

# Shopping with Conversational Retail

**Bots Transform  
In-Store and Digital  
Selling and Servicing**

# Identifying the Problem

## *Customer Service Experience*

The digital age is transforming how and when customers want and expect to connect with businesses. This is particularly relevant for retailers, many of which must provide online, mobile, and in-store engagement options. Customers want real-time access to retailers regardless of their location and what device they are using. And the bar for omnichannel engagement is set quite high as a result of the accomplishments of online retailers such as eBay and Amazon, among others.

Delivering great customer service experiences is a competitive differentiator. Eighty-seven percent of customers report that the customer service they receive plays a pivotal role in their decision to do business with a company<sup>1</sup>. It gets more interesting when one drills down into the details for those who rely most heavily on digital engagement methods.

For example, for customers who use automated self-service, ninety percent indicate customer service has a significant impact, as compared to sixty-seven percent of those who don't, on their decision to conduct business with a company.

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It's not simply about choosing to do business. Two-thirds of customers have canceled service or ended a relationship with a company due to a sub-par service experience. More than one-third have done so more than once. In addition, detractors are bad for business. Forty-five percent warn friends and family about the company, with nineteen percent writing a negative online review about their experience.

Yet, when this scenario is flipped on its head and loyal customers are turned into advocates, the returns are substantial<sup>4</sup>:

- » 90 percent buy more frequently than other customers
- » 60 percent higher spend per purchase than other customers
- » 5 times more likely to choose brand over others.

## Going Across Channels

Omnichannel experiences are much more than an e-commerce engine and physical storefront. Rather, they involve customer service, operational, sales, and marketing actions, all of which must be integrated into a consolidated seamless flow. With all of these residing on their own isolated systems and data, this is a huge undertaking, and customers believe much work is left to be done. As an example, only forty-two percent of call centers provide an end-to-end workflow of interactions with buyers and customers<sup>6</sup>. It makes a lot of sense that over half of customers report receiving conflicting information across different engagement channels.

Making the omnichannel experience as seamless as possible for the customer is the name of the game, even if back-end processes and systems are complex. Here, the customer journey is paramount. For companies that integrate their different engagement channels, the returns add up quickly—from seamless service as customers move between engagement channels to more business intelligence that turbocharges sales, marketing, operations, and service

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80%

*of retailers aren't ready for omnichannel due to the lack of inventory visibility and accurate assortment planning between e-commerce operations and their stores.*

75%

*of retailers indicate e-commerce sales are cannibalizing sales that would have otherwise been in stores.”*

# Leveraging Mobile

Mobile disruption affects virtually all aspects of the global economy. Sixty-four percent of Americans own smartphones today, a number that is expected to reach seventy percent by 2020. Sixty percent of Internet usage was via mobile devices last year. The number of smartphone users will exceed six billion worldwide users during this same timeframe.

Mobile is having dramatic repercussions for retailers, and it is much broader in scope than e-commerce. By the end of this year, between seventeen and twenty-one percent of in-store sales will be mobile-influenced. Showrooming is something that nine percent of U.S. shoppers actively do. Forty-one percent of shoppers who compare prices while shopping in-store end up purchasing from another retailer. As these numbers are only going to grow in coming years, retailers that aren't digitally engaging with their customers in-store and online will see diminishing returns.

Another mobile area retail customers are rapidly embracing is geo-targeting push marketing. It's particularly prevalent among Millennials. Thirty-three percent currently check prices on their mobile device while in a store, and fifteen percent have showroomed in the past three months.

Retailers that fail to engage with their customers while they're showrooming put themselves at a competitive disadvantage and will miss revenue opportunities. Why should you engage with these digital natives? Those who combine online and in-store shopping have a thirty percent higher Customer Lifetime Value (CLV) than customers who don't.

Are you thinking mobile apps are the solution? Think again. While mobile apps are gaining attention and traction in certain instances, the majority of smartphone users use fewer than 10 apps daily. And more than half use between one and four apps only<sup>15</sup>. Companies simply cannot be heard through all of the "mobile app noise" in the marketplace.

*Engaged customers produce a 23 percent premium in wallet share, profitability, revenue, and relationship growth, while disengaged customers represent a 13 percent discount in these same areas."*

# Making it Personalized

While customers increasingly want to answer their own questions and solve their own problems with self-service solutions, they concurrently want personalized experiences. Personalization has become a brand differentiator across multiple industries, and retail is certainly no exception. Current self-service solutions fail miserably on this front. For example, forty percent of customer problems are not even covered by digital self-care channels.

Contrary to what some believe, engaged customers want communications from businesses. These can be based on previous behaviors and purchases or messaging and offers that are contextually relevant. For example, while shopping in-store, a customer may receive messaging and offers related to the merchandise they're considering for purchase. More than half of customers believe proactive messages could have helped them avoid an issue in the past.

