

Cutting Customer Irritation And Encouraging Brand Advocacy



Introduction

Customer experience, the “seamless customer journey” and offering unbeatable customer service are key focus areas in retailer boardrooms up and down the UK, right now.

Although the mantra “the customer is always right” has long been established in retail and it has clearly always been important to look after one’s customers, there is now a growing understanding within the industry that it is critical for commercial success that shoppers are placed at the heart of any retailer business strategy, with all decisions made inside an organisation focusing on pleasing the target customer.

Senior executives, such as Asda’s CEO Sean Clarke, communicate regularly with their staff about considering the customer in every decision they make. Tesco’s group CEO, Dave Lewis, and the grocer’s UK & Ireland CEO, Matt Davies, are looking to instil a company-wide attitude within the organisation based on “Serving Britain’s Shoppers a Little Better Every Day”.

Loyalty schemes have traditionally been used as a tool to keep customers returning to a store or website, and keep shoppers in the loop with special offers. But the proliferation of point collection schemes on today’s high street does not always engender loyalty. How can loyalty be established if an individual owns coupons and stamp cards from multiple organisations, often hidden away at the bottom of handbags and the back of wallets?

Essential Retail had the privilege of hosting a breakfast roundtable meeting, in conjunction with Hitachi Solutions, alongside some of the UK’s largest retailers. Companies such as Tesco, Carpetright, Dune Group and Blackwell’s were involved in the discussion which looked at how encouraging brand advocacy – when done well – can perhaps play a more important role in delighting and retaining customers than any loyalty scheme. Under the wider subject of Cutting Customer Irritation, the event looked in detail at the loyalty vs advocacy debate, personalisation and how retailers are joining up their physical and digital channels.

The following pages are dedicated to key points raised in those discussions and the wider issues surrounding the conversation.

Ben Sillitoe
Editor, Essential Retail essentialretail.com



EssentialRetail
in association with RBTE – Europe’s leading retail event

Full list of breakfast roundtable attendees:

Chair: Ben Sillitoe, editor, Essential Retail
Dave Abbott, retail omnichannel manager, Dune Group
Caroline Baldwin, digital features editor, Essential Retail
Marcel Borlin, chief technology officer, Carpetright
Chris Huntingford, customer relationship management (CRM) consultant, Hitachi Solutions
Carl Knibbs, head of design & product, Tesco Labs
Neil McGeough, technical programme manager, Tesco
Jinna Mistry, business development director, Hitachi Solutions
Kate Stilborn, customer service & operations director, Blackwell’s

BLACKWELL’S
FOR LEARNING · FOR LIFE

CarpetRIGHT

Dune
LONDON

TESCO



Cutting customer irritation – today’s retail customer pain points?

As retail has evolved into the multi-platformed mixture of digital and physical selling spaces over the last 20 years, the number of potential customer pain points in the retail journey has multiplied.

The convenience of products being delivered to home is no longer enough for many consumers; they have demanded smaller delivery windows to ensure they do not have to wait in all day for their parcel to arrive – and some of the retailers and their logistics partners have obliged with an array of options. When these services break down there is **irritation**.

Websites that do not deliver what they promise or show inconsistency with the store experience, for instance when online prices are different to those in the shop. That is cited by consumers as a major **irritation**.

Misinformed customer service staff and disengaged in-store staff can be a real turn off for customers. Retailers, from the very largest in the UK, i.e. Tesco, to some of the smaller players in the industry, are improving their employees’ visibility of customer interactions and embarking on major staff initiatives to help motivate and engage their workforces partly to avoid customer **irritation**.

We hear of email fatigue at work and in the home brought on by constant messages, marketing material and spam. The constant flurry of emails from retailers are among those communications entering shoppers’ inboxes every day. If it’s irrelevant to those individual customers, then that can be an **irritation**.

Highlighting the challenge facing the retail industry in terms of getting the correct tone in email marketing, Dave Abbott, retail omnichannel manager at Dune Group, said it is important to stand out from the crowd.

“For us, it’s about doing something interesting to constantly reinforce that passion for the brand and improve customers’ overall experience with Dune.”

With Amazon continually increasing the range of products it stocks and providing an array of fast fulfilment options, and with many retail sectors experiencing the most competitive landscape for some time – whether that’s brought on by rising material costs as a result of fluctuating currencies or rivals embarking on serious discounting drives – it seems it has never been so important for retailers to get customer service right and iron out the pain points.

Chris Huntingford, customer relationship management (CRM) consultant at Hitachi Solutions, said: “In today’s society, people are quick to quit a purchase or hang up a phone because of service or interaction that does not suit them and the way they prefer to shop.

“We believe that by utilising the Microsoft technology stack, we can help retailers provide a personalised service to customers across all areas within retail and across all channels.”



