DIGITAL INNOVATION IN RETAIL & FASHION

10 KEY FACTORS FOR AN EMPATHIC CUSTOMER EXPERIENCE

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TOP CUSTOMER & MARKETING TRENDS

THE NEEDS, WANTS AND HABITS OF TODAY'S DIGITAL CUSTOMERS

1.

I

SPEED

II

EASE

III

CONTEXTUAL RELEVANCE

IV

INDIVIDUAL RELEVANCE

V

FAMILIARITY

Speed

"53% of customers will abandon an online purchase if they can't find a quick answer to their questions." (Forrester, 2017)

With on-demand services like Amazon Prime offering next-day delivery and 24/7 gratification, customers have much higher expectations than their predecessors. Accustomed to the immediacy of e-commerce, they are looking for opportunities to jump the line and have direct channels to ask, troubleshoot, and shop.

Ease

Today's customers are always on the move. They expect technology to bring a more natural, immediate, and intuitive experience.

They are no longer willing to dedicate time scrutinizing catalogs of inventory but look to retailers for seamless product discovery and selection, thus helping customers to find what they want quickly and ensuring brands a faster path-to-purchase.

Contextual Relevance

In the frenzy of their daily life, today's customers shop where, when and how they want.

They expect retailers to adapt to their needs and habits, providing information, contents, and products that they need at the moment, and that will change depending on the situation.

Individual Relevance

80 %

of consumers are more likely to do business with a company if it offers a personalized experience." (Epsilon, 2018)

Consumers are willing to share their personal data, like position, favorite items, past purchases, and channel usage, in exchange for tailor made recommendations and offers.

Familiarity

Bothered by the hassle of resubmitting personal data and information already shared, customers expect brands to recognize them across channels uniquely, and to learn their preferences and desired interaction continuously.

This accurate knowledge accumulated over time not only promotes long-term, intimate relationships with customers but also makes quick and ease every choice, thus reducing the decision-making process.
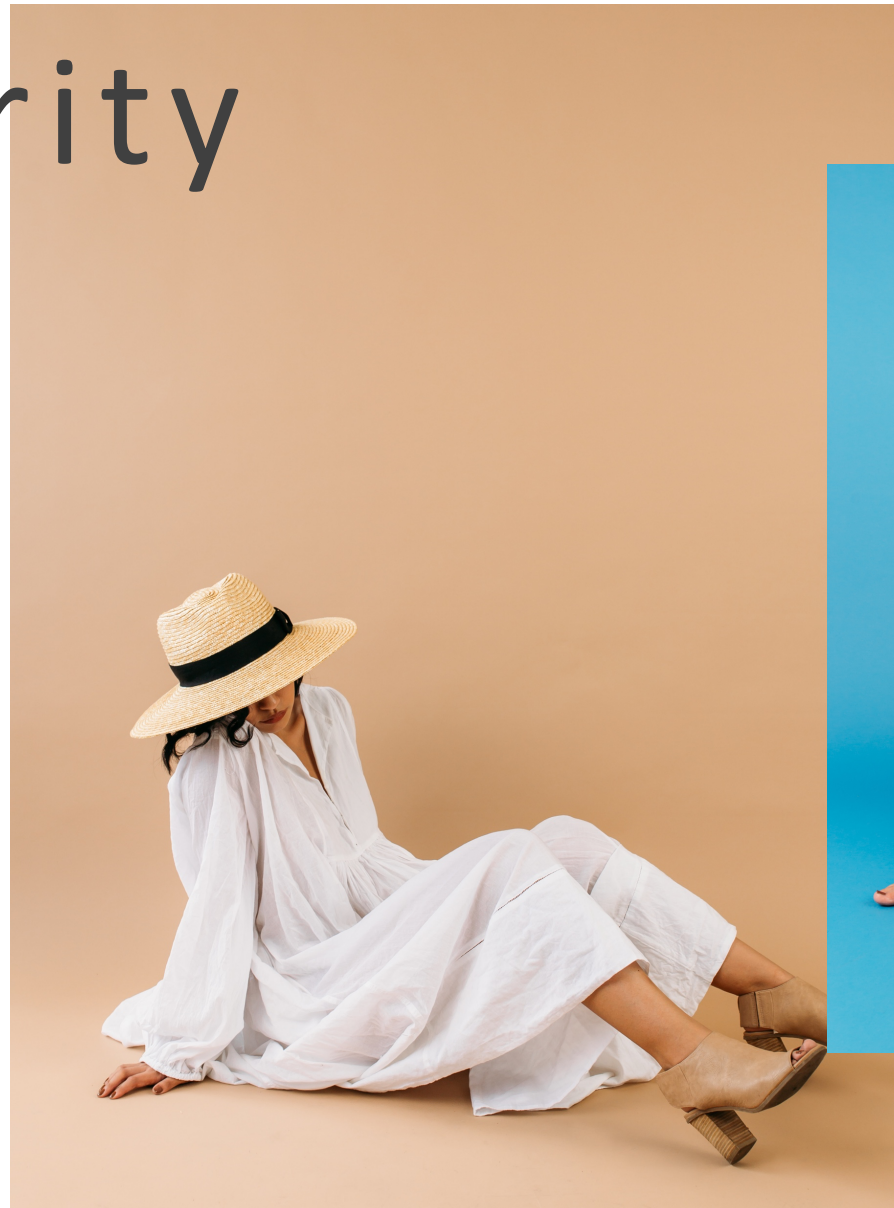
RETAIL & CUSTOMER INNOVATION

HOW TECHNOLOGIES CHANGE THE WAY BRANDS ENGAGE WITH CUSTOMERS

2.

