

# THE HUMAN TOUCH

UNLOCKING THE POWER OF CONVERSATIONAL MARKETING



# INTRODUCTION

## KEY FINDINGS

- **60%** of retailers are able to identify customer's intent to buy online and then offer targeted strategies to influence them
- **50%** of retailers believe they offer the same level of customer experience online as they do in store
- **49%** of retailers are using or about to deploy Chatbots for customer service
- **71%** of retailers use social media influencers and bloggers to engage with their customers
- **4.2 out of 6** Information and advice is the main driver of customer service, scoring 4.2 out of 6 by retailers. Second comes making/closing a sale at 3.9.
- **50%** of retailers believe their customer service is better than that of their competitors
- **3 out of 6** – importance of the quality of responsiveness of customer experience to meeting performance targets scores just 3 out of 6.

## CONTENTS

- 4 CONVERSATIONAL MARKETING: THE VALUE OF CHATTING TO THE RIGHT PERSON
- 10 DELIVERING CONVERSATIONAL MARKETING
- 13 THE ARCHITECTURE FOR SUCCESS
- 16 SURVEY RESULTS
- 19 CASE STUDIES

All functions within retail are under pressure to be more capable, more customer-focused, more accountable and more flexible. Customer-facing services need to not only be effective at selling, exceptional influencers, saving the sale and representing the brand – whether in person, online, or using voice – but also now part of the customer acquisition process.

With marketing budgets stretched and consumers demanding an ever-more personal service, customer engagement in all its guises is now a central part of online retail.

Increasingly too, there is a balance to be struck between increasing effectiveness – lower cost per contact, increased outcome per contact, scalability and flexibility – and increasing the brand impact, differentiation and customer delight.

Furthermore, given the rise of algorithmic/process-optimised interfaces for customer interaction, what is the best blend of process, algorithm and human? What is the value of deep subject-matter expertise and how best can we deploy that?

These are all questions retailers need to ask themselves and to which they need to find an answer. What it really comes down to is the concept of conversational marketing and how to best leverage the available technology and people to deliver that.

Typically, conversational marketing has been viewed as transactions generated from messaging and over the telephone, but in today's multi-channel world, conversational marketing is starting to morph from the specifics of an actual conversation into two-way, real-time interactions between brands and consumers using a multitude of different tools.

Where once it did involve a voice phone call and/or the use of messaging such as email or text, now it covers all bases: a chat conversation on a website or on mobile, an interaction on Twitter, Facebook or Instagram involving the sharing of a link, an offer or the sending of a 'buy now' button, a request for assistance using instant messaging, even asking Alexa how to do something.

This today is what conversational marketing looks like and, while it offers huge opportunities to retailers to engage with consumers and, hopefully, sell more stuff, delivering it is tricky.

In this white paper we shall take a look at what conversational marketing is, how it ties in closely with customer acquisition, engagement and retention, as well as showcasing how to deliver it and where it is already starting to deliver business benefits for retailers.

Using case studies and bespoke research, the paper will look at what the current level of deployment is, where the pain points lie and what real retailers are doing about it – and an insight into the results it is delivering.

This white paper outlines the 'here and now', as well as looking at trends and predictions for the coming years. No business can afford not to use conversational interaction with their customers and prospects. No retailer or brand can avoid having to be as engaging and engaged as possible with the consumer. And no retailer can now not focus on engagement as the centrepiece of their marketing strategy. Consumers are talking, are you going to listen or talk back to them? ■

# SPONSOR'S INTRODUCTION

We describe Conversational Marketing as the “The smartest and most efficient way to engage your customers” but before we discuss why this is the approach retailers should be taking it is important to first take a step back and consider how the online Customer Experience has evolved and why it is now about relationship building as opposed to winning the acquisition race.

Firstly let's take a look at how iAdvize has seen the Customer Experience evolve:



**1ST GENERATION CUSTOMER EXPERIENCE** - Here we refer to a static live chat solution, predominately used for customer service queries and FAQs around delivery times.

**2ND GENERATION CUSTOMER EXPERIENCE** - Here we discover how to use targeting rule to proactively trigger conversations with only the most valuable visitors, those showing intent to buy or basket abandonment rate for example.

**3RD GENERATION CUSTOMER EXPERIENCE** - Most recently we have experienced the explosion of messaging, which is all about reaching consumers on their digital channel of choice, whether that be Messenger or Whatsapp for example.

**4TH GENERATION OF CUSTOMER EXPERIENCE** - We are now entering a new era of conversation we call 'Conversational Marketing' We now know it is not about the tech anymore it is about the quality of the interaction and providing the most appropriate respondent at exactly the right time the visitor needs help.

So why Conversational Marketing? Millennials' demand for immediate gratification is shaping the future of retail, with retailers blurring the lines between the online and the offline experience, making no distinction between online and offline channels but seeing it as simply a brand experience. Therefore the need for a highly personalised, seamless customer experience for online visitors is essential, not only to win the acquisition race but more importantly to increase customer lifetime value.

Conversational Marketing enables brands to evangelise in order to stand out from the crowd by providing a unique customer experience. Hyper connected consumers are now consulting blogs, forums and seeking advice from friends and influencers during the consideration stage in the buyer journey. Therefore emotion, authenticity and peer to peer conversations are becoming increasingly important for online visitors.

By utilising Independent Experts to provide authentic advice brands now have a unique opportunity to own the conversation, in effect increasing CLTV by connecting online visitors to independent experts 24/7. Retailers are now using experts to provide relevant, experience driven conversations e.g. connecting a first time marathon runner shopping for new trainers to an expert who is passionate about running and has completed 10 marathons - this leaves more traditional customer service agents to focus on pre sale and after-sale queries.

In summary there's a huge disparity between the personalised, human touch that can be offered in-store compared to the online shopping experience. This misplaced assumption that the customer's online purchasing journey is finished once you get them to your website, couldn't be further from the truth. Given the ubiquity of choice available to consumers, they don't take the decision to buy something. Brands have to assist them as much as possible in coming to this decision and strive to stand out from the crowd to ensure they are the digital destination of choice. ■



**FRAN LANGHAM**

Head of Marketing, iAdvize

# CONVERSATIONAL MARKETING: THE VALUE OF CHATTING TO THE RIGHT PERSON

People like to converse, commune, confabulate, banter and even engage in badinage. In short, people like to chat. They also like to shop. In many cases, they like to do both.

This is where ecommerce has a problem. While it offers excellent convenience and almost unlimited choice, conversion of visitors to websites into actual purchases remains low – about 2% of website visitors when traditional in-store commerce has an average conversion rate of more than 40%<sup>1</sup>.

Part of why this conversion rate is low is because online retailing lacks the human touch. Increasingly, shoppers are using social media and messaging, on mobile and online, to interact with everything from their friends and family to their colleagues and co-workers. This need for interaction is spilling over into how they interact with brands and retailers and so they expect, as a matter of course, that any interaction online with a retailer will have a similar level of ‘human’ interaction.

Traditional online advertising methods are failing to deliver the impact they once did, with 81% of consumers admitting that they close or leave a web page if they get a pop-up ad, the old ways of getting into people’s minds is changing. Even 31% of marketers admit that online advertising is now a waste of time.

Couple this with the prevailing mood in retail and brand marketing for personalisation and consumer expectations erring more towards having their questions and queries answered and their views validated as part of the sales process and retailers are faced with a shift in how they interact with consumers.

If they have a question – “does that also come in brown?” “Will that go with this dress?” “When will it be delivered?” – often at the point of purchase they need an answer. If that answer isn’t forthcoming, then often the deal is off; the cart abandoned, the sale lost.

Consider buying wine. If you invite your boss or the in-laws over for dinner, you will probably take extra care to choose a wine that goes well with the meal. To make that right choice, you will trust the expert advice of your local wine merchant. This expertise and the relationship of trust created must be reproduced in the online customer experience your business provides. If not, online shops will be paying more and more for the same results.

With messaging and social media running rampant, retailers now face the challenge of having to be available to help consumers at any point of the shopping journey and at any time of the day or night.

How to do this involves clever uses of technology and people to deliver just what is needed when – as we shall come to across this white paper – but why is it so important? What value does conversational marketing add to e- and m-commerce and what does it look like right now?

## WHERE IN THE CYCLE ARE THEY CHATTING?

Consumers are talking to brands at every stage of the purchase cycle online, although it isn’t necessarily always apparent that they are since the purchase cycle is no longer the relatively linear funnel it once was, now being a drunk spider’s web of discovery, research, assessment, more research, rediscovery, abandoned purchase and so on. If you are lucky, it ends in a sale.

More typically, questions that need to be asked at any stage of the

process go unanswered and the customer lost or pushed back to the beginning of the process.

