

Whitepaper

Omni-channel Retail with Seamless Customer Experience

Enriching the Experience for Connected Customers



Abstract

The future of retail is driven by digital and needs to be rendered and fulfilled omni-channel. In the omni-channel world, experience is the key driver. The requirement for homogenous customer experience [CX] in omni-channel retail has become pertinent since connected consumers are now interacting with brands in different ways and with unpredictable patterns, often transitioning between channels throughout a single purchase and throughout the product or service lifecycle relationship with the brand. With customers becoming digital savvy today, retailers need to harvest emerging technologies and create a seamless customer experience across multiple channels.

The latest trend for the retail world is the ability to perform the shopping journey via omni-channel, which is taking the retailing world by storm. A rewarding experience for the customer can be brought forth with a pristine CX across multiple, yet connected, channels, which would ensure stickiness of customers to retail chains and brands.

This can be achieved by preserving essential aspects like the context, consistency, and continuity in the user's experience across all touch points (channels) involved in the journey. This whitepaper mentions the ways in which the necessary evolution can be brought about to convert multi-channel retailing with discrete experience into omni-channel with consistent and connected experience.

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Introduction

Let us put ourselves in the shoes of a customer who is browsing products on two different devices - a mobile app and a laptop browser - and ends up searching the product catalog from scratch on both devices. This is like re-inventing the wheel, with the obvious outcome being frustration or low satisfaction levels.

Traditionally, the customer journey on different retail channels have been discrete, with the customer experience staying within the boundaries of a particular channel. This erstwhile experience across multiple channels needs a facelift. We need to bridge this intelligence gap between the engagement sessions, for all the instances on various devices used, and integrate the experiences by making them homogenous. This is where we evolve towards 'omni-channel', where retailers bring in the context, consistency, and continuity in engagement, and integrate this with the behavioural and habitual aspects of the customer.

The need for a homogenous omni-channel CX is necessary because connected consumers are now interacting with brands in different ways using all available channels and various devices, throughout a single purchase journey until completion. Today, the emerging technologies have created smart devices with cutting-edge features, and tech-savvy customers look for great experiences in every channel they use to perform their shopping journeys. The latest strategy is to keep customers at the centre of the omni-channel design. To ensure that superior CX is achieved, the retailer's mantra today cannot stop at the traditional method of 'plan-buy-move-sell' but needs to be strategically extended to fulfilment and experience.

Omni-Channel Retailing with CX at the Core

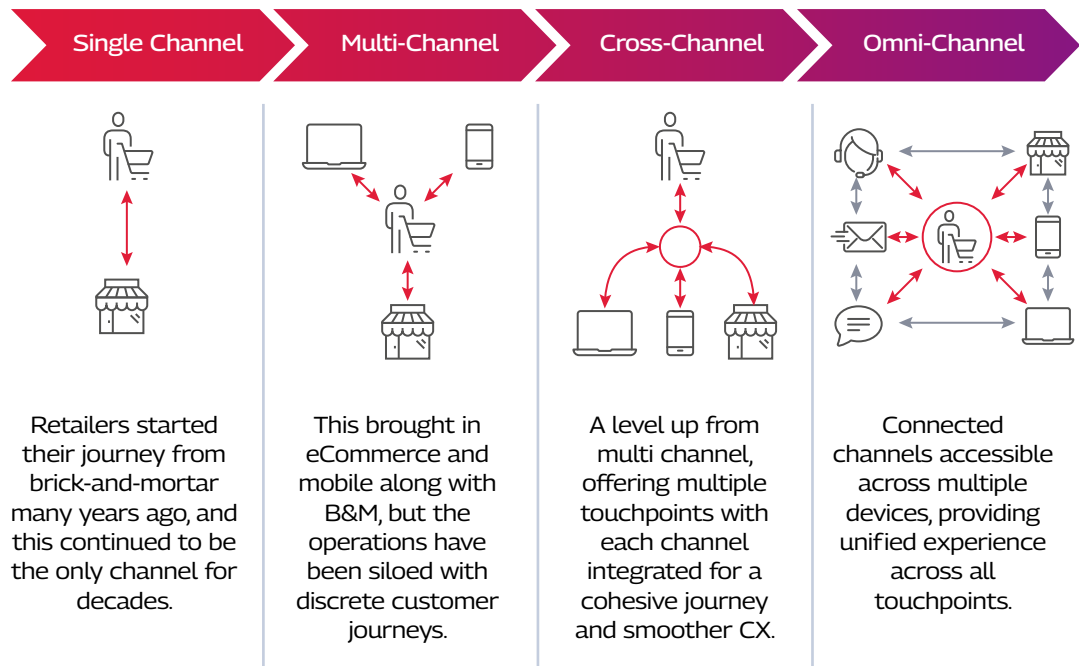
The journey towards omni-channel retailing

