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         | DEFINING BRANDS

Do less, deliver more.

Defining customer experiences
for future stores, by Kevin Gill.

How true customer-centricity **defines better customer experiences.**

Do less, deliver more.

Recent research from Deloitte confirms what all of us (should) already know: distinctive customer experiences lead to growth.

Over a five-year period to 2016, Deloitte Found that those UK retailers with a differentiated customer experience achieved a CAGR of 18.9%. Not bad against a retail sector that struggled to grow beyond 3% year-on-year over a similar period.

Customer engagement is one of three live or die ways retailers must tackle long-term, declining profitability, according to Deloitte.

Forrester, in its own future of the industry report, predicts that more than one-third of businesses will restructure to shift to customer-obsessed operations in 2017.

Optimising the customer experience is now the defining challenge for brands. Businesses must rethink how they meet all customers' expectations seamlessly, across all channels and touchpoints.

We know why – retail is now 'experience not stuff' (to pinch a recent soundbite from Sir Ian Cheshire, Chairman at Debenhams). Consumers shop differently and have higher expectations of a brand's experience as a result. Ease and simplicity is a given; a hygiene factor that brands are expected to deliver.

To really stand out brands need to show that they know and understand their customers by creating a distinctive, relevant customer experience. One that's hygienic, yes, saving time for your customers when and where that's needed. But also one that's defining, personalised, exciting and engaging; an experience that fulfils people's seemingly insatiable desire to go shopping for pure enjoyment. Simple, fun, unique: get your experience right and it's a sure-fire way to build long-term relationships, loyalty and trust with your customers.

The big question is how. How can brands and retailers become customer-obsessed? How can they build distinctive experiences underpinned with understanding and filled with smart content? We've harnessed the best of lean and design thinking to help brands deliver true customer-centricity through great customer experiences.

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Different perspectives work.

Lean methodology and customer experience design may not always seem like natural bedfellows. Each takes a different viewpoint: lean from the inside-out and customer experience design from the outside-in.

With its roots in manufacturing, Lean starts with the business, using specific tools to optimise all its processes. Customer experience design, on the other hand, starts with the customer and uses design thinking to optimise each customer interaction.

Crucially though, both Lean and Customer Experience Design share an end game: to create more value for customers. And both require cultural transformation to do it; a complete rethink of how an organisation delivers its products and services.
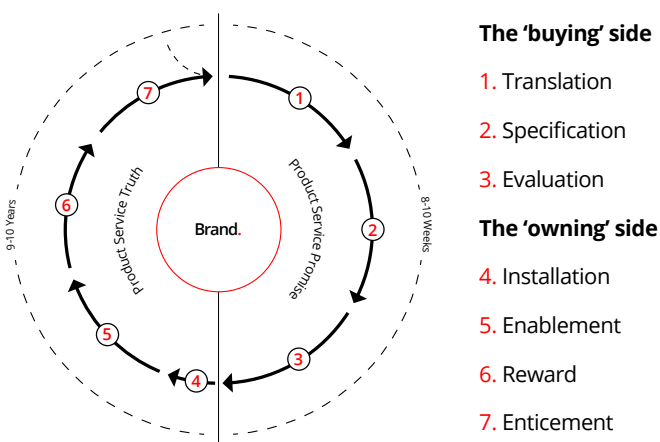
This is where lean and customer experience design meet. Lean's systematic approach to 'continuous improvement' and design thinking's unerring focus on the customer is a perfect combination of tools and approach. It's a case of the whole being greater than the sum of its parts. Process optimisation drives seamless, efficient experiences (think of Amazon, Screwfix or Uniqlo) and design thinking insures this seamlessness is rich in customer understanding. The result is a hyper-relevant and unique experience that defines your brand in the minds of customers.

'Doing less' for leaners is about finding and eliminating waste and complexity from the supply chain and passing on these efficiencies to customers. For customer experience designers, this means a way of focusing resources where they are needed to create an efficient customer experience that solves real customer problems. One that works effortlessly and consistently, regardless of channel, making it easy for both employees and customers to get on and enjoy the business of shopping, every time they interact.