Not knowing what part of the buying cycle they are at makes the problem of knowing what to say to them hard, but not impossible. The key lies in being responsive to them wherever in the process they are contacting you and using technology to understand how best to answer that question – with a person, a chatbot or other tools at your disposal.

Understanding what they are asking and where in the process they are asking it also determines what sort of 'answer' you give them: can it be a simple FAQ, is it something that requires an expert, is it a complaint, or is it something that could be used to secure a sale or an up-sell?

### WHAT CHANNELS DO THEY USE?

The tricky part is that consumers now have so many channels at their disposal through which to contact you – and they are using them all. And they aren't just in contact: they are also talking about you, often asking each other about things to do with your brand. So, where are they?

- **YOUR SITE** – the first port of call online is likely to be your website; although the process isn't really linear, they are also using the other platforms detailed below, often simultaneously. Assuming, however, that they have been pushed to your site by one of the other channels or your own marketing, one of the main areas where they will be talking to you is your site.

Back in the day, it was accepted practice to have a 'Contact Us' page on the site, often with a phone number, email address and a postal address. This is no longer acceptable in the age of conversational marketing.

In reality, every ecommerce site should include the ability to offer instant message – to a live agent or a chatbot – or at the very least a connection to FAQs at every point of the process. Wherever they are on your site they need to be able to ask you things.

Here tools such as Instant Messaging (IM) tools are gaining ground as they offer the ability to 'live chat' with an agent (or a bot!) to ask questions and learn more. This adds a whole new layer to on-site customer experience as it combines the use of bots to answer FAQs, agents to handle other more complex enquiries or experts to take on really gnarly problems, or to offer that extra bit of expertise, providing an authentic experience.

These tools are the closest thing an online retailer has to the in-store expertise of a sales colleague on the shop floor. As in the earlier wine buying example, IM could connect the shopper a white wine expert if they are asking about a particular wine or wine for a specific meal. If they just want to know the price or its country of origin, a bot can probably deal with it.

How you enable this is at the heart of what this white paper is about, but for now be aware that your website is a primary point of contact for consumers these days – even when they are out and about and doing it on mobile, so make sure it works across all devices.

- **SOCIAL MEDIA** – Social media has revolutionised how businesses and consumers interact. The channel is awash with people talking about brands and retailers, goods that they have seen and want to buy and more. In fact, it is starting to become an ecommerce platform in its own right with brands such as M&S among others using Instagram to not only promote their goods, but also allow shoppers to buy them from those posts.

From a conversational marketing point of view, social media channels are going to become ever-more important as they lead to direct sales, but for now they are already a consumer conversation channel in myriad ways.

As said, consumers already use social media channels to talk about brands and retailers and share things they have seen that they want to buy, have bought or thing their friends might like to buy.

Amazon has a simple 'share' button on all its entries allowing users to share what they have seen via email, SMS, WhatsApp, Facebook, Twitter and many other social channels with their friends and family. It even uses it as the basis of building wish-lists and more.

However, this is just one small part of the role of social media as a consumer connection channel. Increasingly, consumers are using both the public and private direct messaging (DM) functions of social media sites to talk to brands. And retailers are starting to reciprocate.

In many cases, shoppers are using social message to complain (and occasionally compliment) retailers on something they have done. This very public 'flaming' can do enormous brand damage, but handled well – rapidly and also on social and often publicly, this can be turned into a triumph. Handle a complaint well, and everyone sees.

Aside from complaints and compliments, the ever-more discerning shopper is using social to ask, generally, questions about goods and services: "Does this come in green?"; "what does it look like on?"; "Will this work with my computer?".

These sorts of social questions can be handled by the group, but to take charge of the conversation – which is often in your brand's best interest – many customer service functions are turning to social media to get in on the conversation. The really clever ones are using it to start the conversation and using the channel to get people talking about and sharing their wares, recruiting brand advocates and finding experts. Some even use it to generate marketing content.

- **MESSAGING PLATFORMS** – The (relatively) new kid on the block are messaging platforms such as WhatsApp, iMessage, WeChat, Facebook Messenger and, of course, SMS. Allied to social media, many users at the younger end of the scale use these platforms – especially Messenger, WhatsApp and WeChat – as quasi-social media sites where they are interacting as a group and messaging individually.

Here too, consumers are using these channels to interact with brands and retailers and they have become so popular that radio 'phone ins' and even TV shows that encourage audience participation are increasingly promoting WhatsApp and Facebook Messenger as interaction channels, along with SMS and iMessage.

In China, WeChat is already well established with 600 million users – many of whom use these channels to not only interact with brands but to buy from them too. WeChat in China features a built in payment service so that people using WeChat can not only interact with brands and retailers, but also purchase from them too. In fact, according to Mastercard, 70% of Chinese shoppers complete on a mobile<sup>2</sup>.

From a conversational marketing point of view, messaging platforms offer a perfect combination of immediacy and chat ability of IM built into the website, with being in the place where the consumers are going about their own business. Let's not forget, onsite IM means they have come to you; using messaging platforms takes you to them.

- **VOICE DEVICES** – There are currently some 45 million voice activated devices in people's homes worldwide<sup>3</sup>. Largely consisting of ones running Amazon's Alexa and Google's Home devices, the sector is set to grow, with Apple recently entering the market with its HomePod and ever music streaming service Spotify rumoured to be launching its own smart speaker, web-enabled device in the coming months. Others are bound to follow.

Mobile phone users are also increasingly starting to use the voice control tools built into their devices. iOS users already have access to Siri, Google rolling out its home technology to Android devices and anyone with a Windows phone using Cortana.



Between them, these smart home devices and Siri et al are making voice a tool that consumers are readily turning to when interacting with the web – and as such voice is set to be an important part of the conversational marketing palette of services.

Now, when it comes to someone talking to a brand using their voice we appear to be back to the golden age of call centres and voice calls: after all, what does it matter through which device the caller is calling?

But because it is an internet/mobile phenomenon there are some aspects of it that are important to bear in mind.

For starters, the 'call' is going to cover anything from a simple FAQ right through to the high end and is going to arrive at your 'door' not only via the web, but through either your website or a 'skill' – an app for these home devices – and so can be handled in any number of ways.

Let's step back and look at, essentially, how they work. Take Amazon's Alexa: Alexa lives in the internet and is a complex AI-based set of speech and language recognition and processing tools. The user asks 'Alexa' something on their device at home. The device 'understands' what that is at a basic level – "Add milk to my shopping list" will be understood that you need to route that to Alexa to understand to then route to Tesco, say.

Alexa will then receive this voice file, parse it – break it down into its bits – and understand its meaning and translate that into an action. In this case that would be to tell Tesco that your app needs to have milk added to your shopping list.

This is where it gets really complicated – and where it has implications for conversational marketing – the Tesco server gets a data feed from Alexa as if it had been typed in, it then makes sense of it by looking at what, in your list, "milk" means. If you usually order a big 4 litre semi-skimmed that is probably what it will add.

When it comes to voice commerce, questions asked of Alexa or Siri will be 'digitised' and sent to your site... here you have to have the tech in place to know what to do with that. If it proves to be a simple FAQ you can get a bot to respond – back to Alexa that then converts that into a sound file which then sends it back to the smart device which tells you the answer in its own dulcet tones.

But what if it's a really tricky question that then needs to be routed to an agent or an expert? How is that going to be handled and delivered?

These are questions yet to be answered, but ones which will need an answer as this will soon be a major way in which consumers literally talk to brands.

## WHAT ARE THEY ASKING?

Consumers have many channels through which to interact with retailers and brands and they can do so at any point in their customer journey – but what are they asking?

While that is like asking "how long is a bit of string?", there are some aspects of what they are increasingly asking through these channels that makes the area of conversational marketing – and the technology behind it – increasingly fascinating.

The types of questions being asked can be broken down as follows – but it is worth noting that often a query could follow a process starting with a basic FAQ about a product, but could be turned into a sale or up-sale, or more by passing it through to agents or product experts. So, while we take a look at what sorts of things your business may be being asked via all these channels, it will become apparent how they don't operate in isolation, as we shall see later in the report.

- **THE BASICS** – Many of the things that consumers are going to ask, regardless of channel or where they are in the purchase journey, are going to be basic questions – many of them FAQs – and many of them the same. It will vary from business to business as to what these are, but you will have a good

grasp already of what these questions are and will have the answers ready. Looking at how to get these answered and how to use them to encourage a sale, however, is another matter.

These 'basics' will cover basic stock availability queries – size, colour, how many and location of stock etc – and specific and readily answered questions about price and functionality.

FAQ lists should already be a massive part of your customer service offering, as well as how to turn some into sales. Your agents and/or marketing team will already be handling much of this. The next step is to automate it and add chatbots – and how to do that we shall come to in later sections of this report.

