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Delivering the omni-channel experience for borderless commerce

Building brands and customer loyalty in the new age of retail

Introduction

Today's consumers are extraordinarily empowered with information and technology. They can examine a product in a store and within seconds determine where else it's available at what price and what other consumers think about it. The pervasive use of mobile and social technologies and the ubiquity of big data have dramatically altered the way purchasing decisions are made and fulfilled.

For well over a decade, retailers have been developing ecommerce and mobile channels to attract customers and keep up with their technology preferences. Knowing the customer, from buying habits to personal interests, has become table stakes for customer satisfaction and loyalty. But today's retailers are entering an age where customer centricity is more challenging. Their ability to understand and act on customer preferences is being complicated by the explosion of channels and devices and by customer expectations for a seamless and relevant user experience across all of them.

Omni-channel engagement is focused on providing that kind of experience — reaching customers through their desired channels, in the way they want to be reached, and seamlessly providing targeted, just-in-time product and service information tailored for each stage of the buyer's journey. The degree to which retailers can deliver the omni-channel experience can have a profound impact, not just in immediate sales but, more importantly, in the lifetime value created between company and customer.

To deliver the omni-channel experience, retailers must deploy sophisticated customer engagement, information management, and location intelligence solutions that meet and exceed customer expectations. They must create a single view of the customer across interactions, bridging the gap between digital and physical channels and enabling a seamless shopping experience online and offline, locally and around the globe.

The customer stories presented in this paper illustrate how innovative software and analytics solutions are enabling retailers to deliver a more personalized and profitable customer experience across channels. They demonstrate how retailers are capitalizing on the rapid rise in customer mobility, optimizing real estate decisions and building their global ecommerce business by eliminating complexities and driving efficiencies in the areas that matter to customers, principally shipping and delivery. By unlocking the value hidden in customer data, these solutions are helping retailers better understand, service, and grow their relationships with customers. They are connecting retailers to actionable customer insights and providing the sustainable advantage required in the new age of retail.

Know the customer implicitly

Knowing customers' wants and needs is imperative in creating a positive shopping experience and building a successful retail business. The fact is, retailers that treat each customer the same miss opportunities to discover who their best customers are and make them even more valuable to the company.

Customer centricity begins with data: capturing, analyzing and purposefully using information about customers to engage with them more precisely, productively and personally. This is about understanding customers' buying preferences, not just what they buy, but how and when they like to do it, and interacting with them in a way that reflects those preferences, their past activity and their anticipated next activity.

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But knowing the customer is not that easy. The exponential increase in customer touchpoints enabled by mobile, social and other digital channels is providing retailers with an extraordinary amount of data to analyze and apply. This wealth of data flooding companies at record speeds is often fragmented, incomplete and hard to access, making it difficult to get a clear understanding of customers and learn what's important to them. That was the case for one of the world's largest restaurant companies. Without the ability to profile customers and understand the drivers behind their purchase behaviors, the company's marketing efforts were limited to mass email campaigns that failed to capitalize on the interactions. The company's inability to segment customers and target them with relevant communications was especially troubling since its closest rivals were already doing it.

Pitney Bowes' customer and marketing analytics solution has helped the company overcome these issues and become an industry leader in digital communications. Today the company can profile hundreds of millions of customers and provide a comprehensive view of their buying behavior. Its marketers can use the data interactively and make desired segmentations in seconds, defining exactly the right customers for each communication. Detailed reporting enables them to assess how the communications impact each customer segment.

Not unexpectedly, customer segmentation has improved email open rates and conversions considerably. Furthermore, since implementing the analytics software to track customer behavior, the company's marketing campaigns have driven significant increases in incremental spending, especially from customers who were formerly inactive, without raising campaign costs.

Having an in-depth view of customers includes recognizing the life events that affect and motivate their buying behavior — moving, getting married, having a child — and capitalizing on them. Consumers' increased need for products and services during these times and their openness to trying new brands create exceptional opportunities for retailers.

Today a global service and credit card provider is capitalizing on consumers' life events using Pitney Bowes' location intelligence services. By enabling the analysis of demographic data along with customer purchase patterns and credit information, the services enable the provider to determine when life events occur for its cardholders. The provider can then offer cardholders special rewards on relevant purchases from specific merchants in its network. For example, it can offer rewards on furniture and home goods purchases to customers who appear to have a new residence.

The provider applies that same knowledge to country-specific retail holidays such as Black Friday in the US or Boxing Day sales in the UK. During these days, customers are prepared, and in some ways programmed, to spend more in the hopes of saving more. Location intelligence allows the credit card provider to consistently capitalize on these holidays, driving customers to stores with strategically timed messages about savings and rewards. It has enabled the provider to leverage its strategic position between customers and merchants to build lifetime value across both relationships. This has resulted in increased spend and wallet share for merchants while deepening customer loyalty.