I

CONTEXT-AWARE CONTENT DELIVERY

II

HYPER-PERSONALIZED ECOMMERCE

III

CONVERSATIONAL SUPPORT

IV

INTERACTIVE STOREFRONT

V

VIRTUALIZED EXPERIENCE

VI

IN-STORE ANALYTICS
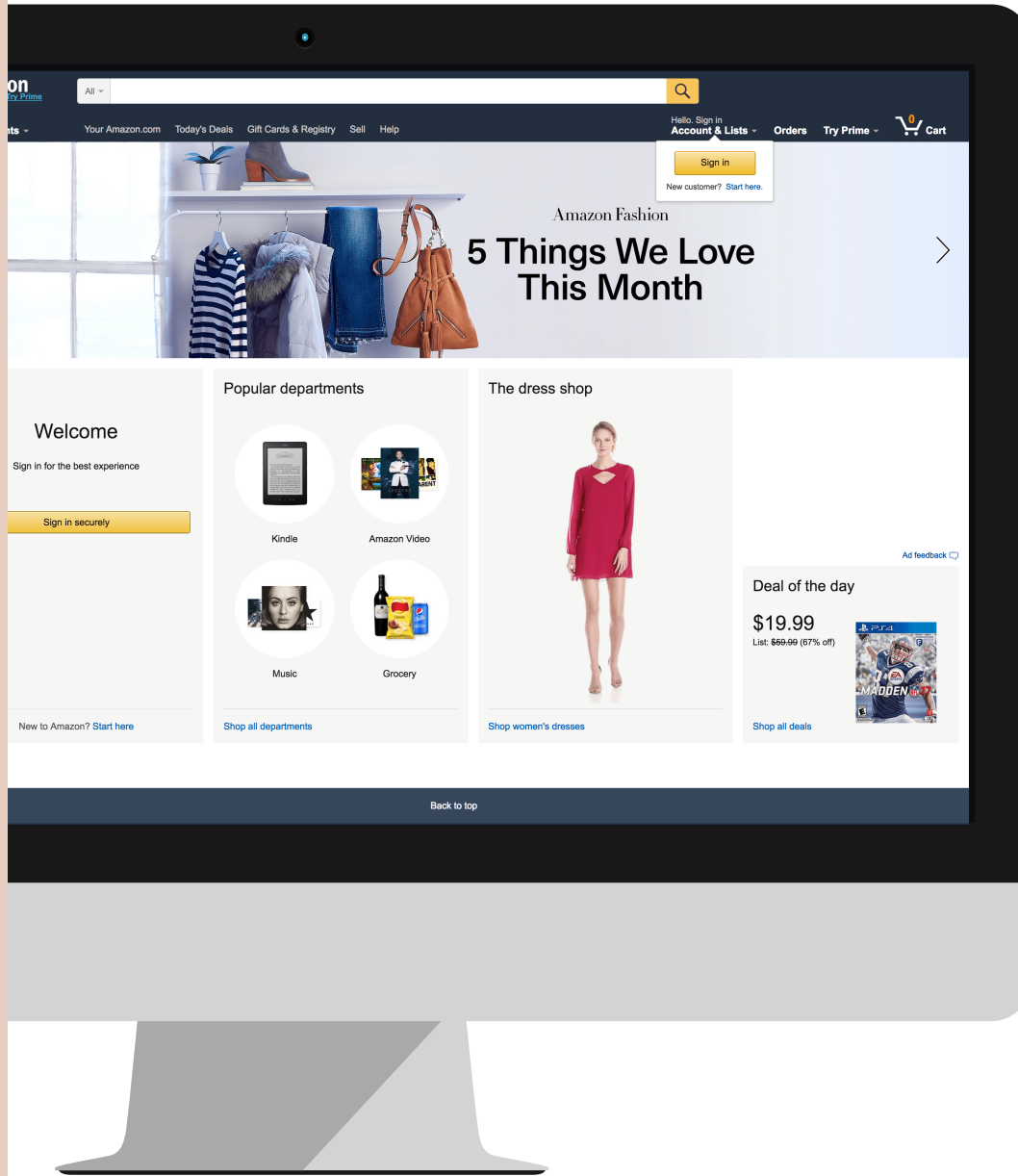
Context-aware Content Delivery

Mobile and digital portals can recognize each customer and shape the digital experience to match their position and contextual conditions: the day of the week, the time of the day, the weather, etc.

