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4 ways to stay ahead of the Retail paradigm shifts that are here to stay

The Trends: Buying behaviors have changed

The retail industry is no stranger to disruption, but consumer preferences and shopping patterns have never shifted as quickly as they have in 2020 due to the global pandemic.

- 71% of consumers are being more efficient with their spending, conscious of costs as well as environmental sustainability.

- Buyers are shopping less often but increasing the size of each order, for example purchasing more groceries, but going out to eat less,

- Returns have increased since customers can't try before buying (Accenture).

The types of goods they are purchasing has also changed, adding complexity to inventory planning. For example, demand for 2nd hand clothing is on the rise and is expected to increase from $24 billion to $64 billion by 2024 (Thred Up). Exercise equipment, cooking supplies and home goods are all up over 47% as are games and toys at 36%.
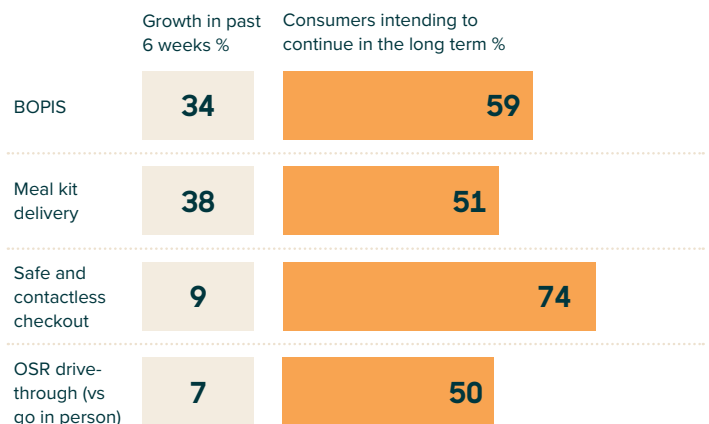
With all these changes, retailers are scrambling to figure out the behaviors of their customers and data has never been more important as companies are being forced to discover new customer insights that inform relationships with consumers.

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$64B
forecast spend on 2nd hand clothing by 2024.

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36%
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The Omnichannel conundrum: SMYKM: Show me you know me!

Not only have the types of goods purchased changed, consumers feel uneasy visiting public places, leading to new and expanding consumption methods. This has further increased the adoption of digital channels, including new users previously unengaged in online shopping. New buying models now include contactless payment, contactless delivery, buy online pick-up in store or curbside pickup and on-demand delivery, and will likely continue to evolve. Buy online, pick up in store (BOPIS) grew 28 percent year-over-year in 2020 and grocery delivery is up by 57 percent. Perhaps most importantly, as customer expectations are ever increasing, these trends are likely here to stay with consumers reporting high intention to continue these habits (56% for BOPIS, and 45% for grocery delivery), after the pandemic (McKinsey).

Safe delivery modes are increasingly important to consumers–winning on 'SafeX' matters in digital and omnichannel.

	Growth in past 6 weeks %	Consumers intending to continue in the long term %
BOPIS	34	59
Meal kit delivery	38	51
Safe and contactless checkout	9	74
OSR drive-through (vs go in person)	7	50

Source McKinsey COVID-19 US Consumer Pulse Survey, April 20–26, 2020, n = 1,052, sampled and weighted to match US general population aged 18 years and over.

Underpinning these shifts is the continued embrace of mobile devices and digital consumption channels. While phones and tablets have been the preferred browsing method totalling over 65% of traffic to retail sites last year, the desktop had been the primary purchasing option....until now. And the continued digital adoption is startling with a 160% expected future increase in ecommerce purchase from new or low frequency users. Retailers must ensure that their omni-channel strategy is both integrated and offers consistent services and experiences.

Digital-first and omnichannel retailers have pivoted more easily, but retailers that prioritized physical stores and face-to-face engagement over omnichannel strategies have struggled to respond. Customers increasingly demand personalised proactive experiences, tailored from their historical marketing, purchasing and service habits and driven by future desires. Retailers can meet or even exceed these expectations by leveraging the data that is more easily collected from these online transactions. However customers continue to clamor for better alignment with their patterns and routines but are often disappointed by the still fragmented application of what a brand knows about an individual consumer. Exacerbating the retail challenge is that over 43% of customers are asking for more personalization, 41% are switching companies over poor personalization and 51% will leave a company after even one negative experience (Accenture).

160%

expected future increase in ecommerce purchase from new or low frequency users.

65%

traffic to retail sites via phones and tablets.

51%

will leave a company after even one negative experience.

43%

of customers are asking for more personalization.

41%

are switching companies over poor personalization.

Omni-channel Retail meets Omni-channel Service

Thankfully there are available options for Retailers to meet these new buying models head on, while both enhancing their customer's experience and improving consumer personalization.

