



# **How the retail industry is failing to embrace multi-channel selling**

**A White Paper from Foviance and RXPerience**

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## 1. Introduction

The purpose of this white paper is to describe how retailers are currently delivering customer experience in a multi-channel environment and to identify what constitutes 'best practice'.

As a joint initiative, Foviance and RXP have researched 25 leading UK retailers. We have used our 'expert review' methodology to look at both the online and offline customer support received during peak times - specifically in the run-up to Christmas and during the January Sales. We reviewed the Customer Experience through a combination of website usability analysis and contact by email and telephone recreating a typical customer journey.

As a result we have gained an insight into how the retail industry is failing to deliver a consistent experience across channels and embrace multi-channel selling. Most are missing a number of opportunities to increase brand engagement and loyalty, improve conversion rates and increase order values. To help address these failings, this white paper gives five recommendations that retailers should adopt to improve their overall Customer Experience ratings.

Who are Foviance and RXP?

- Foviance is a specialist digital customer experience consultancy that combines quantitative and qualitative research techniques to deliver unrivalled insight and real business value.
- RXP is the leader in contact centre management, helping retailers to optimise the performance of their customer facing telephone and email handling operations – whether they are insourced or outsourced.

Separately we have worked in online and offline channels for years. Together we are pioneering research and consultancy services that allows modern businesses to deliver a strategic multi-channel brand experience.

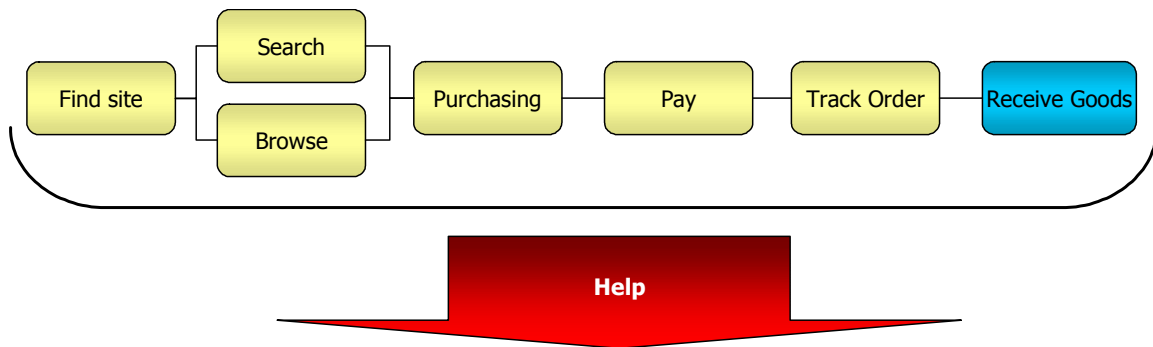


## 2. Why is multi-channel Customer Experience important?

Most multi-channel retail organisations are heavily organised across channel or product silos. As a result few, if any, have a single view of the customer or a clear understanding of how their customers want to interact with them across the various retail channels available to them. While multi-channel is high on many retailers agendas, so far the solutions have extended to simply creating and offering additional channels rather than designing an integrated customer experience.

It appears that many modern retailers are simply focussing on the technical challenges rather than their customers' interactions with their brand. This research reinforces our belief that customers do not distinguish between channels – they expect a seamless brand experience. Companies who ignore how their customers want to interact with their brand, and move between channels without barriers, are not only missing opportunities but are in danger of losing their audience.

Just having a transactional website, call centre, mobile or iDTV channel is no longer good enough. Customers move dynamically through the different stages of the buying cycle of a site from search and browse through to receiving their goods post purchase.



At each stage they may have a reason to initiate a support request and this can be online or offline. These interactions are a significant component of the overall experience.

It is important to recognise that:

- Not all online transactions are completely self-service.
- Different methods of 'help' need to exist – by telephone, email and webchat.
- When using Customer Support – consider if it adds or detracts from the overall Customer Experience.
- Within a multi-channel approach that there are no dead-ends.



## 2.1 The role of Customer Support

Our research focused on a customer journey through the purchase cycle. The research was carried out pre and post Christmas when consumers are highly task orientated and so their goal was to buy a product that they had selected. Whilst they knew what they wanted, if for example the online system stated the item was out of stock, then the customer would be prepared to accept an appropriate substitute if offered one. The role of Customer Support in this context is therefore to assist the customer toward the achievement of their goal – to purchase a product.

