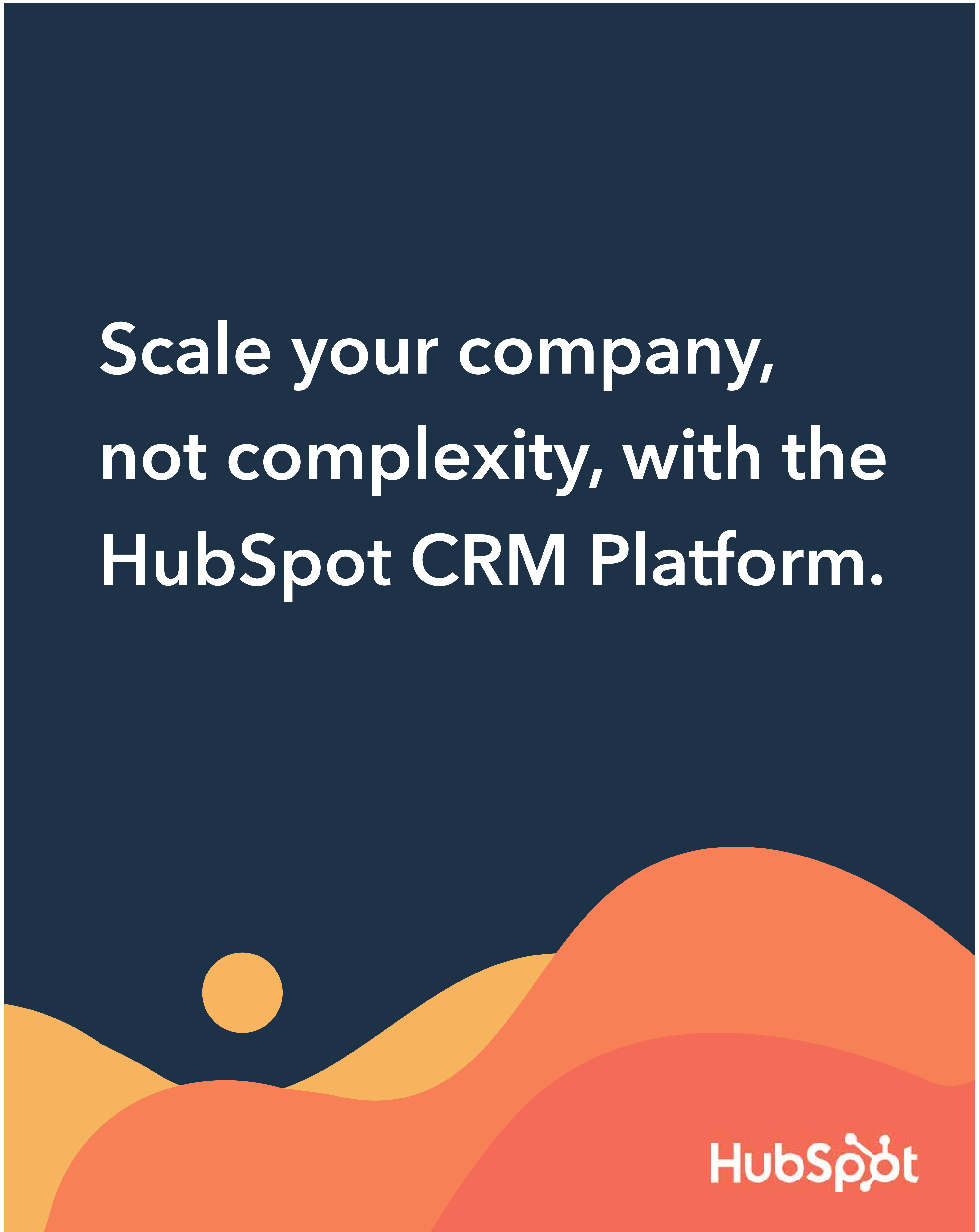
THE FUTURE CUSTOMER



THE FUTURE CUSTOMER

Distributed in
THE TIMES

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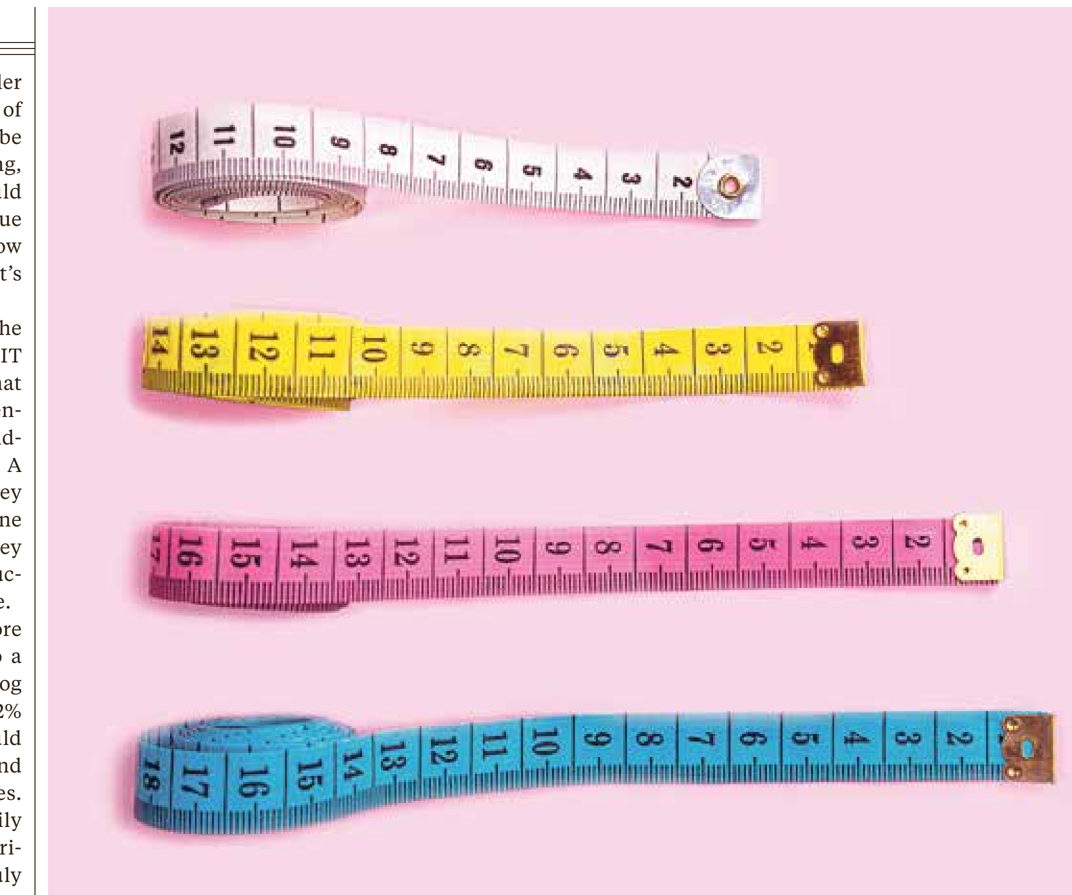
AUTHENTICITY

Yours sincerely?

Any brand that publicly supports a progressive cause had better be able to back up its words with actions. Gen-Z consumers in particular are highly sensitive to hypocritical virtue-signalling

Marianne Eloise



Iryna Veklich via GettyImages

There once was a simpler time when the success of a brand could easily be measured. The better its offering, the more loyal customers it could attract and the more sales revenue it could earn. But consumers now want something from brands that's far less tangible: authenticity.

A survey of 2,000 adults in the UK, Australia and the US by IT company Stackla in 2019 found that 86% considered a brand's authenticity to be important when deciding whether to support it or not. A fifth of respondents said that they had stopped following at least one brand on social media because they felt that the content it was producing was too corporate or insincere.

Authenticity matters even more to younger people. According to a poll conducted last year for blog software provider WP Engine, 72% of under-25s said that they would be more likely to buy from a brand that contributes to good causes. What's more, consumers can easily see through firms that treat charitable donations as a proxy for truly socially conscious behaviour.

There are more ways than ever to expose companies whose actions don't match their rhetoric. In May 2020, for instance, the Black Lives Matter movement thrust brands that weren't anti-racist into the spotlight. After the murder of George Floyd, companies scrambled to publish social media content expressing support for the campaign to end police brutality against Black people (see the case study on the next page). But former employees and customers highlighted the hypocrisy of several of these firms, blowing the whistle on the racial discrimination occurring behind the scenes.

And in June, designated as Pride Month in the US, many companies that proclaimed their support for LGBTQ+ rights were accused of cynical bandwagon-jumping or 'pinkwashing', given their poor inclusivity records. A 2018 survey by PR giant Edelman found that "64% of consumers would reward firms which they see as engaged in some kind of activism". It's therefore unsurprising that businesses would vocally back a worthy cause if they believe that this would generate more custom. The challenge they need to address is how to stand for something in a way that the latest generation of discerning consumers deems commendable.

It's not rocket science, according to Shayne Tilley, marketing director at creative platform 99designs. "Ultimately, a company cannot say one thing and do another. This isn't a 'fake it till you make it' scenario – the world is getting smarter than that," he says. "A brand's personality is a conduit of its values, which have to be grounded in reality if that brand is to stand a chance of being authentic. Empty gestures will – and should – be called out."

Ryan Foland is a brand consultant and co-author of *Ditch the Act: reveal the surprising power of the real you for greater success*. He notes that "authenticity, like trust, is built over time. This happens when the brand's mission, vision, values and goals are personified in the daily interactions of its employees, with each other and with suppliers, vendors and customers."

> **Ultimately, a company cannot say one thing and do another. This isn't a 'fake it till you make it' scenario**

Foland advises firms to identify and agree what values they stand for and then ensure that everyone in the organisation lives up to these consistently. "Brands cannot avoid how others interpret their words, but they can back up their words with actions," he says.

When social causes that match the company's values are clearly defined and communicated – and then, crucially, supported at all levels of the organisation – what the business says publicly about these causes should be seen as consistent with its behaviour, according to Foland. He adds that brands would be well advised to say nothing about a cause until they're able to show that their actions support it.

An issue that's important to consumers of all ages is sustainability. A company's environmental impact on the world is relatively easy to gauge. If a fast-fashion retailer were to urge its customers to stop using plastic straws, for instance, that would demonstrably be the height of hypocrisy.

Patagonia, the US outdoor clothing brand, tops the authenticity chart for experts and consumers alike. It calls itself an activist company, having committed to minimising its environmental footprint and donating 1% of its sales revenues to green causes since 1985 – long before such behaviour was popular with consumers or particularly profitable.

In 2016, Patagonia contributed all of its Black Friday revenue – about \$10m (£7.2m) to environmental organisations, offsetting some of the waste associated with the busiest shopping day of the year in the US. Two years later, it made headlines again for donating the \$10m it had received from the Trump administration's tax cuts to "groups committed to protecting air, land

82%

of gen-Zers will trust a company more if the images it uses in its adverts are of actual customers

WP Engine, 2020

and water, and to finding solutions to the climate crisis".

For Becky Willan, co-founder and CEO of Given, an agency that works with purpose-driven businesses, Patagonia is a touchstone. She considers the 'Don't buy this jacket' advert that it ran in the *New York Times* on Black Friday in 2011, which urged readers to shun mass consumerism, "a masterclass in authentic brand-building".

Willan cites another US trailblazer, Ben & Jerry's, for its long history of championing equality. While other companies were being castigated for paying lip service to Black Lives Matter, the Unilever-owned ice-cream brand posted a statement on its website detailing all the activities it was undertaking in support of its commitment to upholding progressive values.

Some of Ben & Jerry's recent political activities have inevitably been divisive, but it has stood firm against the critics. For instance, it took to Twitter to challenge the UK home secretary's opposition to migrants crossing the English Channel to seek asylum last year, declaring that "people cannot be illegal".

Willan adds that the brand (whose founders are both Jewish) has also since taken a bold stance against the Israeli government by withdrawing its products from sale in Israeli settlements in Occupied Palestinian Territory.

She believes that any brand seeking credibility "must have a purpose beyond making money. It needs to have a clear idea about the role it plays in people's lives and act in a way that's consistent with that idea. It has to be true to the principles it stands for."

There's never been a better time for brands to pursue authenticity, according to Willan, although she stresses that they must not treat it as a mere marketing tactic.

"This is about prioritising actions over words, not about adopting a mantra that makes everyone feel good while they carry on with business as usual. This is about living up to a purpose comprehensively in every part of the business," she argues, describing anything less as "purpose-washing".

Willan believes that "every business on the planet should be thinking about how they are contributing to a more sustainable, equitable and inclusive world. The challenge is that, for firms in certain sectors – including defence, gambling and tobacco – it is virtually impossible for their activities to create genuinely positive outcomes for society."

Michael Houlihan, the co-founder and former CEO of California's Barefoot Wines, agrees. "The bigger issue concerns the disclosure of any undesirable facts about your approach to sourcing, production, labour and human rights. Authenticity demands a clean slate, so banks, for instance, tend to play down the environmental effects of their investments in the fossil-fuel industry," he says.

B Corporation status is something that responsible companies value as a badge of honour. To attain it, a firm has to undergo a rigorous assessment process that measures its performance in five categories: governance, workers, customers, community and the environment.

While Willan encourages brands to seek such accreditation, she urges CEOs to first "think holistically about the role they play in the world before they dream up a purpose-driven marketing strategy".

She believes that all "campaign activity needs to be backed by real and stretching business commitments". Such investments have to be focused on delivering positive change, rather than on telling everyone about it, while "members of any marginalised group that a company is supporting need to be involved in its campaigns. And campaign activities must be backed by long-term programmes focused on changing the whole system."

Willan acknowledges that doing all those things is harder and more complex than simply paying for a slick advert, but they will certainly pay off in the longer term.

Erik Oberholtzer, the co-founder and executive chairman of the LA-based Tender Greens restaurant group, is also an adviser to socially and environmentally conscious food brands via his creative agency, Cohere. Another fan of Patagonia's approach, he believes that the recipe for authenticity is simple: it's that a brand's stated values align with its behaviour – and that those values are grounded in "an unwavering commitment and core belief system that comes from within".