By analyzing this data, AI systems allow brands to deliver relevant information, contents, and product offer on a one-to-one basis.

A clothing brand that sells outdoor clothing can present in the foreground waterproof jackets when it's forecast to rain and offers for hiking gear when a warmer climate is forecast for the next weekend. Similarly, Timberland achieved excellent results by delivering personalized weather triggered emails.

Take a look at Amazon Homepage(s). Catherine has an obsession with parties and nights out, which are also the motivation for a lot of her impulsive online buys. Amazon takes notice. And as she continues to browse, the personalization level grows.

There is a header reading "For a night in" with recommendations on the most glamorous evening dresses of the moment.

Sophia, a veterinarian passionate about cats, has a plethora of personalized cat food suggestions while for Emma - obsessed with TV shows - the suggested Prime streaming titles come with the header, "Bingeable TV." Undoubtedly, Amazon knows all three so well.

Conversational Support

WHERE AND WHEN WILL YOU BE USING THIS JACKET?

EXAMPLE: COMMUTING IN BOSTON

SUBMIT
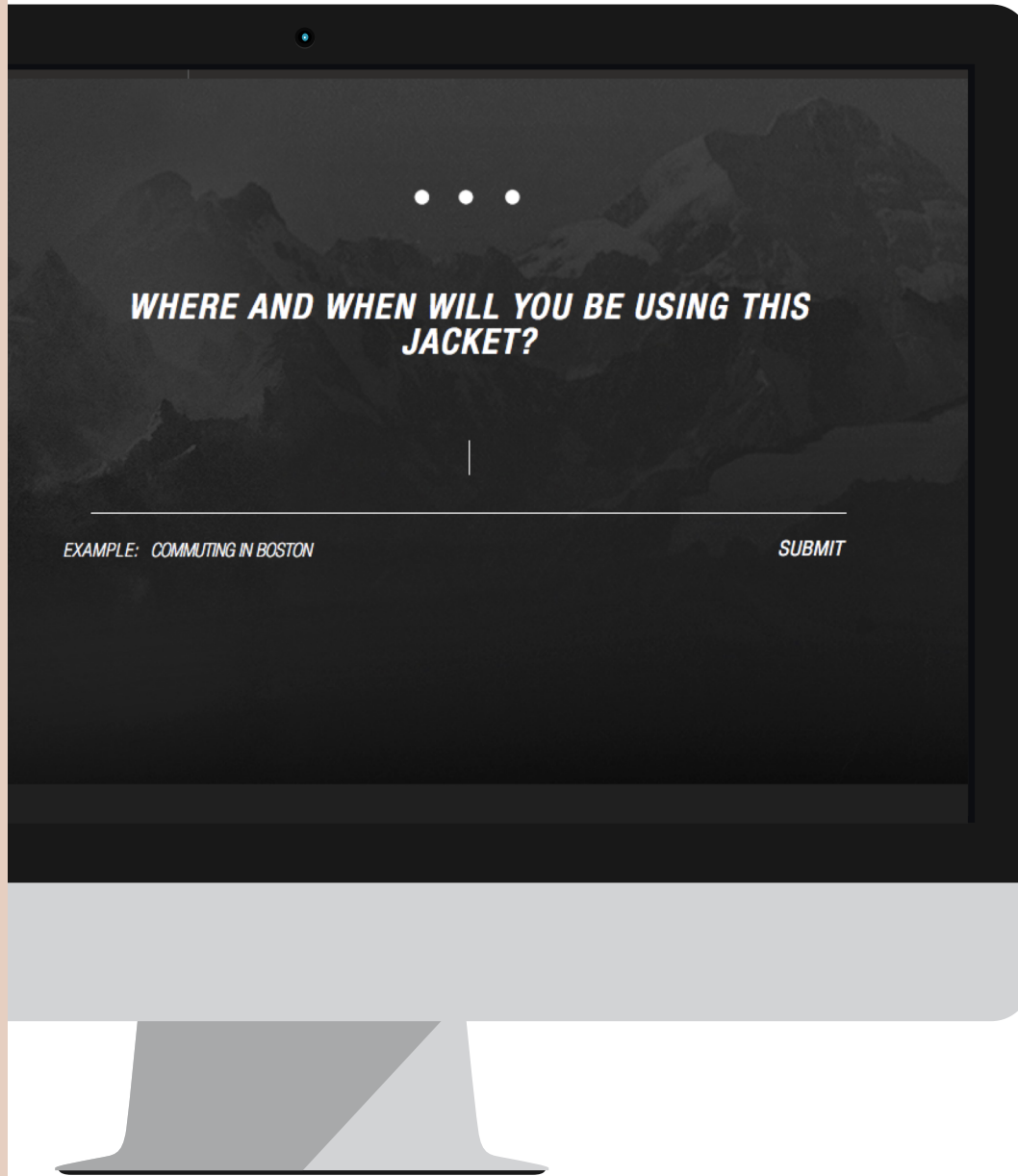
On many today's websites and e-commerce, AI-based conversational assistants use natural language processing to help customers effortlessly navigate questions, FAQs or troubleshooting and redirect to a human expert only when necessary, improving users' digital experience by offering on-demand, always available support.

