

From first look to last mile... and back again

Transforming the complete consumer
experience to create customers for life

KPS



It's time to look at the bigger picture

Retailers have never known more about the consumer journey; how they research purchases; how they move between online and offline channels; their preferred delivery and return methods; what loyalty benefits they redeem most frequently. Yet, it has never been harder to retain customers.

Why is this?

While data is enabling retail organisations to zoom in on aspects of the customer experience with laser focus, there are still huge misalignments across end-to-end processes. From inconsistent marketing activities to channel misalignment, there can be moments when shoppers feel like they are getting real value – and moments when they feel their needs aren't being met.

To change this, retailers need to take a step back from day-to-day demands and look at the consumer journey in its entirety. From first look, to last mile – and beyond – is the experience they must create, supported by joined-up processes and systems.

In the busy retail environment, finding the time to step back and understand the bigger picture is not easy. That is why KPS has surveyed over **1,000** European consumers on their opinions about the current customer experience – and whether it aligns in a world of many channels and touchpoints.

What does the consumer want from retail today – and are retailers delivering?

Based on the viewpoints of European consumers, KPS has analysed each step in the path to purchase to help retailers optimise the complete customer journey, turning it into a unique, individual customer experience.

Not only this, but we have looked at what makes a customer return again and again, to support the nurturing of long-term relationships, making him or her a customer for life.

But before we outline this roadmap, we need to look at our key research findings. These insights will help retailers to understand where current inefficiencies and misalignments lie, and provide the standards and expectations that retail organisations need to deliver against, using both technology and process innovation to enable best practice.



Look at what makes a customer return again and again to nurture long-term relationships



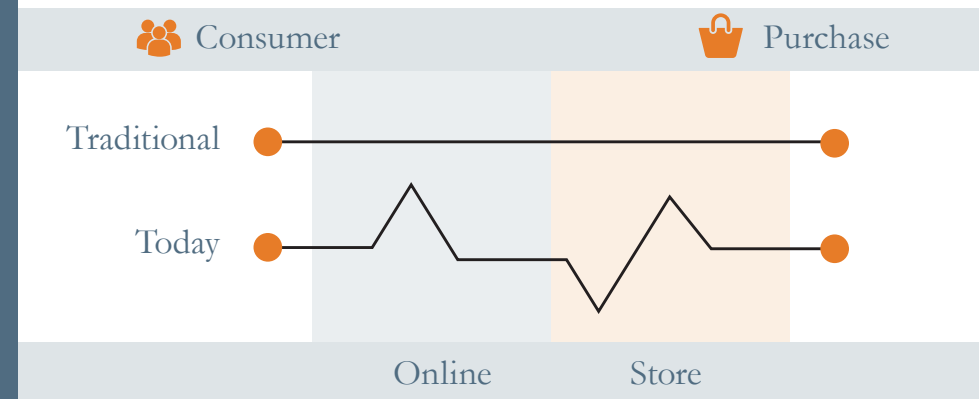
The complex consumer journey

The path to purchase has never been more complex; retailers know this. What was once a linear journey is now a complicated, often unpredictable, series of interactions, usually spanning multiple channels and devices. And it no longer has a clear beginning or end.

To understand just how complex this landscape has become, we surveyed European consumers on their different uses of retail channels. Our survey found a huge amount of cross-channel activity; **4 in 10 (41%)** will research online before making a purchase in-store, yet a quarter (**24%**) will research in-store but purchase online.

Even when transactions are both researched and completed within the bricks-and-mortar environment, a third (**33%**) use their mobile to research products and prices at the shelf edge.

What is most interesting, though, is not how consumers are using multiple retail channels, but why. Two thirds (**65%**) of consumers agree that their choice of channel – digital or physical – is based on convenience. Shoppers are not consciously selecting one touchpoint over another; they are interacting whichever way is easiest for them at that moment in time.