> **A brand must have a purpose beyond making money. It needs a clear idea about the role it plays in the lives of customers, communities and the world**

Oberholtzer encourages consumers to think about the distance between what a brand says and what its behaviour indicates – for instance, BP's 'Beyond Petroleum' rebranding as a supplier of green energy versus its conduct after the Deepwater Horizon oil spill in the Gulf of Mexico.

He agrees with Foland that brands should refrain from commenting about causes to which they have no established connection.

"I find it inauthentic when brands paste a rainbow flag on their website during Pride Month, or post a Black Lives Matter stamp on their social media accounts after an uprising, if they have little history of activism in those areas before that 'marketing moment'," Oberholtzer says.

There is no standard metric by which to gauge authenticity and there isn't an algorithm that can determine your firm's values and ensure that everyone in the organisation lives by them. That's why it's crucial to engage only with those causes that align with your beliefs, what your company is selling and how it acts. All firms should strive to be socially responsible – and that work starts from within. A marketing campaign should be the last step in conveying their convictions. ●

72%

of gen-Z shoppers say they are more likely to buy from a company if they know it contributes to social causes

70%

of gen-Z shoppers believe that a website will know what they're looking for even before they tell it

WP Engine, 2020

Case study: skin-deep sincerity?

Glossier, a US cosmetics brand that's proved particularly popular with younger consumers since its foundation nearly 10 years ago, came under fire in 2020 for not living by its stated values.

Days after the murder of George Floyd in May, the company posted on Instagram that it was standing "in solidarity" with the fight against "the historic oppression of the Black community". It also pledged to donate $500,000 to organisations combating racial injustice and the same amount to Black-owned beauty businesses.

On the face of it, Glossier was making a genuine and substantial gesture, but a number of ex-employees would soon paint this in a different light. In August, a group of former workers at its flagship store in New York published a Medium post entitled "To Glossier: a call for accountability and necessary change". They alleged that the firm's leadership was ill-equipped to "guide a diverse team through the unique stressors of working in an experiential store" and said that it couldn't be trusted to "mitigate the harm of incidents", several of which had involved racist acts by customers and colleagues. The statement included a list of actions that Glossier could undertake to foster an anti-racist environment.

In response, Glossier apologised, publishing its acknowledgment of the allegations on Instagram and promising that its post was a "plan of action". The company's founder and CEO, Emily Weiss, also published a blog post addressing the charges and wrote a list of planned next steps alongside an email that all former employees had been sent.

Again, the company's intentions seemed positive, yet many people viewed its move as too little, too late. For them, Glossier had no genuine desire to change – it was simply trying to save face, having been called out. That same year, many former fans of the brand engaged in a boycott and still regularly contact the company seeking updates about the progress of its anti-racism initiatives.

Commercial feature

Putting modern CRM and the human touch at the heart of great customer experience

Demand for both human and technology-driven experiences is stronger and more complex than ever

The past 18 months have been a period of huge learning and, for many, a chance to reset. For businesses, the pandemic has been one of the most intense periods of experimentation, development and recalibration. It has been a golden opportunity to test out assumptions, confirm some beliefs – and debunk others.

In particular, this has been a hugely effective study into what consumers want and expect from companies. The results have occasionally been surprising.

Take, for example, the shift to online. During lockdown, serving customers remotely, working remotely, playing remotely and meeting people's needs was only possible digitally. This debunked one myth – that everyone is already online. Vast swathes of the population had to get up to speed with living online so the assumption that customers wanted to be served digital-first was not altogether accurate.

However, a year-and-a-half down the line and almost everyone now has the access and the aptitude to live a digital-first existence. They've had a taste of meeting their every consumer need at the touch of a button and seen an explosion in rapid-delivery services like Getir or Weezy, meaning getting the week's groceries is just as quick and convenient as stepping outside their front door. As the pandemic recedes, the post-pandemic consumer is now 100% digitally native.

Only this is not the case. Customer journeys are becoming ever more complex and the number of digital channels to engage with consumers is growing. However, one element will always be critical – the human touch.

"The customer has changed. They don't want to lose digital conveniences but they still want to be able to go to stores or connect one-on-one with an advisor where possible. Understanding customers is going to be very important as we enter a new phase," insists Inken Kuhlmann-Rhinow, EMEA marketing director for HubSpot, the customer relationship management (CRM) platform for scaling companies.

What is the human touch in a digital world? Simply put, it's about giving consumers the ability to engage easily with a real person. To continue providing human interactions in a digital world, brands need to turn to digital technologies that support rather than supplant the human.

Kuhlmann-Rhinow says: "Consumers feel appreciated and valued when they know they can speak to a real person. Getting stuck in an automation loop is frustrating and alienating."

HubSpot's recent research into hybrid customer experience reveals that twice as many consumers want to be able to speak to someone when making a purchase as the number who want to do so in a customer service environment. During purchase was also more popular than browsing or pre-purchase. "The value in being able to ask questions is high, but any sensitive post-purchase customer service issues must be handled quickly and empathetically, even if it is – as discovered in our survey – the less frequent need," Kuhlmann-Rhinow warns.

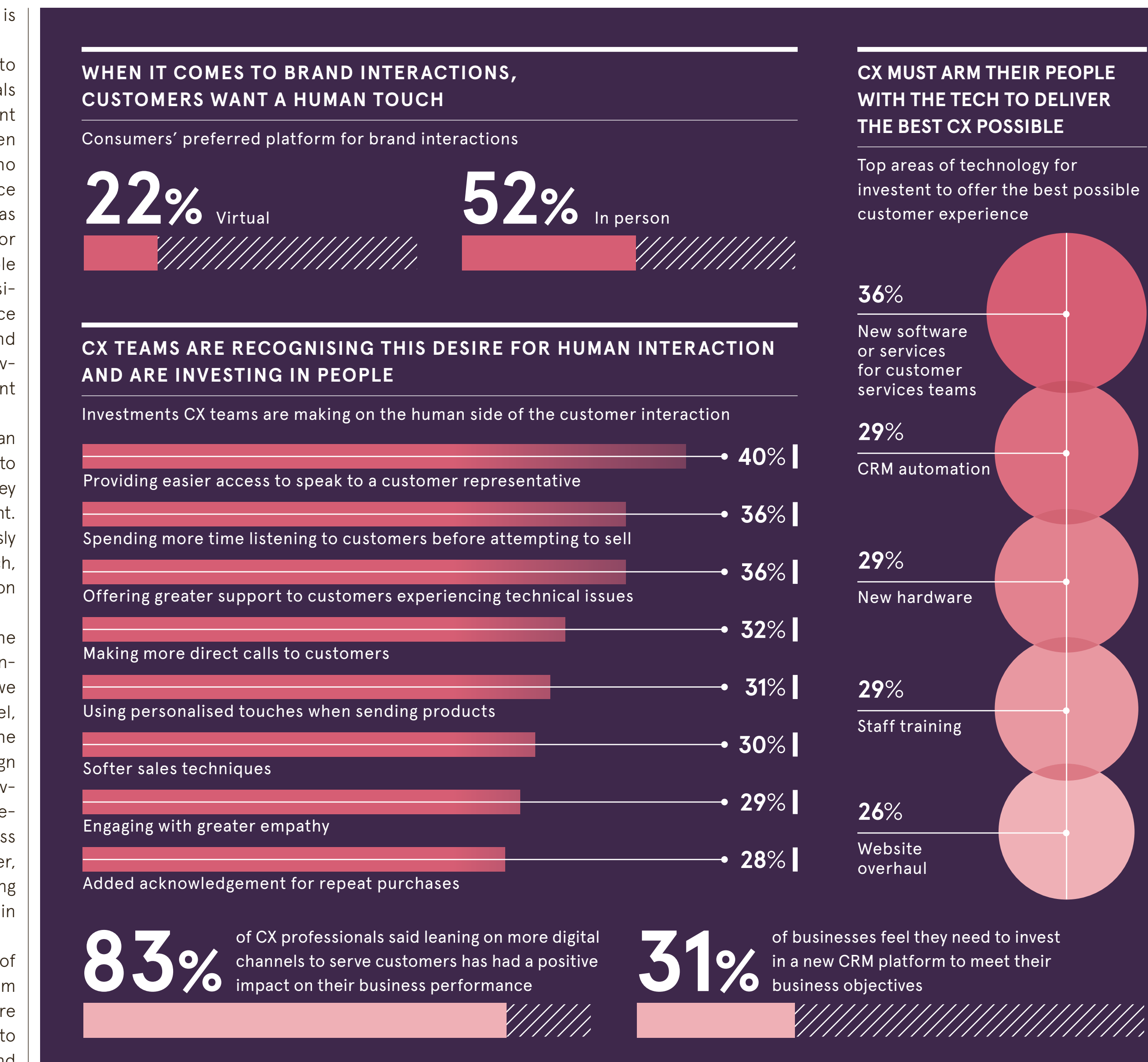
Being able to deliver on the human touch requires a new approach to understanding the customer journey and customer relationship management. Customer experience has previously been dominated by the funnel approach, with different functions only focused on fulfilling their part of the funnel.

"Companies need to understand the full customer lifecycle," Kuhlmann-Rhinow advises. "At HubSpot, we recommend the flywheel model, which helps explain and visualise the momentum you gain when you align your entire organisation around delivering a remarkable customer experience. It ensures different business units are continually working together, with every function having an ongoing responsibility to support the others in fulfilling the business's overall goals."

To put the customer at the heart of the business means moving away from today's patchwork approach, where the survival mindset of 2020 led to companies adding processes and operations that were not suitable for scale. As a result, a patchwork of technologies was stitched together and now it is holding companies back.

Extricating yourself from this patchwork means rethinking how your customer relationship management infrastructure is constructed. Today's businesses need a powerful and easy-to-use CRM platform that enables them to create a single point of customer truth that all teams can feed into and, crucially, pull from, helping them remove friction in customer interactions.

Why this is so important is because CRM platforms have evolved beyond purely managing customer information. The digital journey travels across many different interactions and touchpoints. You need to capture all of that information in order to deliver delightful customer experiences. This is the rise of modern CRM and it's changing how we think about it.



"Today, CRM powers your whole end-to-end customer experience and includes tools like a content management system (CMS) or core engagement tools. The pandemic has accelerated the adoption of CRM and leaders understand it is now vital for success. HubSpot UK's Sales Enablement report recently showed that the adoption of CRM software was up 40% compared to pre-COVID levels," Kuhlmann-Rhinow reveals.

The HubSpot platform is constructed in such a way that companies in the process of transformation aren't faced with the uncomfortable – and expensive – prospect of jettisoning their legacy tech.

"With nearly 1,000 integrations into popular SaaS apps, as well as rich and open APIs for interfacing with custom-built apps, HubSpot's powerful and easy to use CRM platform lets companies connect data and workflows across the stack into a rationalised CRM platform. You don't have to rip out everything else," Kuhlmann-Rhinow advises.

Equally, smaller companies with big ambitions needn't feel that delivering world-class customer experience, whether in-person, digitally or – as is more commonly the case – a mixture of the two, is somehow out of their league. "The HubSpot CRM platform is designed to grow with an organisation's appetite and need for technology at every stage in their growth journey. It is built with scalability in mind," Kuhlmann-Rhinow suggests.

She adds that automation doesn't diminish the human angle but rather supports it, helping scaling businesses manage the difficult mix between growing headcount and expanding the customer base – without compromising on quality of experience.

"Customers won't wait for your systems to catch up or your team to figure out the friction points that are causing frustration. Delivering a best-in-class experience that allows companies and customers to switch seamlessly between digital and human interactions will be key. In 2021 and beyond, companies from startup to scale-up, and beyond, that adopted an end-to-end CRM platform will be in a much better position to deliver on that best-in-class customer experience as they grow," Kuhlmann-Rhinow says.

For more information please visit www.hubspot.com

FRAUD

Sham 6.9 – how to beat the phoney reviewers

Monty Rakusen via GettyImages

The provision of fake online reviews is becoming big business. Are the giants of ecommerce and social media doing enough to tackle the problem?

Emma Woollacott

"Last year, after always having had five-star reviews on Google, I suddenly started receiving four one-star reviews almost weekly from someone who had obviously only recently set up their profile."

So says Lisa Johnson, an independent management consultant and coach, who adds that the mystery reviewer was writing "weird things about my work that only someone following me online could know, such as a competitor. Even stranger was that some of the names being used were male – I hadn't been coaching any men at that time."

Johnson is far from the only victim of such deception. The manipulation of potential customers by posting fake bad reviews of a rival's offerings (or fake good reviews of one's own) is a growing trend. This kind of fraud can have a significant impact on a young business.

Bogus or not, a bad review "still holds weight", says Liam Chennells, founder and CEO of Detected, a business verification platform. For one thing, not all readers will detect the intent behind it, especially if it's well written enough to seem credible.

"Few consumers will look beneath the surface, so poor online ratings definitely affect how companies are perceived," he says. "Also, people will naturally gravitate towards the one bad review, rather than the 99 great ones. This is just how most of us are wired."

The boom in online shopping that has accompanied the Covid crisis has increased consumers' reliance on reviews, given that they can't easily sample the quality of goods before buying. According to US software company PowerReviews, shoppers were engaging with reviews 89% more in May 2020, after most countries had imposed lockdowns, than they had been in February.

Because consumers have become so interested in others' opinions, fake reviews are more effective than ever before, says PowerReviews' CEO, Mark Dillon. He believes that, "although fakes are fairly obvious to the more seasoned ecommerce shopper, newer online consumers may not be as savvy. Some websites will allow anyone to write a product review, whether that person and their purchase were verified or not. This is obviously risky in the current climate."

According to research published by *Which?* magazine in March, fake reviews are a booming business. Amazon has banned sellers from paying third parties to publish reviews, yet companies such as German firm AMZTigers are openly offering write-ups for sale. There's also an emerging trend for bogus reviews to be blasted out en masse by bots.

