Unified Commerce:

Foundation Blocks
for Successful Customer Engagement, Part 2

- Unified customer experience
- Customer loyalty and personalization

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By Logility in collaboration with Columbus Consulting International

Executive Summary

Retailing is currently undergoing one of its most seismic shifts with further changes imminent. "Cross Channel," "Multi" and "Omni" are being replaced by a "Unified Commerce" approach. By 2020, it is unlikely that shoppers will pay for home delivery.

To successfully transition from omni-channel to Unified Commerce, retailers must evaluate their capabilities, assess customer touch points, and create a plan for moving forward. This series of three white papers, "*Unified Commerce—Foundation Blocks for Successful Customer Engagement,*" presents six considerations to help build a strategy for your retail organization:

Part Two:

- **Unified customer experience**

- **Customer loyalty and personalization**

Part One:
How do I start?
Putting your customer at the center of everything
Single real time view of inventory

Part Three:
Having one plan

The path toward Unified Commerce requires both an agile retailing approach and new ways of thinking. Unification and integration of processes and technology is a given. Other areas require more creative solutions.

To help guide you on this unified journey, let's walk through the second two blocks and look at the practical, meaningful and valuable learning points.
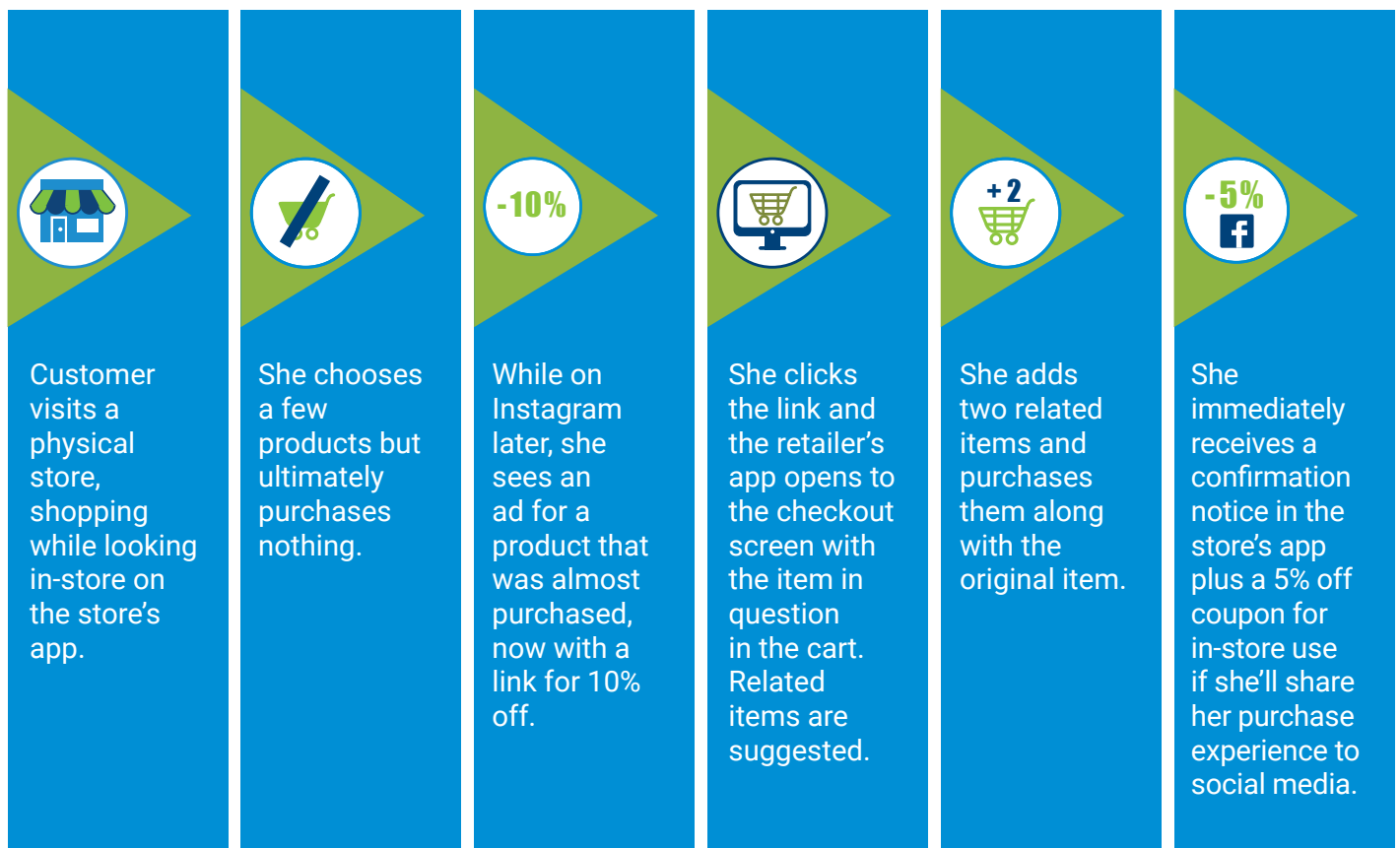
Unified Customer Experience