Cutting customer irritation – the advocacy vs loyalty scheme debate

Two noteworthy examples of retailers encouraging brand advocacy in 2016 are arts and crafts specialist, Hobbycraft, and online fashion house, Missguided.

Hobbycraft CEO, Catriona Marshall, talks of engaging her company's customers to the extent they effectively become the brand's marketing strategy. Instead of spending millions of pounds on digital and search engine marketing, Hobbycraft provides a platform for its customers to share images of their crafts online and on social media – and these photographs are used by Hobbycraft to inspire other shoppers and potential customers. It's viewed by the boardroom as an organic and powerful form of marketing.

At Missguided, a tool has been introduced that will see its brand advocates rewarded with special offers. The e-tailer is looking to provide a platform where its shoppers can share their positive experiences of the brand on social media to drive new customer acquisition, and when customers chat about their latest purchase they can tell their friends to enter their name at the online checkout, which will prompt a special offer for the individual who made the referral.

It is a new era of loyalty in retail – and is certainly a number of steps removed from simply giving a consumer a stamp or loyalty card to encourage them to return. Looking after customers in such a way they are willing to share with the world their experiences of a brand is a growing trend in retail, but it comes with its challenges.

Customer reviews, unique initiatives and continued good customer service can all help contribute to a retailer's reputation. But the participants at the breakfast roundtable agreed authenticity is an essential ingredient in any approach they take.

Carl Knibbs, head of design & product at Tesco Labs, the innovation department at the UK's largest retailer, warned: "You have to be really careful how you create advocacy in retail. It has to be authentic."

Marcel Borlin, who revealed that Carpetright is looking at the potential of using vloggers to showcase the Carpetright brand online, said: "Buying carpets is very much around the experience rather than the product – we get reviews around experience."

He continued: "We're asking ourselves 'How can we use technology to replicate the dinner party conversation around what makes a great or bad experience?'. It's different to TripAdvisor or a protest review – it's a natural advocacy and we're looking how to do this either via social media or other means."

For Dune Group, shoe purchases are arguably far too infrequent for the company to use point-based loyalty programmes but there are other ways of encouraging customers to return.

"Our conversions noticeably go up when we have good reviews, however, getting people to review can be a challenge – we are looking at ways to encourage and incentivise customers to do this," Abbott explained.

"We have huge brand loyalty at Dune, customers come back to us to buy their seasonal staples and special pieces each year. Of course we are always working to engage new customers too and foster brand loyalty with them as well."

Cutting customer irritation – continued great customer service

Institute of Customer Service research published in the summer of 2016 found that overall customer satisfaction in the non-food retail sector increased year on year, continuing an ongoing upward trend in satisfaction since 2011.

Of the retailers analysed as part of the study, nine organisations within the sector improved services levels, with only four demonstrating a fall in customer satisfaction. Amazon tops the tables as the highest scorer in the industry, with Homebase as the most improved.

The results found a strong link between organisations getting customer experiences right first time and achieving high scores for satisfaction. It is clear that offering a consistently good customer service can bring positive results to a retailer.

Tesco is two years into a turnaround plan kick-started by its newly-appointed senior management team in the wake of falling grocery market share, growing disillusionment among customers and some major corporate challenges – including an accountancy scandal and at times uneasy relationships with suppliers. However, the new approach is bearing fruit, and autumn Kantar Worldpanel figures show the company is growing its market share at the fastest rate for three years.

Neil McGeough, technical programme manager at Tesco, said: “For bricks and mortar stores, our opportunity to shine [compared to online players] is that you can give customers the personal touch.

“We’ve got a big push on service: Dave Lewis talks about if you can make one customer happy each day, then if you escalate that across the estate it’s massive. That person will then be a Tesco shopper for life.”

Carpetright is on a digital transformation journey at the moment, which in the year ahead will entail an overhaul of ERP, CRM and point of sale technology. In addition to some new technology and systems being introduced to keep head office better connected to its home flooring surveyors, in real time, there has also been a move to put the customer at the heart of the business and to simplify the carpet-buying process.

Carpetright is looking to use this technology to drive forward the relationships with customers, and help manage the customer journey. Putting in a central system that allows home flooring surveyors to more easily communicate with head office is one example. Marcel Borlin, CTO of Carpetright, commented: “We’re trying to make it easier for customers to change their floor fittings because we know it can be a major upheaval.

“We’ll now move furniture and take away leftover carpet – making the process as straightforward for the customer as possible.”

Hitachi Solutions’ Huntingford said: “Technology is one of the primary and pivotal components in helping retailers prevent customer irritation and serve their customer base effectively. Retail customers want to be treated and interacted with, in an effective and informative manner and across the channels they are most comfortable with.”





Cutting customer irritation – engaged staff equals happy customers

A consistent challenge for retailers looking to avoid customer irritation comes in the form of engaging staff to follow the company ethos and, through their actions, become brand ambassadors themselves.

