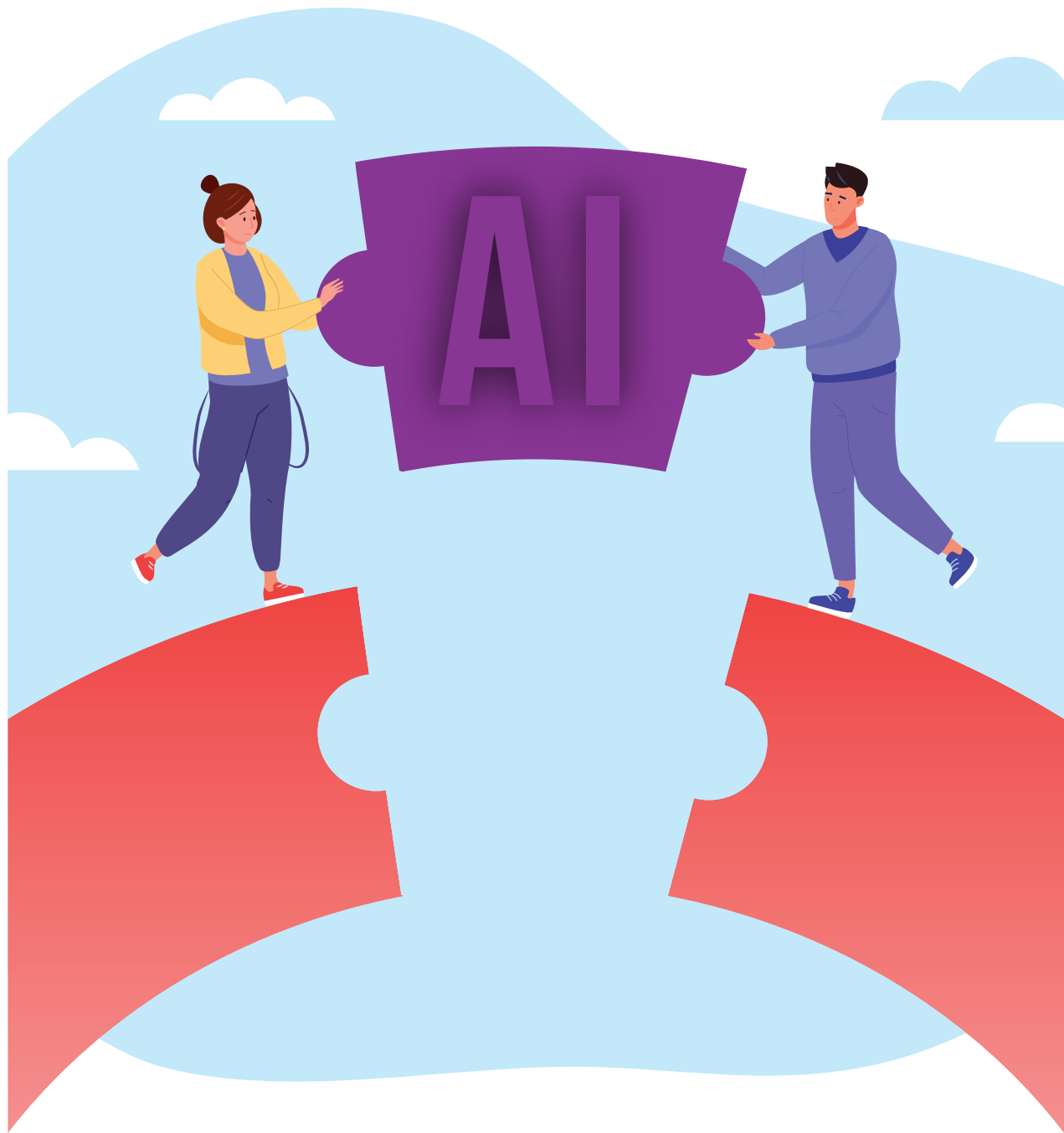


Can AI Bridge the Omnichannel CX Gap?



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The gap between the customer experience that consumers expect from retailers and what they receive is wider than you might think.

Take buying online for instance. A massive 93% of US and UK consumers surveyed by Coveo say they expect the online shopping experience to be better than in-store. But an equally high 91% say that they encounter problems when buying online.

It's not that retailers don't know the value of the customer experience. The problem lies with putting in place the systems, processes, technology, and mindset to create excellent customer experiences right across the business.

Consider that in a survey of 250 UK retail leaders by M-Cube, 76% said they believe omnichannel retailing is key to success in the next five years. But retailers don't even have to wait that long. The results can already be seen with 69% reporting an increase in sales or revenue since implementing omnichannel strategies.

Clearly, retailers know omnichannel is what customers want, but they're not necessarily able to deliver. In a survey of 150+ retail organisations by Deposco and Retail Dive, 64% said they aren't satisfied with their omnichannel fulfilment performance.