While knowing customers is essential to building a lasting relationship with them, it also plays a key role in store expansion. For a major home improvement retailer, understanding the customer has been an important part of an aggressive growth strategy. For decades, the company has used Pitney Bowes location intelligence to identify profitable markets and expand its physical presence to areas where customers want to shop. There are many risk factors to be considered when selecting a new store location, including customer drive times and public transport routes. Location intelligence has helped the company identify prime locations, determine the type of stores to deploy, and stock the most appropriate product mix. By enriching geographic data with demographics, customer profiles, market trends and competitor analysis, then applying predictive analytics, the company has been able to make more strategic real estate decisions and manage its growth more confidently.

Create a seamless, personalized customer experience across all channels

Armed with the latest digital technologies, customers expect retailers to understand their needs and address them through desired channels in a way that is both seamless and personalized. In fact, omni-channel retailing has become an important part of the brand experience, influencing customer decisions to choose and stay with a brand.

Retailers that once believed brick-and-mortar stores would disappear now understand that those stores must be part of a more comprehensive omni-channel experience, fully integrated with mobile, social and other digital touchpoints and able to meet consumer demands for on-the-spot information, services and rewards. While this kind of omni-channel engagement is required for truly customer-centric retailing, retailers have been slow to make the necessary changes. In 2014, IDC reported that only 20 percent of the top 250 retailers were expected to embark on transforming their channels and processes for the omni-channel experience.[1]

Omni-channel and the four principles of marketing

Customer-centric, omni-channel retailing not only reinforces the four Ps of marketing — product, price, promotion and placement — it enhances them with a fifth P: personalization. With customers now in charge of how, when and where they shop, retailers have to provide a more personalized, timely and relevant messaging that is unique to customers' preferences and behaviors. Creating an individual shopping experience and one that is seamless across channels is the key element to reaching and retaining today's consumer.

Certainly, the rapid proliferation of new channels and devices has made it difficult for retailers to get a complete picture of customers and create a seamless and personalized experience across all the channels they may use. The problem is that these gaps can diminish the overall customer experience and negatively impact brand perception, loyalty and revenue.

Omni-channel retailing is often compromised by the lack of data integration across channels. It is not uncommon for data sources to be siloed, developed to separately serve the needs of direct mail, contact center, in-store, mobile and Internet channels. This siloed approach inevitably leads to data redundancy and inaccuracy, making it difficult to ascertain a single version of the truth across channels and virtually impossible to create a seamless customer experience.

A foremost healthcare retailer was facing these issues when it turned to Pitney Bowes. The company was dealing with an enormous amount of siloed, disparate data following a number of business acquisitions. Customer information collected by the company's different brands created redundancies and prevented a unified view. At the same time, the company had a vision to engage with customers more consistently across channels and deliver the most effective customer experience at every touchpoint. Company leaders felt that Pitney Bowes understood and shared its omni-channel vision, and this would empower them to take better advantage of the information they'd collected about their customers (through point-of-sale transactions and loyalty programs) to personalize the shopping experience and increase sales.

The company began the process of consolidating and integrating customer data. This allowed them to deliver healthcare data to employers more quickly so those employers could avoid penalties. More importantly, it was a critical first step in meeting the company's omni-channel objectives:

• Improve data quality to simplify cross-selling and upselling and allow personalized offers to be served up across channels

• Increase revenue by enabling the company to add personalized offers to customer interactions like prescription refill requests

• Prevent lost revenue by generating messages when customers don't respond to prescription reminders

• Use data integration to enable real-time predictive marketing, automatically determining the best next action and type of interaction for customers based on their interests and purchase history

Capitalize on customer mobility with location intelligence
Mobile technologies are increasingly the medium used by omni-channel consumers. Today 32 percent of all online purchases are made using mobile devices[2], including smartphones and tablets. Nearly 25 percent of consumers are making most of their purchases on these devices, and those numbers are growing.[3] Mobility is influencing every stage of the buyer's journey — from personalized promotions enabled by geotargeting to in-store research and online checkout. Yet despite its ability to complement the in-store experience, mobile remains one of the most underutilized channels for retailers. MDG reports that while 72 percent of mobile customers respond to notifications issued by a nearby store, only 23 percent of retailers have the location-based data in place to reach them.[4]

Interacting with mobile customers proactively and providing personalized product or service messages at the moment of impact can enhance the retail experience and guide its outcome. When customers enter a store, relevant offers and coupons pushed to their smartphones at exactly the right time can dramatically increase sales. Social media is increasingly influencing these purchase decisions. Retailers' ability to capitalize on customers' increasing penchant for mobile and social technologies and to deliver messages in real time based on customers' proximity to a particular retail location relies on sophisticated reverse geocoding capabilities.

