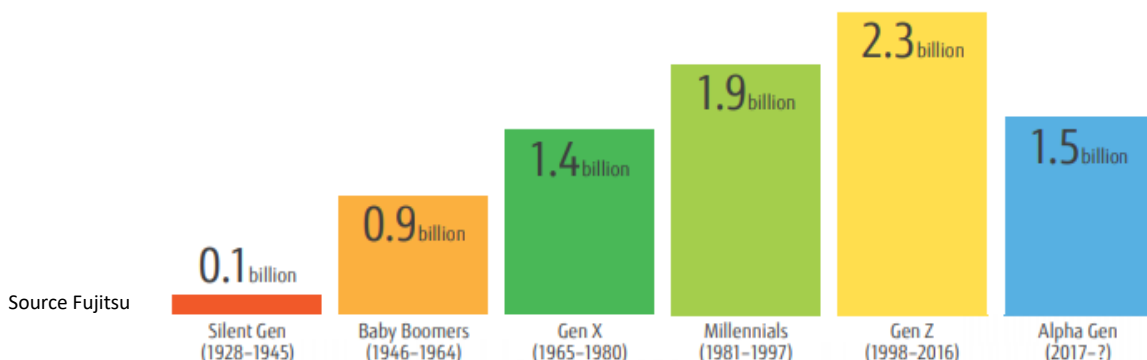
Customer Experience Leadership - What's Different?

	Then	Now
Policies	Directs resources to enable the staff to service the customer primarily at the POS	Directs resources to enable staff to comprehend and deliver a competitive omnichannel customer specific experience
Products /Services	Designed to meet customers' needs generally – less bespoke	Designed to meet customers' needs specifically – more bespoke
Places	Generally retail premises or service delivery premises. Usually with fixed customer access times	Multiple channels both physical and online, fixed and mobile. 24/7 access
Processes	Generally linear focus designed around the operational needs and the convenience of the supplier.	Omni -channel focus designed for customer convenience and confidence around the end-to-end customer journey. Also need to be independently transactional and gather customer preference data.
People	Uni Channel Skilled, professional, qualified responsive, empowered	Omni-channel skilled, professional, empathetic , empowered , responsive, customer experience savvy

Processes always a key factor in managing the customer experience have an even more important role to play in the new digital retail world being not only the framework on which customer journey maps are built but also driving mechanisms which deliver the customer experience very often in situations where no human is involved in the transaction.

The Customer is Changing

The final part of the challenge is the customer. By 2030 there will be six generations of consumers who have lived through very different periods of history. No longer an homogenous group but a growing number of consumer “tribes” whose experience and preference for channels and technologies may vary widely and whose behaviours, needs and expectations evolve at different rates making the necessity for an organisation to understand its customer profile and their revenue potential an even greater priority.



Can Physical and Digital Retail Work Together?

Kellogg Insights Asks - Take Stock. Which Changes Are Likely to Stick?

“You have to ask your company, ‘What’s now changed in our world? And what does that really mean for us in terms of how we go to market and how we interact with our customers?’ With much of life having shifted online—and much of it likely to stay online for the foreseeable future—it is time to ensure that the online customer experience is just as carefully designed as the in-person one.

Take the Best of Both Worlds “We’re going to see these new tools being used not to the exclusion of in-person—I don’t think anybody thinks that’s ideal—but in combination and in different ways that will optimize a learning experience. If ever there has ever been a time for that kind of expansive thinking, it’s now.

What Might it Look Like?

So with consumers less inclined to go instore and engage in touchy feely activity Burberry in Shenzhen gives an insight into the merging of the physical and digital customer experience can be achieved.

The inter-relationship between physical and digital retail will continue to grow, and COVID-19 is essentially accelerating the trend that was already out there,” explains Nick Cooper, group executive director, insights and analytics, at Landor & FITCH.