When a customer gets in touch with the retailer, one of two things may happen:

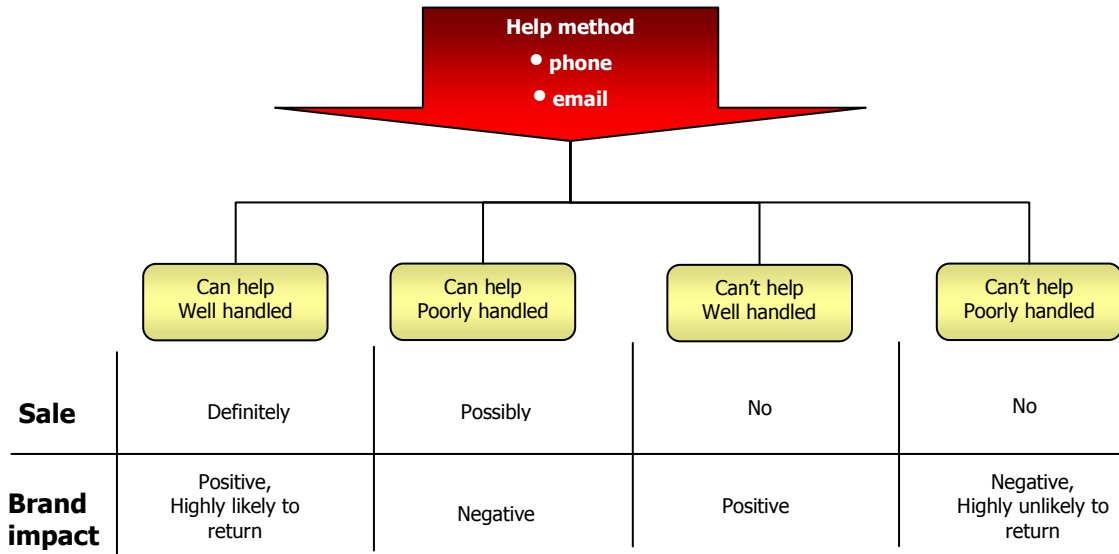
- That contact may or may not lead to a sale
- The reputation of the retailer may or may not be enhanced.

It is not only the range of Customer Support options available that impacts the customer experience. More importantly for long-term customer engagement, it is the way those options are implemented that defines the outcome.

Even when a multi-channel support service is offered, it is unlikely that this is actually integrated within the customer experience. Instead, customers will be asked to explain their situation again, and our research showed that they are frequently unlikely to get any expert assistance.

It is clear that the role of customer support changes during busy periods. For many retailers, the standard customer service contact is based upon the client's knowledge of the product range or type. However, during gift buying periods (such as Christmas), customers are often operating outside of their comfort zones and require expert assistance beyond the binary 'yes we have it'/'no we don't' so common among leading retailers. This finding was particularly well supported by the experience offered by retailers who let trained store staff handle customer service calls. Their knowledge of products and people provided a level of support that is almost impossible to replicate through automated self service or outsourced call centres.

What's also important is not to replicate the problems inherent with a particular channel. For example, online it is notoriously difficult to provide alternatives in a satisfactory fashion. In addition, automatic recommendations are particularly challenging during the festive period. With an integrated multi-channel solution, more prominent links to expert assistance (through either shop, call centre or email) would, in our view, be more effective.



As the diagram above reveals, the role of multi-channel Customer Support is therefore an important constituent of the overall Customer Experience. Even if the Customer Support representative cannot assist the customer, they can ensure that the customer has a positive experience, and in doing so increase the likelihood of them returning in the future.



### 3. Our research methodology

For our research we chose to evaluate five categories of retailers:

- Supermarkets
- Department Stores
- Catalogue Companies
- Music / Books specialists
- High Tech retailers

In each category we selected five organisations.

Supermarkets	Department Stores	Catalogue	Music/books	High Tech
Tesco	M&S	Argos	Amazon	Dixons
Asda	John Lewis	Next	Woolworths	PC World
Sainsbury	Debenhams	Agent Provocateur	Waterstones	Dell
Morrisons	Selfridges	Lands End	HMV	HP
Waitrose	House of Fraser	JD Williams	WH Smith	Apple

We used our expert review process (a combination of expert audits and direct contact by our joint team of consultants) to consider:

- Customer journey from online to offline
- Online Customer Experience (pre purchase)
- Range of 'Contact Us' methods supported
- Response times
- How appropriate was the method of support (call centre / store)
- Extent of cross-selling or up-selling provided
- Consistency of experience delivered between channels and with brand perception

The customer contacts took place at peak periods of trading including pre-Christmas trading and the January sales.



### 3.1 Key findings

We found a wide variation in the customer experience delivered across channels within retailers, and between sectors and retailers within sectors. Only a few companies surveyed are achieving anything close to 'best practice' and these tend to be retailers with a heritage in mail-order or traditional multi-channel businesses.

As with most business issues, many of the problems we experienced can be traced back to people issues. Poor call centre experience typically occurs as a result of staff that are not trained well enough, not rewarded correctly or simply not available in sufficient numbers.

