

AN APPAREL
EXCLUSIVE REPORT

COVER STORY

Bridging the Cross-channel Customer Experience Chasm

Your journey to cross-channel effectiveness and customer-experience mastery begins with six interconnected steps. By taking these steps thoughtfully and actively, you can position your apparel company to compete more effectively in our now thoroughly connected retail world.

By John Hoeller, Jr. and Rich Lyons

ANNUAL REPORT PRODUCED BY

apparel

Capgemini 

Remember the first time you were presented with “you may also like” options while shopping online? It seemed magical that a website could somehow know you well enough to recommend products. Or just as likely, the experience wasn’t magical at all, because the recommendations weren’t relevant.

Of course, “you may also like” is as old as retail itself. Understanding customer behaviors and desires, and applying that knowledge to deliver a satisfying customer experience, has always been the secret to retail success.

But today, it is imperative that the customer experience extends across every channel, is consistent and personalized. A vanishingly small number of brands serve customers through only a single channel. And fewer consumers are satisfied with an inconsistent or irrelevant experience as they move from one channel to another.

Yet cross-channel mastery remains elusive for several reasons. Visibility of the customer throughout their buying journey is often limited. Data and processes in retail stores, online and mobile storefronts, and call centers are often siloed. As a result, promising new technologies often go underused.

Meanwhile, customer expectations for cross-channel experiences are only rising. And powerful market disruptors are responding with new capabilities that can leave you at a competitive disadvantage.

The good news is that successful cross-channel commerce is an objective your apparel company can achieve. That effort will require executive commitment, process discipline and workforce development. It will also likely call for investments in infrastructure readiness and enable new technologies.

Your journey to cross-channel effectiveness and customer-experience mastery begins with six interconnected steps. By taking these steps thoughtfully and actively, you can position your apparel company to compete more effectively in our now thoroughly connected retail world.

Step 1: Define your business goals before investing in a cross-channel customer experience.

To compete in today’s retail environment, every apparel company should be continually improving both its cross-channel capabilities and its customer experience. But not every apparel company faces the same business challenges. Consider these scenarios:

- Company A needs to grow its top-line sales.
- Company B hopes to expand its customer base.
- Company C wants to optimize customer service and improve its Net Promoter Score.
- Company D needs to become more profitable.

All four companies recognize the importance of delivering a great customer experience across channels. But each of their business goals are unique, requiring different technologies,

processes, people, investments and priorities. While they may all leverage their customer-experience capabilities in support of their goals, their approaches will be different.

Just as your business situation is unique to you, so will be the way you approach the cross-channel customer experience. Where you invest your resources, and the customer experience you deliver, must align with your larger business strategies to be successful for you.

Step 2: Recognize current trends influencing cross-channel experiences.

As an apparel company, you keep your finger on the pulse of consumer trends. You need to do the same when understanding cross-channel consumer demands. Here are a few cross-channel trends every apparel company should be aware of:

BOPIS – “BOPIS” is short for “buy online, pick up in store” and is closely related to its counterpart, “buy online, return to store.” It represents what consumers want today, which is the ability to seamlessly do what they want, where they want, when they want and how they want.

Your customers expect you to recognize them on every channel and as they cross channels, knowing where they were, what they prefer and what they bought along the way. So your merchandise and your brand identity need to be transparent in every channel, and your processes need to be interchangeable at every touchpoint.

Subscription services — The subscription model popularized by Stitch Fix and Le Tote needs to be on every apparel company’s radar. And that’s not just because they could be affecting your sales.

Subscription services have a clear advantage in that they can more easily build a profile of what each customer likes and, just as important, what they don’t like. Over time, they can assemble a picture of the customer’s entire wardrobe. That allows retailers to better target offers and more effectively cross-sell and upsell.

Fashion brands would be wise to consider how they can replicate this experience. If you don’t think you can offer a subscription service successfully on your own, consider partnering with other brands or retailers. Also, think about how you’ll integrate the service with your other channels.

Loyalty programs — Loyalty programs are a retail mainstay, but many retailers are rethinking their approaches to customer loyalty — and for good reason. Consider:

- A dismaying 90 percent of consumers have a negative perception of loyalty programs.
- More than half of loyalty memberships are inactive.
- More than one-quarter of members abandon programs before they redeem points.

That’s according to a recent Capgemini report, “Loyalty



Deciphered: How Emotions Drive Genuine Engagement.” The study found that customer loyalty is driven less by tangible factors such as price and promotions, and more by emotions such as honesty and belonging.