If retailers can't close the gaps in the customer experience they might end up falling in. And there's no guarantee that they'll be able to climb back out again.

So, what can they do about it?



Enter AI?

The thing about humans is that we become used to efficiency and convenience very quickly.

Take for example the success of Uber's tap-to-order taxi model. Or Dyson's superfast hand dryers. Experiences like these make everything else feel slow and clunky and frustrating.

It's the same with the omnichannel retail experience.

- Having to repeat an issue to multiple different support staff as you bounce between channels is enough to put you off a brand for life.
- Finding that the item you want is out of stock for your size in the store and being told the retailer can't order it for delivery to your home is unbelievably frustrating.
- Getting a product recommendation from a retailer via their chat service and then being redirected because they can't complete the sale in that channel adds unnecessary steps to the buying journey.

What customers want is for retailers to make their lives easier. It shouldn't have to be a lot of work to make a purchase, get advice, receive support, or send something back. But retailers' ability to do these things often varies from channel to channel. Inconsistency is the defining feature of the customer experience.

Retailers need help to change this and many are looking at AI.

Artificial intelligence is officially in its hype season thanks to the likes of the Microsoft-backed OpenAI (responsible for ChatGPT) and Google's Bard grabbing

headlines. But it's not a new concept for the retail industry, which has been implementing various forms of AI and machine learning for some time.

What is changing is the sophistication of the technology, its capabilities, and the applications for it. As a result, it's becoming a valuable tool in closing the customer experience gap and creating a more unified vision of shopping.

But what does this look like in practice?



Unify the Online and Offline Experience

Retailers need to stop treating their online and offline activities like they are separate things because customers aren't. For them there is only the brand and how they want to interact with them that day.

The more separation that retailers maintain between the different parts of their business through operational practices, siloed teams, and channel-specific strategies, the harder they will find it to create fantastic customer experiences. In M-Cube's survey, 90% of retailers said that maintaining a consistent customer experience across all channels is important.

By taking a holistic view of their offering, retailers can start to remove the inconsistencies in service because every part of the business is on the same page and working towards the same goal. This means that no matter which channel a customer comes to your business through – and this could change day by day – they get the same high level experience.

For example, if support staff at the end of company helplines, chat services and email are expected to help customers with support queries or return requests related to in-store purchases, then they need to have access to complete customer profiles including sales history.

Conversations that a customer starts in one channel, such as an AI-powered chatbot, should seamlessly carry over to another channel – for example email or phone. The consumer shouldn't have to keep repeating the same information when the retailer has already had it once and simply needs to make sure that it is attached to a customer profile that everyone has access to.



Staff should also receive the same level of training about products and services, whether they work in-store, in online support or a combination of the two. A major differentiation point of physical retail is often the level of knowledge that staff have about products, but this doesn't help an online shopper when they're looking for guidance.



AI can also help retailers to get ahead of the customer and answer their questions before they ask them. This might include automatically sending out a link to track their package, warnings about possible issues or delays, care instructions, tutorials, and so on. The advantage of AI is that it can quickly trawl and understand historical customer data to identify the common issues and questions, and respond with appropriate content.

Keep the Lines of Communication Open

Many retailers run their customer service department according to traditional business hours.

Here's the thing though – your customer isn't a business. They're not only researching, shopping, or interacting with your brand 9-5, Monday to Friday. In fact, research by Klarna shows that evenings are the most popular time to shop online in most countries, which is when customer support channels are closed.

The channels that consumers use also change over the day. A higher number of customers use desktop computers during working hours which suggests many may be shopping while at work. Mobile shopping is the dominant channel in the evening and at night as consumers switch to personal devices and browse during their downtime or alongside other activities like watching TV or a film.

When support staff aren't available during the times that consumers are especially active, the customer experience can suffer. It's the same when support services only work properly on a single type of device or specific channel.

An AI-powered chatbot is one way to ensure that customer support is always on, 24 hours a day. Chat services give customers a way to get immediate answers to their questions or help with an issue. They're similar in speed to an in-person or phone conversation which give them an edge over email.

Customers also appreciate having an option to self-serve rather than having to wait on staff to be available to help with their problem. In a Q1 2023 report, Klarna found that 66% of shoppers globally prefer to use chat to contact stores.

AI can also help to identify those who have more complex situations and require human support. This means they can either be immediately passed to a person, or if the conversation is happening outside of service hours, the AI could schedule a call back for the customer the next day or move the conversation to another channel like email.



Personalise the Customer Experience

“ [In China] 80% of online purchases are driven by personalised recommendations [compared to just 20% in the western world].”

Klarna

Customer demand for personalisation is growing. In a recent five-country survey, including the US and UK, Klarna found that 65% of respondents want the shopping experience to become more personalised in the future.