We believe that retailers need to prepare better for busy periods such as the run up to Christmas. They are missing out on opportunities by delivering an inconsistent customer experience, or even worse, a very poor experience to potential first time users.

### 3.2 Anecdotal findings

The study found a wide range of strategies being employed across sectors and retailers, but only in a few cases were the online and offline channels truly integrated. John Lewis, Amazon and Argos were the top performers for their overall quality of customer experience.

The best experiences included:

- **Argos** had good response times and knowledgeable call centre agents who seized the opportunity to cross-sell.
- **Amazon** provided virtually no way of contacting them by phone but the online experience is so good and their response to email so fast the experience is positive and consistent.
- **John Lewis** delivered an excellent online experience and handled calls very well. But our experience ordering from them showed the perils of not integrating store and online experience. We ordered three items from John Lewis and only two were delivered. We contacted customer services (6pm, Saturday, one week before Christmas) who were very helpful and needed to speak to the courier about the missing package. The courier was closed. They called back the next day (Sunday) to say the missing item was out of stock and the only option was a refund.
- **Selfridges** who does not have a transactional website or a call centre provided a great experience, consistent with the brand. After getting contact details from the website we were put straight through to the store and provided with exceptional service.
- **Waitrose** replied to a query within 30 minutes even during the busy lunchtime in the pre-Christmas rush.



Some of the poorer experiences included:

- **Agent Provocateur** who had a similar strategy to Amazon and delivered a good online experience. But if you find yourself needing help then the call experience was a disaster. The person we spoke to didn't have any product knowledge, didn't up-sell or cross-sell and delivered very poor experience.
- **HMV** out of hours call handling was very poor. They provided the IVR options for you to listen to and having done so you were told "sorry, we are closed".
- **Woolworth** made us register to send an email about general product enquiries.
- The week before Christmas we received no response from **Asda** either by email or when we called. The week after Christmas was better in response time but still no up-sell/cross-sell when dealing with a product enquiry.

### 3.3 Common Failings

Common failings we found were:

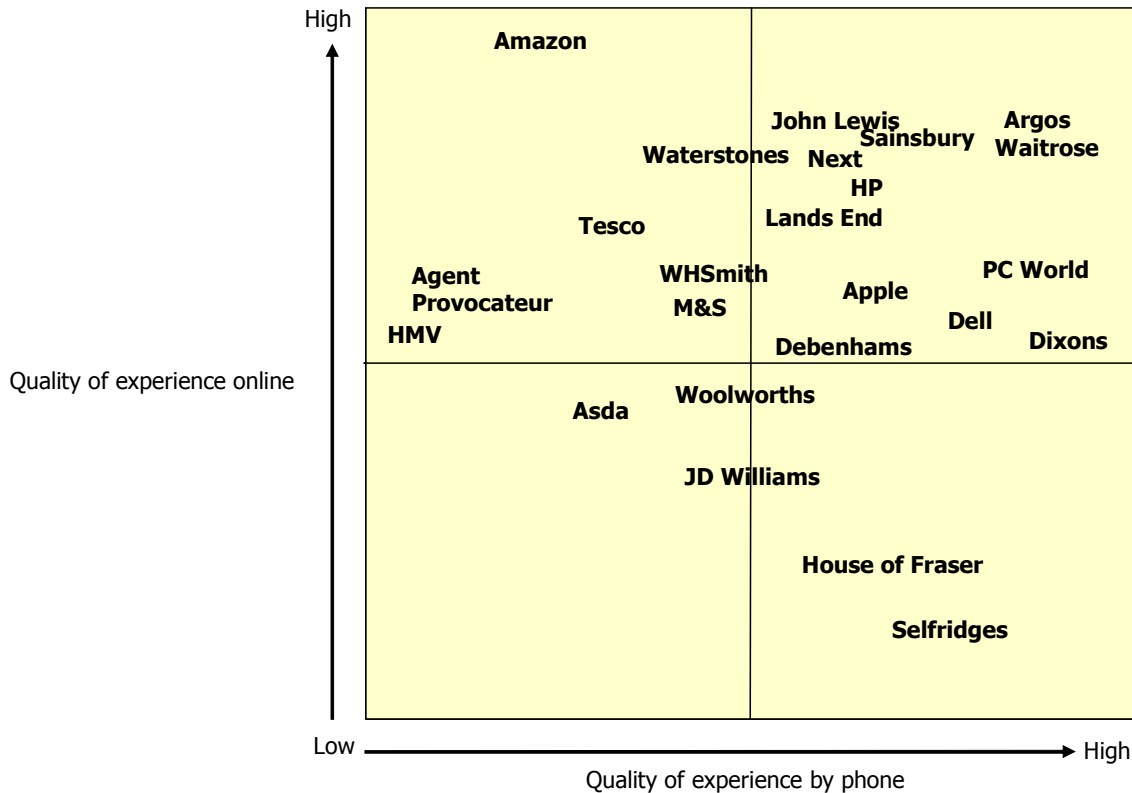
- No understanding of how to use cross-channel touch-points to improve the online experience.
- Lack of promotion of 'support' to users whilst online.
- Online user journey design not good enough to avoid the need for failover channels like call centre.
- Poor responsiveness – particularly to email.
- Lack of joined up thinking between channels – for example using the store to handle calls or considering the store and online for stock enquiries.
- Inconsistent use of technology for contact handling.
- Wide range of call centre experience – outside of catalogue companies who generally were very good.
- Inappropriate support "Agents" with a lack of sales skills.