Gone are the days when the customer journey was restricted only to a single channel, i.e., the brick-and-mortar stores. With the advent of smart devices, customers started expanding their shopping journeys to more channels (like browsers), and 'multi-channel' happened. However, these journeys were discrete, and retailers saw the need to move beyond the silos. The next stage of evolution was 'cross-channel' with multiple touchpoints and a more integrated experience. However, there was still a need to make these journeys cohesive, and hence the need to connect these was imminent.

Today, the shoppers want to move seamlessly between different channels and prefer a continuous and unified experience. They prefer to explore their favorite brands across channels to make their shopping journey delightful. They expect to have the same brand experience wherever and whenever they interact with the company.

The retailers must keep pace with the changing trends and expectations. They must ensure that they are omnipresent and can provide a seamless brand experience that is delightful and enhances the customer loyalty. Retailers today need to evolve their business models and engagement methodologies to ensure a successful transition into omni-channel. This is one of the most important retail revolutions of recent years and has started dominating the way the buyer and seller interact with each other, and with the brands in the marketplace.

The evolution of retailing from single channel to omni-channel is represented below.



Trends and characteristics of omni-channel retail

Latest trends that drive omni-channel

- ▶ Multiple devices for shopping
- ▶ Online channels are widely used
- ▶ Mobile apps are most popular
- ▶ Brick and mortar becoming phy-gital¹
- ▶ Connected in-store / online / mobile
- ▶ Social commerce
- ▶ Immersive content management
- ▶ Consistent focus across all channels
- ▶ Touchless digital payments and self-checkout
- ▶ Omni-channel fulfilment and returns
- ▶ Seamless experience across channels
- ▶ Metaverse with AR-VR

¹Phy-gital is the hybrid of Physical and Digital

Characteristics of omni-channel experience

- ▶ Connected
- ▶ Continuous
- ▶ Orchestrated
- ▶ Contextual
- ▶ Optimized
- ▶ Collaborative
- ▶ Consistent
- ▶ Seamless
- ▶ Flexible

Strategic approach for the balancing act

Evolving from the business-as-usual state of multi-channel to the desired omni-channel end state requires careful evaluation of several factors. The key aspects are mentioned below.

Evaluate The As-is Situation

The retailer's strategic ambition needs to be built on the existing core strengths and market presence, with enhancements to address the evolving landscape.

Kyc Enabled with Customer Data Platform

The target customer's interest areas, past purchase history, behaviour and requirements need to be obtained for building up the persona. These would be used for contextual marketing and positioning of merchandize.

Legacy Modernization

Retailers need to transform their legacy systems into a modern infrastructure with latest technologies to reduce IT costs, improve agility, collaborate better, and provide consistency across channels.

Strategic Choice of Appropriate Channels

A long-term vision is required for the choice of appropriate channels, so that the customer engagement can be maximized, the value derived is high, and so is the ROI.

Customer Experience at The Core

As we move from traditional and disconnected channels, towards a connected omni-channel approach, the entire strategy needs to be built with the customer at the centre.

Store of The Future

The brick-and-mortar stores are there to stay but they need to provide a phy-gital experience to address the entire customer spectrum from traditional to the digital-savvy.

Technology Focus with Futureproofing

Choosing the appropriate technology intervention (e.g., bluetooth beacons) needs to be based on sustained value expected from it.

Connecting All Channels

The right technology along with (near) real-time data integration needs to be chosen to integrate all channels to ensure a consistent and seamless experience.

Extended Customer Journey

Making an interconnected platform would allow the customer to perform different activities like browsing, ordering, payment, fulfillment and return seamlessly across various channels.

Digital Supply Chain

Evolve the supply chain with real-time insights and latest technologies to enable each participant to make better decisions about the demand and the source of each product.

On-boarding of Workforce

The workforce must be on-boarded with the new operating model, communicated on expectation management, and incentivized appropriately.



Building Blocks of Omni-Channel Customer Experience

Customer Acquisition and Engagement Platform

Acquisition

This is an important stage of the customer lifecycle, that happens right at the start of their journey, and it sets the mood of the whole relationship with your brand and company. The process requires clear workflow, which includes signing-up, welcome kit, first visit (store or online), integration with multiple channels, data exchanges, and brand or merchandise walkthrough.