Upselling from this probably requires human intervention as the bot technology doesn't yet exist to make intelligent decisions and converse at that level – although it is coming.

- **THE LAST RESORT** – Many of the non-basic and FAQ question interactions you are going to face are going to come from people who have tried all the existing means of getting their question answered and have ended up with no answer. This is where it becomes more interesting and more challenging. Having been through the system to get their question answered and coming up blank not only means that you really need to help them, but that there is a good chance that they won't be in a good mood.

This could be direct management of their order or their account, for example my account, my banking, my order, or for non-routine queries, such as "there's no form on the website for this odd request", or something unique and on-brand – expertise about wide-fitting ice-climbing boots for a high-alpine tour in Switzerland, say.

Here it may not be best to keep trying to automate the answering process and automatically reroute to an agent or even an expert that can draw not just on the script, but also on their own experience and in depth knowledge.

- **THE NOT SIMILAR** – An important aspect of support is to help customers decide between things that are either not similar – "should I prioritise battery life OR the camera if I can't have both?" – or which require a personal discussion – "will these straighteners work with my frizzy hair?".

These are subjective questions that are hard for a machine – even with today's AI – to answer and often require more than just a scripted human agent too. Here consumers are also likely to have come through as a 'last resort' (See above) having tried to Google and social media their way to an answer. They have arrived at you because they need help.

Routing to an expert here is almost the only way to properly and satisfactorily handle the query.

It could be that this is an opportunity to route to a product specific agent in the customer services team, or to utilise experts. Either way, these are the questions that need answering and are likely in many cases to lead to a sale.

- **THE EXPERT TOUCH** – As we have seen from handling subjective questions, experts increasingly play a vital role in the customer service function in the conversational marketing world. While experts are inherently vital for handling the 'not similar' quandary, they can also play a much more important role in turning interactions with the brand into sales.

This is sort of analogous to the world of the real shop, especially in the 'good old days' of product specific emporia where the shopkeeper knew all their customers and knew all their products.

Here, on tap, distributed experts in the customer service function can bring this level of service to the internet and can not only handle the kind of left-field questions that stump the bots, but can use their answering of that to recommend and endorse and hopefully sell and upsell.



In the internet age – and tapping into the gig economy – this can be done by a team of experts spread literally all around the world, many with other full time jobs, who are independent but passionate. This allows expert service to be delivered and sales made – or customers kept – day and night on any channel.

### SETTING THE BAR HIGH

---

It is important to note that retailers are themselves setting a high bar as a result of brand-led, credible content marketing. Consider the cycling apparel brand Rapha and the lengthy articles on their site about their passionate knowledge and engagement with racing and light ‘bike packing’. This sets a high expectation that the brand’s other interfaces – social, phone, stores – will support that combination of personality, passion and expertise.

Part of the key to handling this is to keep that conversation going across all these channels at the same high standard and that means using automated FAQ handling technology, real live agents and a range of experts to handle them across all channels.

And you have to do this 24 hours a day, seven days a week, all year.

Linking all these pieces together and managing how they work is only part of the challenge. Knowing when to switch from one method to the next at the optimum moment and getting it right first time is crucial. Getting it wrong, in this always connected, always engaging era is not an option and your brand and your sales will live or die by how you do this.

### BENEFITS TO RETAILERS

---

As we have seen, the modern-day consumer is better equipped and more demanding than ever. It is now essential to engage, convert and retain them – and hit key KPIs of customer lifetime value, satisfaction rate, and brand authenticity – and given six out of 10 most used apps are messaging apps, it is essential brands are reaching their customers on their true channel of choice.

Once a brand has connected to an online visitor or customer it is then important to provide them with the most authentic advice possible at the level they need it: from a simple FAQ being answered through to the use of savvy, independent experts, this has to be done 24/7.

In an age when it’s hard to beat Amazon on price, the key to differentiator for any retailer is providing a special customer experience, replicating everything people love about shopping in store, only online. Retailers are facing constant competition from big players such as Amazon and ASOS and are struggling to remain relevant amidst difficult trading conditions. They know that to differentiate they need to offer a superior quality of service and be the destination. Personalisation has been seen as holding the key by many. But nothing beats speaking to a human.

And customer service – but treated more as a customer engagement tool – holds the key. It answers the current demands of consumers for personalisation and an ultra-engaged relationship with brands, but it also brings about a range of other benefits for retailers.

Through sophisticated business rules allocation, you can identify your most valuable customers, those most likely to buy and displaying buying signals – so you can ensure you don’t lose the sale. Providing authentic conversations improves brand identity. Meaningful, conversational approaches are crucial to developing relationships with customers. ■

---

#### References

<sup>1</sup> <https://www.iadvize.com/blog/en/en-conversion-rate-optimisation-live-chat/>

<sup>2</sup> <https://newsroom.mastercard.com/press-releases/smartphone-shopping-trend-sweeps-asiapacific-region-mastercard-online-shopping-survey/>

<sup>3</sup> <https://www.cirpllc.com>

# DELIVERING CONVERSATIONAL MARKETING

At a small scale it's feasible to believe that all staff are passionate, expert and delight in chatting with customers - to the benefit of sales, advocacy and profit. However, when there are tens of thousands of staff spread across multiple locations - some in stores, some in offices running the online business, some in warehouses or on the road - it becomes more difficult to coordinate, manage and assess the interactions they are having.

As more consumers chase an ever-more engaged relationship with a retailer or brand, there is the added complexity of there being multiple channels through which these interactions can occur.

Furthermore, for new staff, the need to be trained and supported to reach full effectiveness is another complication that can make delivering on the promise of conversational marketing harder still.

So how does a retailer or retail brand prepare itself to fully benefit from conversational marketing - what is needed in terms of skills, scope and business processes to be able to effectively tune into your customers wherever they are, on whatever channel and device at the moment they need you?

## LISTENING: HEAR WHAT YOUR CUSTOMERS SAY

---

The best way to know what your customers and prospects want from you is to listen. Now, by 'listen' what we actually mean is to watch: watch what they are doing on your site, what they are saying to you through messaging channels and what they are saying about you on social media.

Keeping track of these things requires a deep understanding of the analytics of what is going on across all these parameters and having the ability to pull it all together to create at once a whole view of how consumers are viewing you and a highly granular view of the different views they are expressing.

The things you need to listen to include:

- **SITE METRICS** - Looking closely at how visitors on a retailer or brand website behave is the one huge advantage ecommerce operators have over any other form of retail: the data that is sloughed off as they move around the web tells a deep story of each and every customer.

When looking to understand what customers are doing - and particularly to identify where they are going to be stopping to ask questions or seek help, as well as to show you where you might need to leap in and intervene - website data is a treasure trove. You can track all movements of each shopper individually (or you can get AI to do it for you, but someone has to analyse the data in the end) and see where they pause, where you lose them, or start to get an idea of why they abandon their carts at checkout.

This data not only lets you see where you can offer them help and even indicate what sort of help you need to offer, but it also provides you with the ability to see that they moved about your online store, where they hovered and where they left. This is not only useful for developing your reactive customer service, but can also be put to use with marketing to reach out to them.

This isn't 'customer service' in the old traditional way, but it can be useful. Reaching out to someone that abandoned their cart, say, right at the point of checkout is standard online marketing procedure. However, rather than just trying to sell them what they abandoned – perhaps even at a discount – a customer service led re-engagement can talk to them and inspire them to return and buy and become that thing of beauty, a loyal repeat customer.

- **COMMS CHANNELS** – The other place to listen is your own channels. Where are shoppers stopping and clicking on help buttons, or firing up IM chat? What sorts of things are they emailing you, sending to you via the post (yes, people do still do that) or ringing up to complain about? Understanding the pain points won't just enhance your customer service function, but will also help you run your business better, offering the things that customers want and need, while being able to talk to them knowledgeably.

Understanding what your own in-bound channels are telling you will help shape what sorts of customer service technologies you need and how best to deploy them. They will give you a clear view of what the FAQs are (and bear in mind that over time these may change, so you have to be changing too), what areas need assistance from an agent and where an expert, third party or social media influencer or blogger can help out.
- **MARCOMMS RESPONSE** – Looking at the metrics around marcomms shots is also vital. This will show you not just how effective or not your marcomms are, but will help you shape your marcomms database into segments categorised by the different behaviours of your customers.

While this is really useful for marketing, it also has benefits for customer service as it will help the business understand who it is dealing with, what segments have issues or questions with what parts of the process and, most importantly of all, how to talk to them.

You may be a brand with a product that is liked by both younger and older groups – Converse shoes springs to mind: loved by Yummy Mummies and teen 'Grungers', two very disparate groups. How the brand talks to each is different and they will each have different needs. The marketing department will know better than anyone who these people are and how they liked to be handled.