Beauty brand and retailer Sephora, for instance, is tapping into emotion by offering three tiers of loyalty based on customer spend. The intention is to create a sense of exclusivity for highest-tier members who can gain access to special products and events.

But among emotionally engaged customers, 86 percent want brands to build and reward loyalty whether or not they participate in loyalty programs. In fact, customer-engagement activities that generate emotion can be more effective than

points-based programs. (See Figure 1.)

Privacy — In their quest to engage customers, apparel companies face a dilemma. On one hand, consumers want retailers to know their shopping history, style preferences, price sensitivity and more. In fact, 80 percent of emotionally engaged consumers “expect the brand to know my individual preferences on a personal level,” according to the “Loyalty Deciphered” study.

On the other hand, consumers balk at promotions and personalization that feel intrusive or not relevant. And companies need to get better about managing privacy perceptions. Case in point: 80 percent of executives say consumers trust businesses with data privacy, but only 52 percent of consumers agree, according to a recent Capgemini study, “Seizing the GDPR Advantage.” (See Figure 2.)

Step 3: Understand emerging technologies that can transform cross-channel experiences.

Apparel brands need to treat each consumer like an audience of one — truly unique and special. In fact, 79 percent of emotionally engaged consumers “expect a differentiated shopping experience compared to [another customer] who is not loyal,” according to the “Loyalty Deciphered” study. And 83 percent want “multiple ways to interact with the brand to fulfill my requirements.”

A growing array of emerging technologies can help transform and personalize such cross-channel experiences:

Conversational commerce — At least half of consumers have used a voice assistant, and 35 percent have used one to buy products such as clothing and groceries. That’s according to a recent Capgemini study, “Conversational Commerce: Why Consumers Are Embracing Voice Assistants in Their Lives.”

Consumer use is only rising. By 2020, 40 percent of consumers will favor a voice assistant over a mobile app or website. And 31 percent will prefer one to visiting a store. (See Figure 3.) That same year, active users expect 18 percent of their spending to take place through the channel.

Several retailers are experimenting with conversational commerce. Clothing retailer Ted Baker rolled out chatbots to help customers get questions answered, complete direct purchases and track orders. Luxury brand Louis Vuitton integrated chatbots in Facebook Messenger to drive conversational — and personalized — shopping.

Facial recognition — Facial recognition is emerging as a customer-experience tool. For example, 32 percent of retail leaders use facial recognition to identify loyal customers, according to the “Loyalty Deciphered” study.

In Australia, Bahista Café uses facial recognition to identify frequent customers and alert store associates to offer special deals such as free coffee. Customers needn’t carry loyalty devices and are welcome to opt out.

FIGURE 1

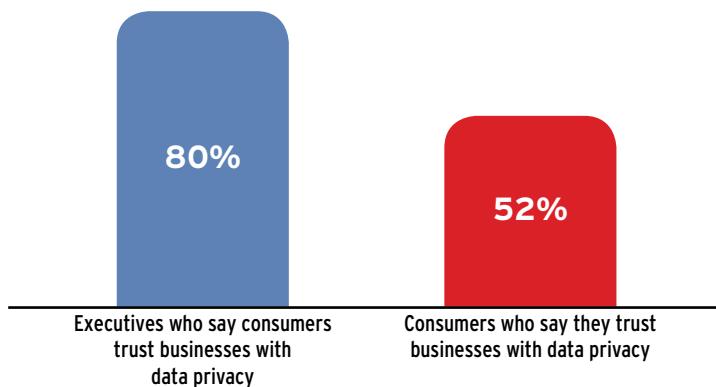
EMOTION-DRIVEN CUSTOMER ENGAGEMENT



Source: “Loyalty Deciphered: How Emotions Drive Genuine Engagement,” Capgemini, Nov. 2017

FIGURE 2

EXECUTIVE VS. CONSUMER PERCEPTIONS



Source: “Seizing the GDPR Advantage,” Capgemini, May 2018

Walmart has experimented with checkout cameras that use facial analysis to identify unhappy customers. The technology alerts store associates, who can intervene. It can also analyze purchasing behavior over time to correlate satisfaction levels with spending habits.

Augmented reality — The use of cameras, smart mirrors and similar tools will increasingly improve customer experience across channels. In fact, what has started as a differentiator could soon become table stakes. As consumers use augmented reality to try on glasses, customize shoes or custom-fit jeans, they'll expect this capability for every category. They'll also want it in every channel — your e-commerce website, your mobile app, in the store and even in your contact center.