VOGUE STUDIO CITY
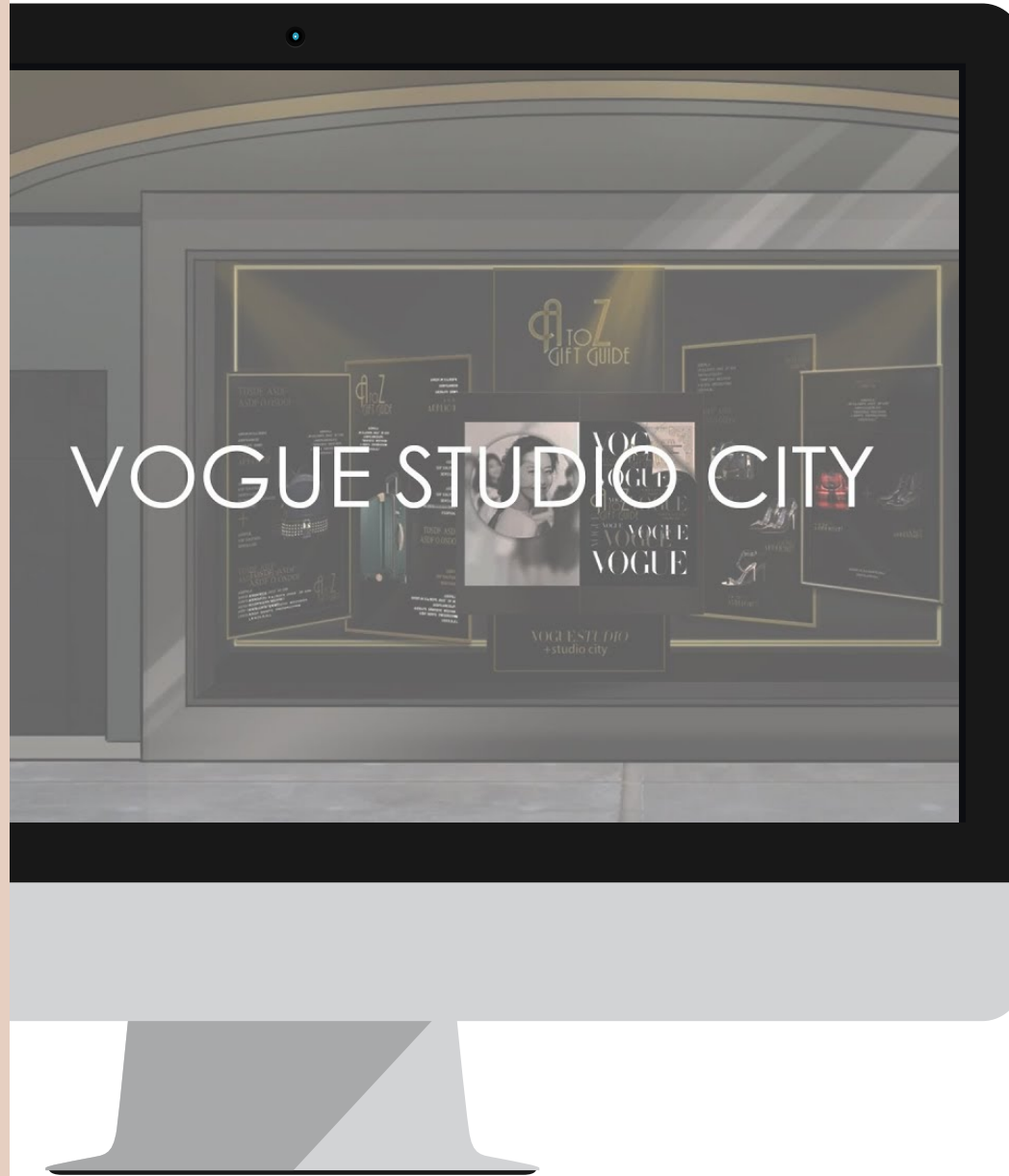
Digital signage systems bring the store windows to life.

Engaging videos and dynamic objects typically attract more attention than fixed images. However, as the number of digital screens increases, these technologies are rapidly becoming a red ocean. Whoever wants to continue to stand out from the crowd needs to prove their creativity, certainly with a view to the future.

