

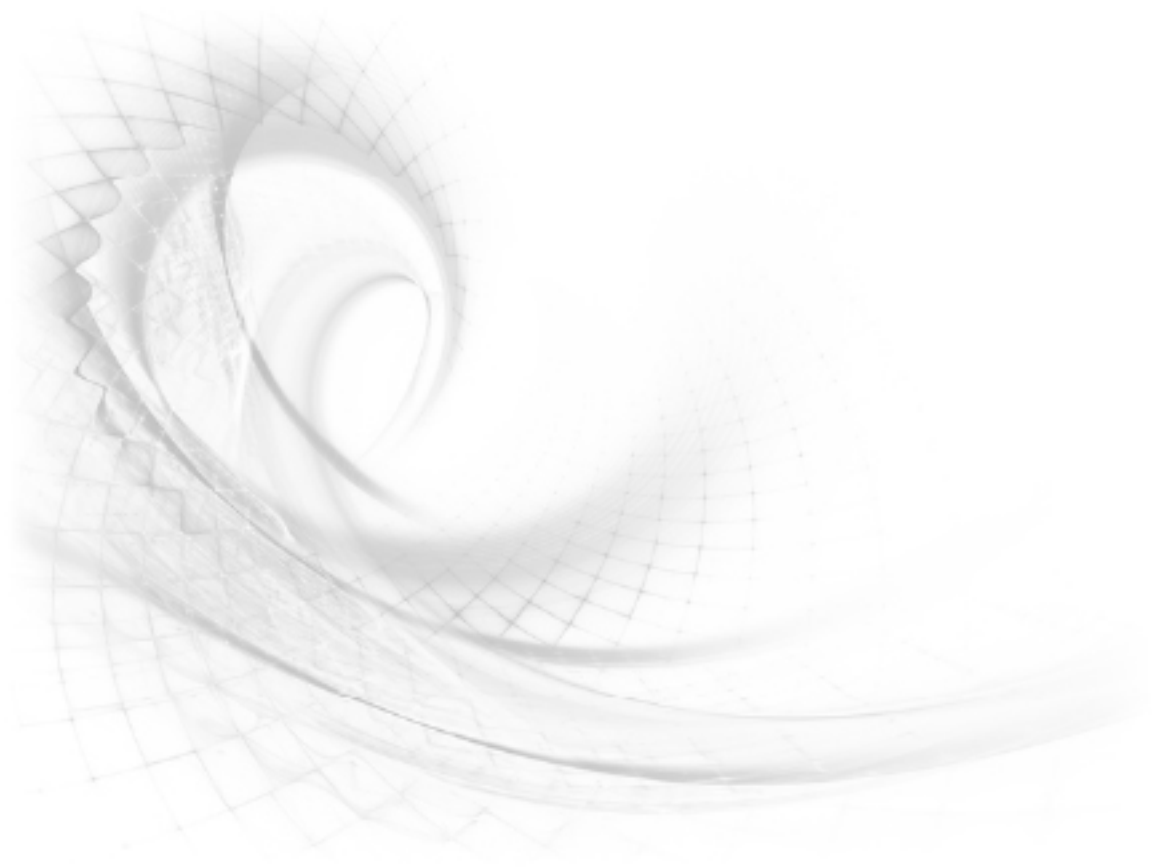
Point of Inflection: Customer Interaction Technology

By Theo Rose & Linda Mason



“IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVES, NOR
THE MOST INTELLIGENT, BUT THE ONE MOST ADAPTIVE TO CHANGE.”

Charles Darwin's observation about the animal kingdom
back in 1868 is a pitch-perfect assessment of today's
business environment. We must adapt or die.



Point of Inflection: Customer Interaction Technology

Historically, the default customer interaction for consumers visiting a store has been the sales associates. Recognizing this, successful retailers invested in providing excellent customer experiences by giving their associates the right tools and providing ongoing training in the art of service. However, most retailers took the path of least resistance and targeted these programs as expendable. Unfortunately, what they did not consider were the negative impacts on maintaining a culture of service.

The human interaction of retail is waning

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The net impact is that today's consumers have become accustomed to having little to no interaction when they go out shopping. They may be forced to endure this, but they refuse to accept it. Nordstrom's is known to be the go-to retailer when shoppers are looking for personalized interaction,

be it the fitting of women's shoes or a man's suit. Other than this rare example, in-store customer interaction has become a spiritless regurgitation of indifferent offers of assistance.

In maturing online shopping, digitally-native retailers recognized that consumers still hungered for some level of interaction while shopping. These new retailers embraced this opportunity and created a more engaging experience as a core part of online shopping.

Although online interactions do not involve a face-to-face encounter with a sales associate, the service offered still represented a marked improvement over the customer's barren, in-store experience. Online retailers embraced the customer interaction challenge by utilizing technology to innovatively offer services and engagement previously unimagined by traditional retailers.

Responding to precipitously declining in-store sales, store-native retailers recognized that their survival was dependent upon improving their shopping experience to be comparable to what was now available online. Management looked to technology to be their savior. They soon discovered that this strategy was woefully misguided, as they misdiagnosed their customer experience deficiencies as a technology problem and not as a customer interaction problem. Sales continued to decline as they attempted to innovate under a false assumption.

Early on, some retailers tried to address the customer interaction issue through the deployment of in-store kiosks to compensate for the absence of sales associates on the sales floor. This was thought to represent an improvement over the customer wandering hopelessly looking for help. Customers, though, have not found this to be a compelling improvement in service. In fact, far too many perceived this as being expected to do the job of the sales associate. Whether having to check a price at a kiosk or conducting the sales transaction at a self-checkout, retailers continue to throw technology at the customer as a substitute for service.