Shoppers don't think in channels, and you shouldn't think of your selling channels as individual entities either. Ecommerce, mobile and point of sale (POS) are all part of your shoppers' experience with your brand. Plus, interaction with your brand will likely start before the shoppers reach the store or open their packages.

For example, shoppers may discover your brand on YouTube, Facebook, Instagram or other social media whilst checking out a key opinion leader's or influencer's post. After a couple of clicks, they can either buy the item on their mobile, tablet or desktop, or go to the store to get it. This process has to be frictionless or conversion drops.

So, what could a unified commerce customer experience look like?

THE UNIFIED COMMERCE EXPERIENCE

Customer visits a physical store, shopping while looking in-store on the store's app.

She chooses a few products but ultimately purchases nothing.

While on Instagram later, she sees an ad for a product that was almost purchased, now with a link for 10% off.

She clicks the link and the retailer's app opens to the checkout screen with the item in question in the cart. Related items are suggested.

She adds two related items and purchases them along with the original item.

She immediately receives a confirmation notice in the store's app plus a 5% off coupon for in-store use if she'll share her purchase experience to social media.

MORE DELIVERY OPTIONS = IMPROVED CUSTOMER EXPERIENCE

Unified Commerce linked with inventory optimization naturally gives rise to more delivery options. Whether it's shopping online and collecting in stores, buying in store and sending home (bulky items), returning in store or other shopping possibilities, you are opening up even more delivery options to your shoppers. All of which makes for a more enjoyable experience however they choose to shop.

When retailers can expose seamlessly and in real time all stock across all channels to a customer when they are ordering, this increases availability, sales and customer satisfaction.

Integral to Unified Commerce is consistent engagement, ensuring that promotions and pricing across all channels are not confusing and are appropriate to how your customer shops whilst providing exceptional customer service both in purchase and return and is essential to stay ahead of your competition.

If you have implemented the technical side of cross channel fulfillment, then the single biggest sales impact comes from publicizing that you fulfill cross channel and offer many different options—ship-to-store, ship-from-store, online returns at the store. If you simply build it, they will not come.

You have to actually market the capabilities to your customers and they will take advantage of those options. When you do market cross channel capabilities, the results can be fantastic. Through consultation with their retailers, Columbus Consulting has found that those retailers that promote their cross-channel services have seen up to 10% higher sales increase compared to retailers that do not.

Few rules are more widely quoted than the 80/20 Rule (the Pareto's Principle), which states that 80% of your sales come from just 20% of your customers. The challenge is that the 20% is constantly changing. If you can identify that 20% of the top customers in real time—and take care of them, give them extraordinary personalized service—your business will be gold.

One strategy that could help is an "endless aisle," which is now having a positive impact on the brand delivering a broader assortment of styles, colors and sizes while providing seamless experience across channels—critical in today's world where shopper journeys often begin on mobile. For most shoppers, the journey starts online. If you are not able to offer the same availability/visibility of styles in store and online, you are going to have really confused consumers.

In stores distant from one another, the results may in part be due to the fact it is not easy for shoppers to visit the next store in order to pick up what they want. If an item is not available in your store but is available in a neighboring one, you may just redirect your consumers to that store. When there are no other stores nearby, endless aisle is the perfect way to satisfy your consumers.

WHY IS CUSTOMER EXPERIENCE SO IMPORTANT?