Virtualized Experience

VR.
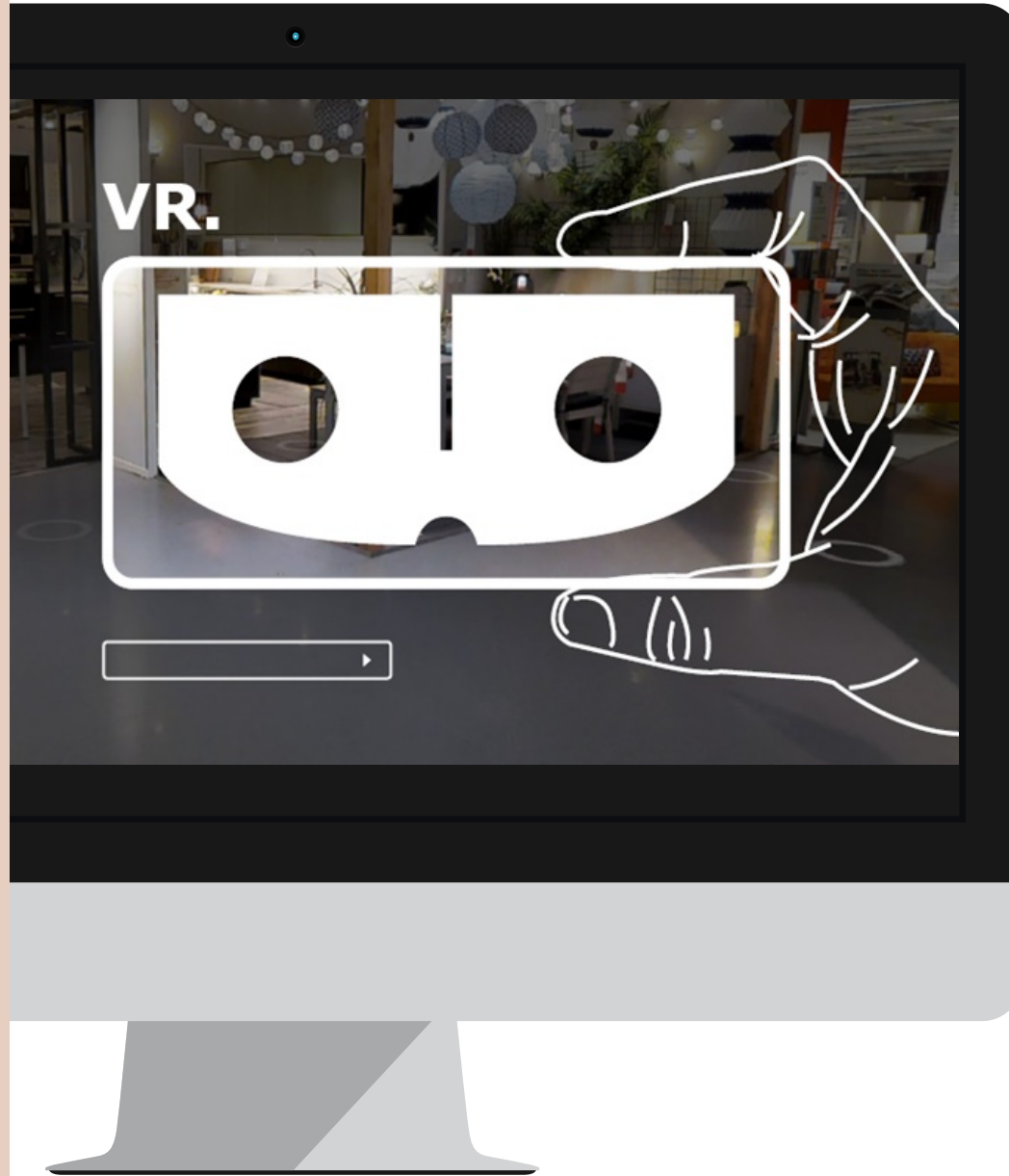
Virtual reality is predicted to be one of the next big things in the world of retail commerce, destined to changing the rules of the whole industry.

As it overcomes the limitations of space and time, VR sets customers free to dream of whatever experience, ambiance or object, even beyond the laws of physics.

It provides an excellent solution for retailers when it comes to delivering immersive shopping and brand experiences, but needs to become more accessible to get off the ground and scale.

In-Store Analytics

For traditional retailers, in-store purchases are still the primary source of profits, even though online shopping is rampant. That is why it is crucial to monitor and analyze consumer behavior in physical stores as digital marketers do on websites, by tracking users' navigation patterns.

To this aim, AI solutions can turn customer analytics from digital to physical, helping retailers to understand better in-person shoppers and evaluate the impact of each area of the store environment.

THE ROAD TOWARDS EMPATHY

HOW ARTIFICIAL INTELLIGENCE IS DISRUPTING THE RETAIL INDUSTRY

3.

AI in retail has received highly positive reactions.

Forbes research shows that 70% of millennials
in the US and 62% in the UK would appreciate a brand
or retailer using AI to show more exciting products.

Gartner predicts that by 2020
AI will manage 85% of customer interactions in retail.

And if we look to the future…

The holy grail is to teach AI to recognize people's personality and react to their emotions, and then shaping the experience accordingly.

What's wrong with the AI today?
It doesn't recognize when you're excited or disengaged, satisfied or angry, or even happy or sad.

Since the majority of retail applications
of AI are customer service-oriented, this becomes a real problem, that is, a problem of empathy.

Empathic Response

Adding emotions to AI is not just about the online world, but also involves physical interactions.