Some unscrupulous vendors think nothing of paying for such services. A recent poll by marketing agency Reboot has found that 10.8% of respondents would consider paying for bogus reviews when selling goods online. The company had previously found, when it surveyed nearly 1,700 business owners in 2020, that 18.3% would consider trying to sabotage a rival's online business if they thought they would get away with it.

The Competition and Markets Authority (CMA) is investigating whether Amazon and Google have broken consumer law in the UK by failing to do enough to identify and remove bogus reviews. This follows a similar probe into eBay, Facebook and Instagram, which were ordered in 2019 to do more to remove fraudulent write-ups from their sites. All three responded by suspending or banning dozens of sellers.

Amazon has promised to cooperate with the CMA, saying that it devotes significant resources to weeding out fake reviews on its site. Since January, it has suspended about 300 Chinese vendors that it suspected of offering payments in exchange for good reviews.

Google has also been dealing with fake business reviews left on its Maps navigation platform. It reports that it has either blocked or removed 55 million policy-violating reviews and nearly three million bogus business profiles.

Despite such remedial actions, many people believe that the big players are still failing to respond sufficiently quickly to complaints about fake reviews.

Johnson was certainly unhappy with Google's response when she alerted it to the malicious campaign against her business.

"When I assured them that the reviews were fake, they refused to do anything about it," she recalls. "They said that they couldn't tell whether they were real or fake. I was worried about what it would do to my business, as my rating was already down to 4.5 stars."

> **Few people look beneath the surface, so poor online ratings definitely affect how companies are perceived**

Other victims describe weeks of toing and froing before fraudulent reviews were deleted.

Chennells notes that "companies such as TrustPilot have invested in technology to uncover fake reviews, but others still have a long way to go in this respect. There is often a view that it's no one's problem and unpreventable. Stronger verification processes, both for individuals and for businesses, would go a long way to solving this."

The process of challenging reviews varies from site to site, but those wishing to complain are generally advised to check both their own reviews and those of their competitors regularly and report them to the platform.

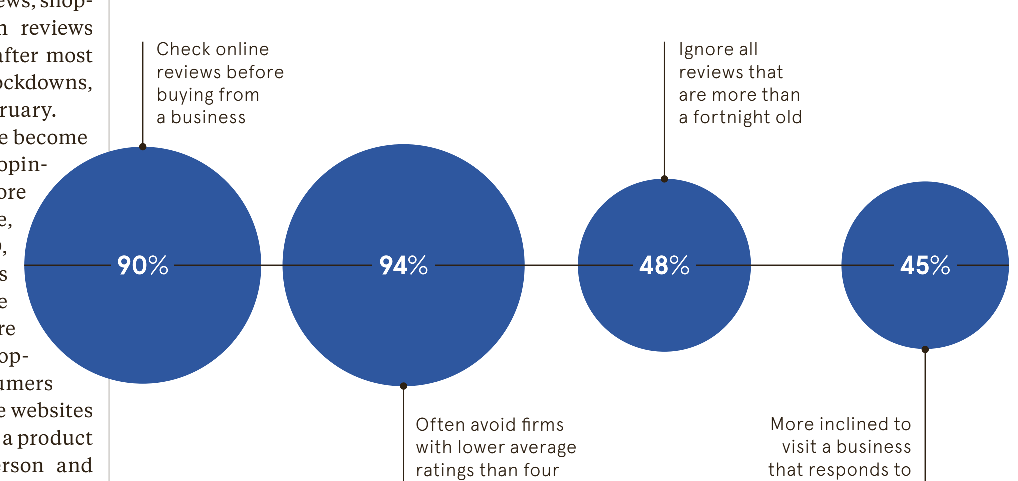
In the case of apparently fake positive reviews about a rival, it's also a good idea to contact the owner of that business, as it's not unusual for a rogue marketing agency to generate these without permission.

It's even possible to turn bad reviews to your advantage. After Johnson got little change out of Google, she tried a different tack.

"I'd seen James Blunt and Gary Lineker writing witty ripostes to Twitter trolls, so I decided to take a leaf out of their book. I responded to every review and posted my replies all over my social media accounts," she says. "My audience found this so amusing that they started asking me if I'd received any more bad reviews yet, so they could see my responses."

WHY ONLINE REVIEWS MATTER

Percentage of online UK shoppers who said the following described their attitude to reviews



Salience, 2021

Commercial feature

It's (already) beginning to look a lot like Christmas

Sitecore CEO Steve Tzikakis believes building trust with customers is essential for brands wanting to take a bigger share of the commerce pie, particularly as the end of the cookie and consumers' desire for privacy and personalisation make first-party data ever more important.

After over a year of change in retail and ecommerce, the Christmas period is fast approaching. Ecommerce is set to play a greater role than it ever has before. But companies need to prepare now in order to meet the demands of the holiday period.

Digital commerce has reached the point of no return, where brands can no longer ignore it, no matter their size or main selling channel. That's the view of Sitecore CEO Steve Tzikakis, who points to the accelerated growth of ecommerce over the past 18 months as a reason why the balance will have shifted even once physical retail returns in full.

Indeed, for the Christmas shopping period, Sitecore's research has found that shoppers are already turning to online portals – and will continue to rely on ecommerce – to complete their holiday shopping.

Data from the Office for National Statistics bears out the shift to digital. In 2019, before the pandemic, online accounted for 19.2% of retail sales in the UK; last year it was 27.9%. The proportion has fallen back a little this year as the economy slowly reopens, but McKinsey estimates that the industry's growth has accelerated ahead by at least five years due to Covid.

"The extended lockdowns and the pandemic really accelerated what's happening in the marketplace. We feel strongly that we are at a point of no return. Although physical locations are opening as more people are vaccinated and global travel resumes, ecommerce penetration versus physical commerce will continue galloping away," says Tzikakis.

That has caught many brands by surprise. There are many well-known brands that still do not enable digital commerce, with more still that do not have the capacity to deal with this increased demand. This is a problem because consumers now expect a seamless experience wherever they want to shop, but most brands are not yet set up to meet these expectations.

To do this, they need to own the relationship. Yet the majority still rely on third-party data, despite a rapidly approaching cookie-less world that will make having first-party data of vital importance. A survey of marketers conducted by Sitecore found that just 44% plan to invest in first-party data, while 68% are investing in experience and 87% in artificial intelligence (AI).

Tzikakis suggests that even among those investing in first-party data there is a misunderstanding about why. Rather than doing it simply to conform to legislation such as GDPR in Europe, it is key to building trust among consumers online.

"[In physical retail, building trust] is easier. I turn up on the high street, walk in, buy something and give them my credit card – that's trust. But can I trust a retailer on a digital platform? And who gains a piece of that trust pie? Is it the established brands, who have a head start but might not yet have a good digital experience?" he asks.

"Our interpretation is that consumer expectations, for the first time, are ahead of what brands can offer. This is the critical gap we try to bridge with our clients. Acquiring customers is expensive, retaining customers is expensive, because you have to build that trust. The trust bucket fills up drop by drop, but you can easily kick the bucket over and then you've got to start again. That's a painful and costly process."

Sitecore focuses on three areas – content, experience and commerce – that it believes are key to building a best-in-class digital and omnichannel experience. It is aiming to disrupt an industry that remains fragmented, with no one offering an integrated suite that can offer the full range of services marketers and brands need.

"If you look at an X-ray of the companies that dominate the commerce industry, you will see that virtually none of them have the capability to fully understand every dimension of a customer in a modern, integrated platform ," says Tzikakis. "We're a disruptor in this industry. This is an industry with a lot of architecture, and we decided to take it by storm."

At the start of 2021, Sitecore secured backing for a large-scale growth plan fuelled by $1.2bn (£860m) in investment. It has already made three acquisitions – of marketing automation platform provider Moosend, customer data platform Boxever and Four51, which delivers B2B and B2C commerce experiences for enterprise brands.

It is also "doubling down" on its global presence, investing heavily in key markets including the UK and US, putting money behind its brand and accelerating innovation. "We're leading the charge from a position of strength," says Tzikakis.

The opportunity here is to be able to provide customers with a frictionless experience online and offline. However, because customers do not yet fully trust digital commerce and brands have been slow to see the benefits of first-party data, the digital experience is lagging because consumers don't always want to share their information. Tzikakis says digital experience has provided a window of opportunity for brands wanting to gain a bigger market share.

The upcoming Christmas period will be key for that. Sitecore research found that 83% of UK marketers describe Christmas 2021 as make or break, yet only a quarter are prepared for it, even though 20% of shoppers are already browsing for gifts.

Delivering an excellent customer experience will be critical. Some 71% of marketers say they are trialling subscription-based engagement, 62% are optimising the supply chain through AI, 61% introducing virtual services and 57% improving customer service through tools such as chatbots. Almost a third (29%) plan to start selling to customers via their websites for the first time in a bid to engage with customers directly and build brand loyalty.

For Tzikakis, there are important areas brands need to focus on. First is embracing a real-time customer data platform, second is having a good content foundation, third is making it easy to buy and fourth is experimenting and optimising. But he does not believe there is a one-size-fits-all approach marketers can take, adding that brands that work with Sitecore benefit from tailored strategy and technology.

"Every marketer follows a strategy they believe is right for their business, so we don't come in like a bulldozer that wants to change everything. We keep what you have that's good and add in some areas to bridge the gap between you and your consumer," he says.

Every business approaches its audience's needs in a different way. Applying universal strategies won't build an individual company's brand in a meaningful way. Brands should examine their platforms and optimise them in a way that best suits their corporate objectives. With a tailored approach, they can generate greater customer loyalty in the long term.

Tzikakis adds, "The technology is there as long as marketers, digital officers and CEOs have the appetite and drive, and can see what's coming. But one thing is for sure, the experience has to be first class because this affects every part of a business."

If retailers are able to achieve this, they will be able to generate greater customer loyalty and retention throughout the hectic and demanding Christmas shopping period.

For more information please visit www.sitecore.com

SITECORE®

Consumers crave more personalisation in the contact centre

Consumers are increasingly demanding a more personalised experience when interacting with brands, but to meet those expectations companies must remove the silos blocking the journey

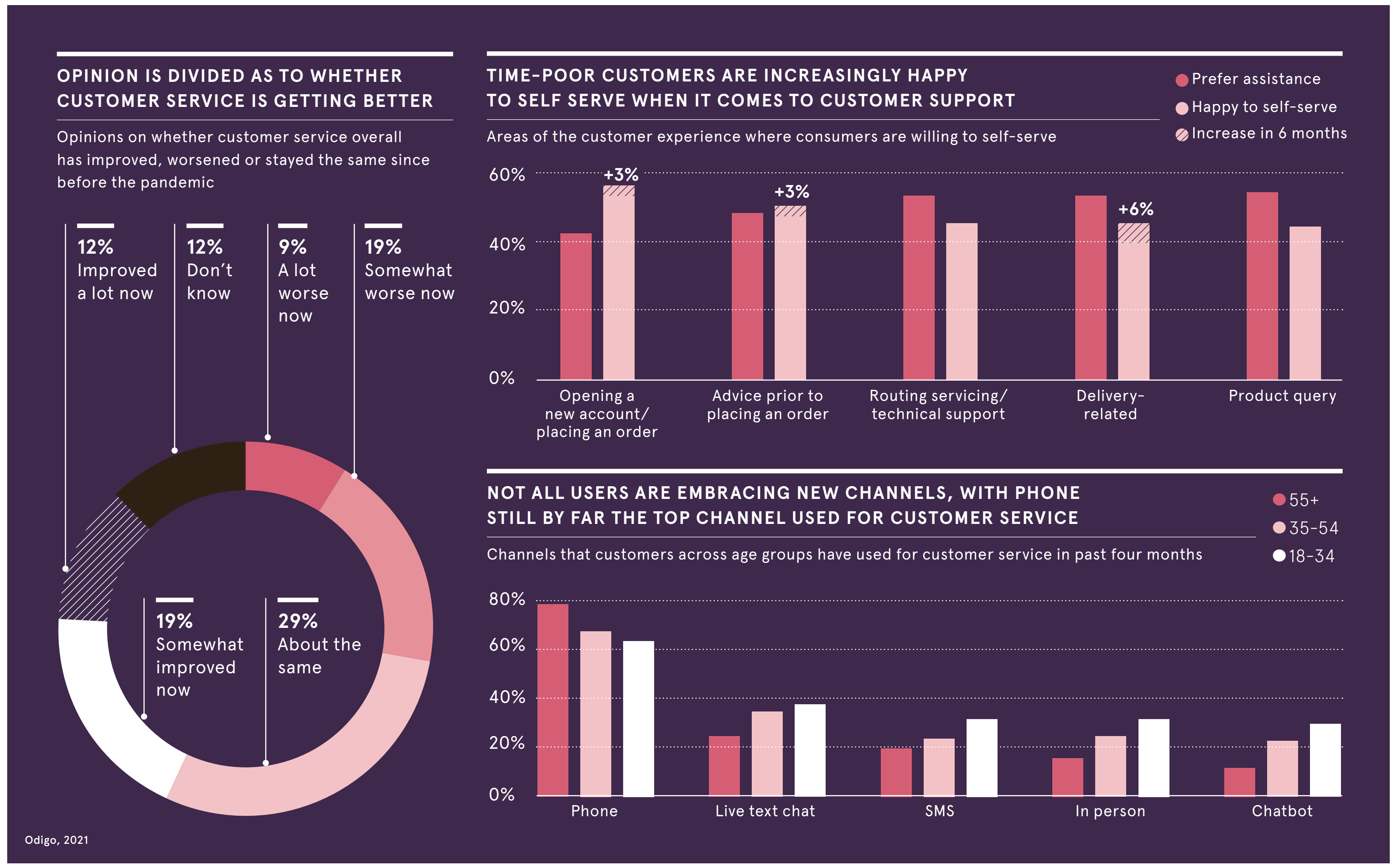
Expectations around interactions with brands have accelerated in recent years, amplified by the Covid-19 crisis. Though consumers expressed patience in the initial phase of the pandemic, affording contact centres the time to adapt, they were unwilling to accept Covid-related excuses months down the line. They now expect a clean, connected customer experience in which agents, human or otherwise, not only know who they are but are able to seamlessly pick up on prior conversations with the brand, regardless of the channel these particular conversations initially took place on.