Artificial intelligence (AI) — Nearly 30 percent of the top 250 global retailers — including 33 percent of apparel and footwear companies — are integrating AI into their operations. (See Figure 4.) That's according to the Capgemini study, "Building the Retail Superstar: How Unleashing AI Across Functions Offers a Multibillion-Dollar Opportunity."

Athletic-wear retailer Decathlon added AI to its website to help customers in dozens of countries home in on the products they want. The company has reportedly improved search conversion rates by 175 percent, reduced site abandonment after search by 63 percent, and decreased time from session start to sale by 48 percent.

Step 4: Assess your existing capabilities to deliver a consistent experience across channels.

You're now ready for an honest assessment of your exist-



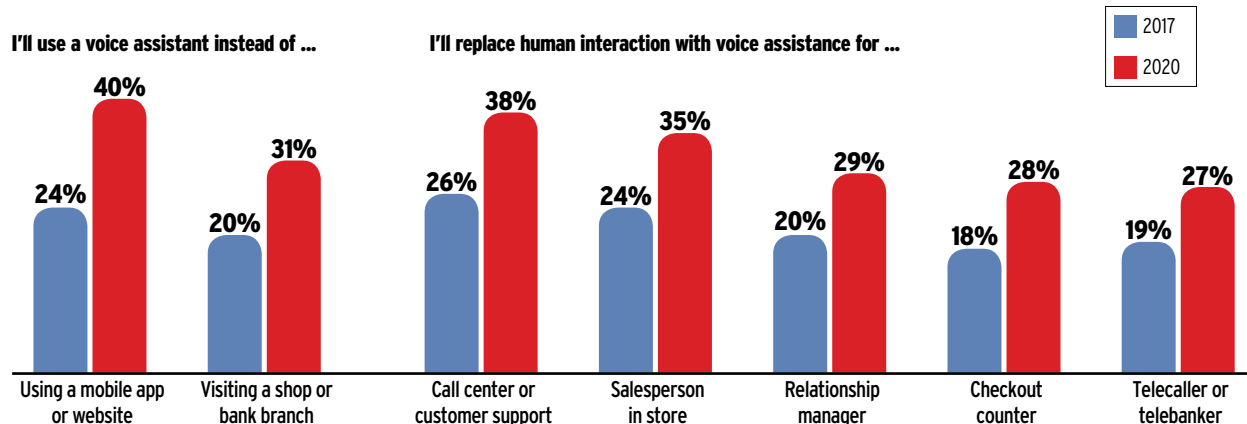
ing capabilities. The key word is "honest," because there's evidence retailers are falling short.

Retailers scored 77 points out of 100 in the 2019 American Customer Satisfaction Index, down 1 point since last year. The survey of 62,000 shoppers blamed "less-than-stellar customer service" for the low score and decline. Specialty retailers, which include sellers of apparel, were pegged just higher than average, at 78. Department and discount stores, which also sell apparel, came in just lower, at 76.

How you assess your capabilities should be driven by what consumers demand from their cross-channel experience: consistency and relevance. Many retailers have been focused on consistency — whether customers can see the same merchandise, make the same purchases, handle returns in the

FIGURE 3

USE OF VOICE ASSISTANTS



Source: "Conversational Commerce: Why Consumers Are Embracing Voice Assistants in Their Lives," Capgemini, Jan. 2018



same way, begin in one channel while ending in another.

Where many retailers lack is in the engagement and personalization of the experiences they deliver. Relevance begins with specificity of data. You need to have a clear and complete picture of each customer to know how to connect with them and drive sales. Segmentation by broad demographics is no longer enough, because it doesn't enable personalization.

Equally important is the type of data you capture. Increasingly you'll need to combine traditional data with unstructured formats, such as social media sentiment, to gain a deeper sense of customer engagement. That will help you deliver more relevant offers, avoid wasted promotional dollars and increase customer spend.

Because it involves face-to-face interaction, the store should be the most personalized channel. But while technology can make online sales more personalized, it can obviate the need for personal interaction in the store. It's no wonder consumers are increasingly dissatisfied with the in-store experience.

The solution is to get customer data into the hands of store associates. If associates know customer preferences and buying history, they can personalize the experience — for example, creating an outfit on the fly based on past purchases. That in turn will incentivize customers to identify themselves when they enter the store, enabling the capture of yet more data.

Step 5: Pursue quick wins to enable an engaging cross-channel experience.

Whether you intend to be bleeding edge, leading edge or a fast follower in your cross-channel capabilities, it will depend on your brand values and your appetite for risk. Regardless, for each customer-experience initiative, you should start small, test, iterate and continually improve.