By recognizing and interpreting biometric and audio cues, AI interfaces can identify consumers' in-the-moment feelings and state of mind, enabling retailers to respond accordingly by delivering the right content, products suggestion, or support.

For example, facial recognition technology and GSR sensors can be used to show:

- What areas of the store are most engaging
- Whether and when consumers feel stressed or disengaged within the store
- What products and elements are most appealing.
- What emotional reactions the store layout and the front window generate
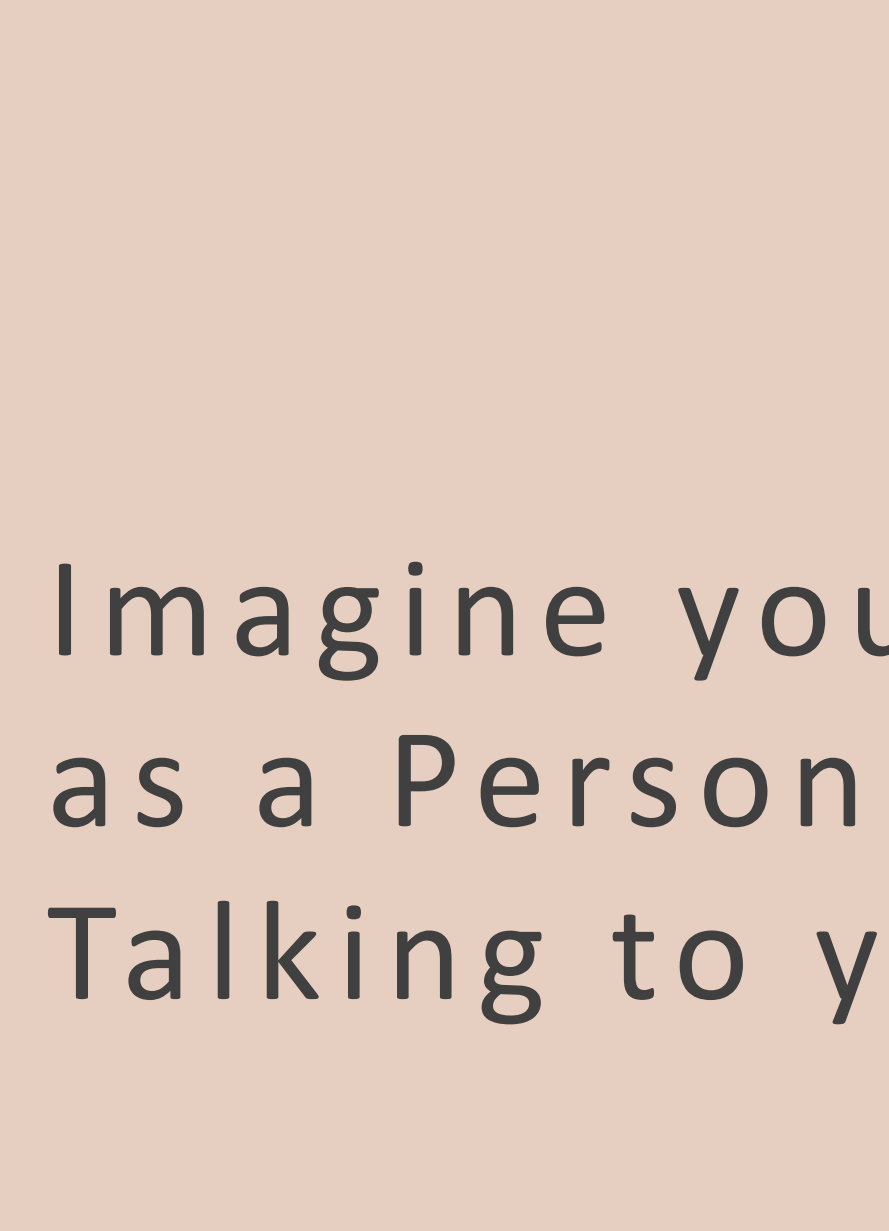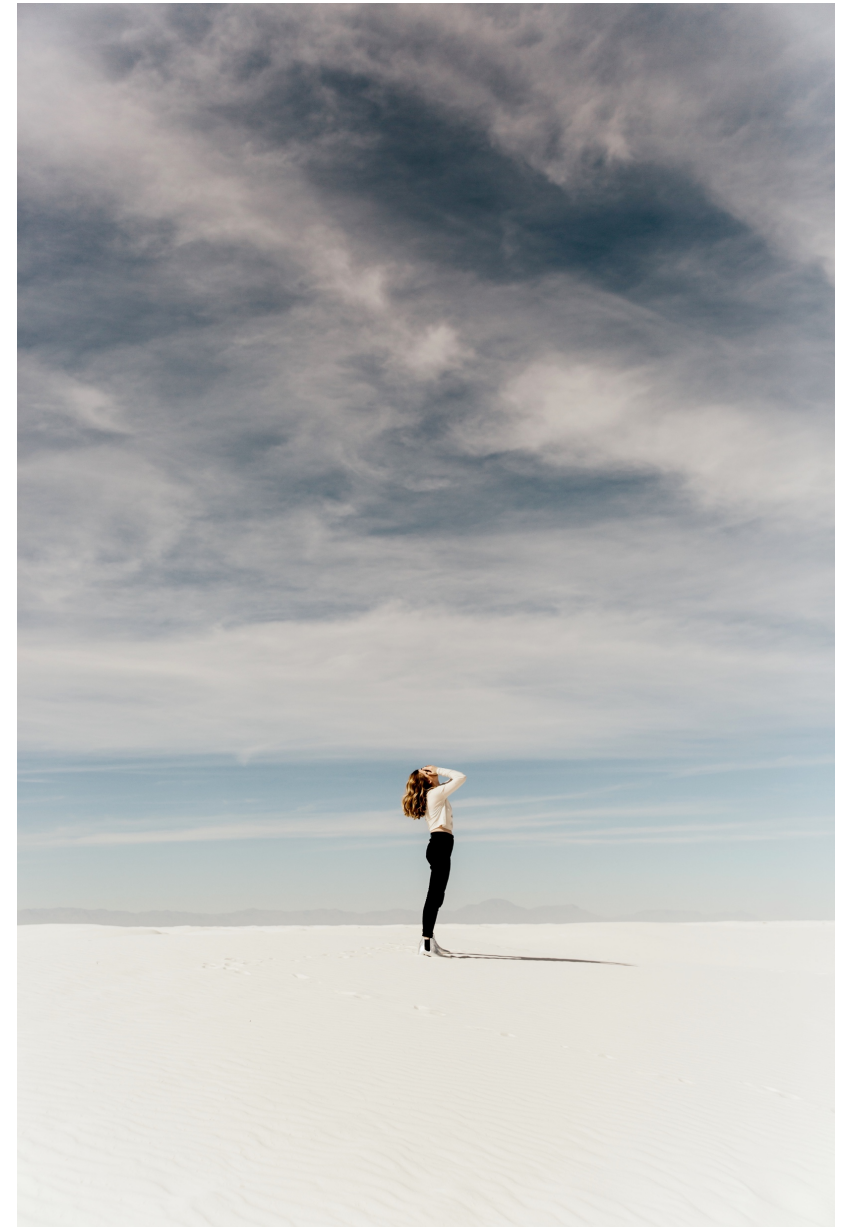
EMPATHY
from Greek εμπάθεια - empatheia
(em- 'in' + pathos -'feeling')