1. Meet customers where they are, i.e., on the channel of their choice.

This not only means the channels of retail: Store, eCommerce, Mobile, etc. It also means the channels to support your customers. In addition to the staples of phone, email and chat, it would behoove retailers to put messaging everywhere your customers already are, including popular social & messaging channels like FB Messenger and Whatsapp. Regardless of where the conversation takes place, maintain a single conversational record across those channels for continuity. Enabling omnichannel brings all your digital channels into one interface, reducing effort for customers and making it easy for agents by having the full context of current and previous communications.

Moreover, new buying models means more players along the journey. Empowering employees along different touch points to stay connected to customers, for example, agents, delivery drivers and customers can have one conversation on any channel (e.g. WhatsApp, SMS, WeChat). This eliminates friction for your customers who no longer need to wait for agents to liaise with other departments in order to respond to their inquiry.
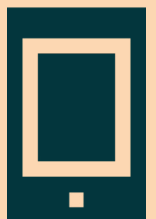
2. Show customers they are valued through personalized data, treatments and rewards.

First, retailers must respond, across the enterprise, to customers' demands for a personalized and contextualized experience aligned with their needs and issues. To achieve this objective, companies must access, maintain and combine meaningful customer data extracted from a variety of sources, including traditional physical channels, digital and social channels, network data, and data based on the customer's location, consumption patterns and service history. This data should be leveraged to create digital-focused micro-segmentation to reduce friction during purchasing and service.

Help customers help themselves, and deflect inquiries with self-serve. Many questions can be solved with quick answers embedded in the eCommerce journey. To lend a helping hand, AI chat bots can assist in recommending relevant content, completing transactions like a return or order status, and knowing when it's time to pass a customer to an agent. AI and self-service give retailers the flexibility to scale their teams without additional resources.

Teams are enabled to learn the best answers to new and/or complex questions by leveraging AI to query internal and external resources for the most relevant information, fast. AI and automation can lower customer effort and improve agent productivity by streamlining communication and surfacing needed data at the click of a button. In addition, to be truly effective, the recommended interactions should be generated dynamically based on the customer's context, by leveraging tools such as Workflows, Automations, and even Next Best Action, delivered on both inbound and outbound channels.
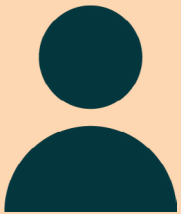
3. Recognize and acknowledge who individual customers are, the products and services they have purchased, and their prior interaction history, regardless of channel.

The world is moving towards a new normal and consumers are adjusting. As your buyer behaviors evolve, your insights will need to be redefined. Stay on the pulse of your business insights in real-time. Join buyer data from internal and third party systems such as e-commerce software, OMS, marketing and social media into one interface. Connect all your customer data for complete context and give developers and admins the tools they need to build the best customer experiences, create highly personalized, value-added buying and servicing experiences, using tools such as customer segmentation, churn prediction, social network analysis, mobile browsing analysis and sentiment analysis to develop a highly detailed understanding of each customer. Using analytics to build on their deep knowledge of customers' usage of digital services, they should be able to achieve a 360° view of their customers' communication behavior.

4. Operate as a single brand and channel, orchestrating customer experiences across all touch points, including self-service and associate assisted.

Currently, most retailers are organized by channel. Their retail stores, eCommerce, call centers, social media, and other channels are separately managed, and often run as separate businesses frequently resulting in misaligned objectives and a disjointed customer experience. Since today's customer expects there to be no channel boundaries, all channels will need to be integrated. When customers want to make a purchase, renew a service, or resolve a problem, their preferred channels now include "all of the above"—physical stores, online e-commerce, social media and all support channels in the call centers.

But, as providers become more sophisticated in the products and services they offer, their front-line troops must also become more sophisticated in their knowledge in order to sell and service those products effectively. Store associates and contact center agents must evolve to deliver an ever-changing, dynamic customer experience. The technology stacks that support the new organizational structure will enable all customer interactions to be handled across every channel, easily sharing customer data and efficiently providing integrated customer support.

Most importantly, that technology stack needs to join data from any internal or third party systems into one unified customer profile so associates and service agents remain on one screen when supporting a customer and have all the context they need. Employees can provide tailored conversations by easily seeing information such as buying history, loyalty programs, shopping cart activity and more. That open and flexible platform allows you to extend your support platform using APIs, apps and integrations such as RMA processes and logistics partners.
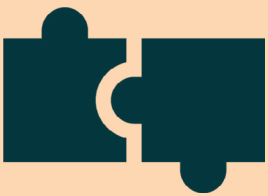
We've helped customers like you

With Zendesk, retailers can deliver shoppers with seamless omnichannel experiences and AI-powered self service that fit with their brands. Agents are set up for success with powerful, unified workspaces and knowledge management for personalized service. All while keeping your business in sync by integrating relevant systems and customer data into your entire ecosystem for complete views of your shopper.

For more information visit **zendesk.com/retail**