Forgetting the Price

Using Store-Driven Seamless Customer Experience as a Competitive Differentiator

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Retailers operate in a more competitive environment than ever before. Retailers in the discount, dollar store and grocery verticals continue to expand product categories, while pop-up stores, kiosks and the store-within-a-store model extend the reach of the brick-and-mortar channel. Add in the proliferation of omnichannel commerce, including manufacturers and suppliers using digital channels to enter the direct-to-consumer space, and it is historically difficult to establish a differentiated position in the consumer marketplace.

The easiest (on the surface) way for a retailer to stand out against competitors is to offer the lowest prices. However, in the modern retail era, competing on price in most major product categories is virtually impossible as Wal-Mart and/or dollar stores will always capture the lowest price point. So if retailers "forget the price," how can they competitively differentiate themselves?

Fortunately, the low price leaders can struggle in the realm of providing the highest levels of customer experience. This means retailers can (and should) obtain competitive differentiation and advantage by providing an exemplary omnichannel customer experience, centered in the store, which still drives most profits and is the most popular channel for purchases.

This report will offer an in-depth look at exactly what constitutes an exemplary store-centric, omnichannel customer experience and how retailers can enable in-store, technology-driven and mobile-assisted shopping solutions to deliver one, which leads to higher satisfaction, resulting in greater sales, share of wallet, loyalty and preference amongst customers.

Let's start with a look at the modern "omnichannel" retail environment, and how consumer perception of omnichannel may differ from retail perception.

Death of the Channel

Omnichannel retail is also referred to as "seamless" retail, and the phrase "seamless" may actually better describe the customer-eye view of the modern retail environment than "omnichannel." Quite simply, from the perspective of today's consumer, "channels" do not exist.

Consumers now live constantly connected lives, due to mobile devices and social media, and engage with multiple channels throughout the day, including when they are in your store. Thus the customer experience must be seamless, with digital experiences building off the store experience and all touchpoints offering the same products, branding, price, messaging and other critical aspects, in real time. The experience also must be sequential, meaning that if customers research a product on their tablet and then enters a store, they expect store personnel to be aware they have looked at the product, and also assume the product is available with the exact same specifications (such as size, color) and price as demonstrated on the tablet site.

For an example of how consumers view this new seamless retail environment, consider the growing phenomenon of "webrooming" among U.S. shoppers. According to a recent Harris Poll of U.S. consumers, 69% of people webroom, while only 46% showroom. Most retailers are familiar with the concept of showrooming, or customers walking into a physical store and examining an item they plan to purchase, only to then use their mobile device to check for third-party product reviews and information, as well as prices at competing online and brick-and-mortar retailers, before making the purchase.

If another retailer conveniently offers the same item for less, the customer will place the order with that retailer via mobile device and walk out of the store, with the retailer losing the sale and probably never even realizing it.

In contrast, webrooming involves customers locating an item on a retailer's e-commerce site or mobile site and then price-matching on the sites of other retailers, buying from and often placing an advance order with whatever retailer offers the best price with the most convenience. Visiting a digital site before entering the store is now a standard part of the in-store customer experience, further highlighting the elimination of the channel in the minds of consumers.

While webrooming is even harder to detect than showrooming, adopting a seamless customer experience model can actually make it easier to combat. Retailers can augment their omnichannel customer experience with features such as easy and free in-store pickup and return of online purchases, targeted discounts for advance online orders, and in-store product demos and consultations. These and other services help draw online consumers into the store and also allow retailers who may not be able to offer webroomers the lowest price other incentives to make purchases.

Another omnichannel strategy retailers can use to help effectively blend the store and digital touchpoints is the placement of in-store devices, such as kiosks, mobile scanners/ checkout devices and sensors. These devices can face customers and/or store associates and managers. However, there are considerations retailers must take into account when devising a strategy for using in-store omnichannel devices. The next section delves deeper into this aspect of creating a customer experience that is not reliant on low price.

Don't Forget the Form Factor

Devices that provide a seamless in-store customer experience, whether used by customers and/or associates, must be designed and placed in a way that recognizes and responds to the human form factor. Experience must move with the natural journey and movement of customers through the store. Retailers need to take into account factors including traffic patterns; high/low-density areas; placement of entrances, exits, dressing rooms and restrooms; the impact of time of day on customer density and movement; the level and location of staff; location of checkout stands; layout of aisles; and other important physical elements of the in-store customer experience.