A BRIEF EXERCISE

Create 'empathy' between your Brand and your Customer. How?

Imagine your Brand
as a Person
Talking to your Customer

What if your Brand was talking to…

...Your Customer's stomach

Language

Keywords

Channel/Message Patterns

Focus

Relation

Sentiments & Concepts

...Your Customer's mind

Language

Keywords

Channel/Message Patterns

Focus

Relation

Sentiments & Concepts

…Your Customer's partner

Language

Keywords

Channel/Message Patterns

Focus

Relation

Sentiments & Concepts

…Your Customer's best friend

Language

Keywords

Channel/Message Patterns

Focus

Relation

Sentiments & Concepts

KEYS TO SUCCESS

10 ESSENTIAL ELEMENTS TO OPTIMIZE YOUR CUSTOMER EXPERIENCE

4.

I.Listen to your customer

"Over 90% of all innovations that are successful start in the wrong direction." (B2B International)

However, not all new products arise by accident, and market research can play a crucial role in determining a successful product launch, as it provides valuable insights into unmet needs and a deep understanding of your target audience's point of view.

To this end, integrating Voice of Customer programs in your product lifecycle allows you to capture consumers' expectations, preferences, and aversions, leading you to innovate rather than react to change.

II.Track
All Interactions

- Voice of Customer
- Clickstream and tapstream
- Location
- Demographics
- Behaviors such as purchases, content views, likes, shares, saved searches and items, etc.
- Social profile
- Environmental data
- Third-party data
- Smartphone sensors

Each touchpoint and every moment of interaction are potential sources of precious data to take your customer knowledge to a new level.

III.Discover Psychographics

"Demographic and behavioral information only give marketers part of the story they need to effectively segment a customer base. The problem with both of those types is that they do not tell us why people are doing things, which, as marketers, is the most important thing for us to know." (Susan Baier)

Adding psychographics to traditional socio-demographic data allows you to understand 'who' your customers truly are and 'why' they make certain choices, enabling you to envision what they will appreciate most and how they will behave in the future.

IV.Predict Customer Behavior

Applying advanced analytics and machine learning on your online and offline channels helps you to gain more profound insights and predictive results for smarter, more confident business decisions.

Then, integrating the model with a content delivery system allows you to present in real time the right message and offer, based on the expected behavior of each customer.

V.Personalize the What

Suggesting the right product and offer to each customer, based on his/her socio-demographic data, behaviors and psychographic profile, makes you more relevant and increases the chance of conversion.

VI.Personalize the How

Tailoring messages, product storytelling, and call to actions to match different user profiles ensure you a greater communication impact, making your offer more appealing to each actual and potential customer.