Choice of channel
– digital or physical –
is based on convenience



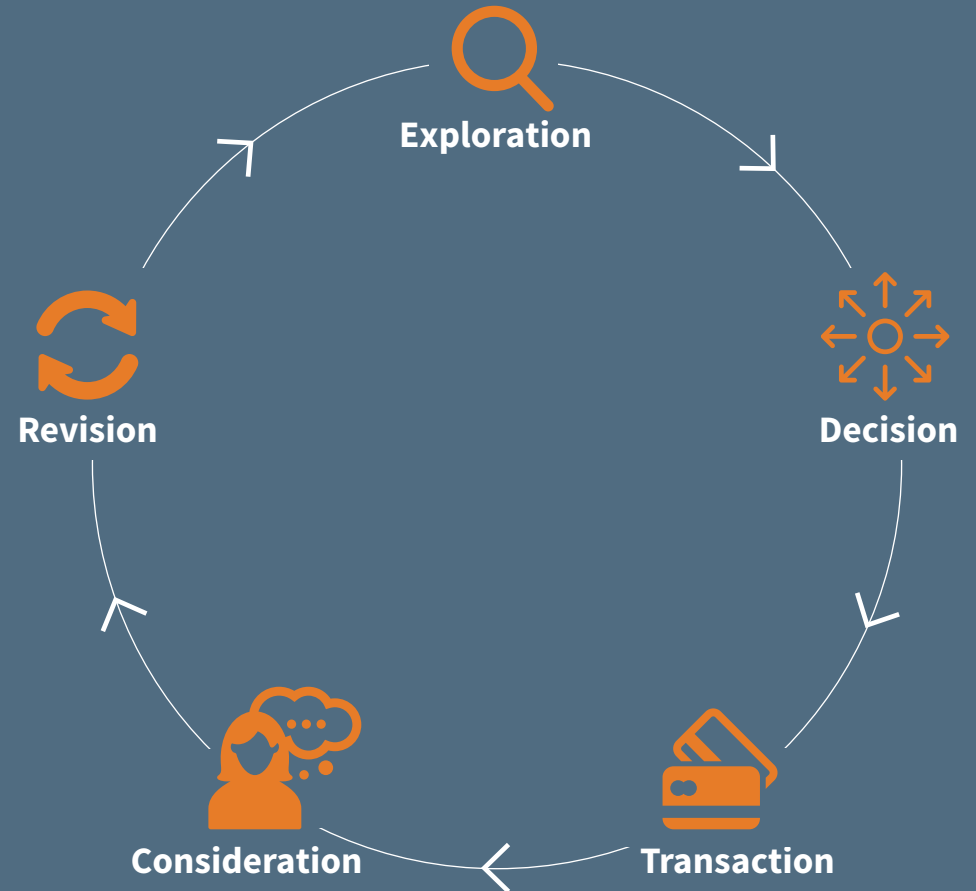
Building a new consumer experience cycle

If convenience is at the forefront of consumers' minds, retailers have to respond. This means developing a new path to purchase that is flexible enough to meet shoppers' needs, at the same time as maintaining authority over the objectives and outcomes.

We would, therefore, like to outline a new consumer experience cycle; one which takes into account five distinct stages of shopper behaviour in an omnichannel environment: **exploration, decision, transaction, consideration and revision.**

These stages are part of a cyclical journey, because retailers no longer start and end their relationship with a consumer with each journey to purchase. Their goal is to constantly nurture shoppers' interest, building a relationship, in order to create a customer for life.

We will now look at what each of these stages entail, and how retailers can optimise experiences to improve and innovate the end-to-end consumer journey, and be with the customer every step of the way.