Choosing strategy over novelty

The market is flooded with new technology tools, each appearing to be the silver bullet of customer engagement. But customer interaction technology, like all technology, must be tied to a strategic goal and its use consistent in order to strengthen operational processes to reinforce the brand's culture of service. Novelty alone is fleeting; it ignores the fact that developing and maintaining a relationship with customers is hard work. Many of these applications have promise, but only if they are deployed as a part of an overall customer engagement strategy.

Astute store-native retailers recognized that a presence in both the physical and virtual worlds held the potential for significant enhancements in customer interaction. Through technology-enabled integrated programs, they capitalized on the unique elements of both venues.

Best Buy stands as an example of a traditional retailer that reimaged the shopping experience, where customer interaction

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technology played a key role in reversing their rapidly declining fortunes. At the onset of online shopping, Best Buy went from being a solidly performing big box retailer to customers' de facto showrooms to research

products and then buy from online competitors. This transition occurred with head-snapping speed.

To counter this behavior, Best Buy developed and promoted its online shopping experience that provided a platform for consistent customer engagement. As a part of its new strategy, Best Buy

recreated stores as intentional showrooms and broadened their service offerings with the Geek Squad, thus redefining the shopping experience. Best Buy created the "Blended Shopping Experience" by introducing services that web-only online stores could not match. Customers now had a reason to come into the store, peruse and ask questions of knowledgeable sales associates. From there, they could order from the web store, arrange delivery and set up services — all in a single visit.

Another example of how retailers have raised the bar on customer engagement is the deployment of the capability to buy online and pick up curbside by appointment. Both Walmart and Target realized that many customers would prefer not to spend their time shopping in store. This preference is found in all customer segments and is growing in popularity due to its convenience. Like Best Buy, these companies have found that success comes from reimagining the experience from the customer perspective. These retailers discovered the value of seeing the store as a customer order fulfillment center. Importantly, this innovation was less about deploying new technology than it was realigning processes and existing technology for a new purpose.

Virtual reality and the in-store experience

Virtual reality has garnered a great deal of interest its application in shopping. Once seen as a novelty with no real retail application, this technology has been put to great use in ways unimagined a few short years ago. As part of consumer interaction strategy, customers use this new capability to view products virtually whether shopping online or in store, or conducting preliminary research prior to visiting a store.

This technology has been used to great effect for products that previously were believed to only be sold in the physical reality of the store. VR has created a multichannel opportunity for whole segments of product categories and revolutionized customer interaction.

A great example of the use of VR is enhancing the process of furniture shopping and interior design. Once restricted to a physical showroom, VR has turned this process upside down, allowing consumers to upload a picture of their home. Rather than selecting furniture or furnishings based on memory alone, customers may superimpose products directly into their home virtually. Although most can see the use of this technology primarily as an online capability, this same application works perfectly while customers shop in store. Here, technology creates a new opportunity for customer interaction for products and services — irrespective of whether they are shopping online or instore. Most importantly, the capability to model infinite configurations mitigates the fear and anxiety often associated with more expensive purchases or products that cannot easily be returned.

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Recently, retailers have deployed a capability for VR in the use of shopping for eyeglasses. This online capability allows customers to upload a picture of their face, at which point styles can be tried on virtually. Once a final selection is made, the shopper can upload their

prescription and have their new eyeglasses crafted and sent to them directly. These are great examples of how technology can be utilized to entice consumers to engage in a shopping experience, one that is free from the restrictions of store hours and onsite inventory.

Mobile POS technology is a consumer perception opportunity

Store retailers have long looked at the checkout process as a rich opportunity to improve customer service. As we noted early, asking the customer to check themselves out has primarily not been warmly embraced as a positive experience.

Many retailers have pivoted to mobile Point of Sale (POS) as the new silver bullet to providing an excellent customer experience. The fallacy is that mobile POS is utilized as nothing more than a register without cords for line-busting during peak sales activities. For many retailers, the result has been that these devices languish unused in their chargers until peak selling periods, only to find that they are out of date or sales associates don't remember the training that they once received. What has been missing all along is determining how to utilize the power of these devices as a customer interaction tool and not just as an occasional emergency register.

The reason deployment of mobile POS devices never deliver on improved customer engagement has nothing to do with technology, but everything to do with the company's customer engagement strategy — of which the mobile POS device should be but one

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element. Beyond line busting, the mobile device can be a powerful engagement facilitator that should include product information, price lookup, inventory lookup, brand information, and the ability to translate all of this into multiple languages and currencies.

The holy grail would be for the sales associate to look up the customer as they speak on the mobile POS device and have a genuine exchange grounded in their individual purchase history inclusive of all channels.

Many of these initiatives fail because of their narrowness of vision. Too many retailers see the deployment of mobile POS as a technology-driven initiative rather than a customer-centric exercise of corporate transformation. Retailers need to reorient themselves around the needs of the customer and the customer engagement process, not the needs of their own functional silos. They cannot defer or default to IT to deliver business value and operational transformation. The responsibility lies with the organization in total. It is incumbent upon the functional groups to articulate the strategy and participate in the development and delivery of the solution.

Final thoughts on customer interaction technology

The golden rule for successful customer interactions is that the benefit to the customer must define the technology capabilities. The degree to which this is followed or not ultimately determines how successful these interactions will be. This further determines the loyalty, futures sales and lifetime value of each customer. In short, retailers' success hinges upon putting the customer forward, not technology forward. The great promise that customer interaction technology holds can never be fully realized if retailers fail to keep customers' needs satisfied. Technology alone cannot produce customer satisfaction.



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