Marcomms will also throw up questions from would-be purchasers and this sort of response should be valued as a way of shaping customer service approaches.
- **MESSAGING CHANNELS** – Naturally, any retailer or brand has to look at and understand all messages it is receiving on any of its messaging channels. Most customer interaction is going to come through either IM on your site, email, SMS, third party IM like iMessage or a messaging app such as WhatsApp or Facebook Messenger.

These interactions are the lifeblood of shaping your customer service response and their content, time, location, device and platform needs to be logged and correlated to build as accurate a picture of each interaction as possible.

Knowing the who, what, why and when of each interaction will be what fundamentally informs the types of customer service architectures you put in place. It will tell you the kind of questions and volume that needs to be handled by chatbots, what needs to be passed to an agent and what needs an expert.

While marcomms, comms channels and site metrics can give you some insights, messages are going to give you the clearest, most

representative vision of what consumers are saying to the retailer or brand, why, where and how – and this is what will shape your whole engagement strategy going forwards.

- **SOCIAL MEDIA** – Similarly, social media offers a similar insight. While the DM functions of social feed into messaging as outlined above, the public chat about a brand or retailer on social media platforms provides yet another level of insight into what consumers want from you.

Listening to what shoppers are saying to each other about you is perhaps the clearest way to pick up on all the things you haven't learned about your business from the content of the messages received directly.

And it isn't just gripes and complaints: social media is full of brand experts and brand advocates – people who truly love your brand and products, and who will talk avidly about you.

Listening to what they are saying – and the responses they get – will teach you a lot about your business and help you reach out with messaging that talks to these people and the people they talk to in the kinds of way they like to be talked to.

Social media advocates also provide a rich seam of 'experts' that you can tap into to help handle detailed customer enquiries – not only offering great advice and helping the brand deliver the kind of experience that it wants to deliver, but also doing it with the halo of it being a third party – often deeply trusted – doing it for the brand.

#### DATA AND PERFORMANCE: KNOWING WHAT'S WINNING

---

With all customer service and IT resources, monitoring, measuring, testing and improving approaches so as to support continuous improvement are essential. Personalisation is the theme du jour for consumers today, but what that means will shift and change over the months and years – and the only way to stay on top of it is to understand what is going on across your customer service function.

Monitoring, measuring and testing are also vital to the continual fine-tuning of your process, chatbots, FAQs, agent training and what kind of experts you need. It is also the bedrock of how you cascade call handling from the basic through to the expert depending on the customer query.

Monitoring and measuring also give you the feedback you need on how it is all working – and allows you to make it work better. This requires recording all aspects of where consumers are contacting a business: calls must be recorded, IMs must be logged and all other messaging channels monitored.

The data that this produces must then be analysed and pieced together to tell the on-going story of what is happening in your contact channels – including monitoring social media.

This then must be correlated against sales, cart abandonment, click throughs and return visits. It also has to be pitched against what is being said on social media about your business – which feeds back into where you listen as outlined above.

Understanding what you do and what impact it has then has to be tested – by maybe A/B testing the ways that questions and queries are handled and seeing what performs best – to see how it goes. And this isn't a once in a while task: it is constant and it is what shapes how you build and deploy your engagement and customer handling functionality as outlined in the next chapter. ■

# THE ARCHITECTURE FOR SUCCESS

We are now very much into the fourth generation of customer contact – having moved on from pop-ups, through proactive live chat and multiple channels, to where ‘content’ is the key to engagement.

We have seen how engaging consumers on a personalised level, with expert advice and ‘what they need, when they need it’ is melding the customer service and the marketing functions into an engagement process that not only satisfies what the consumers want, but also gives them more: more content, more help, more information. All this helps keep customers loyal.

But how do you make it work? What is the architecture of a successful conversational marketing deployment for a typical retailer? Before we look at how real-world retailers rate how they interact with consumers and look at some case studies of what this can achieve in practice, let’s take a look at how to make it work across a business.

## SCOPE: TAKING IT ‘CROSS-BUSINESS’

This new approach to consumer engagement, rather than customer service, offers the potential for huge business benefits. However, it does require a more holistic view across the business and, moreover, giving those within it that engage with consumers and the systems they use a more holistic view. This means that anyone who interacts with consumers – and the systems they use – can ‘see’ and manage all customer-impacting operations: stock, orders, marketing, PR, policies, local(ised) activity, CRM and segmentation, escalation and resolution.

In fact, it means making the whole business essentially ‘customer facing’ in the sense that the customer is now the central pillar of business functions across the board. The IT department may not actually talk to the customers, but their whole *raison d’être* is to ensure that customers get the best experience and the engagement they require across all channels.

This is the central tenet of the move to personalisation in marketing and it is what is also driving how businesses engage with consumers. To do this, retailers need to join all these activities across all channels and all locations, product categories and the teams of people that manage and drive all those categories and channels.

To make this work, commercial leaders need to drive at board level interoperability between systems across the company and inculcate an attitude of ‘customer first and last and always’ to drive out the more traditional siloed approach to ecommerce, marketing, CRM, sales and IT.

In the digital world, these functions all need to work together, each driving the others and all feeding back into the core. For some retailers this may mean a rewiring of not only their technology, but their business systems as well.

Simply adding chatbots or using a third-party call centre won’t cut it: the use of internal expertise is essential, but so is bringing in external third-party brains to give expert views. This is essential as, in the internet age, shoppers want personalised engagement through the channel of their choosing right when they choose to want it – and that means anytime of the day or night.

## THIRD PARTY EXPERTS: THE BRAINS BEYOND

The cornerstone of servicing customers at this level – so fourth generation of ‘content’ led contact – relies on experts. While bots and AI can help to answer some of the more basic FAQs and customer service agents can handle many of the other mundane calls that come in – “where is my confirmation email?”; “why hasn’t my ordered arrived yet?” – many retailers are starting to realise that they need to offer a much deeper and more rich experience around their products and services.

They need to offer up experts that can offer advice, answer questions and, increasingly, offer inspiration. And this means that the reliance on external ‘third party’ experts is becoming more pressing.

For many, 'third party' in a customer contact context conjures up images of third party call centres in India: not any more. Today, to bring together all the aspects of the business and to offer the expert engagement that shoppers demand means turning to providers that can help manage the use of external experts.

Often sourced from the social media influencer crowd or through special agencies that can find, train and manage such experts, the new generation of third-party agents are experts that have been likened to the trump card in the card game of customer acquisition.

Savvy, independent experts are now being called upon to provide authentic advice in real time, sharing product in-depth knowledge and experiences. This peer to peer engagement ensures that the online customer journey is now made up of engaging and rich conversations at the exactly the right moment. These independent experts who boost the customer experience, are at the heart of an economic paradigm shift. They show the importance we give to our peers' opinion and their availability corresponds to the behaviour of our hyper connected, omni-channel purchase journeys: during the week, at evenings and during the weekend.

Brands collaborating with an independent pool of experts means establishing a relationship of trust as with any other service provider. According to Authentic 100, the annual Cohn & Wolfe index<sup>1</sup>, only 7% of those surveyed in the UK describe brands as "open and honest". However, nearly 9 out of 10 consumers are willing to take action to reward a brand for its authenticity, including 52% who would recommend the brand to others and 49% who would pledge loyalty to the brand.

Online visitors don't want to be sold products, they want to be advised to buy the product or service most adapted to their needs. Also, they feel more confident when speaking with their peers. That's also the reason why interacting with an independent expert online is so efficient: while customer service agents convert an average 13% of visitors, 21% of those who interact with a paid savvy enthusiast finalise their order.

With a savvy enthusiast, authentic and independent from the brand, a visitor can ask advanced questions about a common passion and have a more complex exchange about the products experts have already tested. That's why about 92.1% of online visitors advised by an expert are satisfied by their interactions<sup>2</sup>.

Working with an independent salesforce proves itself to be a winning strategy for both the brand and its visitors.

The visitors receive authentic advice relevant to their needs, whilst the brand benefits from an increase in turnover: the average basket spend of a visitor finalising an order after a conversation with a paid enthusiast is £133 while it is £105 after a chat with a traditional customer advisor.

### INTEGRATION: ALL TOGETHER NOW

---

Technically, making this all work together is not straightforward – what is with IT and marketing tech? – but it isn't an Orange Juice job requiring retailers to 'rip it up and start again' with their tech stacks.

Instead, retailers need to look at how best to integrate what they have and where they can apply tools such as machine learning and AI to help pull together what they already have.

Really, it is a data integration job. In marketing, the move to personalisation – which conversational marketing is a key plank thereof – the shift to using all available channel data and applying it to a customer is taking shape.