Such an experience may sound simple to consumers, but it's difficult to achieve in an omnichannel environment, where the number of communication channels continues to grow but data continues to be siloed and disconnected. Covid-19 has shone a light on the frailties in the ability of many brands to provide a diverse service depending on a customer segment. Companies are great at using customer and prospect data to profile consumers, calculate their value and create upselling opportunities, but few use it to benefit the consumers themselves.

Siloed, disconnected journeys are not only costly to companies, whose agents are repeating the same conversations with consumers on different channels, but incredibly frustrating for the customers. What happens in the contact centre has a direct impact on an organisation's brand, amplified through word of mouth and social media. Seven in ten consumers have told someone after a bad contact experience, according to a recent study by CCMA, commissioned by Odigo, a leading provider of cloud-based contact centre solutions.

"What brands should be doing is maximising the data they have to make better decisions as to how consumers are treated in the moment, by giving useful contextual information to the adviser," says Neil Titcomb, managing director for UK and Ireland at Odigo. "Where there's been a prior conversation or chat interaction, too often that information is still not available to the adviser so they can't in any way customise the customer experience. Instead, they are scrambling for relevant information or, worse, having to ask the customer to repeat themselves again.

"Brands need to leverage all the information previously gathered and bring it further up the communication line so that when someone reaches out to a contact centre, via phone or chat, the information and journey is seamlessly transferred. Every brand has lots of data at their disposal, but they don't actually use it to visibly good effect for the consumer's benefit."



Personalisation is now the difference between good and great customer service, but most brands are a long way off achieving it in their contact centres. Many are now successfully communicating with consumers across multiple digital and analogue channels, and know which customer groups tend to use which channel first, but the channel interactions don't interlock. There's little in the way of a customer journey, and certainly no personalisation.

Though there is much hype around artificial intelligence (AI), the reality is that three-quarters of contact centre interactions still occur via the voice channel, a statistic not dissimilar to a decade ago, according to the CCMA's study. There is undoubtedly growing demand for bots that can provide immediate answers – consumers' willingness to self-serve delivery queries jumping six percentage points in just six months earlier this year – but voice is still king and a third of consumers expect to use their phone for customer service even more in the future.

Brands must also walk before they can run, and simply eliminating disconnected data silos will go a long way to achieving the more personalised experience that consumers now crave. Equally, their customers are unlikely to want to pivot to a totally automated world anytime soon. Only 12% of over-55s told the CCMA study they had recently used a chatbot, and while younger consumers are much more likely to gravitate towards them, 70% of 18 to 34-year-olds surveyed admitted they hadn't used one recently either.

"Some people would have you believe voice is dead and everybody should be bringing in automation to replace it. We don't subscribe to that at all," says Titcomb. "There is lots of opportunity in AI, particularly around natural language, but we're trying to strike a balance of innovation around using technology to provide a more intuitive, real option to connect to a customer, while still connecting them with the traditional long-standing human live agent."

Odigo's contact centre technology facilitates a seamless and efficient omnichannel experience for brands and consumers, and a satisfying, engaging experience for service agents. The platform enables companies to segment customers, for instance, as per their age, product and length of service, and then personalise their journey accordingly. By connecting their data to the Odigo estate, agents get a single view of the customer which connects across all communication channels, linking the whole journey wherever possible.

"We give organisations access to the data to get closer to being able to achieve genuine personalisation, but also give them options in terms of how they can experiment to understand which customers want to do one thing over another. That's hard to predict, especially when you have customers aged 16 to 90," Titcomb adds. "For such a long time, customer service was segmented by product or service and there was much less looking into the actual profile and behaviour of the customer or prospect. That needs to change.

"Consumers want a connected experience through the customer journey, and if they don't get it they'll go elsewhere. A strong contact centre customer experience is only really achieved when you can deliver it as a service on a consumption basis, and that's not easy to do as they're complex, technical services that have traditionally been built bespoke and took many months to deliver. People want Netflix-style consumption and we're committed to achieving that so everybody can consume the services they want quickly and seamlessly."

Consumers want a connected experience through the customer journey, and if they don't get it they'll go elsewhere

PSYCHOLOGY

Sale of the sensory

The lack of tactile stimulation offered by the online shopping experience is prompting D2C brands to innovate with visual and auditory cues to put customers in the buying mood

Rich McEachran

If you have ever wondered why fruit and vegetables are placed at the front of supermarkets, it's because their bright colours entice shoppers to make a purchase. Fragrance sections will often be at the front of department stores because the scents stimulate your olfactory system and pull you in. Physical retail is a sensory-rich environment.

"As we venture back into stores, brands will be clamouring to provide immersive experiences that not only lure new consumers in, but also encourage them to spend more," says Nathalie Nahai, author of bestseller *Webs of Influence: the psychology of online persuasion*. "Those that create multi-sensory experiences will tend to do better."

But a significant proportion of consumers who frequented the high street before the pandemic have grown to prefer the ecommerce experience for the convenience it offers. And several brands have switched from clicks-and-mortar channels to pure etail during the Covid crisis. For those relying on the direct-to-consumer (D2C) channel, it's going to be a challenge to find ways of creating sensory experiences that will attract potential customers.

Consider Irish drinks startup The Naked Collective, for instance. Although its Mude brand of low-sugar soft drinks is sold on the high street, the company launched the product online in Ireland and the UK in June 2020 "with the objective of rattling the industry and standing out from other options on the market", says its co-founder and co-CEO, Niall Phelan.

Lockdown restrictions have precluded firms from using in-person product sampling to let potential customers try before buying. And, with shoppers tending to stick with known brands during the pandemic, it hasn't been easy for D2C food and drink producers to engage the senses of consumers and convert them into loyal customers. Phelan says that his company's sensory stimulation strategy was to design its cans in such a way that they would "remind people of passing a fruit stall or a sweet shop and being tempted to taste all the brightly coloured delights on display".

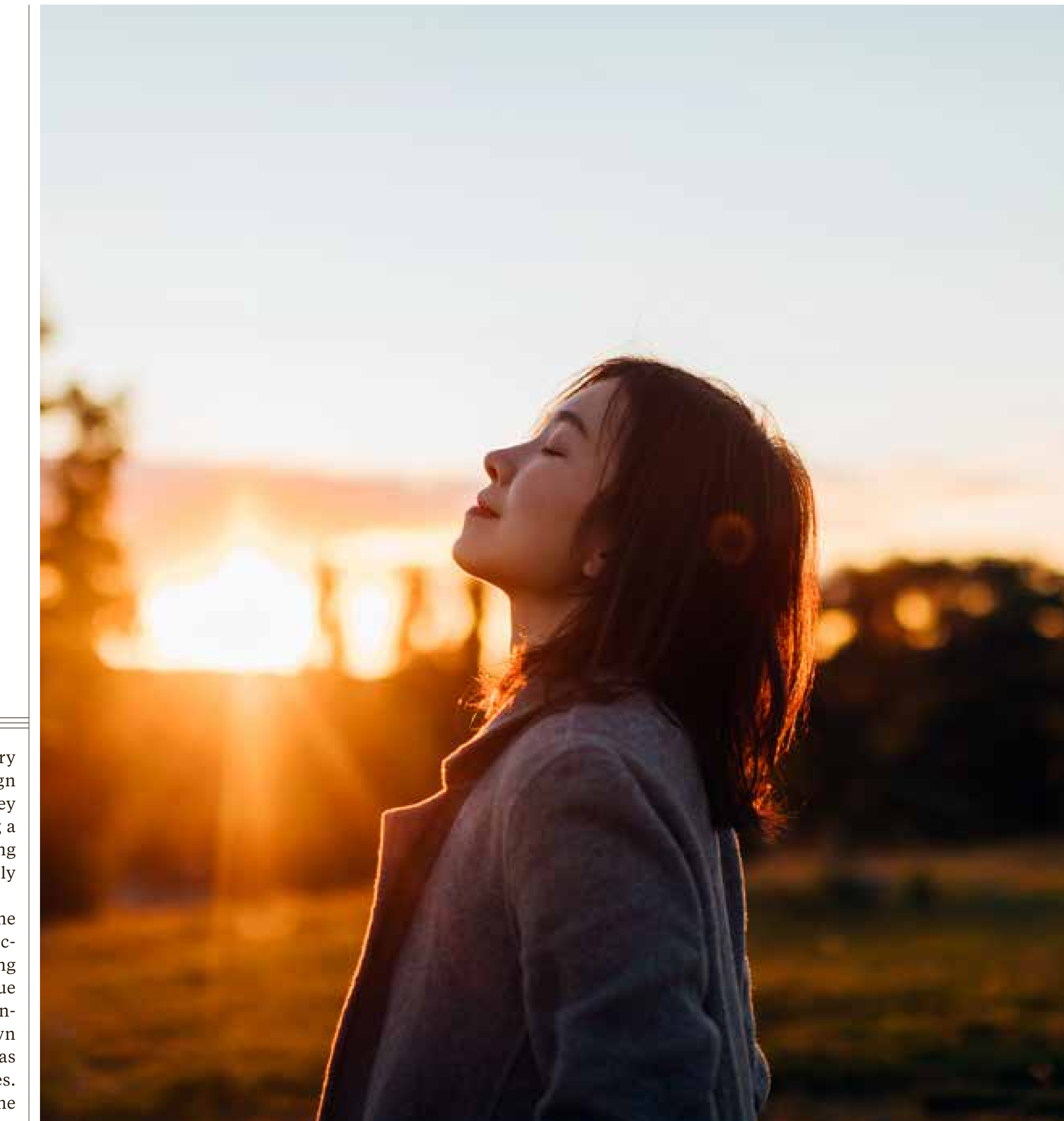
Each of the five drinks in the Mude range has a different function, so it wasn't a case of picking any old colour. For instance, blue was chosen for the drink that contains ingredients that are known to improve the quality of sleep, as the colour has calming qualities. Similarly, pink was assigned to the energy drink, because the colour conveys feelings of playfulness.

One of the disadvantages of viewing goods online, even if they are an attractive colour, is their lack of tangibility. While the pandemic has made us wary of handling products, it's been a reminder of the importance of touch and how it can reduce the presence of the stress hormone cortisol in our bodies.

"Touch is the sensory system that affects people's perception the most," says Dr Cathrine Jansson-Boyd, an associate professor in consumer psychology at Anglia Ruskin University, Cambridge. "Many consumers have a need to touch. When they are deprived of that, they will automatically form a negative perception of the retail environment and/or the product."

She continues: "People think of touch as something that can only be felt, but it can also be seen. Visually based textures can act as a substitute for the lack of tactile input. For example, research into biscuits has shown that textures are most persuasive when they are implicit. Visually based haptic cues can be used to communicate with consumers and change how they perceive products."

Although it's a relatively new field that needs further research, Jansson-Boyd believes that, if food and drink manufacturers can learn how to use visually based haptic cues, they should have a better chance of connecting with consumers who need to use their sense of touch. For brands that sell D2C online, this might entail using photographs that accentuate certain textures of a given product to engage more potential customers.



Oscar Wong via GettyImages

People think of touch as something that can only be felt, but it can also be seen

Sound can also be important in a retail setting. The background music that's played in shops is known to influence people's buying decisions. High-pitched sounds can enhance the perceived sweetness of food or drink, for instance, while low-pitched sounds can accentuate their bitterness.

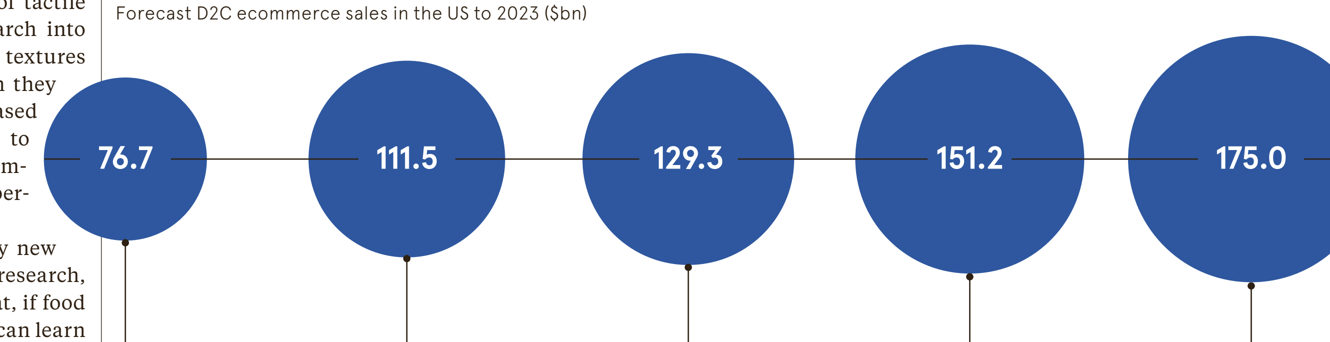
"Research tells us that music can affect activity in regions of the brain involved in emotion," Nahai says. "It can alter our perception of a product and influence how we interact with it. The sonic environment we experience can affect our senses of taste and smell – and even change how much we're willing to spend."

Similar techniques are being applied in online retail. Perfume brands that can't put their products under the noses of potential customers are using sounds as a proxy for scents. For instance, Melbourne-based firm Moody Incense curates Spotify playlists to match the feelings that its products are designed to stimulate. You can guarantee that these won't feature much heavy metal.

Engaging consumers face to face has been nearly impossible for The Naked Collective during the pandemic. But, as normality gradually returns, the firm is planning to use audio cues as part of immersive, in-person brand experiences, says Phelan, who adds: "We want to reach consumers in the right place at the right time with the right message, tailored to specific moods."