Customer 360

To obtain a complete view of the customer, the concept of '**customer 360**' is critical. Retailers need to leverage data and digital technologies to aggregate data from various touch points and make smarter and data-driven business decisions. This is the catalyst for an enhanced level of engagement for the customer.

Marketing, Personalization, and Loyalty

Marketing

Efforts need to be driven towards interaction with customer in an integrated manner across various channels by providing a seamless branding and messaging experience across all touchpoints.

Personalization

Retailers need to continuously curate their personalization based on behaviour, hobbies, preferred features, and relevance to daily/routine life, by tailoring engagements across different channels. The methods employed could be rich in-app messaging, push notifications, in-store greetings, and email offers.

Loyalty

A loyalty solution that streamlines real-time earn and burn process across all channels is important, where the customer can manage their points on a single platform and the retailer can track customer engagement. In addition to rewards management, the platform should ideally have the capability to 'delight' the customer with surprises after a certain interval.

Unified Customer Experience

A unified customer experience is the key mantra across the myriad channels being used. This requires an effective and impactful User Interface across online channels, and retailers need to adopt experience-driven UI design and navigation. The strategy is to combine human centered design, behavioral science, and emerging technologies to curate and improve the experiences that brands deliver to the audiences, seamlessly across all channels.

For scenarios where an existing user interface exists, Heuristic² evaluation is an enabler for UI upgrade. This is a method for finding the usability problems in a user interface design so that they can attend to as part of an iterative design process.

The consistency of the cart content, product category, preferences and past behaviour need to be weaved into all the channels to bring in a seamless experience.

² https://en.wikipedia.org/wiki/Heuristic_evaluation

Brick-and-Mortar Stores Revamp

Even though online retailing is the latest trend, Brick-and-Mortar would stay on. The nostalgic aspect and the crave for touch-and-feel will compel a sizeable portion of customers to keep coming back for a visit.

However, to cater to both the traditional mindset and the digital savvy generation, Retailers need to re-design, re-allocate and re-purpose the existing space to bring in the 'store of the future'. Digital interventions need to be brought in, like smart cameras, IoT, sensors, facial recognition, looking glass, and self-check-out tills. Immersive experience, convenience and collaboration would enable stickiness. Physical stores additionally need to cater to the fulfillment for customers who choose 'click-and-collect', and for direct-to-customer deliveries.

Omni-Channel Fulfillment (and Returns)

Omni-channel order fulfillment needs to take place across multiple channels by connecting all retail channels seamlessly, integrating assortments of warehouse and stores. The required processes include warehousing, order management, picking and packing, shipping, and communication. It needs to ensure optimum stock levels for brick-and-mortar, direct-to-customer, buy online pickup in store (BOPIS), and curbside deliveries.

With the change in focus towards online channels, the role of many brick-and-mortar stores need to transform from an in-store engagement centre to a Dark Store format that would be responsible for fulfillment of home delivery, or curbside pickup, or reserve-and-collect orders.

Along with the purchase journey, the often-overlooked aspect of goods returns across any channel is vital. This provides flexibility to the customer and keeps them tied to the retail chain.

Contact Center Transformation

Customers need the flexibility to access the retailer's contact center via the channel they prefer, whether it's voice, chat, SMS, messaging apps or email, and expect consistent experiences. It would be important to integrate the CRM, customer interaction data and persona / behaviour details to manage and deliver highly personalized customer service experiences.

For online and mobile channels, personalized interaction is recommended, like virtual appointments where sales associates can use video-conferencing platforms to engage with customers and increase loyalty and revenue.

To obtain deep customer insights, conversational analytics and insights is crucial to unlocking the context of every conversation. Using the right technology, the retailer can elevate their customer's experience by uncovering the critical insights.

Unified Data Management Framework

Retailers need a detailed understanding of the customer's persona and their buying journey both online and in store. They need to collect and interpret omni-channel data in order to understand the intersection between customers, products and channels.

Managing the data throughout the lifecycle of the customer is critical. This entails the whole 9 yards of data that includes identification and acquisition, ingestion and structuring, organizing and processing, analysis and intelligence, all the way to visualization and actionable insights. Not to forget the need for security and governance.

The various digital interventions needed to cook the magic recipe are mentioned below in the section on technology enablers.

ERP for Executing Core Business Functions

A retail ERP is necessary to integrate and connect the specific business processes that are vital to retail operations. This includes functions like planning, merchandizing, category management, assortment management, ordering, procurement, allocations, inventory movement, pricing, promotions, accounting, ledger, and sales evaluation. Any bespoke or home-grown applications that are core to the business process must be well integrated to the ERP.