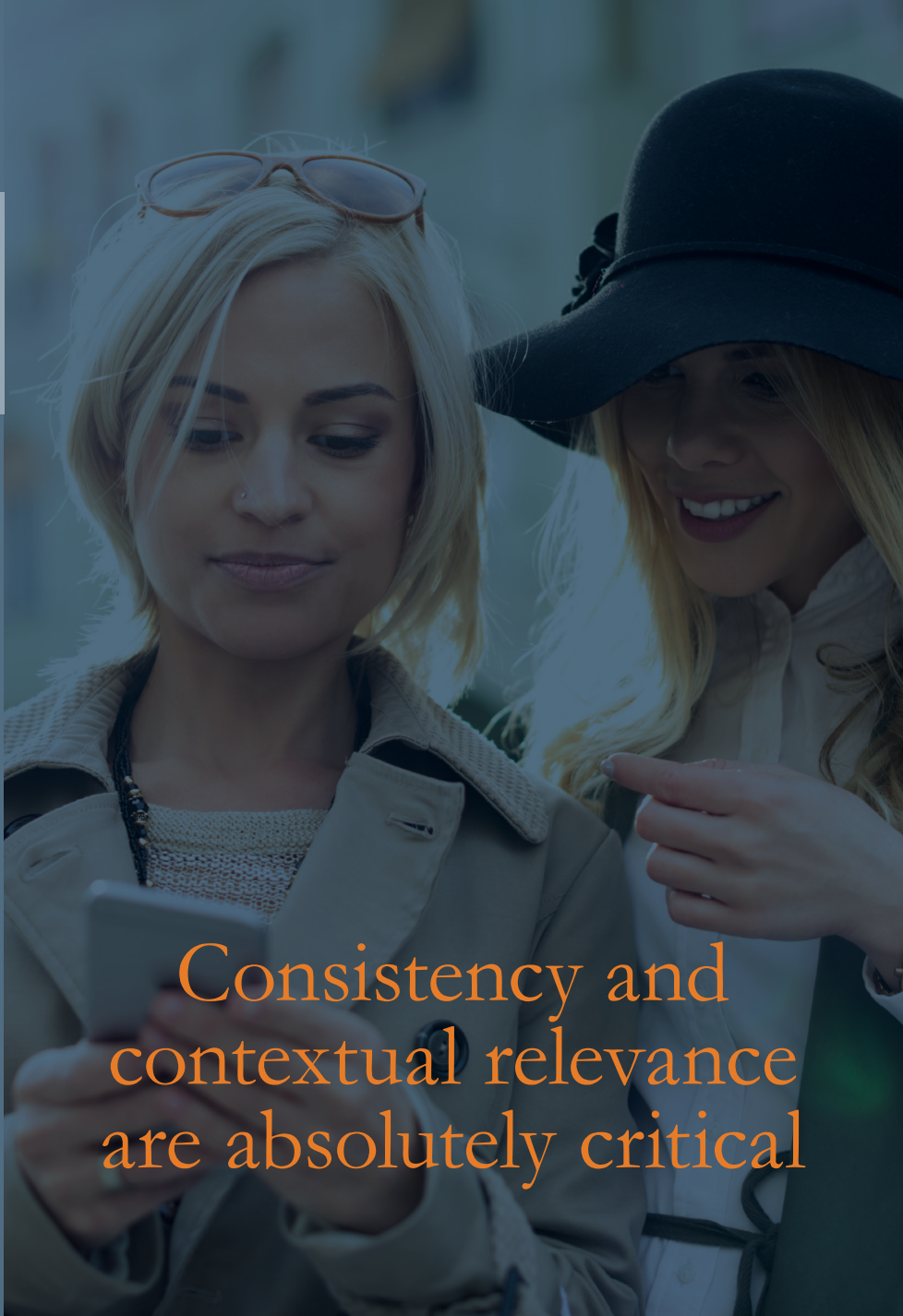
Step 1: exploration

As we've already established from our research into cross-channel activity, careful research matters to consumers. In an increasingly uncertain world, shoppers want to feel confident in the purchases they are making, and this is why exploration forms the first step in our new consumer experience cycle.

The challenge that retailers face is that not every consumer wants to explore products prior to purchase in the same way. For example, our research revealed that **75% of people find it clearer to compare prices online compared to the store**, and **69%** prefer comparing product specifications digitally. Based on this, it would appear that ecommerce is the better research point.

Yet **51%** find it helpful to go into the store to ask product specific questions, and **57%** want advice and recommendations from store associates to validate their buying decisions – showing that bricks-and-mortar and their qualified staff also play an important research and validation role.