THE DIRECT-TO-CONSUMER CHANNEL IS SET TO BECOME MORE IMPORTANT TO BRANDS

Forecast D2C ecommerce sales in the US to 2023 ($bn)



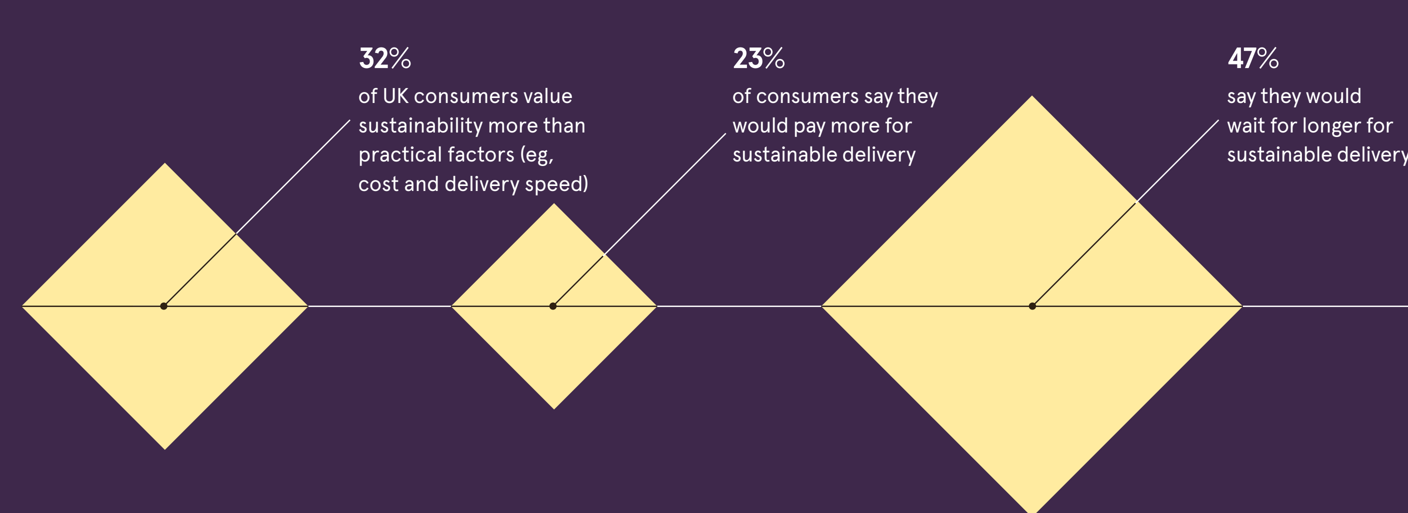
eMarketer, 2021

ONLINE SUCCESS IN 2021: CUSTOMER EXPERIENCE AND SUSTAINABILITY

The Covid crisis has accelerated many trends, but the most significant ones for brands looking to engage with the future customer are the rise of both ecommerce and eco-awareness. Consumers are demanding a friction-free omnichannel purchasing experience and are especially keen on brands with an impeccable sustainability record

SUSTAINABILITY MOVES UP THE AGENDA FOR CONSUMERS

YouGov, 2021



WHAT DO CONSUMERS LOVE ABOUT SHOPPING ONLINE?

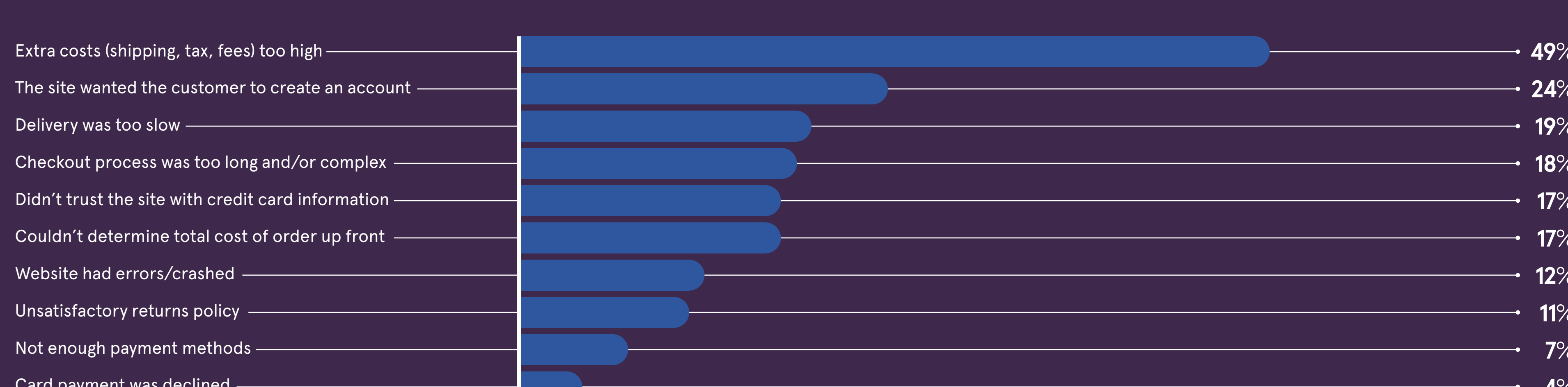
YouGov, 2021

Percentage of global respondents who said the following were the main attractions of ecommerce

... AND WHAT DO THEY LOATHE?

Baymard Institute, 2021

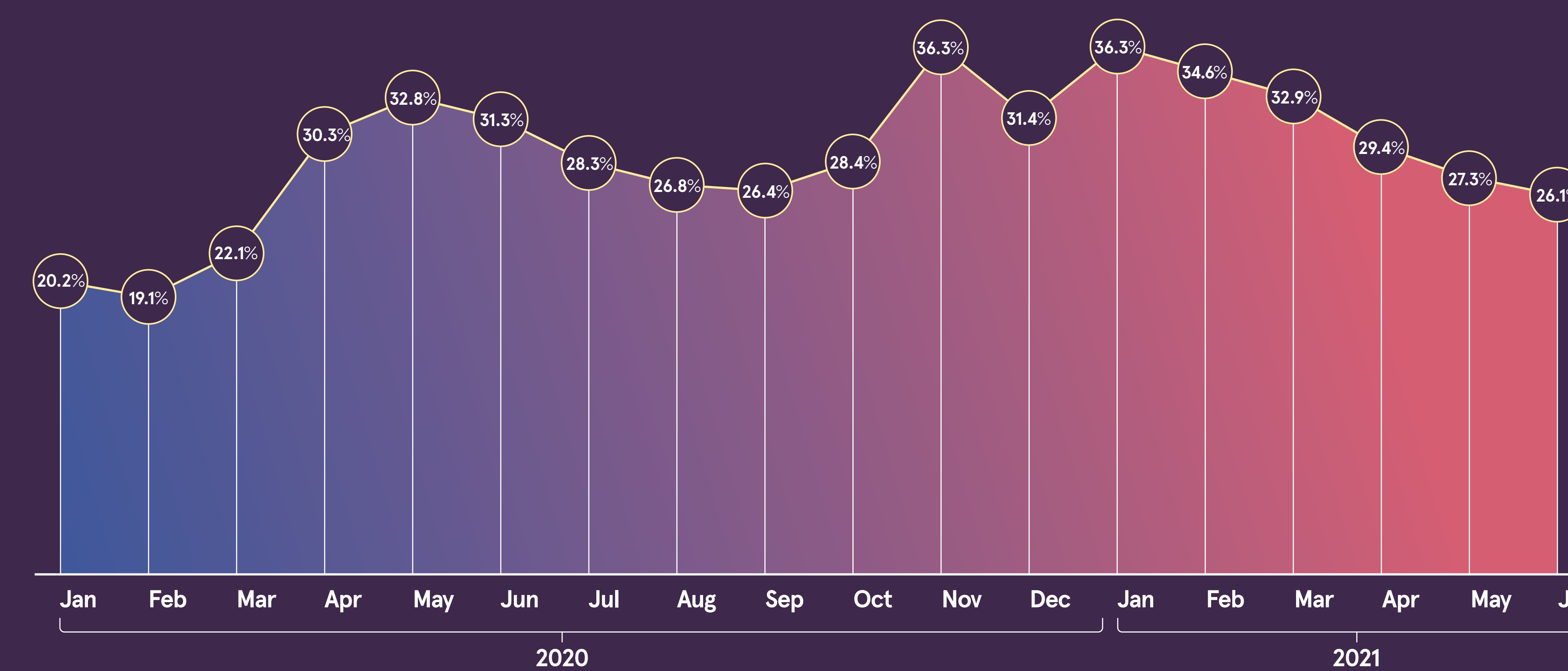
Percentage of online shoppers in the US who say the following are the main reasons for abandoning their cart



HOW MUCH HAS ECOMMERCE GROWN IN THE UK SINCE JANUARY 2020?

Office for National Statistics, 2021

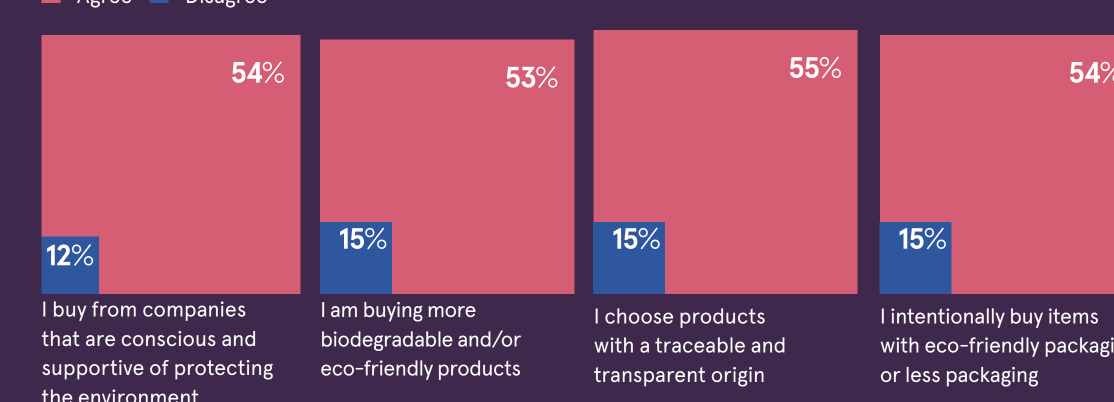
Internet sales as a percentage of total retail sales since before the start of the pandemic



HOW CUSTOMERS ARE PRACTISING WHAT THEY PREACH

YouGov, 2021

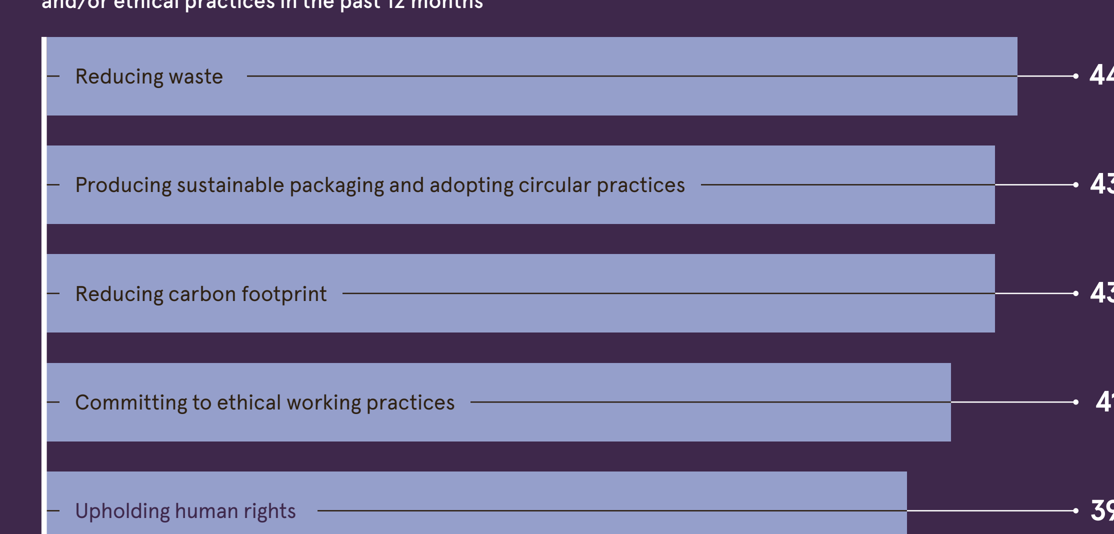
The percentage of global consumers who say they agree with the following statements, based on their behaviour over the past 18 months