Understanding what these problems are and where they crop up means getting to know your customers and what their expectations are.

At Start we consider the entire customer journey; pre and post-purchase are just as vital to understanding how a brand can meet customer needs and build relationships as the actual conversion and purchase itself, whether that's in-store or online. Splitting the journey into buying and owning is a useful way of exploring how well a brand delivers its promise throughout its customer experience and where opportunities lie for improvement.

Here are four ways brands can nurture customer-centricity and deliver better customer experiences as a result.

The 'buying' side

1. Translation

2. Specification

3. Evaluation

The 'owning' side

4. Installation

5. Enablement

6. Reward

7. Enticement

Four lean lessons for better customer experiences.

1. Design for the many, not for 'the One'.

2. Define each customer moment.

3. Continuously improve customers' journeys.

4. Collaborate constantly to build loyalty.

01.

Design for the many, **not for 'the one'.**

In a recent article, Sergio Bucher, the new CEO of Debenhams charged with turning the retailer around, dismisses the idea of a 'target consumer'. He says, 'trying to stereotype a single customer is not just wishful thinking it's almost disrespectful'.

He believes that today's digital platforms will bring new, more realistic and granular ways of segmenting groups of customers, by taste, lifestyle choices and purchasing behaviour.

Oxfam retail environments

Gathering customer information, building their voices into the customer experience and making sure employees and designers understand these voices is how businesses can transform into lean, customer-centric organisations. Many famously lean businesses, such as Xerox, use 'Voice of the Customer' techniques to make sure they directly experience what their customers are experiencing. 'Persona Creation' or 'Living Profiles' (part of the CX toolbox) bring this voice to life, matching consumer research with website analytics for example, to build a vivid picture of customers based on their shopping goals, motivations, behaviours and frustrations.

Armed with this level of detail brands can create the kind of distinctive, relevant personalised experiences their customers now want and expect; a quid pro quo for the swathe of data we let brands collect about what and why we buy. Amazon's physical book stores are stocked and merchandised with content entirely based on localised, online purchasing behaviour. It learns what people like, want and need and reacts to it by creating a bespoke in-store experience.

Creating simplistic socio-demographic profiles based on what a typical customer has bought in the past is no longer enough to power such experiences. And such an approach can potentially bias your design. Profiling non-typical customers and looking

beyond a typical customer journey can be a valuable way of finding new and innovative ways to solve problems for customers. L'Oreal's new 'Beauty Gifter' bot, for example, helps those who may not be your regular beauty products shopper. It takes the stress out of gift-buying by asking both the gift giver and the recipient questions so it can sell personalised makeup and skin care gifts, all via Facebook Messenger. These 'conversational experiences' – the lovely Alexa using Amazon's Echo technology is another example - humanise how technology can take pain out of certain aspects of the customer experience.

Customised content, tailored services and exclusive products need to be the result of the kind of rich, data-driven insights now possible thanks to powerful data gathering platforms and advanced analytical tools. At the heart of all this activity is the quality of the relationship a brand has with its customers. Trust paves the way for superior data shared happily by loyal customers. Data that can be fed back into the CX innovation process to make customers even happier. It's a virtuous circle driven by brilliant customer experiences. Research by Temkin Group shows that those companies with very good customer experience ratings have an average Net Promoter Score that's 22 points higher than the scores of companies that don't.

02.
Define each
customer moment.

Each micro-moment of a customer journey is rich with opportunity; a chance for brand and customer to meet and connect in a meaningful way. The challenge is to make sure these touchpoints, no matter how small, meet the needs and expectations of profiled customers.

It's also a chance to think about how to use the power of emotion in the customer journey. Emotion is the currency of experience, says John Mellor, VP of Strategy and Marketing at Adobe, at this year's Adobe Summit. Research from KPMG finds a direct link between how a customer feels and increased customer satisfaction and loyalty. Emotions drive decisions: 'the emotional tail wags the rational dog', according to the famous neuroscientist, Joe Ledoux. Touchpoints can be deliberately designed to elicit emotions – pride, confidence, joy, optimism – to motivate a specific consumer profile. Manifestations can range from simply using someone's name at key points in a customer's journey or providing extra reassurance at checkout, to larger-scale 'escapist' in-store events (think of TopShop's VR slide experience in its flagship Oxford Street store).