A research study by Walker predicted that by 2020 customer experience will overtake price and product as the main differentiator for brands. Validating that, AskNicely's 2018 NPS Benchmark Study found forward-looking companies that strategically step away from price wars to concentrate on customer experience metrics are discovering more retention and better growth.

THREE REASONS WHY CUSTOMER EXPERIENCE MUST BE TOP-OF-MIND
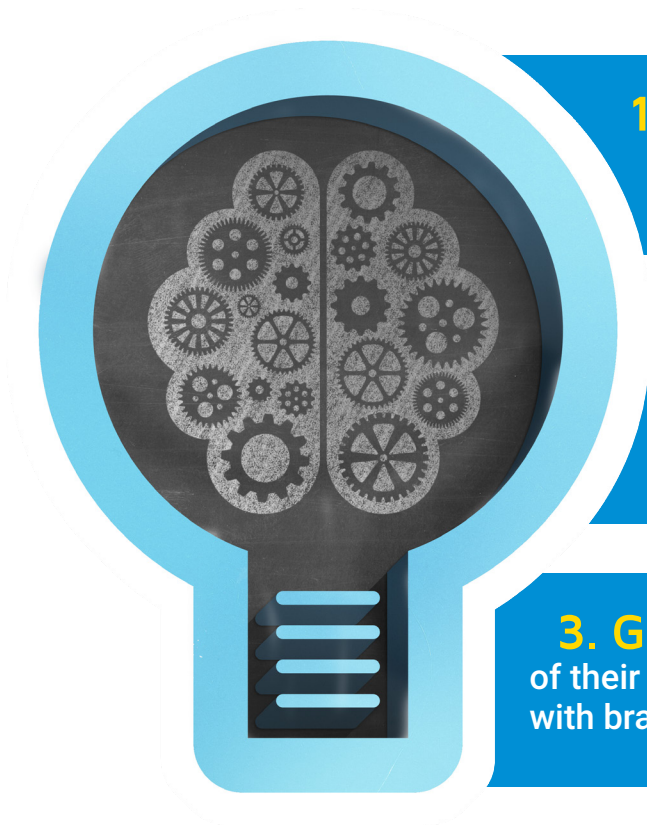
1. More retention Only one in 26 people will log a complaint. Even worse, 91% of unhappy customers who are non-complainers simply leave[1].

2. Online reviews matter More than 80 percent of Americans rely on peer recommendations before making a purchase.[2]

3. Greater spend Consumers will spend one-third of their disposable income—$100 per month on average—with brands they love based on great customer experience.[2]

[1]Source: *50 Important Customer Experience Stats for Business Leaders*, Huffington Post, December 2017

[2]Source: *Number Don't Lie*, Business 2 Community and Nielsen Harris poll, March, 2016

Customer Loyalty and Personalization

WANTING TO SHOP VERSUS HAVING TO SHOP

There was a time, not that long ago, when the physical bricks-and-mortar store was the only channel through which consumers could interact with most retailers. Your customers HAD to shop in stores, and in those situations where an item was needed but not available in the store, shipping could be exorbitant.

Today you need to provide consumers with reasons to come into your stores, and this is a retail game-changer. Retail is still about location, location, location, but it is now becoming more about a positive experience in those locations.

Therefore, retailers need to ability to plan to optimize every channel through a Unified Commerce approach. Data needs to be consolidated so that you can get a view of what products are selling best in which channels. Assorting merchandise in a consolidated and unified manner will entice customers to return to stores due to the positive experience they gained. Plan to place the inventory closest to the customer to expedite delivery is key for retail success.

UK shoppers are returning £7 billion of purchases every year. Research from Barclaycard, which processes nearly half of the nation's credit and debit card transactions, reveals that a quarter of retailers (26%) have seen a rise in returns in-store and online over the last two years, with the number of returned items up by 22% on average.

These figures are even higher among fashion, footwear and accessory retailers as consumers increasingly change their minds after making a purchase, with almost four in ten (37%) of these businesses reporting that refunds have risen since 2016.[1]

With this increasing rate of return, retailers need to seize the opportunity to service the customer in the store when they return merchandise they bought on-line. There is a large opportunity here: if you take advantage then you can help you turn returns and exchanges into a positive for your business — meaning you can create a great experience for shoppers and inspire customer loyalty all while recouping the potential monetary losses that come with returns.