WHAT CUSTOMERS WANT TO SEE FROM THE FIRMS THEY BUY FROM

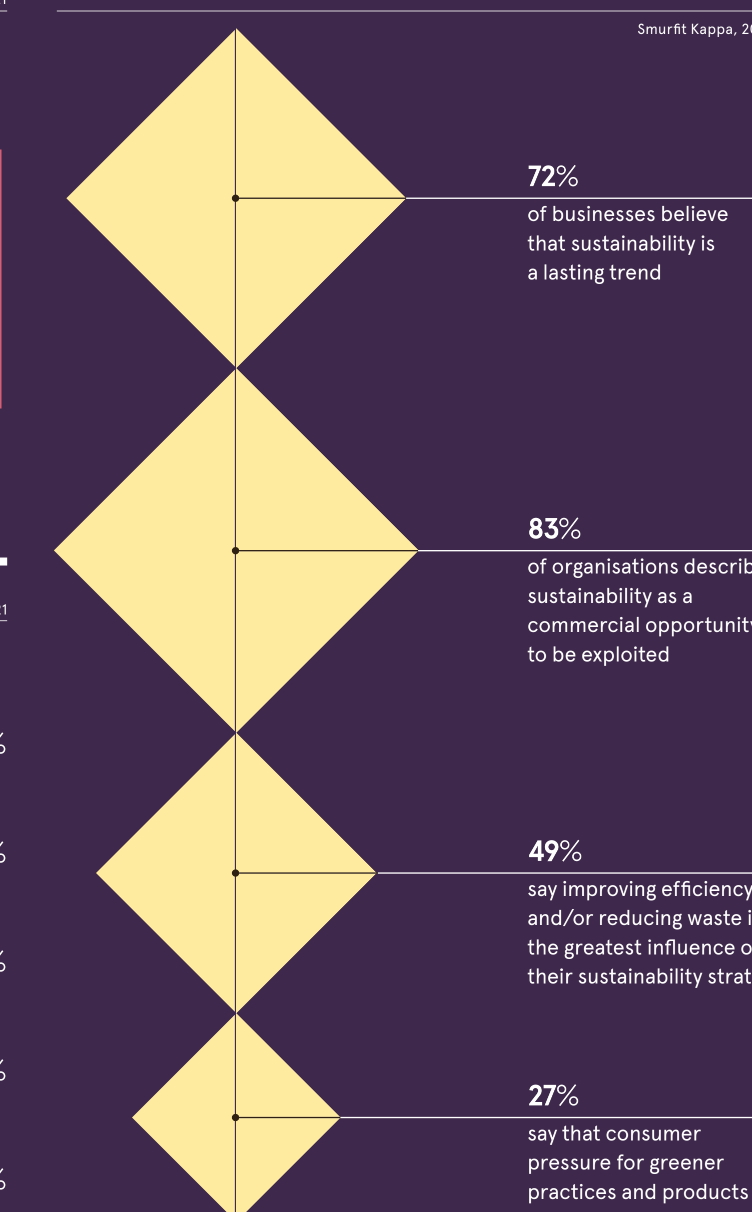
YouGov, 2021

Percentage of consumers who have supported organisations with environmentally sustainable and/or ethical practices in the past 12 months



WHY PURSUING SUSTAINABILITY IS A WIN-WIN

Smurfit Kappa, 2020



INTERVIEW

Wake up and smell the caffè

Firms that are serious about becoming truly sustainable have realised that they cannot do it alone. The CEO of Illycaffè, **Massimiliano Pogliani**, expresses the importance of customer engagement

Oliver Balch

A company, as rule, sits at the centre of its own universe. It's not that external stakeholders don't matter to the firm, but it does tend to hold them at a distance, like planets orbiting a sun. Yet, when it comes to sustainability, the corporate solar system is much smaller and more intimately linked. When business A sneezes, community B catches a cold, supplier C trips up and river D cops it.

Closing the artificial space that businesses have tended to create between themselves and all other interests is vital for the future of both capitalism and the planet. So says Massimiliano Pogliani, CEO of Italian coffee brand Illycaffè.

As he puts it: "We need to reduce this war between companies and us, because we are all living in the same situation."

In brand-speak, "us" translates to all consumers. It's no surprise that such a view should come from someone who's steeped in marketing. Pogliani was CMO and then CEO at both luxury phone brand Vertu and Nestlé Super Premium before taking the helm at Illy in 2016.

Pogliani is highly attuned to global consumer trends and knows very well that public attitudes are changing, especially when it comes to the impact of commerce on the environment. Furthermore, he has observed that younger consumers in particular are becoming increasingly prepared to change their own behaviour to protect the planet.

"They are not only looking at what companies are doing; they are also looking at themselves," he says.

This growing public interest in corporate sustainability is important for at least two reasons. The first is that protecting threatened forestry, say, or monitoring suppliers' environmental standards (two elements of Illy's sustainability programme) come at a cost – one that's typically passed on to consumers.

Pogliani doesn't put it quite that bluntly. He knows that, although some shoppers are prepared to pay the 'green premium', most will not. Instead, he prefers to wrap Illy's sustainability commitments around a wider quality proposition.

"We talk about quality here in the broadest sense," he explains. "We'll refer to the quality of our product in terms of its taste, of course, but we also embed its social and environmental attributes."

The second reason why consumers' interest in sustainability is important is that the success of a firm's work in this field depends on the extent to which it engages them. That's because the so-called use phase is where a brand leaves much of its environmental footprint.

Take Illy, for instance. The company plans to become carbon neutral in time for its centenary in 2033. This will require it to adopt several energy-efficiency measures. Yet, if millions of its customers were still in the habit of boiling a full kettle to make a single cup of coffee by that point, that would render Illy's efforts largely meaningless.

With this risk in mind, the brand recently embarked on a consumer-focused marketing campaign called 'One makes the difference'. The idea this conveys is that anyone can advance the sustainability cause, whether they are the leader of a multimillion-euro business – Illy turned over nearly €447m (£379m) last year – or an espresso-loving homeworker in Turin.

But the task of persuading consumers to get on board and help a brand become more sustainable is not straightforward, as Pogliani readily admits. For one thing, scepticism is rife, as not all brands are sincere about their ambitions. As public interest in environmental issues has shot up, so too has the amount of greenwashing.

It's therefore vital for brands to not only keep their sustainability promises but also provide solid evidence to prove that they have done so. Pogliani's term for this is "story-doing. What's important is that everything you say and do is authentic – and that you can prove this to consumers."

> We need to reduce this war between companies and us, because we are all living in the same situation

He points to the sustainability efforts that Illy both made and publicised long before the term was "fashionable". As far back as 1999, it was experimenting with more water-efficient cultivation and processing methods. More recently, it successfully applied to become a B Corporation.

To achieve B Corp status – the widely respected mark of a progressive business – Illy had to let its management practices be "scrutinised under a magnifying glass", according to Pogliani. He advises other brands not to wait until they have attained a quality standard before engaging with consumers on sustainability issues, perhaps for fear of appearing hypocritical. The best time to start is now, he argues.

For its part, Illy publishes updates about its activities on its website and provides similar information on packaging and in its print and broadcast advertising. Despite the company's efforts to be transparent, Pogliani ruefully notes the public reaction to its attainment of B Corp status in April.

"Many consumers got in touch not only to congratulate us but also to say: 'Oh, we never knew you were doing this,'" he says.

This highlights the importance of perspective. The company-centric view makes an inaccurate assumption that a brand's path towards sustainability is linear and that every consumer is equally interested in its progress. Illy recorded a 39% increase in online sales last year. As welcome as this growth was, it inevitably introduced a large number of new customers who would have known next to nothing about the firm's sustainability efforts.

An acceptance that your brand is but one part of an ecosystem will affect how you communicate with consumers. For one thing, interactions will become more of a two-way dialogue. Social media has played an instrumental role in this trend. Pogliani reports that Illy has made concerted efforts in recent years to be more responsive on networks such as Twitter and Instagram.

This takes "a lot of work", he says. "We are interacting with people not only in Italian, but also in English, French, German and Spanish. Such an effort requires considerable coordination across borders."

Ensuring that customer-facing employees on the front line are also prepared to engage effectively is similarly important. This can be a tall order for a company that relies heavily on cafés, restaurants and other third parties, says Pogliani, who adds that Illy needs to focus on supplying them with the right information about its product to pass on to their customers.

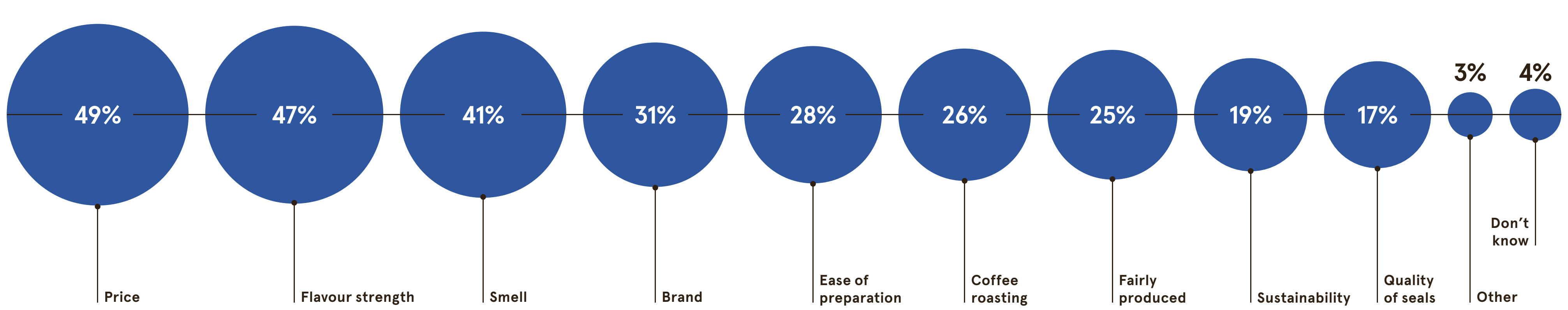
This illustrates that one brand can't spread its sustainability message effectively in a vacuum – close collaboration between businesses on this issue makes sense. The corollary is that consumers need to be encouraged to consider their wider contribution to sustainability, not just the environmental footprint of their morning macchiatos.

Pogliani is optimistic that this will happen. The increasing concern among consumers for sustainability issues is "very positive", he says. "We have a responsibility to amplify this and become part of a growing movement." ●

WHAT MATTERS TO COFFEE BUYERS?

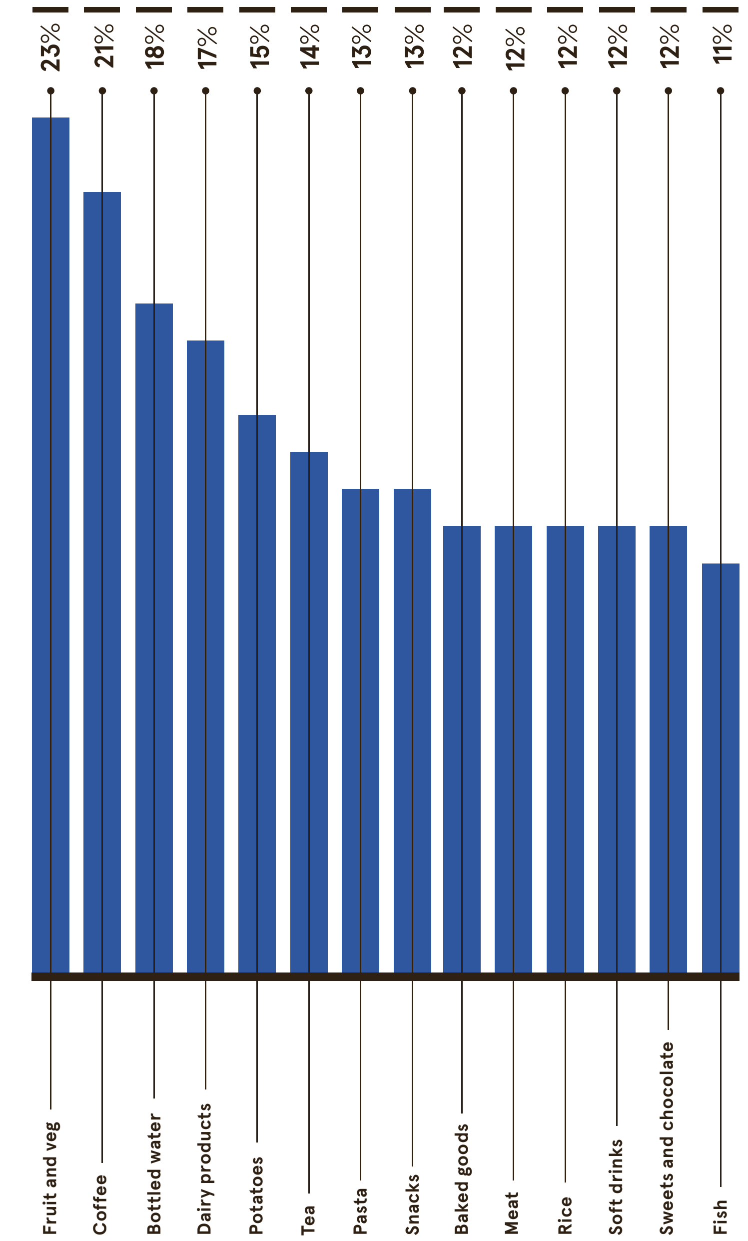
Percentage of UK coffee consumers who say the following are key factors in their purchasing decisions

Statista, 2020



COFFEE NEARS THE TOP OF ECO-CONSCIOUS CONSUMERS' LIST

Percentage of US consumers who consider the following food and drink products to be sustainable and/or eco-friendly



Statista, 2021

RECOMMENDATIONS

Vanilla nudge: are AI's powers of suggestion limiting choice?

Recommendation engines are becoming ubiquitous in ecommerce, but the users of this increasingly powerful tool need to ensure that it won't turn online shopping into a bland, irksome experience

James Lawrence

"A lot of times, people don't know what they want until you show it to them."

These words, spoken in 1997 by the late Apple co-founder Steve Jobs, have been echoing through the corridors of consumer-facing businesses ever since. Indeed, virtually all online shoppers can expect to come across a digital enterprise that suggests what products and services they're likely to want.

Such pointers are powered by recommendation engines, pioneered by Amazon and Netflix, which are increasingly using AI systems such as machine learning to predict what any given customer is most likely to consume, based on their purchase history and other relevant data.

As the technology underpinning these engines has improved greatly in recent years, so has the quality of their recommendations. This has helped etailers and brands selling directly to consumers online to increase the 'stickiness' of their websites and encourage shoppers to keep coming back.

Paul Hornby is director of the digital customer experience at the Very Group, which operates clothing and homeware retailer very.co.uk. He believes that there's a clear business case for using such systems.

"Recommending content that is personalised creates a more contextually relevant journey for each customer and a better experience for that person overall," Hornby says. "For us, well-executed recommendations help our customers to find the right products."

This, he adds, increases both the conversion rate (the percentage of website visits that culminate in a transaction) and the average value of each order.

D2C brands that use recommendation engines stand to gain a competitive edge over those that don't, according to Ronan Tighe, chief product officer at Moonpig. For the provider of personalised greeting cards, "this is all about removing friction for customers so that they'll come to us rather than any other provider", he says.

The goal, therefore, is for "any brand to be able to say that it knows each customer better than anybody else does", argues Michael Schrage, a research fellow at Massachusetts Institute of Technology and the author of *Recommendation Engines*. Those that do will succeed – and those that don't risk falling by the wayside, he warns.