Testing is especially important because customer preferences change, sometimes rapidly. What connected with customers yesterday might not engage them tomorrow. What works for Millennials might not appeal to Boomers. Predictive analytics can help, but iterative testing is still required.

For apparel companies, one low-risk, fast-cycle approach to cross-channel customer engagement is rich media. Custom-targeted video and other immersive content can create compelling customer experiences across your website, mobile app, stores, kiosks and contact center.

Rich-media images can enable customers to view products from every angle, in every color and in multiple use-case environments. Footwear brands such as FootJoy and Converse, for example, let shoppers customize virtually every aspect of their shoes, selecting features, colors, logos and more — and viewing their creations in real time.

Hibbett Sports, an athletic-inspired fashion retailer, recently reimagined its ecommerce website with rich-media content. The site now includes a Launch Calendar that lets shoppers track new athletic shoes in the pipeline from five popular brands such as Nike and Adidas. The feature lets trend-conscious consumers access and purchase new products as soon as they become available.

Step 6: Identify longer-term technology and integration investments to achieve your cross-channel customer-experience goals.

Achieving the 360-degree customer view needed to deliver a superior experience often requires investment in core systems. You can't extend data and processes across channels without a single system of record. So you may need to implement, upgrade or replace your retail-optimized ERP or CRM software.

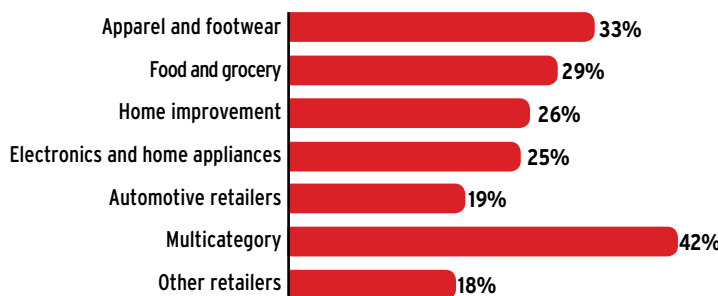
You also need the connectivity to deliver your centralized data to every touchpoint. And for many retailers, store, website, mobile app and call center aren't integrated effectively. So you may require a major data- or process-integration effort.

These investments can pay off. When Hibbett Sports launched its new website, it also integrated data and processes with its 1,000 retail stores. As a result, Hibbett Sports could offer BOPIS and other cross-channel services for a consistent experience on its website and in its stores.

Similarly, women's denim brand NYDJ implemented Salesforce Marketing and Commerce clouds to provide consumers with intuitive, personalized shopping experiences. The company can now capture data to create a 360-degree view of customers. It can also quickly create, revise and deploy campaign content to connect with customers at relevant moments of their buying journey. And its ecommerce website curates recommendations based on each customer's behavior and preferred shopping channel. As a result, NYDJ achieved

FIGURE 4

RETAIL AI PENETRATION BY SECTOR



Source: "Building the Retail Superstar: How Unleashing AI Across Functions Offers a Multibillion-Dollar Opportunity," Capgemini, Dec. 2018



an 11 percent increase in organic web traffic and a 33 percent boost in year-over-year organic revenue.

Finally, you need to decide whether you have the right internal resources or require expert help in developing a robust cross-channel customer experience. External support can provide a more accurate assessment of your capabilities, give you access to best practices and proven approaches, and enable you to achieve faster time to market.

You can also completely outsource certain cross-channel capabilities. If you do, though, be certain to retain control and visibility of your customer data.

Most important, you want to be sure you're implementing a platform that's robust and flexible enough to meet not only today's demands but also tomorrow's possibilities. After all, apparel companies face two certainties: rising expectations for cross-channel customer experiences, and rapid change as new demands, technologies and competitors present them with retail challenges and opportunities. **APP**

John Hoeller, Jr. is the Lead for Apparel and Fashion in North America and a client partner at Capgemini, a global leader in consulting, technology services and digital transformation.

Rich Lyons is CEO of LYONSCG, part of Capgemini, and helps retailers and brands craft successful digital commerce strategies, put them into practice, and continually optimize them for long-term success.

texprocess

Leading International Trade Fair for
Processing Textile and Flexible Materials

Your Space. More Progress. NEW PROCESSING.

From design and cutting through to IT and logistics, numerous international market and technology leaders present their solutions for improving the processing of textile and flexible materials.

texprocess.com

info@usa.messefrankfurt.com

Tel. +1 770 984 80 16

May 14 – 17, 2019 Frankfurt, Germany

powered by:  **VDMA**
Textile Care,
Fabric and Leather
Technologies

in parallel with:  **techtexsil**  **messe frankfurt**