The idea is a bit like an old-fashioned Stasi filing system: you have the customer and you file all the data you have on them around that customer. You can then market accordingly.

Of course, this individually 'segment of one' nirvana isn't here yet, but it is coming along. In short, you should be making your marketing – if not your whole business – customer centric and this will also apply to how you converse with them.

While a retailer needs to pull together its technology stacks to offer this single view of the customer internally, it also needs to be able to push out that data and that view to experts outside the company.

This is why just using social media influencers isn't the only way to leverage experts. Increasingly, it becomes essential to pull together these experts in a way where they can use their knowledge and the retailer's knowledge to really help and inform.

Working together – through, ideally, a third-party that manages your experts – external experts and a retailer's database can be a powerful combination.



This is why working with a third-party pool of experts is attractive: they have a system, you have a system, you plug them together – usually thanks to an API developed and maintained by the third-party expert management business.

This can take much of the external headache away from building a pool of experts that can really lift the engagement potential of your business. It takes away the problems of finding, managing and timing the experts, while allowing for inter-management of the data sent to them.

The downside is often seen as perhaps ceding control to someone else of the vital part of your marketing strategy with all the inherent brand damage that that can do. In reality, this isn't such an issue. A competent and well regarded third party expert provider will have its own reputation to think of and will make sure that your brand is protected – or they don't have a business.

### GOING WITH THE FLOW

So, what is the culmination of this process? With a move towards engagement with consumers not as a customer service function and not as a marcomms one either, but as something new, something that engages, markets, converts and retains all as and when it suits the customer, the concept of conversational marketing is clear.

But there is one last step that can make it truly sing.

With the data and understanding gleaned from endless and multiple interactions with endless thousands of consumers, shoppers and customers, a retail business can start to pick up a detailed picture of the how the calls ebb and flow, who calls about what and how then to handle them.

This intelligence can also be applied to looking at how to cascade interactions to extract the most long-term value from the consumer based on what they want.

The principle is simple: a flow through the available channels, understanding who the caller is and what they are after at each stage and moving them, seamlessly, through the available channels.

So, it starts with IVR and bots to handle all the real basics and simple FAQs that need no human intervention. If it is more complex, then it has to be handed off to an agent – ideally automatically, or at the behest of the consumer. In a live chat environment this can be done easily, the bots get out of their depth and the conversation is seamlessly re-routed to a human.

Where it gets clever is then passing the call or interaction on to an expert when that is needed. Sensing that the customer is high value – from what they are looking at online through to what they have bought in the past – can expedite this process, allowing the 'system' to understand the value of that customer instantly to the retailer and so passing them straight to an expert.

This can yield impressive results with almost a third converting to sales once handled as a VIP by an expert in some instances<sup>3</sup>. Understanding who customers are and where they are in the process and what value they are likely to have is key to moving to the right place to answer their question.

Equally, it is about giving exceptional service. Yes, cascade VIPs to the expert level when they are hovering around a high value item (again!) on your website, but equally, if they have a simple quick question give them a simple quick answer – they won't want an expert in food mixers and the making of Italian artisan bread to get all tongue-tied trying to find out where the customer's email confirmation for the most recent order is.

It truly is about horses for courses: ultimately it is about making sure that the 'caller' gets put through to where they can be most readily and best engaged at that moment. Doing this is an art and a science. It needs careful planning and insight and it needs partners that can make it work. But above all it needs to happen. The personalisation revolution is here. Consumers now expect fourth generation engagement with retailers and brands and they have to be there to give it to them through this heady mix of technology, people, data and channels. ■

---

#### References

<sup>1</sup> <http://authentic100.com>

<sup>2</sup> <https://www.iadvize.com/en/ibbu/>

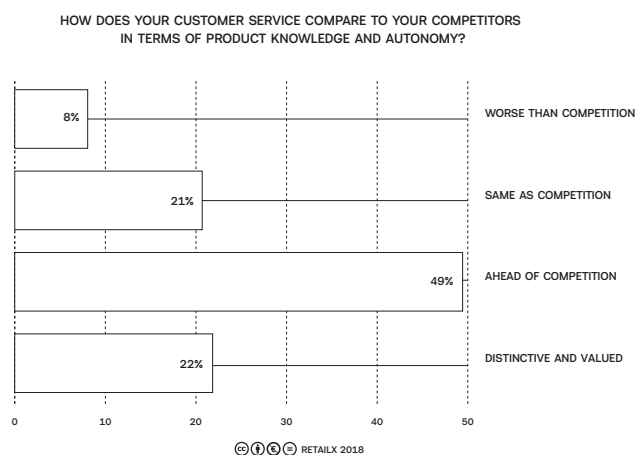
<sup>3</sup> <https://www.iadvize.com/blog/en/house-of-fraser-success-story-video/>

## SURVEY RESULTS

# SURVEY RESULTS & CASE STUDIES

As part of our research into conversational marketing we asked the *InternetRetailing Top500* retailer database their thoughts on the role of conversational marketing, where they are in terms of delivering it and how it ties in with their customer service/experience functions.

## HOW DOES YOUR CUSTOMER SERVICE COMPARE TO YOUR COMPETITORS IN TERMS OF PRODUCT KNOWLEDGE AND AUTONOMY?



Interestingly, half (49%) of respondents believe that their customer service levels are ahead of the competition, a further 22% believing that theirs is distinctive and valued, a similar level believe that they are on a par with their competitors. Just 8% believe that they are lagging behind. So that's all fine and we don't need to do anything? Wrong. What this tells us is that internally, the majority of retailers believe that they are doing ok with their customer service – some that they are way ahead. But customer service has evolved. It is no longer just answering simple questions when they come in, it is about creating an on-going relationship with customers through all contact channels and most business functions. With this in mind, the survey also suggests that, with fewer than a quarter offering what they believe to be 'distinctive and valued customer service' there is still much work to be done in this area – especially as user demands are only going to increase. No one can stand still.

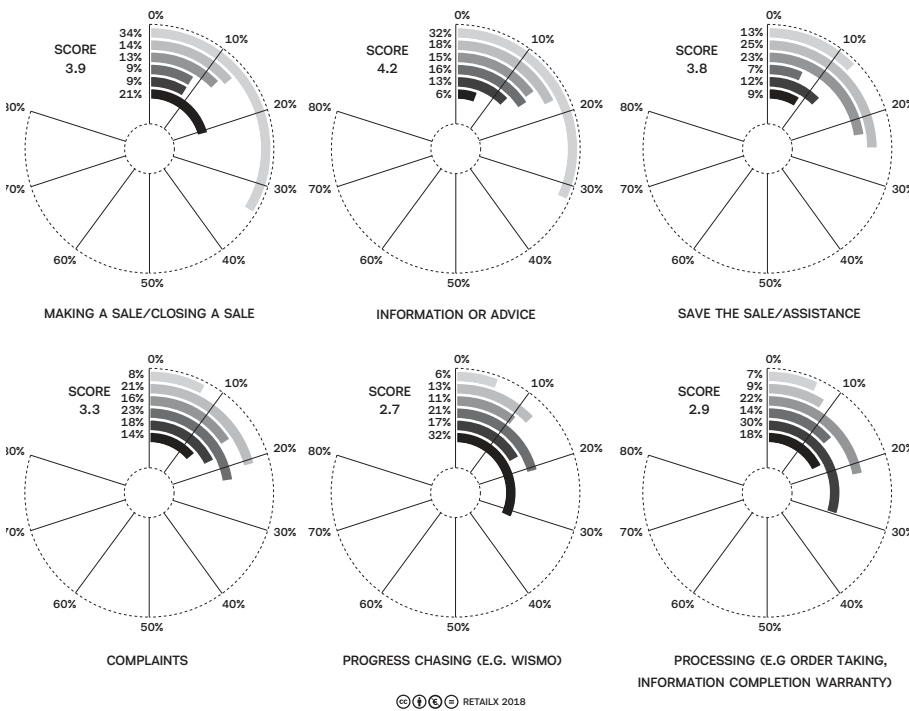
## WHAT IS THE PRIMARY PURPOSE OF CUSTOMER SERVICE IN YOUR ORGANISATION?