Benefits directly cascade to businesses: purchase rates increase and attrition rates to competitors diminish. Yet, while email remains an effective marketing tool, it has various deficiencies; it isn't contextually aware or real time. In addition, most customer email inboxes are overflowing with messages and many never get read.

# Providing a Human Channel

Sometimes a live sales or customer service agent is necessary. Not every digital engagement can be handled via self-service. When virtual agents are introduced that provide human-to-machine (H2M) interactions and are intelligent and personalized, satisfaction and engagement success ratios increase exponentially. But most retailers don't offer their customers a seamless transition between automated self-service channels and those with live human agents such as email, live web chat, or contact centers.

Beyond feeling that their time is disrespected, top customer complaints include:

- » Not being able to get through the digital system to talk to a real person (39%)
- » Agents not having a full grasp of the English language (36%)
- » Getting transferred multiple times (33%)
- » Being put on hold (30%)
- » Uninformed or unhelpful representatives (26%)

Whether the response is being managed by a human or virtual assistant, customers must be connected to the proper department and the proper agent without losing any context from previous interactions. This results in faster sales and service interactions, fewer frustrating redundant conversations, and more satisfied customers.



## COMMUNICATIONS PREFERENCES

*Communications and offers customers most often want to see include:*

- » *Notice about sales or discounts (50%)*
- » *Reminder for upcoming appointment (46%)*
- » *Status update on application or order (42%)*
- » *Reminder about an upcoming payment (35%)*

# Conversational Retail

## *Engaging with Computers That Speak Human*

While a majority of customers want self-service, they aren't getting what they really desire. H2M interactions that use Internet

Voice Response (IVR) and graphical user interface (GUI) systems often get lost in translation between humans and computers. Unable to get their questions answered or problems resolved, customers become frustrated, abandon their shopping experiences, and turn into detractors.

Using Natural Language Processing (NLP), bots completely shift communications between users and the technology. Communication breakdowns that happen between humans and computers under IVR and GUI interactions are minimized with NLP. For web- and mobile-based applications, users don't need to spend time learning GUI menus and navigating between screens. Instead, using text or audio commands, bots give customers the ability to use human language. As bots contain API hooks into web- and mobile-based applications, they intelligently identify which application is needed to answer a question or fulfill a request. And in the event the bot doesn't understand the questions, request, or response of the customer, it simply asks for clarification.

## *SELF-SERVICE WISH LIST*

» *Phone Systems That Understand and Navigate Them to Answers (42%)*

» *Search and Find*

*Information on Company Website (37%)*

» *Proactive Customer Service Systems That Anticipate Their Needs (28%)*

» *Virtual Assistant*

*Technology to Advise on Customer Service Issues (19%)*

## *Receiving In-Context Messaging and Offers*

Leveraging NLP, machine learning, and artificial intelligence (AI), bots are contextually aware and present customers with communications and offers when they are showrooming or based on their behaviors, preferences, and shopping histories.

Heuristic learning and AI allow bots to anticipate the needs of customers. In this case, customer service becomes something they welcome and enjoy, rather than dreading; purchase decisions become informative journeys.

Geo-targeting push marketing takes place using the bot, making intelligent decisions on when and how to present messages and offers. For example, a customer shopping in a brick-and-mortar store may receive coupons for certain products she has purchased before. If she spent time in a specific department or conducted showrooming research about a particular product, she would receive a discounted offer upon leaving the department or getting ready to exit the store.

Because bot conversations are bi-directional and every user interaction is tracked, bot-facilitated communications and offers are natural and contextually relevant. They're also proactive, anticipating what the customer wants or needs next. All of this humanizes the sales and customer interactions, transforming both the in-store and digital shopping and customer service experiences.

## *Analyzing Big Data Insights*

Information is shared across multiple applications and aggregated for better decision-making. Finding and accessing the data is only part of the problem; the other part involves analytics and insights. Understanding a customer's preferences and identifying needs before they are realized can mean the difference between a purchase and a customer or prospect buying from one of your competitors.

## *Gaining Predictive, Sentiment Analysis*

Bots can pinpoint sentiment—both in text and audio—and adjust interactions accordingly. For example, using sentiment analysis, a bot can determine if a customer is becoming agitated and escalate the service inquiry to a live human agent or reroute the inquiry to a different engagement channel that will be more likely to answer the customer's question or resolve the problem. Users also form an anthropomorphic connection with their bot as they gain greater insights into their needs and preferences.

## *Becoming Channel Agnostic*

Most customers use two or more engagement channels to engage with brands. The channel used to answer one service or sales inquiry may not be appropriate for a different one. Yet, customers expect businesses to offer seamless multiple engagement channels and to deliver a seamless experience across all of them. Bots determine what channel a customer needs and routes them to that particular channel. They also provide a seamless experience for customers as they traverse from one channel to another.