Experience mapping – a technique used by leaners and customer experience designers - will reveal these opportunities. It's a process that forces the brand team to walk in their customers' shoes and take a holistic view of the customer experience. It's also, crucially, a chance to find out how hard it is to be a brand's customer. Answers to this will help to create a future-state map with ideas for solving real customer problems. The result is a detailed understanding of where and how a customer interacts with a brand, at each stage of their journey, where an experience flows, how it connects across channels and where blockages are.

Optimised with the right content and technology, these interactions can help an experience make sense for customers. Start has helped brands such as Dyson, P&G Health & Beauty, Sephora and Barclays use smart content to redefine and activate the in-store experience for customers.

Physical stores deliver opportunities like this in spades, whether it's a chance to drive overall engagement with a brand or enable better service. Empowering staff with the right tools and incentives is crucial to making these opportunities work, transforming them into knowledgeable, willing ambassadors for your brand. Mobile technology ensures stock visibility and purchase history is at a store assistant's fingertips, for example, wherever they happen to be – turning any part of a customer's store journey into a fully connected moment. Brands can encourage learning by creating platforms that make it easy for staff members to get to know and connect with your brand. They can also build tools to facilitate getting and giving feedback, directly from customers via the shop floor to product and service development teams.
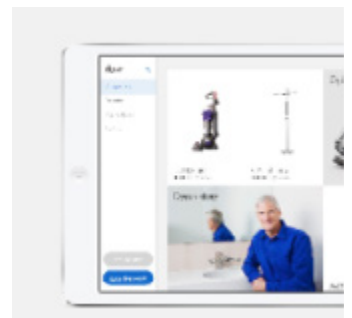
03.
Continuously improve customers' journeys.

'Continuous improvement is better than delayed perfection'. Mark Twain could have been describing a modern-day approach to customer experience design.

A customer-centric brand is one that continuously and consistently strives to match customers' changing expectations. It's a concept at the heart of lean theory. 'Lean management engages everyone in designing processes to continuously solve problems, improve performance, and achieve purpose while consuming the fewest possible resources' says the Lean Enterprise Institute.

For example, a customer experience map is never really finished; it's a visual, living guide to customer interactions that should be a constant starting point for innovation. Smart brands will use the customer experience design process to bring different teams, disciplines and skills together around the customer, to promote a shared understand of their needs, desires, expectations across the entire company.

Continuous research, testing and feedback are the lifeblood of successful customer experience design. Prioritising opportunities, iterative design, early consumer feedback and non-stop fine tuning make for an agile process that gets the right ideas to market when they're needed.

Bart Schlatmann, ING's Chief Operating Officer stresses the importance of this 'never-arriving' journey: "We have been on a transformation journey for around 10 years now, but there can be no let up. Transformation is not just moving an organisation from A to B, because once you hit B, you need to move to C, and when you arrive at C, you probably have to start thinking about D."

For leaners, transformation is a way of working, not just a destination. Customer Experience designers need to build this mindset into their own working processes because customers don't stand still and nor does the way they use technology. They are also on a journey and their needs and expectations are constantly changing.
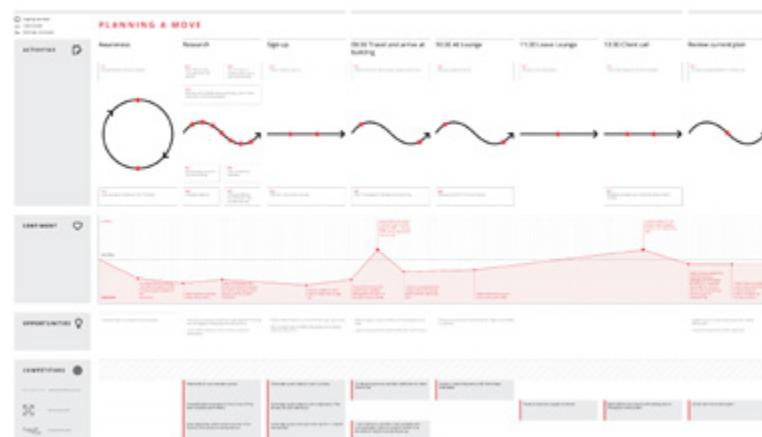
Example service blueprint