Global customer agency C Space released a report in the autumn of 2016, measuring the capacity of companies and brands to build strong relationships with their customers. Monitoring trust, relevance, empathy and likelihood to recommend, the study suggested this year's list of leading UK brands, as rated by customers, was headed by LloydsPharmacy, followed by businesses such as John Lewis, Waitrose and Disney.

C Space highlighted openness and empathy as the "intangible factors" responsible for driving consumer buying behaviours, loyalty and long-term growth.

Retailers like Tesco, Dune and Blackwell's are trialling various technologies with their staff to help improve engagement and communication between employees and customers. In trial mode, Tesco's Inform app, which is accessible on staff's own mobile devices, gives the store colleague a chance to check inventory levels and availability if a shopper asks a question on the shop floor. Dune and Blackwell's, meanwhile, are just two examples of the many retailers to have used mobile point of sale to actively sell to customers on the shop floor, helping shoppers order products for home delivery or locate goods from an alternative location.

Kate Stilborn, customer service & operations director at Blackwell's, said its flagship Oxford store previously displayed a sign on the wall telling customers they would be left to peruse the book collection at their leisure, but as competition in bookselling has intensified staff are now actively encouraged to take 30-minute shifts at the front of the shop with the key aim of helping serve customers and help them find where they need to go.

"It improves conversion rates and boosts staff engagement – everyone feels great," noted Stilborn. "It has helped foster a positive, customer-focused culture in store."

Thanks to new technology installed at the till, staff have also been enabled to quickly check if a book being purchased is available for a cheaper price online, thus preventing any customer irritation surrounding price discrepancies.

"This has removed a customer irritation point as well as improving efficiency for the operator," added Stilborn.

"We are also launching a new multichannel customer order system next year to improve customer experience and retention."

Tesco has also been trialling how it can send customers digital receipts after they have purchased an item in store, which is seen as a way of joining up online and offline operations and, through combining usage with the Clubcard loyalty scheme, it could ultimately help personalise messaging to shoppers.

Cutting Customer Irritation – conclusions

For some time now, the wider retail industry has been working towards gaining a single view of customers, no matter which channel shoppers use to access their services. Businesses operating in the sector are at different stages on this journey meaning it is difficult to assess how well organisations know their customers. What is for certain is that in order to leverage the 360-degree view of the customer, new customer relationship management technologies are required.

Recent studies have shown the average retailer now has 4.6 different sales channels and this figure is increasing each year. But these systems are not often integrated across all sales channels, making it difficult to manage them profitably. Retailers of all shapes and sizes report this issue on a regular basis.

As a result, internal re-organisation will be an ongoing factor in UK retail. Companies operating in the space have begun to fundamentally restructure their organisations in response to modern, multiple channel retailing, and as our event highlighted they are now designing their businesses around customer experience rather than by channel. Traditionally separate divisions of a business will be brought together, but it is not an overnight process. This type of deep change takes time.

Most of these operational alterations are being driven with the customer top of mind and there are various customer centric solutions – both technical and human – that can help retailers stand out from their competitors and encourage repeat, regular purchases.

Jinna Mistry, retail business development director at Hitachi Solutions, commented: “The expected level of customer service is constantly evolving and in order to reduce customer irritation it is essential that retailers are able to arm their staff with the tools necessary to understand and address their customers’ issues.

“Hitachi Solutions facilitates retailers globally to realise their business strategy using modern, agile technology.”



Full list of breakfast roundtable attendees:

Chair: Ben Sillitoe, editor, Essential Retail

Dave Abbott, retail omnichannel manager, Dune Group

Caroline Baldwin, digital features editor, Essential Retail

Marcel Borlin, chief technology officer, Carpetright

Chris Huntingford, customer relationship manager (CRM) consultant, Hitachi Solutions

Carl Knibbs, head of design & product, Tesco Labs

Neil McGeough, technical programme manager, Tesco

Jinna Mistry, business development director, Hitachi Solutions

Kate Stilborn, customer service & operations director, Blackwell's

Ben Sillitoe is editor of Essential Retail, an online news resource covering all things retail technology. From news on back-end systems and warehouse innovations to in-store, CRM and eCommerce technology designed to improve the customer experience, Essential Retail looks to keep the industry informed with all the latest developments. Ben has been breaking news, securing big interviews and composing in-depth features on the retail industry for approaching ten years.

Hitachi Solutions works with retailers around the world to help them migrate to and integrate new technology solutions that empower them to put the customer first. Utilising Microsoft Dynamics CRM and Hitachi's specialist retail accelerators, retailers gain a complete 360° view of their customers. Only by truly understanding your customers, can you market, sell, and service them efficiently and cost effectively.

<http://uk.hitachi-solutions.com/>

EssentialRetail
In association with RBTE – Europe's leading retail event

 **Microsoft**

 **Hitachi Solutions**