VII.Mind the Context

In a dynamic and always running world, being context-aware is essential to be everywhere customers are at a time when they most need you.

Adapting interfaces, offers, and information depending on where and how your customers are walking, browsing, traveling, and living allows you to be in the right place when your customers' needs are more salient, and this drastically increases the chances of buying.

VIII.Gamify the Experience

Using gamification allows you to engage customers and promote desired behaviors at the same time. Your loyalty program should be the starting point in this direction.

Loyalty programs are almost always dull. People sign up for convenience, and even this terrain has become hyper-competitive. Never ending points to collect, too many physical cards to bring, that people regularly forget, a lack of awareness of the possible benefits as well as the prizes already achieved, which often are not redeemed. Each of these drawbacks generates the opposite effect of frustration, anger, and dissatisfaction.
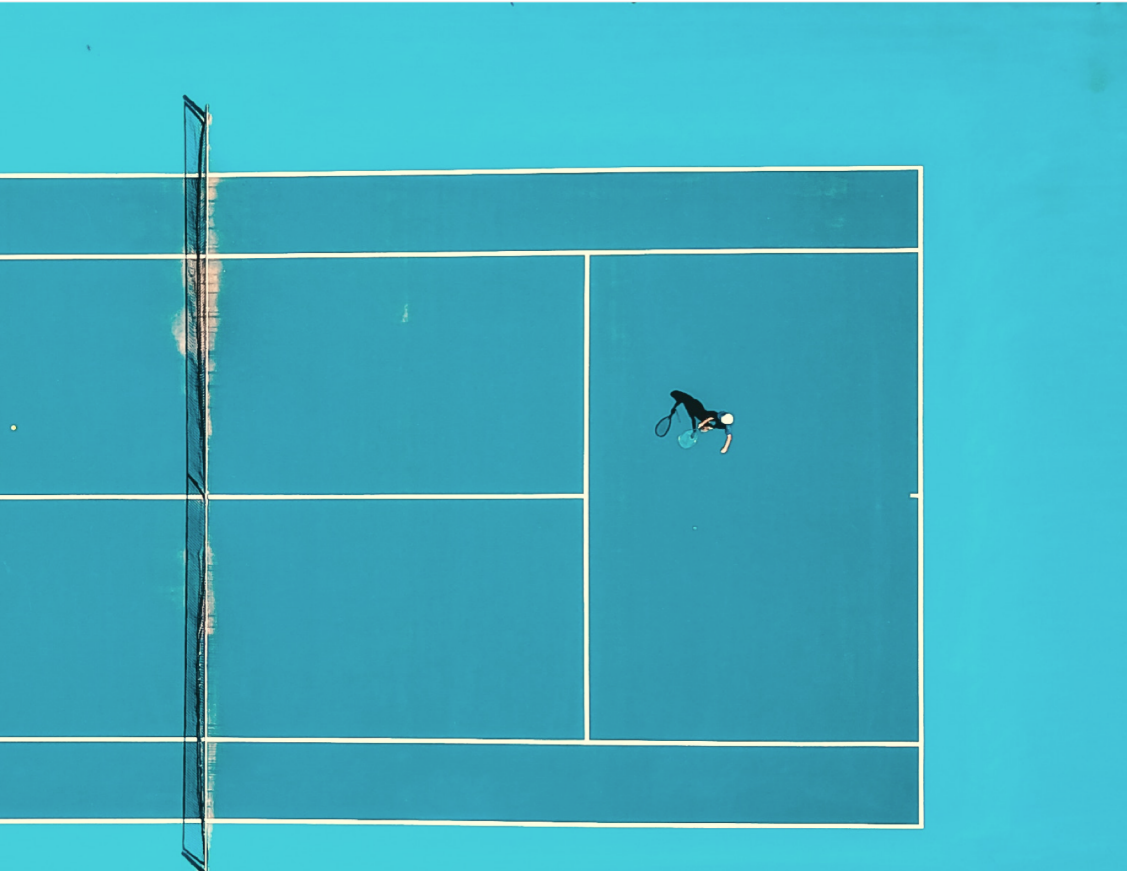
IX.Augment your Product

Making your products living out of their usual context, into people's daily lives, becomes possible with augmented reality.

Bringing to life your brand or product in a creative way and out of their usual context can tap into customers on a human, emotional level, making the experience immersive and memorable.

Delighting customers through interactive engagement makes them more likely to respond, react, and share your contents with their friends, or even contribute on their own.

All this becomes possible thanks to augmented reality technologies, that can work on mobile phones, with digital panels, and on desktops.

X.Move to Dialogue

Chatbots are the next frontier for brands and consumers communication. By 2020, the average person will have more conversation with their bot than with their spouse (Gartner, 2016).

What is certain is that, within the next few years, having a bot in your app and website will go from being an optional nice-to-have to an essential must-have.

And chatbots also close the loop. They are not just good customer care assistants, but they also bring us back to market research allowing to perform both quantitative and qualitative analysis.

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