Amazon takes four out of the top ten top spots in Webloyalty's Digital Retail Innovations Report 2017, with Amazon Echo, Amazon Go, Amazon Logistics and Amazon Dash. Each of these innovations is constantly evolving, improving targeted aspects of its customer's journey.

04.
Collaborate constantly
to build loyalty.

Collaboration in all its guises can drive customer-centricity for brands. The best customer experiences are truly collaborative – it's how they started life, how they continue to live and breathe and a key driver of loyalty for brands.

We've seen how great customer experiences are underpinned by constant improvements based on early customer feedback. These have been built through a collaborative process – with customers and multi-disciplinary teams coming together across a business. To transform into an agile customer-centric business, ING shifted its entire organisation from a traditional structure to over 300 nine-person squads in 13 tribes, with representatives of different functions and mixed skills and experience working in a single location.

Collaboration is a state of mind that should define a brand's relationship with its customers, day to day. It's about being transparent and showing your process by involving your customers in it. According to Iris and its Participation Brand Index we are now firmly in the 'participation brand era'. Its global analysis shows that consumer involvement is a clear driver of better Net Promoter Score (NPS): with every 8 points achieved on the Participation Brand Index there is an equivalent 1 point on NPS. Getting consumers involved in your brand, how it develops and communicates will build authenticity, loyalty and growth.

A customer experience can empower active collaboration. It's about looking for opportunities in the customer journey to have a constant two-way conversation and inspiring people to have their say in how products and services are developed. Trusting customers' opinions on review sites and social media or sharing and promoting content they create is a simple way of getting customers to participate.

There are many brands doing this in isolated ways but the spirit behind it needs spread across the entire customer experience. US home interiors etailer, Wayfair, uses Instagram particularly well to engage with and respond to customers. Its feed is an engaging

Travalex workshop

mix of user, influencer and brand generated content all designed to build a brand community. Image captions actively promote discussion points and Wayfair consistently responds to user queries and comments with tips and suggestions. It promotes 'micro-influencer' content regularly to target its customers and even organised a conference in 2015 called HeartHome, designed to facilitate collaboration between the brand and bloggers.

No surprise who is at the top of that Participation Index: Apple. But brands like Spotify, Netflix, Airbnb, Virgin Atlantic, and Amazon also all score highly. These brands are 'built by the people', according to Iris and 'have a purpose at their heart' that shapes their business.

Getting consumers involved in your brand, how it develops and communicates will build authenticity, loyalty and growth.

Start being
customer-centric.

Modern retailing is about how well you know, understand and involve your customers. Great experiences are built around this insight.

It's the only way retail brands can truly differentiate and stay relevant in a sea of homogenous, global brands. If people feel that a brand understands them, connects with them and plays a meaningful role in their lives they will love that brand more.

Start's Experience Design Delivery Framework has helped us deliver defining customer experiences for Barclays, Sephora, and Tesco.

Get your free Delivery Framework template here.
Watch out for the next in Start's series on defining customer experiences for future stores: Finders, Keepers. Find the Value in your Customer Experience and Keep Your Customers Coming Back

Keep in touch.

Kevin Gill

UK MCEO

(+44) 7885 277386

kevin.gill@startdesign.com

.start London

Unit 4.01 Tea Building

56 Shoreditch High Street

LondonE1 6JJ

T: +44 (0) 20 7269 0101

E: info-uk@startdesign.com

.start Manchester

3 Cobourg Street,

Manchester

M1 3GY

T: +44 (0)161 228 3066

E: info-me@startdesign.com

.start Dubai

Suite 1002,

Arenco Tower,

Media City,

PO Box 28710, Dubai, U.A.E

T: +971 (0) 44508494

E: info-uk@startdesign.com