For example, an apparel store selling both men's and women's clothing and accessories may find making placement of permanent self-checkout stands in areas convenient to both the men's and women's areas of the store difficult to achieve in a cost-effective manner. However, by using wireless tablets that connect to a common docking station and other stationary POS hardware in a central location, the retailer can affordably bring swift checkout to all customers with the robustness provided by a hardwired POS hardware platform.

Form factor also applies to ensuring that devices interact with customers and associates in an ergonomically appropriate manner. Kiosks need to have screens and interactive controls strategically placed so they are easily accessible from a range of heights, mobile devices should comfortably fit into an average-sized adult hand and have screens and controls that are easily manipulated, and all customer- and associate-facing devices need to have highly intuitive usage mechanisms that do not require a high degree of computer literacy or English proficiency.

Furthermore, in-store devices must be "retail hardened" to withstand the inevitable wear and tear associated with the in-store environment. These devices will be utilized throughout the day by multiple users who do not have personal ownership obligations in a busy, crowded setting. Inevitably, this will lead to devices becoming dropped, scuffed, scratched, spilled upon and otherwise suffering abuse typically not experienced by a personal device. Retailers should also consider that deploying retail-specific devices with limited personal functionality, as opposed to standard consumer devices loaded with retail-specific programs, will help cut down on device shrinkage.

Retail Satisfaction Barometer – Checking the Condition of Customer Expectations

Retailers that enable in-store technology-driven and mobile-assisted shopping solutions deliver a better shopping experience, which leads to higher satisfaction, resulting in greater sales, share of wallet, loyalty and preference among customers. In addition to placing more power in the hands of consumers, which is especially relevant to millennial shoppers who have grown up as "digital natives" and live constantly connected, omni-channel lives, in-store technology can also place more power in the hands of store associates and managers.

As efficient checkout and knowledgeable, helpful associates are also critical to customer satisfaction, retailers need to remember that in-store technology is a critical component on both sides of the customer service equation.

Retailers looking for some firm research data to help guide their technology-driven customer experience efforts should examine the results of the 2014 Retail Satisfaction Barometer (RSB) from the American Customer Satisfaction Index (ACSI) and customer experience analytics provider CFI Group. The Barometer, which measured opinions on customer experience from a pool of 1,200 consumers, provides valuable insight on what types of systems and service customers actually find beneficial to their shopping experience. Following are a few highlights.

Checkout Trumps All

According to the RSB, the top three drivers of customer satisfaction are checkout, price and associates. As mentioned at the outset of this report, competing on price against discount and mass merchandising chains is virtually impossible. However, in-store technology can greatly boost the efficiency, effectiveness and overall performance of both checkout and store associates.

Consumer satisfaction with checkout has increased 3% in the past year, indicating retailers are beginning to recognize and respond to the need for upgraded checkout systems. It's still early enough in the adoption curve to take a leading position, which is the only position worth taking.

Consumers Go Mobile

Mobile shopping application usage almost doubled from 21% in 2012 to 41% in 2013 (when results for the 2014 RSB were compiled). The top four uses were for price comparison (47%), mobile coupons (45%), product reviews (41%) and product information (40%).

These results speak to the prevalence of showrooming within the store. While retailers can do little with their customer experience to combat the effects of negative product reviews or information, the frequency with which shoppers check for prices and mobile coupons demonstrates that even in the store, retailers face price pressure from outside competitors.

Once again, providing an optimal in-store experience is a critical defense against low-price leaders and rival retailers who may be willing to take a short-term loss to gain a long-term customer with a mobile coupon. Of course, by identifying customers as they walk in the store using CRM technology, retailers can send targeted mobile coupons of their own to save sales and retain loyalty.

Don't Forget the App

Mobile apps customers can use on their own personal devices are a critical part of an optimized in-store customer experience. Fifty-nine percent of respondents said they prefer their own devices to store-provided devices, and 51% of respondents are very likely to use mobile apps to speed checkout when they become available. The top three desired functionalities for in-store mobile apps are scan as you shop, employee cash-out before the register, and pay with your device.

Talkin' 'Bout Your Customers' Generation

Which generation(s) your target customers belong to should help shape your in-store customer experience strategy and technology selection. RSB results indicate that millennials and baby boomers have vastly different preferences when it comes to their in-store customer experience.

Sixty-seven percent of millennial shoppers age 18 to 34 use mobile shopping applications. They have an unmet expectation for access to more and better price and product information, and are both less inclined to rely on store sources for information and less satisfied with the online experience. Offering high-quality apps that provide deep access to details on the products you sell is crucial to satisfying customers in this generation.