But the widespread adoption of recommendation engines has inevitably prompted concerns that the technology limits choice for customers. Some critics of their use say that the joy of the unexpected chance purchase online will soon be a thing of the past.

"The whole notion of how you build in novelty and serendipity is a core research priority," Schrage says. "Imagine how horrible it would be if there were an ice cream recommender that suggested only different versions of vanilla flavour: vanilla with sprinkles, vanilla with choc chips and so on. This is one of the most important issues that must be tackled."

Hornby agrees that it's important to acknowledge and address this concern. "Our challenge is to ensure that we don't place customers inside an echo chamber. We need to keep offering them fresh choices in a helpful way," he says.

> How horrible it would be if there were an ice cream recommender that suggested only different versions of vanilla flavour

Sanjeevan Bala is group chief data and AI officer at broadcaster ITV, whose digital streaming service, the ITV Hub, uses recommendation engines. He stresses that there will be a human element in the suggestions made by this service for the foreseeable future.

"We create space for human recommendations as well as algorithmic ones. Having both is key for us," Bala says. "When you visit the ITV Hub website, the first thing you'll see is a space that we call the rail. We ensure that someone with an editorial mindset decides what appears here. That gives us those 'serendipity' moments. You could be a fan of *Coronation Street*, for instance, and you're only really interested in watching that programme. But then something else might drop in front of you. You might think of giving that a go, or you might not – it's fine either way."

Such human curation is not as important to Moonpig. It takes a different approach to recommendations, Tighe explains, because its customers are "always buying for someone else. We're using all the data and insight that we have from individuals who are similar to them. Some customers are buying for people they're very close to, so they'll know exactly what they want anyway. But, if a grandmother is buying for her grandson, say, she won't necessarily know what a 10-year-old boy likes. We therefore view the data as increasing the range of options that people can think of. Our use of recommendations actually expands your choice instead of narrowing it."

Hornby has drawn similar conclusions at Very, having discovered that its systems will nearly always outperform humans.

"Making AI-powered recommendations 'feel human' is one of the exciting challenges we're facing," he says. "We did once have humans manually curating recommendations to ensure that we were displaying credible outfits that aligned well with our visual merchandising. The results looked great. Yet, when we then tested these against the ones produced by algorithms, the algorithms won. We're now back to understanding how we can use AI to create highly relevant recommendations at a category level."

So are we about to enter an etail world lacking in the joys of the random purchase? Emily Pfeiffer, a senior analyst at research and advisory firm Forrester, offers two reasons why it's important not to overstate the problem.

First, despite the Covid-induced boom in ecommerce, bricks-and-mortar retail – and the serendipitous shopping experiences that this can deliver – will continue to dominate. "We predict that physical stores will still be accounting for three-quarters of retail sales in western Europe by 2025," she says.

Second, it boils down to the kind of products or services being offered online and each consumer's intent. "It does depend on the individual," Pfeiffer says. "Some people don't want to have a shopping 'adventure' and stumble across new things. They know exactly what they are seeking and they will be annoyed if they are recommended something they don't want, feeling that the brand doesn't understand them well enough. But there are also people who want to be shown things they may not have considered."

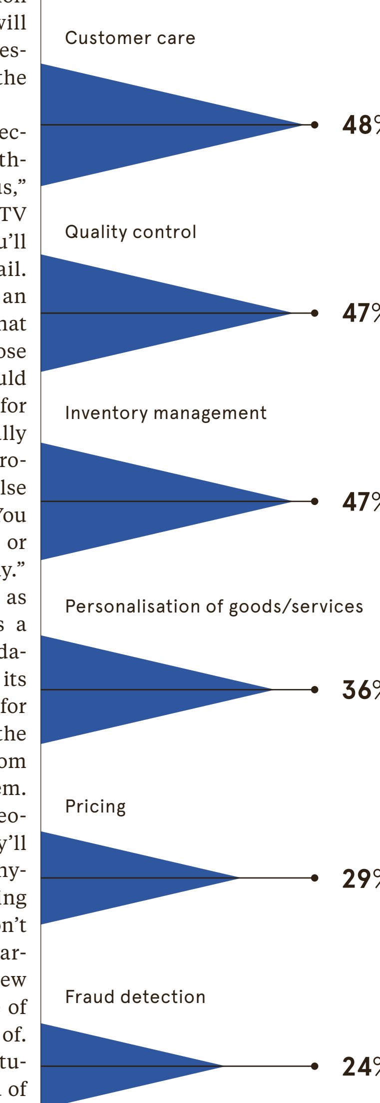
She continues: "On the one hand, you might be taking away the adventure and crowding out things that might have been discovered. On the other, if you don't create a relevant experience, you will lose the customer. The risk of limiting choice is not as great as the risk of losing your customer because you're not creating that relevance."

Ultimately, Schrage argues, the effective application of recommendation engines requires businesses to change their attitude and consider how the technology can deliver agency for consumers.

"The key thing", he says, "is that these are recommendation systems, not compliance systems. For all those executives and MBAs raised on the notion that they need to give customers the right answer, this presents a cultural and psychological conflict. Recommenders aren't about providing the right answer; they're about offering the right choices."

HOW IS RETAIL USING AI?

Percentage of global executives working in consumer goods and retail who say they are using artificial intelligence in the following ways



MIT Technology Review, 2020

CUSTOMER EXPERIENCE

They want it all – and they want it now

Consumers' expectations of the shopping experience have shot up over the past 18 months. To retain their custom, brands and retailers need to offer personalisation convenience and the human touch

Sean Hargrave

As the UK shakes off its lockdown shackles, the early signs are that many consumers who were obliged to become online shoppers during the Covid crisis are returning to the high street. In January, well over a third (36.3%) of retail sales in the UK were transacted online, according to the Office for National Statistics (ONS). By June, the proportion had fallen to 26.1% – although that was still seven percentage points up on the total for February 2020, the last pre-pandemic month.

For many consumers, the physical shopping experience clearly still has an allure that ecommerce can never replicate. Meanwhile, a significant proportion are reluctant to return to the stores just yet, still concerned about the infection risks. Nonetheless, with Amazon having set such a high bar with respect to convenience, their expectations of all etailers are growing.

Faced with these trends, many brands are having to up their game, especially those that went online to sell directly to consumers during the pandemic. Now that they are competing with the high street on roughly equal terms again, they are reviewing the customer experience that they provide. Some have responded by trying to offer shoppers something more akin to the human interactions they'd expect in a physical store.

For Ribble Cycles, the answer has been to shun unhelpful chatbots on its ecommerce website. The premium bike manufacturer, which also has four physical showrooms, recently added a 'Call the expert' button to the site to enable online shoppers to chat to members of staff on a live video link.

"Companies that set up chatbots are usually trying to avoid contact with their customers, who find this very frustrating. That is why we are doing the opposite," says Ribble Cycles' chief digital officer, Matt Lawson, who reports that shoppers have reacted positively to this service. Customers who use it are spending 60% more on average than those who don't.

"When you click the button, you get through to a member of staff who can discuss your needs. This enables you to make a more informed decision when we show you our range of products," he says. "It's a way for a D2C brand to offer the human touch that consumers want, so we're more than just a website to them."

Selling online typically allows a brand to provide a wider range of products and optional extras than it might have been able to offer as a bricks-and-mortar retailer. This in turn is fuelling a growing trend towards personalisation – something that stairlift manufacturer Stannah has recently adapted to.

Research conducted by the firm's customer-experience agency, Zone, found that some buyers, especially the younger relatives of users, consider paper brochures and fabric swatches to be an outmoded way to pick out their preferred styles, fabrics and finishes.

"Over the past 18 months or so, customers have wanted to reduce the number of home visits we'd usually make to help them choose a stairlift and then fit it for them," says Sam Stannah, the company's head of strategic projects. "We did take a risk in hoping that our target demographic would want to browse their options and order online, which meant that we could also help them personalise these choices. We had bets in the office about how long it would be before the first internet order came in after the service went live. No one had predicted that it would arrive within 90 minutes."

Shoppers' expectations of online delivery services have become so high that they become disappointed when they can't get hold of an item within 24 hours of ordering it. While next-day deliveries are possible for many products, it's not so easy in the case of perishables.

> **Companies that set up chatbots are usually trying to avoid contact with their customers, who find this very frustrating**

Simon Mellin, founder and CEO of the Modern Milkman, looked at this stocking problem and arrived at what some might consider to be an unorthodox solution: a digital update on the traditional milk round. His company enables customers to order by 8pm for next-day delivery three times a week. Mellin also promises that waste will be minimised because, in his words, "we've all seen the David Attenborough films".

The company, founded in Colne, Lancashire, in 2018, delivers basic grocery essentials and household goods such as toiletries as well as dairy products. It uses an artificial intelligence system designed by Manchester-based developer Peak to forecast demand and manage stock levels in the most efficient possible way.

"Modern digital customers want the convenience of ordering the night before, but they also want to minimise their impact on the environment," he says. "The trouble is that giving this choice, with complexities of the food supply chain, makes for a very complex model. That's why we're using AI to predict demand and so ensure that we have enough items in the right place."

Mellin points to his company's growth as proof that what some might view as an obsolete business model is well constituted to meet consumers' increasing expectations. The Modern Milkman is set to expand from its base in the North of England later this year, with plans to open depots in the Midlands and London.

Such is the clamour from online consumers for ease of ordering and promptness of delivery that brands are doing all they can to tackle the so-called Wismo problem. This is the acronym for 'where is my order?' calls and emails – unwelcome and time-consuming enquiries that, by their nature, mean that a customer is not happy.

> **Customers rightly expect to be kept fully in the loop at all times**

The increasing demand from consumers to be kept informed about the progress of deliveries has prompted BT Shop to rethink its customer-experience strategy. Duncan Rutherford, head of ecommerce at the electronics retailer, admits that the business hadn't been offering sufficiently good service even before the pandemic started. To avoid disappointing its customers, it has been working with Californian software company New Relic to ensure that only products that are in stock are listed for sale on its website.

Given the effect that the Covid crisis has been having on manufacturing and shipping, BT Shop has also adopted a new messaging system that provides early warnings of possible delays in its supply chain.

"Customers rightly expect to be kept fully in the loop at all times. Like a lot of companies, we used to have a gap in the process there," Rutherford says. "We now take orders only when we know we have stock and we keep them informed about when it's likely to arrive. Just as crucially, we let them know if there's going to be a delay."

He notes that the business has improved its performance in fulfilment since adopting its new approach and technology. It used to deliver 90% of orders within three working days. Today, the figure is 99%.

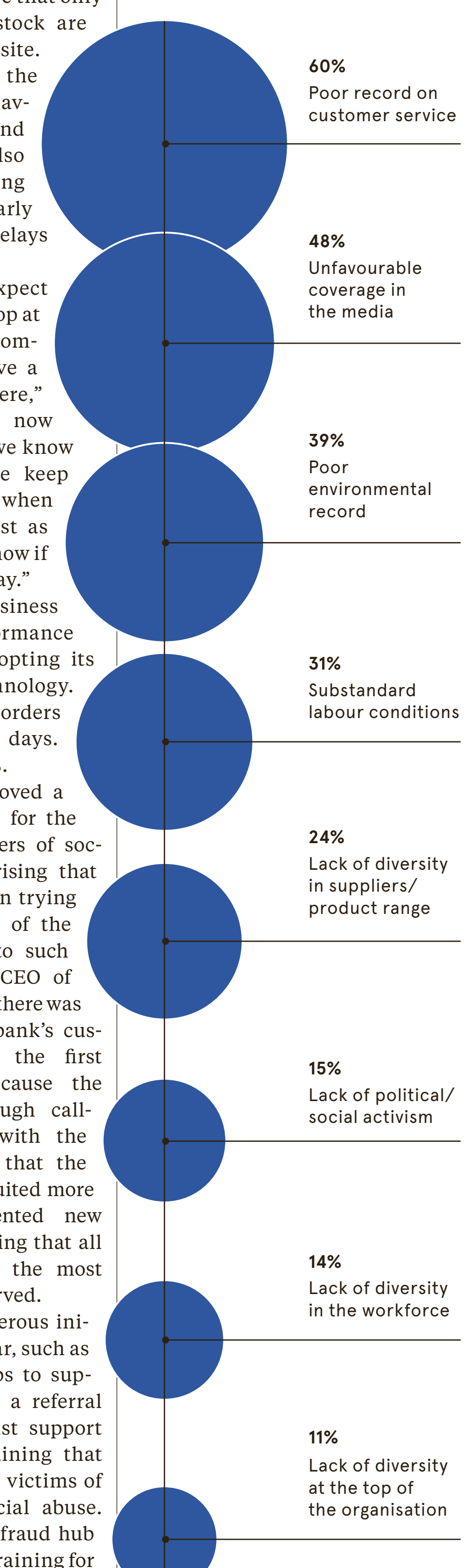
The pandemic has proved a particularly tough time for the most vulnerable members of society, so it is not surprising that several brands have been trying to improve the quality of the experience they offer to such customers. Chris Pitt, CEO of First Direct, admits that there was a deterioration in the bank's customer service during the first national lockdown because the bank didn't have enough call-centre staff to cope with the demand. But he adds that the company has since recruited more workers and implemented new services aimed at ensuring that all customers, particularly the most vulnerable, are better served.

"We've launched numerous initiatives over the past year, such as further training for reps to support online chats with a referral process to our specialist support team," Pitt says, explaining that this is equipped to help victims of domestic and/or financial abuse. "We have also set up a fraud hub that provides in-depth training for our reps and a specialist aftercare process to support fraud victims."

The Covid crisis has, arguably, made shoppers more demanding of brands and retailers than ever before. Businesses that can keep getting the basics of efficient delivery consistently right – offering consumers convenience and keeping them well informed, for instance – should continue to prosper. But those that can also offer a personalised experience – and, crucially, the human touch at a time when such interactions have been so sorely lacking – could well gain a crucial edge over the competition.