### 3.4 Overall Quality of Customer Experience

We charted the overall Customer Experience against two criteria:

- Online Experience
- Telephone Experience



All of the organisations in the top right box were delivering a good customer experience both online and through the telephone. Of these only a handful had a sense of an integrated customer experience and these included Argos, Waitrose, Sainsbury,, John Lewis and PC World.

Two extremes were Selfridges and Amazon. Selfridges does not currently have a transactional website (we know that one is planned for 2010) but it does provide a number to call if you visit the website. That call is routed to someone on the shop floor and the resulting experience was surprisingly good.

Amazon on the other hand has a transactional website but makes it very difficult to place a call. The design of the website and the integrated support provided through digital channels means that the lack of call capability does not negatively impact the customer experience.

(cont.)



Compare these two experiences with Agent Provocateur and Asda. The former is a relatively new business that has not quite perfected the online experience but has provided a call facility. We found that the call handling process was not properly constructed and impacted very negatively on the overall experience. Asda has supported both call centre and online channels for some time, yet our experience showed that they provided no seamless integration from one channel to the other.



#### **4. Top tips to achieve best practice**

The five top tips that we believe would help retailers to bridge the gap between online experience and telephone experience are:

##### **1. Consider the multi-channel customer experience holistically using a contact strategy that reinforces your brand**

- If you are online only (e.g. Amazon) then keep users online; but if you are following this route, you need to have a commitment to providing the best possible customer service you can, and invest in understanding the journeys your customer takes through the sales cycle.
- If you have a call centre then promote online enquiries to contact by phone.
- If putting people through to the store gives a consistent and excellent experience that is a better solution than IVR and call centre.

##### **2. Understand the root causes of service failings – user journey design, delivery methods, payment problems etc.**

- Measurement and analysis should be in place.
- Combine quantitative and qualitative research to identify the who, where, what and why of failings.
- Avoid dead-ends in the customer experience. At busy times in particular, this is a missed opportunity if callers simply cannot get through to your organisation.

##### **3. Provide best practice online self-service.**

- Comprehensive help
- Strong, well-thought out FAQs
- Informative buying guides
- Structured web-forms rather than plain email
- Email response times in hours not days.

##### **4. Use technology that works**

- When using online contact technology for call back and web chat make sure it works
- It needs to be well integrated with your channels and processes.

##### **5. Use telephone resources that are most appropriate to organisation**

- For catalogue companies this was the call centre;
- For retailers it was the store.
- Don't miss out on up-sell and cross-sell opportunities.

These recommendations cover both strategic and tactical issues that should be addressed when considering how a multi-channel customer experience is designed and delivered.



## 5. The multi-channel Customer Experience checklist

We conclude this White Paper with a 10 question checklist that helps you to consider how integrated your approach is to multi-channel Customer Experience.

Number	Requirement	Yes/No
1	Does anyone own the single view of the customer in your organisation?	
2	Is your multi-channel customer experience designed holistically or within silos?	
3	Are people in your organisation rewarded for assisting or selling to customers regardless of the channel they work in?	
4	Is the way you handle calls in to your organisation consistent with the brand?	
5	Do you have metrics and measurement standards in place for your multi-channel customer experience?	
6	Are the call back and email technologies deployed on your site properly integrated?	
7	Do you know how quickly you are responding to emails and calls and whether this is acceptable to your customers?	
8	Do you know what conversion rate you achieve when someone gets in touch with your organisation as a result of a 'failure' in their online experience?	
9	Do you measure Customer Satisfaction when customers contact your organisation – by phone, email and webchat?	
10	Do you know what percentage of contact could be avoided by improvement to the information available online (FAQs, structured email etc.)	

This list is a checklist of our top 10 requirements for multi-channel management gap analysis. It is a great place to start your own diagnosis of your approach to integrating online channel to the rest of your organisation....best of luck!