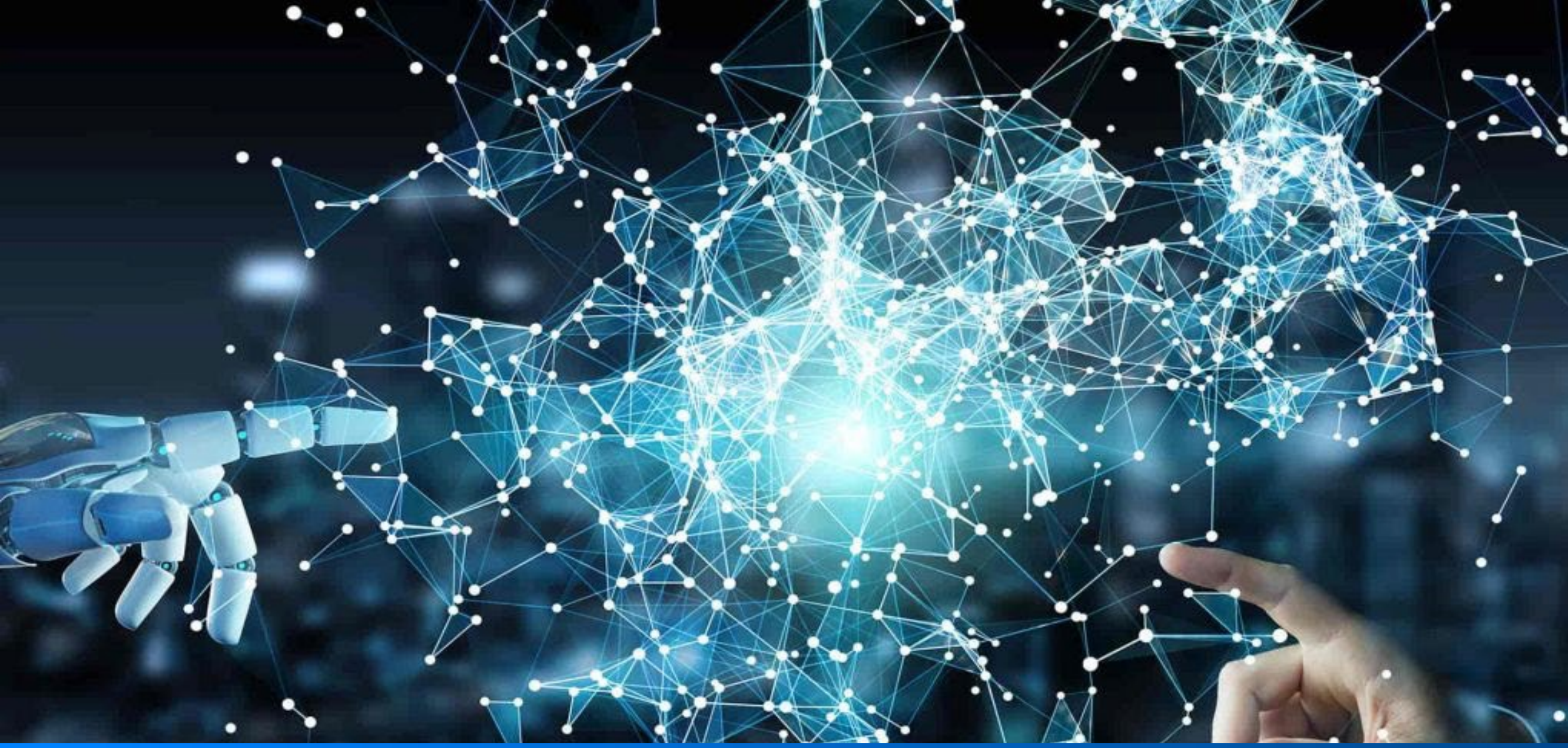
## *DIGITAL IN-STORE ENGAGEMENT*

*Businesses that provide digital experiences create an atmosphere of entertainment in-store and add significant value. Results retailers report include:*

- » *Improvement in brand awareness (48%)*
- » *Growth of in-store traffic (33%)*
- » *Increase in repeat buyers (33%)*
- » *Added upswing in overall sales volume (32%)*
- » *Increase in*

# Join the retail bot conversation

Conversational retail is a transformational shift in how retailers engage with their customers. Businesses can expose and integrate applications and data centrally with a solutions bot. This breaks down silos between legacy applications and puts relevant information at the customer's fingertips. To learn more about how Whitegator.ai is simplifying and transforming how retailers connect with their customers, visit [www.Whitegator.ai](http://www.Whitegator.ai).



**Thank You**