Returns can feel like a rebuke of your product and your store, but that isn't usually how customers see them. Just because a customer returns an item doesn't mean you've lost that customer and driving that return into the store means you can capitalize on their visit.

A great product return experience usually encourages customers to spend more money at your store. A great experience can even lead to fewer item returns down the line. Your loyal customers are usually your highest returns and so take advantage of this opportunity. The stark reality of retailing today is that when we shop online, the retailers know who we are, our preferences and our value, and they provide us with specific offers on things that we like using AI, machine learning and recommendation engines. However, when we visit stores, the associates often do not seem to even care that we are there. Our high streets can't be "dead," as shopping is still a social activity, but retailers need to change their strategies: retailers need to "get personal" with their customers. Retailers need to go back to the time of "the black book" where store associates kept a record of all of their key customers, shopping history and preferences so that they could personalize their experience when they came in to shop again.

[1]Source: *Retailers Face £7bn 'Phantom Economy' of Returns Driven by Growing Ecommerce*, Shopify, June 2018

PERSONALIZED DIGITAL CONTENT AND SENTIMENT INSIGHTS FOR PLANNING AND ALLOCATION

The advent of e-commerce, social media, digital marketing and sales enablement solutions offer retailers more opportunities than ever before to provide personalized digital content to customers and embed these insights into planning and allocation.

The personalized, precisely-targeted content that matches their shopping preferences can enable you to engage your customers intelligently. This is more about the relationship than the actual sale. It is using preferences for the soft sell and brand awareness rather than the direct offer.

A new term has been coined—hyper-personalization—that combines the behavioral and real-time data a brand can extract from its customers. For example: a shopper browses a website for cleaning supplies and simultaneously the website recommends similar products based on their specific search history.

This process is one that requires a brand to have a deep understanding of its own products and customers then devise a customized marketing strategy.

Brands also need to find the right technology and infrastructure to support those hyper-personalization techniques. This can include implementing multichannel options that store customer information across all your online and offline channels. This enables shoppers to have a seamless shopping experience, regardless of whether they're shopping online or in-person.

Whichever approach you do take, implementing hyper-personalization techniques is the way of the future as more companies are opting out of traditional methods and into hyper-personalized ones.

As this field of one-to-one marketing continues to evolve, it becomes less product focused and more customer focused as more shoppers expected engagement based on their unique needs and interests. A report from Epsilon showed that 80% of shoppers are more likely to buy from a brand that offers a personalized experience and digital content[1].

Forward thinking, creative retailers are now starting to also use sentiment and artificial intelligence (AI) to gain insights from their customers or loyalty members to test products before they come to market to influence buying and merchandising decisions in the planning stages. Retailers have an abundance of customer data that they can harness and use and also make their loyal customers feel engaged in the brand by asking for product feedback and providing access to user groups. Therefore, by reducing the risk of poorly developed and planned ranges and focusing on new ranges for key customers, retailers can increase average transaction values and customer loyalty to the brand.

> **Research indicates 80% of consumers are more likely to make a purchase when brands offer a personalized experience and digital content[1].**

[1]Source: *New Epsilon Research Indicates 80% of Consumers Are More Likely to Make a Purchase When Brands Offer Personalized Experiences*, Epsilon, January 2018

For the full discussion of the Unified Commerce topic, please download:

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for Successful Customer Engagement, Part 1

• How do I start?
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Unified Commerce:

Foundation Blocks
for Successful Customer Engagement, Part 3

• Having one plan

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About Columbus Consulting International

Founded by retailers to serve retailers, Columbus provides the best business and technical expertise in retail, e-commerce, and wholesale. They specialize in defining world-class business processes, operating models and organizational structures, and implementing technology to support them. Columbus has served more than 100 retail clients in its 12-year history.

About Logility

Accelerating the digital supply chain from product concept to customer availability, Logility helps retailers and brand-owners seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility Voyager Solutions™ SaaS-based platform leverages an innovative blend of artificial intelligence (AI) and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility.

To learn how Logility can help you make smarter decisions faster, visit
www.logility.com

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