One social media giant enlisted the help of Pitney Bowes to implement reverse geocoding and boost its geographic coverage and performance of existing location-based systems. The company wanted to connect more intelligently with mobile users and enable its business partners to offer relevant, precise and timely messaging to those users, based where they were at any given moment. Essentially, the company wanted to reach them on the go. And with hundreds of millions of users, massive scalability was essential.

Pitney Bowes' solution addresses these requirements by integrating global geocoding and other location intelligence capabilities with the social network's applications and services. It uses forward geocoding along with spatial analysis to define a target area, such as a storefront, and applies reverse geocoding to identify consumers entering the area using a signal from their smartphone or other GPS-enabled device. The signal pinpoints the consumers' exact location while spatial analysis identifies that they are in the target area. This information can then be instantaneously linked to meaningful data about them (buying patterns, behaviors, preferences and influencers). Having this intelligence enables the social media company to stream more personalized mobile ads to them, resulting in higher satisfaction and increased marketing revenue from the company's retail partners. Both the company and its partners have also benefited from greater wallet share.

Thrive in the borderless ecommerce marketplace by increasing efficiencies

In today's hyper-connected retail environment, where one in three online consumers already shops internationally and online shopping is eliminating traditional boundaries and intensifying competition, global expansion isn't just an option; it's a requirement.[5] To succeed today, retailers simply have to reach beyond local and regional markets. But while venturing beyond their own borders opens significant new opportunities, it also brings significant operational and financial risks. For instance, any company opening its web store to the global marketplace, especially to emerging markets, confronts the fact that the international shipping process is far more complicated and costly than domestic shipping. In the international online retail marketplace, fully 44 percent of shopping carts are abandoned due to high shipping costs.[6]

New entrants to the global marketplace also face the logistical challenges of international commerce. What imports are prohibited? When should import duties and tariffs be applied? Which forms are required by this country, and which by that? We know the product codes here, but what are they over there? Knowing the rules is critical.

When ecommerce is conducted between local sellers and international buyers things get a lot more complex. That was the case for a leading online marketplace and auction service provider. With small, US-based sellers struggling to deliver international orders conveniently and efficiently, the online marketplace engaged Pitney Bowes to simplify global shipping and delivery.

Pitney Bowes' borderless ecommerce and shipping services make international transactions as easy as domestic transactions for sellers of any size. Small and large retailers alike can avoid the complexities of international shipping. The cross-border sale of goods, historically a forbiddingly difficult challenge, becomes an inviting opportunity for sellers to expand their market of potential buyers while substantially improving the online shopping experience.

Rather than shipping to other countries themselves, sellers send parcels to a convenient Pitney Bowes distribution hub in their own country, and Pitney Bowes takes it from there. Automated shipping and carrier management services handle product classification and repackaging (if required), as well as international labeling, customs paperwork and clearance, and the processing of tracking, fulfillment and returns.

The whole process, from the hub location to the buyer destination, is taken care of at no additional charge to the seller. International shipping and import charges are calculated automatically at checkout and are guaranteed, giving buyers full visibility into their landed costs (product price, all duties, taxes and shipping costs) at the point of sale. Cost transparency gives customers peace of mind. So do our service levels for tracking and delivery time.

Faster processing means faster delivery. For one trendy retailer that stakes its reputation on product exclusivity, getting the latest fashions into customers' hands quickly is critical. Packages are shipped out internationally within 24 hours of arriving at a Pitney Bowes hub. Such speed has led to fewer customer refusals and returns and improved resale for limited-edition items that lose their value over time.

Pitney Bowes' borderless ecommerce services ensure a friendly, localized shopping experience for customers, greeting them in their own language with country-specific images, displaying transaction totals in their preferred currency, and providing the local shipping and payment options they are accustomed to using. Connecting locally with global consumers enables retailers to deliver a positive online experience in every country where they do business. It's a strategic lever that is being used to drive sales.

The seamlessness and simplicity of Pitney Bowes' services for retailers and online marketplaces has led to higher sales. Retailers using our services today can do business in 74 currencies with consumers in more than 220 countries and territories around the world. Such global reach positions retailers for success in marketplaces that are on the cusp of significant growth. Pitney Bowes' 2015 Global Online Shopping Study found that consumers in these markets do more business globally than consumers in mainstream markets.[7]

Simplifying international shipping, currency and customs is key to establishing and capitalizing on this a global presence and increasing sales. When a US-based online shoe retailer entered the global marketplace, its orders were taking weeks to arrive. Worse yet, packages were being refused at the destination because all of the charges had not been paid—often a result of incorrect customs documentation. Issues like these were derailing the customer experience.