Retail ERP capabilities enable navigation between various channels which is key to the omni-channel experience. It facilitates the movement of data between all the channels, that allows decision-makers to reach the best possible outcomes while making well-informed, on-the-spot data-driven decisions.

Ecosystems for Interaction and Engagement

This is an innovative relationship model where the retailer interacts with the customer via omni-channel ecosystems of engagement. This is done by creating apps that provide lifestyle aspects like yoga, healthy eating, organic adaptation, cycling groups, hiking, photography contests, etc. These allow customers to interact with each other, either digitally, or in-person, and share thoughts on lifestyle aspects that contribute to brand recognition. Digital interactions enable data to be harvested from the platform that provides insights on the user's passion and liking and helps enable cross-sell and up-sell.

Integrating The Experience in Various Channels

For omni-channel retail, it is critical to integrate the experience across all available channels. The essential factors for evaluation would include the purpose which the channel serves, the customer segments attached to each, and the ask from each channel.

The focus would be to create a consistent experience from various channels, which typically include the following:

Brick and mortar stores

They need to be revamped to bring in the homogenous experience by bringing in digital technologies (e.g., beacons) and better engagement.

E-Commerce platforms

Integrating the product information management is important. The content needs to have a consistent visual design, be properly orchestrated, and have a collaborative property.

Mobile Apps

To bring in consistent branding and messaging, digital in-store technologies (e.g., beacons) can be integrated. Personalization can be achieved by directing specific product recommendations, and promotions.

Social Media accounts

Retailers devise immersive ways to engage with customer by leveraging the visual orientation with promotional content, which helps to capture their attention.

Email marketing campaigns

With an omni-channel platform, Retailers can recognize different moments of the customer's journey. Tailored email campaigns can be run, which provide insights on brand recognition.



Telephonic sales

For mobile users, there is a growing use of the 'click-to-call' facility and 'call-only' ads. To support this, Retailers must be equipped with the persona and purchase history to suggest relevant products and features.

Non-traditional sources

Quite often, the prospective customer may come across ads on wall posters, newspapers, magazines, etc. An app on the handheld device can scan the QR code and start the shopping journey in a jiffy.

Technology enablers for the required customer experience

Key technology interventions that are required to achieve the intended customer experience are mentioned below:



Connectivity
(4G/5G)



IoT-connected devices



Big Data



Advanced Analytics



AI-ML, DL, NLP



Metaverse, AR-VR



Automation and Robotics



Blockchain (Smart Contracts)



OCR-ICR



Computer Vision



Video Streaming



Voice Search



Agile Arch. (API & Microservices)



Cloud Platform



Touchless Digital Payments



Cyber Security (IT/OT/IoT)

Customer experience calibration using key metrics

To start with, we need to measure the generation of traffic by the number of unique visitors to individual channels and the visit rate of each unique customer. Conversion rate from 'visitors' to 'customers' is the most common and consistent indicator for any e-commerce business. The next step is to measure the magnetism generated by the customer engagement strategy which calculates the compelling effects of product recommendations and personalization offers. Typical KPIs to measure the success rate are conversion rate and basket size across channels.

Measurement of customer loyalty via established methods, using metrics for each channel, provides the retention rate with the brand across products. The data needs to be evaluated across variations in supply chain strategies, pricing and promotions, personalization, and marketing initiatives. Brand advocacy reflects the customer satisfaction and helps multiply customer loyalty. Another key metric is known as customer lifetime value (CLTV) which depicts the total revenue of a customer during his/her lifetime.

Conclusion

Customers are becoming increasingly digital savvy and they prefer to interact with brands and products and fulfil their shopping journey in an innovative and more satisfying way. The result is loyalty, retention, cross-sell, up-sell and brand loyalty. Implementing an omni-channel approach is far from being simple and needs a strategic and well thought about roadmap. An evolved Customer Experience results in a cohesive brand identity that stands out in the competition, brings better value to the customer, and better revenue streams to the retailer.

The pandemic has enforced social distancing, which has resulted in the decline of the brick-and-mortar business model. The Retail industry worked its way around and adapted to the mobile and online channels as part of the new-normal. The next stage is adaptation to the next-normal, which is Omni-channel retail.

But there is no 'one-size-fits-all' omni-channel strategy. Each retailer needs to bake their strategy based on the merchandize sector and customer base. The goal is to ensure that customers seamlessly transition between channels. An immersive experience would make them more and more connected with the brand. Many retailers have already started the omni-channel transition. The retail industry is on its journey of continuous learning and discovery, and customers can look forward to plenty of pleasant surprises going forward.

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