There is a pretty even spread across the data of what role customer services plays in today's retail environment. Since the question allowed multiple answers, we can broadly conclude that all these things play some role in the customer service function. Drilling down into the data we see from the percentages on each weighting where the real uses predominantly lie. Making and closing sales, while not the overall 'winner', does see a fifth of retailers rating it as very important, however, to another third it is not important at all. Information and advice score highly across the lower weightings, meaning that while logging the highest score, it is actually not the most important attribute, logging its results in the 1 to 4 range. What can be inferred from the data is that Progress Chasing is in fact the area that garners the most importance to businesses using their customer service. However, since there is a large amount of ranking across several areas, it is also deduced that, actually, all these areas are important to retailers in their customer experience function. Moreover, brands are focusing on the bigger brand piece, ensuring that their customer experience offering enables them to stand out from the crowd, so they are the digital destination of choice'. For example, Nike uses a community of

## SURVEY RESULTS

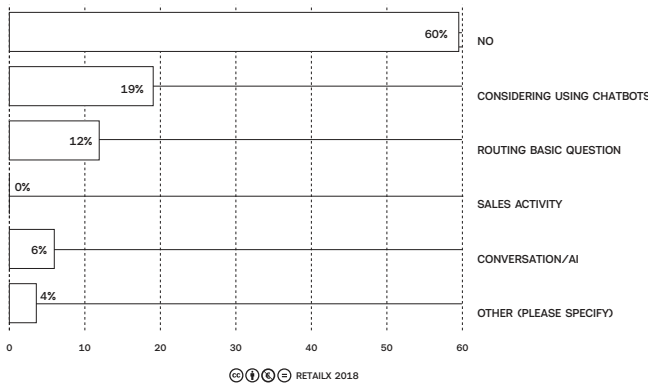
experts to offer advice and insight and to 'chat' about related sports subjects, something that is also being encouraged at JD Sports. This turns 'customer service' into customer experience and becomes part of the life-time marketing and engagement model, rather than simple customer service in the customer life-cycle.

WHAT IS THE PRIMARY PURPOSE OF CUSTOMER SERVICE IN YOUR ORGANISATION?



## ARE YOU USING CHATBOTS?

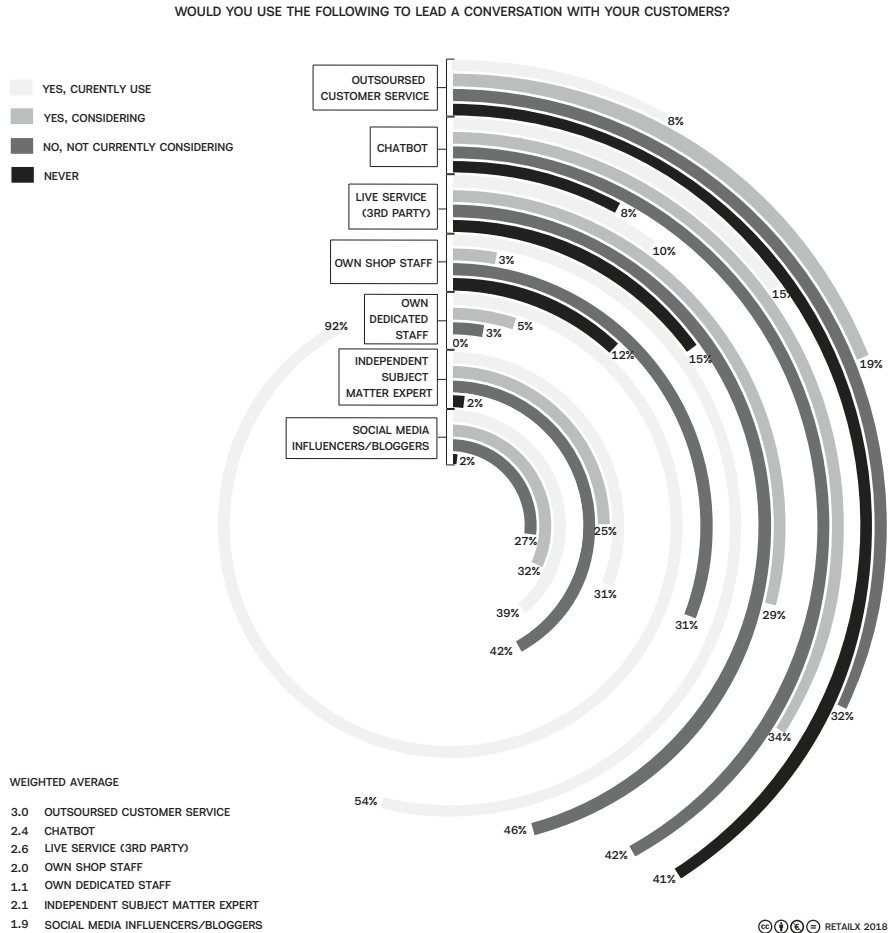
ARE YOU USING CHATBOTS?



A simple question with a simple answer: largely no. Just shy of 60% (59.5%) are not using them, but 20% are considering using them and a small, but significant, 20% are using them already – mostly for routing basic questions, but some (5%) for basic AI powered conversations. While it isn't a surprise that so many aren't using them, it is interesting that a significant fifth are, some for some really quite high powered AI-based conversations. Well done. The use of chatbots to handle and route basic questions is in itself quite cutting edge and, as the modern mix of customer service rests on working out how to handle contact from consumers, this is an encouraging insight into how many retailers already get it.

SURVEY RESULTS

WOULD YOU USE THE FOLLOWING TO LEAD A CONVERSATION WITH YOUR CUSTOMERS?

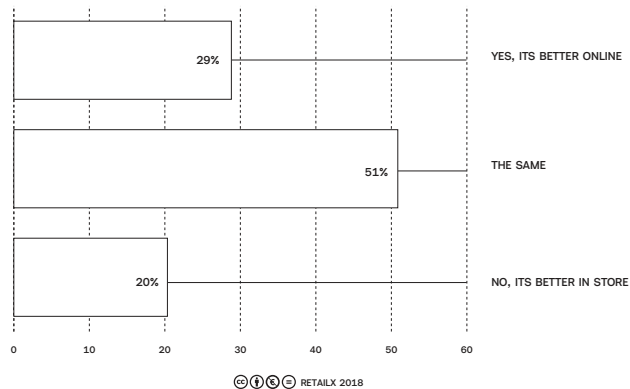


The vast majority of retailers are, as you might expect, using and are considering using their own in-house, dedicated staff to talk to their customers – and this would have to be the right strategy. With more than 90% of companies already doing this shows that this is the tried and trusted method. But aside from this ‘front line’ of in house expertise, there are some interesting new approaches coming up on the wings. While outsourcing customer service gets a resounding no (73% never using it nor considering doing so) shows that the days of call centre farms in India and Newcastle are hopefully coming to an end, something needs to take their place – but what? As consumers become more engaged, in-house customer service is going to be stretched. Those already facing this problem are considering a number of options, the data tells us: a third are actively considering chatbots, while another third are considering using social media influencers and bloggers. Chatbots, as we have seen, as yet to be deployed widely, but are clearly of interest. Social media influencers are already popular with 40% of retailers and more looking likely to be adding them in. This paints the interesting picture that retailers are seeing the sense in having a multi-layered approach to customer experience: chatbots to handle call and query routing, in-house staff to lead conversations, then a pool of experts culled from the general public on social media to help out. This reflects the strategic approach outlined in this report. It also paves the way for the deployment of independent experts to augment the role of social media influencers and to effectively bring in-house a range of product and subject experts that can build on the influencer play with real in-depth product knowledge and expertise. With customer service now morphing into business-wide customer experience, independent experts are going to be an essential part of the mix.

## SURVEY RESULTS

### DO YOU PROVIDE THE SAME LEVEL OF CUSTOMER EXPERIENCE ONLINE AS YOU DO IN STORE?

DO YOU PROVIDE THE SAME LEVEL OF CUSTOMER EXPERIENCE ONLINE AS YOU DO IN STORE?



A resounding 50% of respondents do feel that they currently reflect the levels of customer experience online as they do in store, which is heartening as, while online offers many gains in convenience, speed and choice, it does lack the human touch and ability to stop someone and ask them questions at any point in the in-store journey. A third (29%), however, feel that they offer a better experience online than they do in-store, while a fifth think their in-store customer service is better. The aim in this omni-channel world is to make them all equally good and seamless across all channels.

### HOW DO YOU ASSESS THE EFFECTIVENESS OF CUSTOMER CONTACT CHANNELS?

When asked how they measure the effectiveness of their customer contact channels in subjective terms (not scored), the vast majority of retailers carry out spot surveys online and in-store. Many others are guided by metrics from their site, using engagement figures, sales metrics and even reviews as their main means of understanding how they are doing. In fact, the use of simple web metrics around dwell times and cart abandonment are used by almost all respondents, be it alone or in conjunction with other forms of measurement. It should also be noted that some retailers who took the survey rely solely on word of mouth within the company.