This underlines the fact that consistency and contextual relevance are absolutely critical at exploration stage. By achieving this, consumers can choose their most convenient channel and still feel their requirements have been satisfied.

A photograph of two women outdoors. The woman on the left has blonde hair and is wearing a light-colored jacket, looking down at a smartphone she is holding. The woman on the right is wearing a dark hat and a light-colored jacket, pointing at the phone with a smile. The background is blurred, suggesting an outdoor setting.

Consistency and
contextual relevance
are absolutely critical

Step 1: key takeaway

In light of our findings, shoppers need access to information across all channels – online should be as informative as the store, while ecommerce should be as personal as the store associate.

Retailers, therefore, need to consider whether they have the technology to unite the strengths of all their channels. For example, in the store environment, putting mobile POS into the hands of front-line staff gives them direct access to the wealth of product information, pricing and availability that can be accessed online, at the swipe of a finger.

Online, meanwhile, the discovery phase needs to add real value. This can be through personalising recommendations based on previous browsing and buying activity, or launching chat features that enable consumers to ask detailed questions about an item's relevance to them individually.

Move around the consumer, rather than pushing shoppers into a certain channel because it is easier to deal with them there

Find the right technology to support that consumer-centric experience create customers for life

Steps 2 and 3: decision and transaction

Once a shopper makes his or her mind up about a purchase, this is where the ‘customer service last mile’ comes into play. Retailers need to do all they can to get consumers over the line, in the simplest and quickest way possible.

Converting as many sales as possible means giving shoppers the right tools to make a positive choice, and making the act of checking out – whether in-store or online – as smooth as possible. The two go hand in hand, which is why we have grouped steps two and three, decision and transaction, together.

The concept of the customer service last mile is particularly pertinent in the bricks-and-mortar environment. This is because the role of the store associate is evolving, and front-line staff are being given more and more power when it comes to making or breaking sales opportunities.

For example, our research revealed that **48%** of shoppers have upgraded a purchase (buying a better model of a certain item) as a result of in-store advice, while a third (**36%**) have purchased additional items after consulting a store associate.



Give shoppers the
right tools to make
a positive choice

*So, how can retailers empower store associates to convert more sales? As with exploration, technology can play a major role here. **4 in 10 (36%)** consumers think staff with mobile devices provide better information and a more personalised service.*

Additionally, **40%** want the option to complete their purchase anywhere on the shop floor – which again underlines the importance of convenience and also mobility.

The transaction itself, meanwhile, needs to be frictionless. **56%** of consumers have abandoned a store purchase because of long queue times, while **42%** of online shoppers have abandoned their basket because of slow checkout page loading times.

Another important factor with ecommerce purchases is streamlining the checkout process. More than a third (**37%**) of consumers are put off by cumbersome authentication processes, while **35%** dislike having to log-in with their email address every time they want to buy something.



40% want the option to
complete their purchase
anywhere on the shop floor



*The final opportunity to lose a decisive customer is the checkout. Seamless payments are an important part of successful transactions. In the store environment, **40%** of the European consumers we surveyed want the option to pay for relevant purchases using contactless card technology, and a third (**31%**) would like the option to pay using their mobile device.*

The popularity of mobile payments is only going to grow. Last year alone, payments through mobile applications rose by **54%**, according to the British Bankers Association, totalling more than **£347 million**.

A frictionless checkout experience is equally important online. Almost half (**42%**) of those we spoke to have abandoned a purchase because of a slow loading payment page, while **4 in 10 (42%)** have been put off by complicated identity authentication requirements.

Steps 2 and 3: key takeaway

When a potential customer is ready to convert, make their experience as frictionless as possible in every channel. Even the smallest frustrations can jeopardise a sale


Steps 4: consideration

While the point of payment might be considered a completed conversion for most retailers, the truth is that a sale is not a sale until the customer decides to keep it. And more importantly, what happens after the checkout can influence not only that purchase, but their relationship with the retailer as a whole – and the likelihood they will keep shopping with them.

Delivery offerings, fulfilment logistics and returns all play an incredibly important part of the omnichannel customer experience, at the same time as directly influencing retailers' bottom line profitability. That is why we have built a 'consideration' stage into our consumer experience cycle.