If you believe the future is already here, but just not evenly distributed, take a walk around Burberry’s first social retail store, which recently opened in Shenzhen, southern China. This will give you a flavour of the store of the future. With a specific programme on WeChat, the country’s most popular messaging app, customers can click on exclusive content and personalised experiences in-store, then share details with friends. No touching is needed. Every item in-store has a tag with a QR code, scan them for more storytelling. Each customer is also given a playful animal character via Snapchat that evolves as they walk around the store. The gamified experience takes retail to another level. The more that customers engage with this form of augmented retail, the more rewards they get through Burberry’s social currency.

<https://www.raconteur.net/customer-experience/touchless-store-future/>



Risk and Reward

The new digital retail world presents both a major customer experience management threat and opportunity to almost all organisations in both the private and public sectors. While the focus is generally on the commercial and retail world sectors like education and health care have already faced major disruption. The threats and opportunities are different in every sector and every organisation may be wise to take this opportunity for a major organisational review. Experience from previous major disruptive events like Global Financial Crisis 2007/8 has shown that those organisations that reacted soonest were those that recovered fastest and more successfully. Waiting to see what happens may not be the best strategy in what is still a highly volatile situation.

Organizations will need to rethink their business and operating models. The consumer's search for value for money is much more than just short-term margin dilution. It is a fundamental change in purchase priorities .

Source KPMG -Customer experience in the New Reality

*During search usability testing, 19 of the world's leading e-commerce sites search support was so weak that 31% of all product finding tasks ended in vain when the test subjects tried using search reinforcing a great ecommerce dilemma: **if they can't find it, they can't buy it***

https://www.findologic.com/en/resources/report-the-great-ecommerce-dilemma/?gclid=CjwKCAjw3_KIBhA2EiwAaAAalinkigRlxQFlyrcicphiEcTt1twOexydZ_iPRz4NPnz7XM2d61pnumRoCfbIQAvD_BwE

The Opportunity

Returning to Theo Slaats Partner at Deloitte

On the face of it, it seems a concerning development for businesses. But there's a bright side to these changes. New channels and technologies open up fresh opportunities that can make a company stand out from the rest of the crowd. Opportunities to build an ongoing dialogue with customers. Opportunities to learn from customers and to increase the relevance of your products and services. So it's time for every business to start seeking and fostering enduring relationships with their customers – a relationship that goes far beyond the initial sale.

Recommended Reading

There are a number of very useful online sources which may prove valuable in helping organisations research and begin a review process of how they attract, satisfy and retain customers in an economic environment where many of the traditional reference points have moved or vanished.

<https://www.mckinsey.com/industries/retail/our-insights/adapting-to-the-next-normal-in-retail-the-customer-experience-imperative>

https://www.genpact.com/industries/retail?_bt=526717509757&_bk=digital%20retail&_bm=p&_bn=g&_bg=106436007783&_gclid=CjwKCAjw9uKIBhA8EiwAYPUS3Es_DIPcy-nh70K51UZs65xmp5P4DbKiQg4poALClhNSLIaOBo7g5RoCROYQAvD_BwE

<https://www2.deloitte.com/content/dam/Deloitte/nl/Documents/consumer-business/deloitte-nl-the-digital-transformation-of-customer-services.pdf>

<https://www.fujitsu.com/global/solutions/industry/retail/digital-transformation-trends-retail.html>

<https://www.forbes.com/sites/briansolis/2021/05/13/the-new-trajectory-of-retail-innovation-is-guided-by-digital-first-customers/>

<https://www.orange-business.com/sites/default/files/1147-fm-obs-digital-retail-ebook-covid-update-v3-final.pdf>

<https://www.pwc.co.uk/services/consulting/accelerate-digital/retail-digital-transformation.html>

<https://internetretailing.net/strategy-and-innovation/strategy-and-innovation/ao-world-says-focus-must-be-on-on-customer-service-to-ensure-its-new-lockdown-customers-never-look-back-from-shopping-online-21702>

<https://v12data.com/blog/25-amazing-statistics-on-how-consumers-shop-for-cars/>

<https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi>

<https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-secret-to-making-it-in-the-digital-sales-world>

The ICXI One Question Quiz

Has your organisation fully explored the threats and opportunities of the new digital retail world ?

YES

If “ No” are you comfortable that now is not a good time to start?

NO