### WHAT KPIS DO YOU USE TO MEASURE EFFECTIVENESS OF CUSTOMER CONTACT?

The KPIs applied to measure effectiveness also vary widely between the retailers, with many using conversion, others return visits, other SLAs and other metrics. Most use a combination of all these and more. Several retailers, again, don't measure it at all. Interestingly, some focus on looking at the time taken to resolve issues as a means of seeing how effective customer service is. This is great if you view customer service purely as dealing with complaints and problems, however, today's customer services function, as we have seen, revolves around customer engagement and delivering the optimal customer experience – with authentic and heartfelt advice – for online shoppers 24 hours a day, seven days a week. ■

## CASE STUDY

## HOUSE OF FRASER: 90% CUSTOMER SATISFACTION AND BUSINESS EFFICIENCY



House of Fraser is in a unique position: it is a High Street department store, but one that isn't currently under threat of closing its doors. Part of its success is down to an excellent on-line and mobile presence and a keenness to invest in technologies that can augment its business – both in terms of extending brand experience and in making things work better.

Part of this move involves embracing the idea of conversational marketing to deliver a premium experience online.

The move to using conversational commerce had humble beginnings for House of Fraser. When it started looking at the technologies needed to engage consumers in this way, its primary objective was to reduce the volume of emails it received – it also wanted to improve first time resolution and increase customer satisfaction.

"Emails were our lowest performing channel in terms of customer satisfaction, below 70% and so we looked to digital channels to solve this problem," explains Stephen Brennan, Contact Centre Support Services Manager at House of Fraser. "Since implementing real time messaging, customer satisfaction rates have increased to 90%."

As with all retailers, House of Fraser finds increasingly that the touch points of choice among consumers are digital – but that there are many of them. So, part of its strategy to handle customer contact digitally has been to a true choice of channels, but to also work out which of these channels offer the best service.

The answer so far has been to combine live chat and Messenger to boost conversion rates, says Bannon. Previously chat made up some five to ten per cent of the contact share at House of Fraser – making it the second smallest channel after social media. However, last year at peak House of Fraser saw a 41% contact share across chat and social, with social increasing due to the introduction of messenger.

"Messenger has grown phenomenally, it has really taken off, the customers love this and have really adopted this form of communication," confirms Bannon. "When a customer is chatting on the site we see that the average order value is 23% greater than the average across the overall site."

But it is where House of Fraser goes next with this strategy that is most interesting. Bannon's master stroke is to capitalise on this uptake of messenger to start offering the services of an independent pool of experts to not only answer customer queries, but to fully engage them around the products they are looking at and wanting to try.

And Bannon is starting this in beauty, an area ripe for expert tips and assistance as proved by the many YouTube channels dedicated to talking beauty. Beauty is a category that can account for up to 50% of online sales for House of Fraser, says Bannon, and so House of Fraser is looking to maximise this by working with experts who have strong expertise in beauty and are passionate about this topic.

When House of Fraser first started web chat it only had a couple of agents on the team. Now there is an average of 14 agents, but that can peak at up to 20 to 25, depending on the level of activity on the site. House of Fraser aims to deliver a 30 second first response time, and they achieve that in 95% of cases.

And now the retailer has reached an average conversion rate of 29% after a chat conversation, which means it's important to add a chat button to the pages where customers are most active.

"The average order value is currently around £80 and as we look to increase this we want to provide a peer to peer service to put people in touch with individuals who really have the knowledge and authentic advice," he says. "It would be an inefficient proposition to staff internally given the breadth and depth of knowledge and most importantly we think that iAdvize's community of independent experts will add a great premium service to beauty customers and website visitors." ■



## JD SPORTS: EXTENDING THE CONVERSATION FROM FAQs TO EXPERT ADVICE



JD Sports gets a lot of calls from customers – mainly chasing their orders, almost from the moment they make them, but turning that personal contact into something more is increasingly on the retailer's roadmap.

Many of our customers call almost the second they place their order if they don't get a confirmation email immediately, while many others chase their order within hours of making it, says the company. This is a heavy load for the call centre and, especially around Black Friday and Christmas it means we have to hire many more agents to handle the volume. It costs a lot of money – and it would be great if we could turn that person to person engagement into something more valuable at some point.

For this reason, JD Sports is starting to experiment with chatbots and experts to handle the many FAQs and easily answered calls that come in, as well as to try and create other engagements with customers on another lever so that they can start a conversation with them, rather than just handling their problems.

As a rule we try to answer all contacts straightaway, says the company, but we have to rely heavily on call centre staff which is expensive – not least in terms of training agents to handle the peak demand when it happens. Getting the right information to people shouldn't be a problem and some of the calls we routinely get we can handle with chatbots, even through live messaging. This is a work in progress.

But the retailer wants to be more proactive about engaging consumers. The value of the brand will increasingly be about personalisation and experience, rather than about price, says the company – and so it is reaching out to its social media influencers to engage consumers and talk not just about the products, but around the product.

The brands that JD Sports sells have many influencers already – footballers who can talk about football for example – and the retailer is looking to use more of these people to talk about the game and the gear, as well as offering advice as well to customers about the right kind of, say, football boots to buy a youngster starting out, or someone looking to change up.

But it is also looking for other experts – around for example fashion, beauty and make up – to talk around other areas where the company sells. For female customers, it is important to talk about where our clothes, say, fit into a person's fashion routine. It also helps expand what people think of when they think of JD Sports.

It isn't a simple task, admits JD Sports, but the work is well underway – with the company constantly listening out for social media influencers to recruit as experts to take this philosophy forward.

In the coming years it is also looking at how to employ AI and other technologies to make all its interactions totally personal: knowing what each customer's likes and preferences are, to help offer them what they need and what they want, before they know they want it. ■

## CASE STUDY

**TESCO: PROFITING — LITERALLY — FROM BETTER CUSTOMER ENGAGEMENT**

Tesco has put great emphasis on customer engagement ever since it launched its loyalty scheme with the Clubcard in 1995. These days, some 10 million active households have signed up to Tesco Clubcard and Tesco's is still very much aware of the power of engagement, but knows that it goes beyond just the loyalty card. In customer terms, the supermarket giant also strives to perfect personalisation in how it handles its customers and ranks well for responding quickly to customers' queries and FAQs, as well as coming out top of all supermarkets when it comes to handle Facebook queries.

And it is paying off. When the supermarket announced its half-year profits to 26 August 2017, Tesco explicitly said its focus on the customer experience had helped to lift sales and drive profits.

"The entire Tesco team is focused on serving shoppers a little better every day," says group chief executive Dave Lewis, who was brought in from Unilever to overhaul Tesco. "Prices are more than 6% lower than two years ago, availability and service have never been better and our range is more compelling."

However, to stay competitive in its quest to deliver customer engagement and personalisation, Tesco has had to take some hard calls as well. In June last year, it announced moves to simplify its customer service operations.

From February 2018, it has brought them together into a single expanded contact centre operation in Dundee, where 250 extra staff have been taken on. Its Cardiff centre was then closed. In Dundee this has meant consolidating agents in one place, but also pooling expertise within that call centre, so that an increasing array of customer service questions can be handled – because this is the changing nature of what consumers demand from retailers. Today, customer engagement is something that is valued and which can increase profits, as Tesco has demonstrated.

Jo Causon, CEO of The Institute of Customer Service, backs this up: "The UK continues to see evidence of a high proportion of customers valuing – and being prepared to pay more for – premium service and experiences. However, customers are becoming much more demanding of the experiences and value they receive from organisations and we have reached the point where concentrating on the hygiene factors of customer experience, crucial as they are, is not enough."

According to Causon: "Our own research demonstrates that consistently achieving higher levels of satisfaction than competitors and peers is linked to stronger turnover growth, profit and employee productivity. It means that leaders and Boards have a responsibility to meet short-term business needs, yet also ensure their organisation is able to meet customer needs in the future." ■

**SCOTTISH WATER: AWASH WITH INDUSTRY-LEADING CUSTOMER ENGAGEMENT**

Scottish Water is the fourth largest water supplier in the UK, servicing 2.4 million domestic customers and 160,000 businesses across Scotland. It has a turnover of £1.2 billion and employs nearly 4000 staff.

Servicing so many customers and a water and sewerage system that covers 30,000 square miles is logistical challenge, but it is also a customer engagement challenge too. The Water Industry Commission for Scotland, which regulates water suppliers in Scotland, sets its own exacting customer service and efficiency targets, but since taking over as COO at Scottish Water, Peter Farrer, has brought handling customer engagement to the forefront of the business.

Farrer's thinking is that increasingly consumers have a choice and, at the same time, they increasingly expect a very high level of service and customer engagement from the brands they do business with. In his view the water company is no different.

What does make Farrer's view different is that he wants to combine this exemplary level of customer engagement and service with increasing business efficiency.

"Customer service is fundamental to what we do," he says. "We've shown that, with the right focus, it is possible to drive up both customer service and operational efficiency at the same time."