Online in particular, what happens after an order is placed is an opportunity to upsell to or upset the customer. For example, **57%** of those we polled said free delivery will directly impact their decision to buy an item online, with **35%** say they will not ever consider paying for delivery.

Returns are also of critical importance. **51%** of consumers will not order from a company that does not have a free returns policy. Meanwhile, two thirds (**63%**) want the option to return a purchase to any channel if they decide not to keep it, with **41%** less likely to order a product online if they cannot return it to a store.



Free delivery and returns will directly impact a consumer's decision to buy an item online

Step 4: key takeaway

The consideration stage is really where retailers need to think about their wider value proposition – both in terms of how it influences individual sales, and how it impacts overall customer relationships.

Returns are a good example of a transaction that might look like a short-term loss, but could actually prove a long-term gain. If a new customer purchases five items but sends four of them back, they could be getting to know how the brand works for them. The returns process is part of their exploration, and if the service they receive is good, once they find the right product or fit for their needs, they will go on to purchase again and again.

The customer is still analysing and judging their retail experience beyond the point that they pay for a purchase. Efficient, flexible fulfilment and after sales service is key to nurturing long-term value

Cross-channel consideration: click-and-collect

Before we move on to the final stage in our consumer experience cycle, it is worth discussing the fastest growing method of fulfilment in Europe – click-and-collect – and how this impacts the consideration stage.

Click-and-collect is highly important for the UK in particular, as one of the most mature regions globally for collect-in-store services. Our research revealed that **3 in 10 (27%)** shoppers will not place an order if free click-and-collect is not available, while **37%** will proactively choose retailers that offer free click-and-collect over those that don't.

Because it is a convenient option, the in-store experience needs to be speedy and smooth. This is not always easy in an environment where associates are having to incorporate more and more tasks into their daily workload.

However, the benefits for those who get their click-and-collect strategy right are tangible; **47%** of shoppers who collect their order in-store will look at further products when they pick up their items, sowing the seeds for future purchases, while **4 in 10 (36%)** will make an additional purchase on the spot.

Step 5: revision


Of all the steps in our new consumer journey, this is the one that most often gets overlooked in the context of the end-to-end customer experience.

The highly competitive nature of modern retail makes it necessary not just to optimise the end-to-end journey, but to incentivise shoppers to come back again. This is why the model we developed is circular; retailers want to constantly nurture consumers to buy again and turn them into customers for life.

However, although many retailers are investing in customer loyalty programmes, they are doing so in a siloed fashion – rather than looking at how each shopper interaction or transaction can be used to drive long-term value.

To drive customer retention and further purchases, loyalty schemes have to be intrinsically linked to delivering value to shoppers.

There is a great appetite for tailoring rewards to the individual customer, rather than simply collecting points or vouchers to get money off future purchases. Our survey revealed that **4 in 10 (41%)** European consumers want the rewards they receive to be personalised, based on who they are and what they buy. A further **4 in 10 (37%)** want retailers to offer ‘random act of kindness’ gifts to loyal shoppers.

A woman with dark hair and a red flower in her hair is holding a smartphone. The screen of the phone shows a barcode with the text 'COUPON-F147' below it. The background is blurred, showing green foliage.

Look at how each
shopper interaction
or transaction can
be used to drive
long-term value

Step 5: key takeaway

The desire for non-transactional incentives is also strong. A quarter (24%) of those we polled want rewards for promoting their favourite retailer on social media. 27% want incentives for leaving product reviews, while 21% would like exclusive early access to new product collections to reward their advocacy.

Additionally, 44% want the flexibility to redeem incentives in any channel – regardless of where they earned the points or prizes in the first place.

Developing an effective loyalty scheme is a powerful way to add value to the retailer/customer relationship, to reinforce a positive brand perception.

It also helps retailers to think of each purchase as merely a single episode in the customer's lifetime – and they can start nurturing the next episode as soon as the previous one is complete.