With new and repeat sales on the decline, the company partnered with Pitney Bowes to reverse the trend. New cross-border shipping capabilities help streamline international sales and shipping logistics for its US and UK retailers. Shipping and billing are far less problematic, virtually effortless. The destination country is identified, the lowest possible shipping cost determined, and country-specific requirements and forms processed automatically, minimizing risk and eliminating surprises at delivery. All charges are calculated and billed up front, at checkout, further reducing the burden on customers.

For today's online consumers, shipping and delivery are key differentiators of the digital shopping experience that can make or break a sale. Pitney Bowes' shopping study found that behind product price, free or low-cost shipping was the second most important reason consumers buy products outside their own country. Furthermore, the biggest deterrent to completing an online purchase was high shipping costs, followed by additional fees (including duties and taxes owed at delivery) and lengthy delivery times.[8] In a survey conducted by CFI group, 96 percent of holiday shoppers said that guaranteed delivery dates were crucial to their choice of seller, and 46 percent said they'd stop doing business with retailers that were late.[9] Customers expect products to be delivered expediently. In fact, in a 2014 UPS study, consumers ranked delivery speed to be the fourth most important factor when comparing retailers, falling directly behind product selection, product information, and reputation.[10]

For a leading home improvement retailer with over 1,000 stores serving customers in more than 200 countries, rapid delivery wasn't always easy. Pitney Bowes technology enabled the company to improve delivery speed and efficiency through a better understanding of its customers and the location of its products. Now a combination of travel-routing software and sophisticated spatial analytics validates delivery addresses, identifies the nearest store with sufficient stock, optimizes truck loading and delivery routes, and produces detailed maps and instructions for drivers. Delivery times, costs, and inaccuracies have been reduced significantly, increasing customer satisfaction and brand loyalty.

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Getting started

The current retail environment is incredibly dynamic. Technology is enabling every step of the buyer's journey and allowing competitors to prosper in new markets. Consumers are in control of the shopping experience, demanding choice and convenience from start to finish. Providing excellence in a single channel is no longer enough. It's an omni-channel world, and the imperatives for retailers are clear. The time to act is now.

Retail executives need comprehensive strategies for operating in this new environment and making omni-channel the core mantra. They must devise engaging customer experiences across channels and make better use of mobile technologies. They have to understand the new "storefront" and provide the flexibility to accommodate customers' evolving shopping, fulfillment and delivery preferences.

At the core of this evolution is the need to extract more value from customer data. Predictive analytics, data integration and data management will be essential. Retailers need to examine their competencies in these areas so they can deliver the seamless, personalized experience their customers expect. The following self-assessment questions are a good place to start.

On becoming customer-centric...

- How would we treat each customer differently if we had access to a complete view of their interactions across all business units and channels?

- What would be the impact on our business if we could tailor our interactions with customers based on their current location, sentiment, buying propensity and life events?

- Does our merchandising strategy enable automated assortment and localized product/service analytics?

- What product mix is desired by our customers in various locations and regions?

- How can we provide the best next message to our customers at each point of interaction?

- Do we use what we already know about our existing customers to target the most profitable new ones?

On building engaging omni-channel experiences...

- How can we provide a consistent and seamless shopping experience across all channels?

- How can we consolidate and use the customer information we have to provide more relevant, timely and personalized communications across our various touchpoints?

- How can we better manage customer communications preferences?

- In the eyes of the customer, do we appear to be a single business entity across all customer touchpoints or a disparate collection of siloed units and brands?

- Do we have real-time access to all customer interactions, both physical and digital, enabling informed and up-to-the-moment business responses?

On leveraging the power of mobile technologies...

- How can we reach our customers in real time with relevant messaging when they are near our stores?

- How do we ensure that our mobile messaging is in sync with our other customer communications?

- What is the best way for us to incorporate real-time consumer social media updates into our marketing programs?

- Do we have a plan for integrating social media with our customer service processes to address social sentiment in near real time?

On growing ecommerce opportunities through operational efficiency...

- How can we use shipping and delivery as a competitive advantage?

- How can we minimize the risks associated with international shipping and take advantage of the new global marketplace?

- What cost-effective steps can we take to meet evolving shipping demands?

- Do we leverage the appropriate data sets and analytics to make sound business decisions that minimize risk and optimize our retail network?

- Do we set accurate goals for our stores that consider all the factors that influence performance holistically, including competition, population density and site characteristics?

Conclusion

The face of retail is changing. In this new environment, customer centricity requires an omni-channel focus. As customer expectations for a more personalized, contextually relevant shopping experience continue to rise, retailers have to be willing to address these shifts or lose ground to competitors. The key is extracting more value from the data they collect. Customer engagement, information management, and location intelligence software and analytics help retailers better leverage the power of their data. They are deploying these technology solutions to create a more accessible, complete view of their customers in order to optimize the omni-channel shopping experience, capitalize on consumer mobility, and thrive in a borderless marketplace.

To learn how your organization can flourish in the new age of retail, visit **pitneybowes.com**.

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