With the data that omnichannel marketing throws up, companies can leverage on the feedback to understand interactions across the customer journey and further improve the customer experience.

PHOTO: REUTERS

The omnichannel customer is here

Customers who get to shop at the online and physical store of a brand have been seen to be more loyal. BY CHEN YONGCHANG

THE ubiquity of mobile technology has been a long time coming. According to IMDA's surveys, Internet usage has risen from 59 per cent of individuals in 2006 to 84 per cent in 2016. This movement towards a digitally infused lifestyle, where someone is always connected to and using the Internet, forms the impetus for numerous digital transformation initiatives we currently see across the business landscape. Besides the rise of e-commerce companies such as Amazon and Lazada, even traditional industries such as banking and insurance are changing the way they interact with customers through revamped Internet portals, mobile apps and even chat bots.

Brick-and-mortar retailers are no exception. With the steady rise in online shoppers from 36 per cent in 2008 to 57 per cent in 2013, and increasing competition from both local and global e-commerce companies, traditional retailers are increasingly adopting these technologies in order to defend their market share. Typically, this involves the development of an app or introduction of an online store.

However, is merely providing an additional channel for customers to interact with sufficient? While the potential benefits of digitisation – such as higher sales volumes – are clear, companies that embark on this would generally face a different set of challenges that they would have to contend with.

CUSTOMER EXPECTATIONS DIFFER ONLINE AND OFFLINE

With the ability to instantly access information, entertainment and even communication with loved ones within a couple of swipes, customers are now honed to expect instant gratification. Customers used to messaging their friends and getting immediate responses may find it hard to accept digital replies that take three to five working days. This could be a reasonable response time for traditional snail mail, but may not be so for online correspondences.

This demand for speed was seen in the launch of Amazon Prime Now in Singapore last year. During its debut, an overwhelming number of customers seized the opportunity to receive their purchased goods in just two hours. Unfortunately, their high expectations quickly turned into disappointment when Amazon was unable to deliver on its promise due to teething issues.

Companies that adopt digital channels would need to be mindful of rising expectations fuelled by the need for instant gratification, or risk customer dissatisfaction and aborted transactions.

If traditional retailers start to offer online stores, they should be aware that customers see both the online and offline arms as one big store. From our research and observations at the Institute of Service Excellence, customers do not necessarily distinguish between the two. For example, if loyalty programmes are offered, customers expect the benefits to apply to both channels. If collection is available at the physical stores, there is an expectation not only that the process will be fuss-free, but that staff at the store should allow for order changes, perhaps to another size, where needed.

While such expectations may seem almost mundane from a customer's standpoint, providing a fully integrated omnichannel approach to customer experience could prove extremely challenging for businesses. Systems-wise, an integrated supply chain management system would have to be in place so that both online and offline stores give an accurate view of product availability to customers. Staff would also need to be trained to understand processes and policies for both platforms so that they would be able to adequately resolve any customer queries or requests. Customers expect a seamless experience across touchpoints, making the challenge to integrate imperative.

COMPETING ON DIFFERENT DRIVERS OF SATISFACTION

Businesses that move online would have to compete in areas they may not be completely familiar with. In our 2017 study of the retail sector, attributes that drive satisfaction and loyalty for traditional retailers tend to be staff-oriented. These include factors such as staff availability, knowledge and helpfulness. Unsurprisingly, for e-commerce platforms, attributes related to areas such as product comparisons, information, indication of special requests, and feedback channels were key differentiators.

While both sets of attributes revolve around the underlying theme of providing customers what they need so that they can make a purchase, how they are manifested differs drastically due to the different platforms. Traditional retailers that move online would need to learn to compete on a different set of differentiators. Potentially, this in turn would require different hardware, processes and skills which require time and resources to build. Given these considerations, traditional retailers that may not be confident of building up such capabilities should partner with established e-commerce platforms that are aligned with their brand image and value proposition.

Despite these challenges, technology can be extremely useful in improving customer engagement and loyalty regardless of the touchpoint customers prefer to interact with.

In terms of customer experience, companies can leverage on the use of customer data and feedback to understand their interactions across the customer journey. Post-transaction feedback through SMS or periodic email surveys could be integrated with customer data to better understand pain points on which to focus improvement efforts.

In terms of customer engagement, data and analytics could be used to create greater loyalty. While web analytics could help improve the online customer experience, as more customers make their purchases online, companies would find themselves with an increasingly larger volume of data about their behaviour. This can be utilised to their benefit on several levels to create more meaningful engagements. ASOS, for example, gives targeted advice on sizing based on a customer's previous purchases. Web banners and emailers could display products which customers are likely to be interested in, as opposed to random promotional items on offer.

A similar level of engagement could be created offline. Companies should equip service staff with mobile devices that help them to understand a customer's past purchases and preferences, and using recommender engines, to also leverage on data to suggest much more targeted offerings. Data from both online and offline interactions could be further integrated to provide customers an even more seamless experience regardless of which touchpoint they choose to interact with. Rather than treat each customer interaction as unrelated episodes, companies can use technology to build deeper and more personal relationships with their customers, thereby raising customer engagement, and ultimately, loyalty.

While the challenges are real, providing customers with an omnichannel platform appear to be a step in the right direction. In our study of the retail sector, we noticed that department store customers who shopped at both physical stores and their online sites tend to be more satisfied, and show more loyalty, while also spending more than those who shopped only at the physical store. Interestingly, when compared to those of e-commerce players, these omnichannel department store customers also tend to be more loyal. Evidently, providing customers with an omnichannel platform to shop appears to be the right direction.

This current digitally infused lifestyle would lead to more customers preferring to shop both online and at brick-and-mortar shops. Offering merely just a physical store to serve customers may not be sufficient going forward. While the challenges to go omnichannel for traditional retailers are real, the opportunity to create deeper and meaningful relationships with customers through the technology should not be overlooked.

▌ The writer is head of research and consulting at Singapore Management University's Institute of Service Excellence.