WHAT CUSTOMERS REALLY WANT FROM BRANDS

Percentage of customers globally who said the following would concern them most when deciding whether to buy from a brand (respondents were asked to select up to three options)



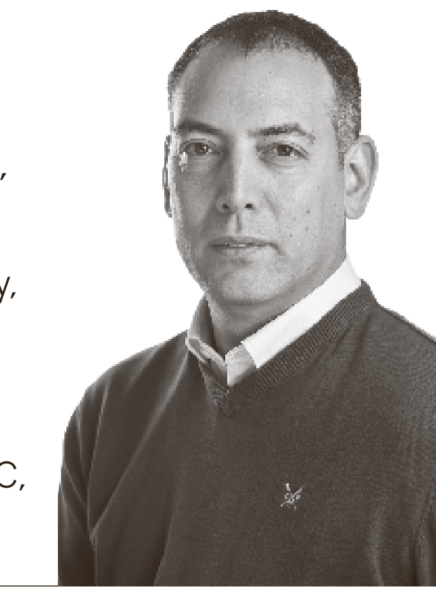
GWI, 2021

Commercial feature

Q&A

The new face of loyalty – the key to customer engagement

The pandemic is changing consumers' attitudes towards loyalty. To remain relevant, brands must respond quickly, explains **Steve Tan**, vice-president and general manager EMEA/APAC of customer engagement company Airship, whose clients include The BBC, Vodafone and Asda



Q Why is encouraging customer loyalty increasingly important – and challenging?

A It's five to eight times more expensive to acquire a new customer than to retain a current one, and existing customers have a much higher probability of purchasing. In short, customer loyalty is vital to create long-term value. While loyalty programs are popular with consumers, active users have been stuck at around 50% for years, but that's poised to change. Due to pandemic restrictions, and consumers surging online, more and more brands are adopting mobile apps as a centerpiece of their loyalty and commerce strategies.

Q Based on your experience, what works in terms of developing loyalty and what doesn't? What should brands aim for and what should they avoid?

A Many have focussed too much on promotion. It's about offering this product or that experience but consumers often find that kind of hard sell boring and tiresome after a while and so it can actually reduce loyalty. You need to think about what value you're giving to the consumer to keep them onboard. What are you going to give them that's relevant and useful to them? Programs that balance monetary rewards with experiential offerings such as exclusive events, early access, and unique discoveries can make consumers feel special and recognised, appealing to their head and heart. For example, DIY giant, The Home Depot, now allows its "Pro" customers to rent tools on credit, knowing they may not have all the tools needed for every job. This is just one new feature being rolled out in its Pro Xtra Perks loyalty program.

> **The more ways you have to interact with customers, the better you can orchestrate their experiences and the more valuable they become**

Q Personalisation is increasingly important, isn't it?

A Yes, but there's a risk of going too far with personalisation. The danger for brands is that they spend too much time and money focussing on a level of personalisation that not only doesn't bring a return on that investment but can actually feel a bit creepy for the consumer and raise privacy concerns.

You also need to think about channels and how you use them to develop customer loyalty. Wth a good app onboarding strategy in place, instead of asking users to fill out a long form to enroll in the loyalty program, brands can be more strategic in the way they gather customer data. They can set micro-goals around the important information they are looking to get from the user, and ask that information in separate, progressive steps.

Q How do you see loyalty developing? Where does it go from here and what should brands be thinking about?

A Mobile is the only screen customers are never without and provides the in-the-moment context that nothing else can. That doesn't mean that everyone will download your app. Some of the biggest problems with loyalty program participation is that 40% forget they're members and 43% forget the card, both of which can be solved by using mobile wallets to store loyalty cards. In fact, 69% of survey respondents said they're more likely to use the loyalty card if it's on their phone. You can also promote loyalty program participation by obtaining opt-in to SMS.

The more ways you have to interact with customers, the better you can orchestrate their experiences and the more valuable they become. Orange, as an example, has been leveraging in-app messages to cross-promote other products, such as informing users about another app that identifies anonymous callers, seeing a 21% lift on app downloads from that in-app message communication versus a simple banner.

Retailers today are shifting away from purely transactional loyalty relationships, to programs that use richer customer insights and data to focus on personalised experiences and benefits. In addition, by optimising customer journeys and making them as seamless as possible, customers have a better overall experience, which drives brand loyalty. That same sort of testing and experimentation discipline can optimise loyalty programs end-to-end.

COMPLAINTS

The long goodbye

Customer retention is a cornerstone of any good business, but you can't keep them all. When is the right time to cut your losses and let unhappy shoppers go?

Megan Tatum

The customer is always right. Attributed to Harry Gordon Selfridge, among other prominent retailers of the early 1900s, this maxim has encouraged generations of businesses to grit their teeth and try to hold on to every last patron, at practically any cost.

But is this the most effective approach? After all, the slightly unpalatable truth is that most shoppers attracted by a company will not become loyal customers let alone long-term brand advocates. In fact, 91% of consumers who become dissatisfied with a product or service they receive from a company will simply stop buying them from it, rather than complain, according to research by 1st Financial Training Services.

First things first, it is good business to address complaints – and as quickly as possible.

"The best time to reach a customer to solve a frustration is immediately after you become aware of it. The worst time is when they're at the door," says Takunda Chikuku, project strategist at design agency Rehab. "Once you have validated that frustration and have the appropriate solution to address it, you need to place this in front of their eyeballs."

Even if your response doesn't convince that particular customer to stay, this interaction still holds value. So says Benoit Soucaret, creative director for experience design in EMEA at ecommerce company LiveArea.

"It is crucial for customer-service teams to understand the true reason why customers get in touch and why they're claiming that the product or service didn't deliver the result they were expecting," he says. "If they don't see the value in the offering, it's important to learn from such encounters as a basis for future interactions."

Soucaret's words are particularly relevant today, given that the reasons for customer dissatisfaction are becoming more complex. The value for money provided by a product or service is no longer the sole factor. According to a survey by customer engagement specialist Ello, 20% of consumers would stop using a brand if they found out that it had been engaging in environmentally unfriendly practices, while 25% would do so if it emerged that the company was mistreating employees.

But, regardless of the type of complaint, there does come a point at which it's time to consider whether your efforts to retain a dissatisfied customer have simply failed. This is typically after three to five interactions, Chikuku suggests. After that, "it's best to ask if they wish you to stop. Otherwise, you risk becoming another one of their frustrations," he says.

At this juncture, is the smartest move you could make as a business be to direct an unhappy customer towards a rival in an effort to impress that person with your honesty and helpfulness? No, says Robert Bennett, CEO at Rehab. "It's far better to consider disengaged customers as potentials for whom you haven't yet found the solutions. From this perspective, they still aren't a loss; they're an opportunity to find out what's missing from your proposition."

Andrew Gibson, chief strategy officer at advertising agency Creature, agrees. "Boosting awareness of a rival just isn't a very good strategy," he says, but he adds that a more strategic partnership might benefit all parties, as long as "it's made clear to the customer why you are working together".

Such collaborations can help to prevent lapsed customers from disappearing completely, creating opportunities to re-engage them more effectively further down the line. When the time does come to reach out again, Gibson has simple advice: "Keep bringing gifts."

Instead of bombarding them with spam emails that offer them little more than annoyance, "provide them with useful, entertaining or inspiring things. If you continue being a valued contributor to their lives this way, they will stay in your ecosystem," he says. "And always remember that achieving relevance with lapsed customers is not always about 'being one of them'. Many of the most relevant brands on the planet – think Nike, Patagonia and Apple – exist in overlapping, but different, spheres from those of their customers."

Such an approach represents a far more fluid way than Selfridge's maxim to think about customer relationships. This might feel alien in some industries, particularly those where loyalty has always been pursued at all costs.

Despite this, it is likely to be the right strategy, regardless of the context, according to Gibson.

"Most of the evidence indicates that courting loyalty doesn't work for any kind of business," he says. "For instance, research by the Ehrenberg-Bass Institute for Marketing Science suggests that, in every category, nearly all sales come from penetration strategies rather than loyalty strategies. In other words, most of your sales will come from people who buy your product once or twice a year, not from 'super-fans' who come back again and again. In our experience, this is even true in collectable or passion-driven categories such as fine wine."

For Rehab's head of strategy and experience design, James Penfold, there is no one-size-fits-all approach to customer retention.

"We realise that customers and businesses vary drastically and have different parameters," he says. "The key is to try to understand 'your' customers and formulate the right strategy for those. The only constant is knowing that it's the end of the line when someone hits the 'unsubscribe' button."

Once that happens, it might be the time to let go and move on.

> **The best time to reach a customer to solve a frustration is immediately after you become aware of it. The worst time is when they're at the door**

60%
of consumers globally say that unsatisfactory interactions with a brand will affect their loyalty and, in many cases, prompt them to cut ties

21%
say that they would stop patronising a brand if they discovered that it was engaging in unethical practices

24%
would shun a brand if they found out that it was mistreating workers (for instance, by paying them low wages)

Ello, 2021

Commercial feature

Businesses must prioritise data in shift to digital sales

The rush to digital platforms presents a huge challenge for B2B sales teams. Having insight into the right data – across all channels – will be key to their success

The events of the past 18 months have accelerated many organisations' digital transformations by months or, in some cases, years. In particular, we saw a surge of investment in digital sales channels with in-person meetings and physical purchases no longer an option.

This has been reflected in a wave of online purchasing – both by consumers and in business to business (B2B) transactions. Indeed, B2B online shopping increased by almost a quarter last year, with 46% of purchases now made online. Additionally, more than three quarters of B2B buyers say they now prefer purchasing online and remote interactions with sales reps. Only about 20% of B2B buyers say they hope to return to in-person sales post-pandemic.

This has resulted in organisations making their purchases through more channels than ever before. As an example, online B2B marketplaces gained huge traction during the pandemic. Having already predicted that 17% of the $13tn in B2B spend would flow to marketplaces by 2023, analyst Forrester is now saying that we will hit that much sooner — perhaps this year.

Importantly, these purchases are not restricted to smaller-ticket items. Seventy percent of B2B decision makers say they are open to making new, fully self-serve or remote purchases in excess of $50,000, and 27% would spend more than $500,000.

The challenge of siloed data

This presents some new challenges for B2B organisations and their sales teams. For example, many suppliers have developed long-standing relationships with their customers – and this can often manifest into an expansive landscape of unique purchase terms and agreements with different customers. As tricky as managing these different scenarios were in-person, the situation has been further complicated with the switch to digital platforms.

In the effort to support all these digital channels, we're seeing organisations end up with conflicting pricing information and data blind spots across the organisation.

"A lot of the data that's required for those experiences becomes unintentionally siloed," says John Bruno, vice-president of commerce strategy at PROS. "So your sales team uses one system that has certain prices for products, and in ecommerce there is a different system that uses different pricing for products.

"The more channels that you support, the more it creates more opportunity for information to be wrong and for the experience to break."

This is a crucial point – the customer experience (CX) has never been more important than it is today, with purchasers reliant on online platforms to access products and services. Taking a lead from consumer sales, businesses today expect a frictionless experience and exceptional customer service – and if a supplier fails to impress, they won't hesitate to go elsewhere.

Changing purchasing behaviour

Compounding the problem is that most customers today are more than halfway through the buying process before even meeting with a company representative. Much of the B2B customer's research takes place on social channels, with 60% of buyers preferring not to communicate with salespeople as their primary information source. Being forced to engage much later in their buying journey means the window of opportunity for salespeople to influence customers is smaller.

"There's many things happening outside the purview of the traditional salesperson," says Bruno. "Even if you're entering bright-eyed and bushy-tailed from an engagement standpoint, your customers are already 10 or 15 steps ahead of you. They're already more informed when you start engaging with them. Without that context, you start telling them things they already know. That's when frustration starts to settle in."

This highlights another potential pitfall in the transition to digital channels – the need for sales teams to have insight into where a customer is on their buying journey. This is particularly relevant given that a typical B2B buyer journey may traverse multiple touchpoints within that journey. These data points provide context to the customer and the problems they're trying to solve.

"It's about getting the data right and exposing that data in a way that's meaningful – for your buyers to be more autonomous, to do what they have to do more quickly, more easily and with more confidence," says Bruno. "It's also how you deliver that data to your salespeople, so they can pick up the customer's journey in stride and add value to it."

The ability to view what customers are browsing – and what they don't – is a powerful one.

"Imagine if you added a bunch of items to a cart, and you abandon that. The signals are really powerful for a B2B salesperson to pick up and think, 'maybe there's an opportunity for me to reach out, based on what I know about you, to see if I can get you over that hump and get you to make the purchase.' Those kinds of data insights are incredibly valuable for B2B," says Bruno.

Digital technologies shaping the future

Many organisations are racing to digital – an obvious move in today's climate. However, it would be far more valuable to them to do so in a thoughtful and pragmatic way, instead of simply standing up an ecommerce platform that will unintentionally create more data silos, says Bruno.

"Focus on the things that are always present, that are common across all of those channels. Spend more time looking at cleaning and readying your data, so it can be leveraged for this omnichannel world. Organisations that rush to the flavour-of-the-week experience or touchpoint tend to neglect that and they get themselves in a lot of trouble."

PROS supports business in their transition to omnichannel and digital selling with an AI-powered platform that manages and optimises a business' products and pricing, regardless of the sales channel, helping business to adapt to every customer and every transaction fluidly .

Ultimately, Bruno advises: "Are you putting the right product recommendations and prices in front of a customer? Are you helping the salesperson do a better job at connecting the value of your products to your customers? It's a really exciting time to be in B2B and think about the role that digital technologies have in helping shape the future."

46%
B2B online shopping up by a quarter YoY, 46% of purchases are online

Wunderman Thompson, 2020

20%
Only 1 in 5 B2B buyers plan to return to in-person sales post-pandemic

McKinsey, 2020

> **It's also how you deliver that data to your salespeople, so they can pick up the customer's journey in stride and add value to it**

Want to learn more about the PROS Platform and the B2B path to digital selling? Visit pros.com

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