In contrast, only 16% of baby boomers between 55 and 64 use mobile shopping applications. They are far more inclined to engage associates for meaningful and helpful interactions, and are more satisfied with merchandise selection across the board than younger consumers. For customers in this generation, retailers need to equip their associates with devices that allow them to provide such services as inventory lookup, loyalty rewards and checkout.

Mobile Pays Off

Looking at a broad age range of customers 18 to 44, the RSB finds that 55% favor a store with advanced mobile capabilities. "Favoring" includes shopping that retailer more in general (66%), buying more per visit (39%), willingness to drive further to a store (24%), and willingness to pay slightly more (20%).

Innovation for a Modern Store

New solutions from Toshiba help retailers provide an optimal in-store experience for customers of any age, technical proficiency or shopper type (i.e., a shopper who desires personalized service from associates as compared with a shopper who desires to enter the store anonymously and remain that way through a quick self-checkout). Following are three notable examples of the many in-store solutions Toshiba offers to deliver a differentiated and more satisfying customer experience.

Toshiba TCxGravity™

Toshiba's TCxGravity™ represents a new class of point-of-commerce solution that makes the store a seamless extension of a customer-centric, "omnichannel" experience — an evolution of cross-channel retailing that finally empowers consumers to buy anywhere, get anywhere and return anywhere. Because it is browser-based, TCxGravity is simple to enhance and customize. Although it is optimized for Toshiba hardware, TCxGravity runs on most other store platforms (including current store systems in many cases) as well as a wide range of tablets and smartphones. No one knows what devices will hit the market in the coming years, which is why TCxGravity is designed to accelerate the adoption of new touchpoints and devices in the store.

Omnichannel retail activities TCxGravity supports and enables include enterprise-wide, real-time inventory visibility, returning/exchanging/modifying/picking up non-store purchases in the store, buying and paying at store for home shipments, and buying and paying at store to pick up at a different store.

Toshiba TCxAmplify

Retailers can provide a more engaging, personalized shopping experience with Toshiba's TCxAmplify consumer mobile shopping and associate mobile line/queue busting solution.

TCxAmplify provides consumers a new way to shop by creating a personalized, end-to-end mobile shopping experience that also enables retailers a powerful way to influence buying behavior at the point of decision.

TCxAmplify uses Toshiba POS applications and middleware to extend existing POS business logic and functionality to mobile devices, while at the same time protecting sensitive consumer and transaction data. It provides an exception framework to minimize shopper interruptions during their shopping experience while also helping to protect retailers from shrink and regulatory issues; this allows exceptions like age verification to be handled at checkout time. Most important, it allows the retailer to communicate directly with the customer while in the store through store alerts, advertising, and item interaction through up-sell and cross-sell capabilities.

Since TCxAmplify is already integrated with Toshiba front-end checkout options, shoppers can pay at any front-end register, self-checkout or a dedicated self-service pay station. It also integrates with Toshiba Self Checkout and Store Integrator GUI (SI GUI) to offer self-payment stations with the same exception handling capabilities of a typical self checkout system.

Toshiba TCxFlight™ Mobile POS

TCxFlight™ by Toshiba combines a retail-optimized hybrid (mobile/fixed) POS solution incorporating a sleek retail-optimized docking station. With the simple touch of a button, the TCxFlight mobile solution can function as a traditional point of sale or self-service kiosk, a manager's workstation, or in a variety of mobile use case scenarios. This versatility is available on demand, allowing associates to connect with customers at multiple touch-points in the buying process.

The lightweight TCxFlight is only one-half-inch thick and boasts an 11.6-inch full HD, 10-point multi-touch display with front and rear integrated cameras. TCxFlight delivers maximum performance with 128G of fast SSD storage, a powerful Intel® i5 processor running Windows 8 and full wireless and Bluetooth connectivity. Enhanced with an ergonomic sleeve with integrated MSR, TCxFlight allows merchants to take retailing to the consumer. The dual-purpose docking station provides both expanded connectivity for POS peripherals, as well as a secure charging station for the TCxFlight mobile device. When TCxFlight is not in use, associates simply dock it and lock it.

Conclusion

In an era of heightened expectations for customer service, constant price pressure and ubiquitous consumer connectivity, it is more incumbent on retailers than ever before to offer a truly exceptional customer experience that crosses all channels of shopper interaction. The intelligent and strategic deployment of in-store technologies that include mobile devices, kiosks, POS terminals and mobile apps is critical to providing the type of experience modern consumers expect and demand from the retailers they choose to frequent.

    Toshiba offers many solutions that enable retailers to offer a superior in-store customer experience, recognizing that the boundaries of the "store" now extend to wherever the consumer is situated and across any channel the consumer chooses to use for engagement. ■

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