Think about the lifetime value of customer relationships, and the overarching needs, rather than looking at each transaction as an isolated encounter

The better retailers get to know their customers individually, the greater value shoppers will feel

Building the cycle: don't be afraid of radical decisions

Although we've broken down the new consumer journey into stages, retailers should think of it as a continuous nurturing process – which is ironic, because problems with processes is what stops most retailers from optimising the end-to-end experience and turning them into customers for life.

The data-driven nature of modern retail has meant that many retail organisations have become obsessed with drilling down into the detail of consumer interactions, rather than looking at the bigger picture of their business ecosystem.

This can mean that retail organisations are spending their time and resources seeking incremental gains, rather than pursuing the end-to-end agility needed to meet diverse shopper needs.

To solve this problem, we are calling for retailers to stop fine tuning elements of a system that is no longer working, and instead take an open minded approach to innovation. Do not be afraid to make radical decisions.

If the technology retail businesses are using now is not enabling them to meet shopper needs, it never will. And therefore, effort and budget will be much better spent replacing it with an entirely new technology that can enable rapid transformation and centre processes around the consumer's needs.



Problems with processes is what stops most retailers from optimising the end-to-end experience



Power to the process

Finding the right technology platform is only half the battle won. It is then vitally important that this technology is supported by best practice processes to drive maximum value and efficiency.

To achieve this, retailers need to look at nature of each process returns for their business. Processes that are standardised across any business need to be efficient, and this can be achieved in a straightforward manner as they are broadly the same from company to company. Usually, around **80-85%** of processes fall into that category. KPS offers a best practice process catalogue that enables their clients to basically “click & select” those future processes.

However, within each retailer there will be a small number of processes – usually around **15-20%** - that are unique to that organisation and differentiate them from the competition. KPS applies the 80:20 rule to projects – **80%** of the processes require **20%**

of the time and **20%** require **80%** of the time. The focus and extra effort need to be directed to the **20%** because they will require special expertise on process and technology side.

Getting these high value processes right is critical to creating great customer experiences, and ensuring a smooth handover as shoppers progress through each stage of our consumer experience cycle.

This will create an environment in which retailers’ use of technology is optimised, to drive maximum ROI and long-term profitability. With an enhanced purchasing experience, consumers are more likely to convert and more likely to increase their order value.

Most importantly, satisfied customers are more likely to demonstrate loyalty to their preferred retailer. And in an environment when consumers are being bombarded with information and offers from all directions, the value of brand advocacy and trust cannot be underestimated.

Innovate your business with KPS

Agile transformation is something that many retailers consider, but many do not take the leap for fear that their chosen technology, or implementation partner, is not capable of managing true innovation.

KPS is different to other consulting partners in the market. We have extensive experience helping retail businesses to achieve radical transformation through innovating their business processes and technology within the shortest time possible.

Companies such as Lidl, Dansk Supermarked, Spar, Hugo Boss, Escada, s.Oliver, Top-Toy and PUMA rely on KPS and the KPS Rapid Transformation® approach.

We use a green field approach to define a retailer's future capabilities and processes within a couple of weeks, and deliver a working system prototype within just a few months.

The KPS approach reduces risk because it does not interfere with existing processes or technology. This enables retailers to build new, truly innovative processes using the latest thinking and technology, without being restricted by existing system or process complexities.

In a nutshell, we are the only partner that can help you define, build, implement and run the processes that will guide your digital business transformation programme within the shortest time possible. Our speed of innovation will help you quickly and effectively achieve a seamless enterprise – and deliver rapid return on investment.



To transform your business with KPS,
get in touch: info@kps.com

For the UK, please contact

Frank Lochbaum, Managing Partner

frank.lochbaum@kps.com

For the Nordics, please contact

Jørgen Kluewer, Managing Partner

joergen.kluewer@kps.com

For the US, please contact

Tobias Goetz, Partner

tobias.goetz@kps.com

For the D-A-CH region, please contact

Philipp Bräutigam, Business Development Manager

philipp.braeutigam@kps.com

All other countries, please contact

Eva-M.Schober, Partner

e-m.schober@kps.com