The water company has taken customer service and engagement seriously for a long time. Nine years ago, it introduced a 'Customer Experience Measure' whereby customers who have dealt with Scottish Water receive a survey asking for their views on their experience. When this started out, it was done every six months to a sample of 1,000 customers. In the last few years, however, the company has significantly expanded this so that any customer interacting with the company receives a survey – sent to them by the same channel as they contacted the organisation through (phone, email, social media). Around a quarter of surveys are completed – meaning that the company receives 1,000 to 1,500 pieces of detailed customer feedback every month.

The company has also intensified what it collects from consumers, right down to rating the individual person they speak to and their knowledge level. This has driven a cultural shift that has seen agents themselves strive to become more expert – helped by there being a leader board on the wall based on the metrics from the surveys.

"Nobody wants to be at the bottom of the league table," says Farrer, "but we don't just use the information for coaching purposes around areas for improvement – we also use it for positive and motivational purposes, such as positive reinforcement when a customer praises an individual or team for great service. It gives us such a rich seam of information. We have recently introduced the Customer Experience Measure for businesses too." ■

# CONCLUSIONS AND KEY LEARNINGS

## CONSUMERS ARE CHANGING

Consumers – of any age – increasingly demand a much more personal level of interaction with the brands they buy from and look up to. They seek engagement across all channels and at any time that they want to engage: increasingly early in the morning and across the evening and late into the night. They are not driven so much by price – although that is important – but more by value for money. And part of that value is what they then get from the brands and retailers that they touch. This means that they are looking for personal engagement, real-time responses to their questions and offering them inspiration. They also trust their peers and expert third-parties more than they do the brands and retailers themselves.

## TRADITIONAL ONLINE MARKETING IS NO LONGER WORKING

For the above reasons, traditional online marketing techniques – banner ads, pop-ups, even email marketing – don't cut it any more. Instead, they are largely seen as impersonal, an annoyance and irrelevant to most consumers, arriving as it does randomly or off the back of something that they have already done and moved on from. To many consumers, these old forms of engagement are simply not worth a thing and, increasingly, marketers are seeing too that pop ups are becoming a waste of money.

## ONLINE SHOPPERS WANT THE IN-STORE EXPERIENCE

While consumers have embraced online shopping with alacrity, they are increasingly wanting not just convenience and lower prices, but the personal touch that they get in store from the websites they do business with. My Dad's mother ran a shop: she knew all her customers, what they liked, what they bought and knew all about everything she sold. This idea of the expert shopkeeper who knows the customer, can help and advise is now what all those youngsters out there who are reshaping retail demand. Delivering this online is a challenge and has fallen on what used to be the customer service function, but really it is a cross-discipline task, taking in marketing, customer service, sales, ecommerce and IT. It goes right the way across retail businesses and up from the warehouse to the boardroom.

## SAY HELLO (IN PERSON) TO THE FOURTH GENERATION OF INTERACTION

This eschewing of traditional marketing – so called first generation engagement – is just the tip of the iceberg. The rapidly changing mores of the consumer cohort has driven even second and third generation interactions – defined by proactive live chat offerings and choice of interaction channels, respectively – to ground. Today it is all about fourth generation interactions: and that means 'content' and value. Now consumers want to interact with their brands and retailers on their terms. Sometimes that is a

very quick FAQ that needs answering, often by a machine. Sometimes, it is more complex than that and they need a human. Other times, the brand or retailer needs to offer up an expert – not to talk them through when their order will arrive, but to help them when they hover over a purchase of return to view again that expensive food mixer, or holiday or Ted Baker dress.

## TECHNOLOGY CAN HELP

How do you tap into this? A rethink of the entire customer contact and marketing function and where it fits into an agile modern retail business is key. Technologies that can segment customer databases and intelligently cross-reference that with what those people are doing online is the key to delivering this 'shopkeep' experience in the digital age. AI and machine learning already have a role to play in the personalisation of marketing. These technologies also hold the key to understanding what sort of customer engagement you are receiving from each customer and routing it wisely to where it can be best answered.

## THE BOTS ARE COMING

Part of this technology play is the implementation of chatbots that can automatically handle simple and repetitive enquiries and engagements – either by automated voice or by text and live messaging. These bots are already working for some retailers as our survey reveals. Many are looking to add them in. But bots too need technology to function effectively in this new world of demanding and personalised online customers. They need AI and machine learning too to help them understand what they are being asked to deal with – not just to effectively get the answer and fire it back, but to know when they are not the answer and that the engagement needs to be passed up the chain to an in-house agent or beyond that an expert or elsewhere in the company. Adding AI to bots is going to not only produce smarter, more useful bots, but also better customer interactions at every level.

## EXPERTS HOLD THE KEYS TO THE KINGDOM

While there are many technical answers to the customer engagement issue, technology in itself is not the total answer. Increasingly, marketing is relying on cultivating the contact between customers and brands and this means that often you need people to talk to these consumers. And not just any people, experts and inspirers who can not only answer some questions about a product or service, but can inspire and help not only to sell to the customer, but to tell them what they think and offer much deeper and more human insight. Already, consumers seek out peer-to-peer interaction on social media to find out the 'true' worthiness of products and services. Bringing this in to the business

makes perfect sense. Offering experts to talk shoppers through what they are doing is vital to marketing in the internet age.

### THE POWER OF 'NOT THAT ONE'

The idea of third parties talking to your customers is anathema to most retailers: why would you let someone else talk to the very people you are fighting valiantly to hold on to? But using third party pools of experts, trained to represent your brand and expert in the products and services you offer is the ideal mix of both in-house customer engagement and peer-to-peer influence. Combining both sets of skills, it lets a business offer the kind of valuable insight that a customer values, while hopefully working to the same ends as the retailer. What is interesting is that increasingly brands are realising that having an expert say “this isn’t the washing machine for you” and offering a better alternative based on their experience, knowledge and understanding is highly valuable to the consumer. That is what consumers value – even if it isn’t the traditional sales funnel route. This is the power of conversational marketing. ■

## SUMMARY

Online shopping has brought convenience, competition and choice to consumers – but that isn’t enough on its own: today’s shoppers also want the human touch. And they want it personal to them.

At the same time, retailers and brands are finding that the old ways of engaging with consumers online – such as pop up ads and banners – no longer work and they need a better way to get into the eyeline and mindset of their shoppers and potential shoppers.

Together, these two mega-trends are reshaping retail, and many retailers and brands are starting to see the power of expert contact between themselves and their shoppers.

Using technology, retailers can address the questions and queries of their customers instantly and effectively: chatbots to handle routine FAQs, agents to offer a more human touch and, increasingly, a pool of experts to not only soothe and inform online shoppers as they debate what to buy, but to share their knowledge and experience and offer more than just answers.

This conversational marketing allows brands and retailers to not only ‘save abandoned carts’, but it allows them to become the point of contact with consumers for all their needs around their particularly area of expertise – making consumers return, even if it’s for a chat.

In this white paper we shall take a look at what conversational marketing is, how it ties in closely with customer acquisition, engagement and retention, as well as showcasing how to deliver it and where it is already starting to deliver business benefits for retailers.

Using case studies and our own bespoke research, the paper will look at what the current level of deployment is, where the pain points lie and what real retailers are doing about it – and an insight into the results it is delivering.

This study will outline the ‘here and now’, as well as looking at trends and predictions for the coming years and in all should set any business looking to start, expand or gold-plate their conversational interactions and engagement with their customers the information they need to get going. ■



[www.internetretailing.net](http://www.internetretailing.net)  
Download at: <http://etail.li/c3d0c>

With thanks to



InternetRetailing whitepaper in conjunction with iAdvize | June 2018

**Editor:** Paul Skeldon  
**Editor-in-Chief:** Ian Jindal  
**Design:** Marzena Zychowicz  
**Publishing Director:** Chris Cooke  
**Commercial Director:** Andy James  
[andy@retailx.net](mailto:andy@retailx.net)  
**Group Creative Solutions Director:**  
Marvin Roberts  
[marvin@retailx.net](mailto:marvin@retailx.net)  
Tel: 020 7933 8999

InternetRetailing Media Services  
52-54 Gracechurch Street  
London, EC3V 0EH  
ISSN 1759-0582

For circulation enquiries contact:  
Internet Retailing Media Services Ltd,  
PO Box 6009  
Thatcham, Berkshire, RG19 4TT  
Tel: 01635 879361  
Fax: 01635 868594  
[internetretailing@circdata.com](mailto:internetretailing@circdata.com)

No part of this circulation may be reproduced, stored in a retrieval system or transmitted by any means without the publisher's permission. The editorial content does not necessarily reflect the views of the publisher. The publisher accepts no responsibility for any errors contained within the publication. Published globally by InternetRetailing Media Services Limited.

[www.internetretailing.net](http://www.internetretailing.net)