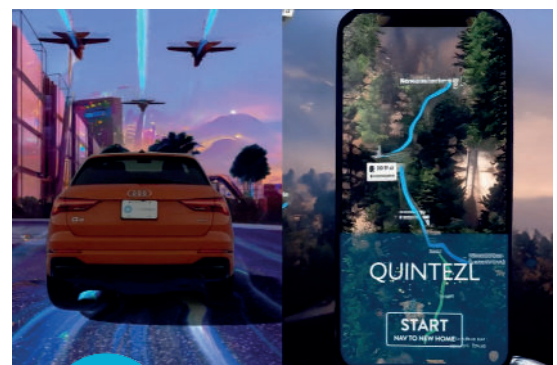
Notably, according to Klarna, in China “80% of online purchases are driven by personalised recommendations” compared to just 20% in the western world. This suggests that much of the world still has a long way to go when it comes to personalised retail.

Typically, retail transactions have happened in a vacuum. Consumers who buy in-store are treated like a brand new customer each time they visit. Online customer profiles haven’t taken into account offline activity.

AI is able to look at multiple sources of data, including unstructured information, to personalise interactions with customers. This includes looking at search history and past purchases to recommend products to individual customers.

New generative AI models can also help move personalisation beyond ‘first name’ in a mass email. They can completely rewrite the messaging in each email based on the customer and their past behaviours.

Personalisation doesn’t have to just be about recommendations and sales reminders though. US used car company Carvana recently demonstrated how AI can help create surprising personal experiences for customers with its Joyride videos. Designed to remind customers of the day they got their Carvana vehicle, each video is unique to the individual customer based on details like the date of purchase, vehicle specs, and location.



CARVANA

Other types of AI-powered personalisation are also now possible, such as a customer listing what they have in their cupboards and the AI sharing a list of auto generated recipes they could make. Likewise, in a survey of US consumers by Bolt, 62% said they are more likely to buy a beauty product if they can use tech to determine their perfect formula.

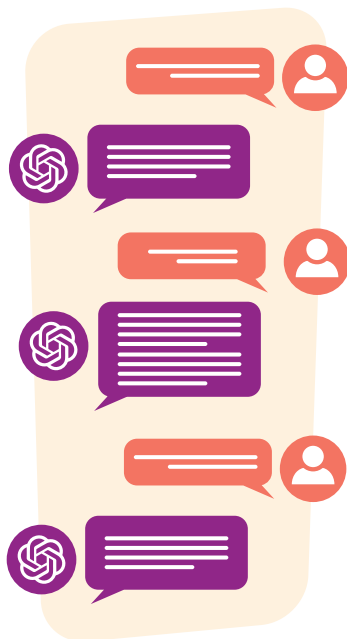
Remember – the Customer Experience doesn't stop with the *Buy* Button

A lot of retailers focus on the customer experience of discovering, researching and purchasing a product. But it doesn't stop there.

In fact, arguably, an e-commerce buying decision is really being made when the product arrives at the customer's home, not when they're on the website. Delivery is the moment where the customer decides if the item meets their expectations and whether they want to keep it. This is the reason why returns are such a challenge for retailers.



AI can help retailers do their best to guide consumers to the right purchases so that when their order does arrive they want to keep it. This might include product recommendations, AI-powered fit tools for selecting the correct clothes size, generating more detailed product descriptions, and helping with pre-purchase queries.



If customers are returning items, a chat service can help to give retailers a voice in the returns conversation compared to the customer just filling out a return request on the website. If retailers can engage consumers in a conversation they may find that they can save the sale by helping customers with their new purchase, or reduce losses by suggesting an exchange or a credit refund.

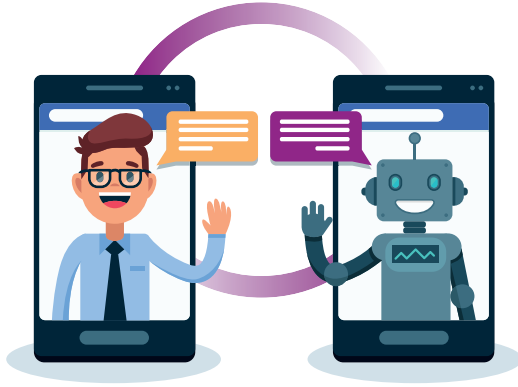
AI can also help automate the after sales process, including asking customers to leave a review, sharing links to tutorials and other product related content, and updating the customer's profile for future reference.

The more information that a retailer is able to

capture about a customer, even for purchases that ultimately resulted in a return, the better the relationship they can develop.



Don't Pretend AI is Human or Vice-Versa



Customers aren't fools. The more that artificial intelligence plays a role in their lives – from work to home to shopping – the better they are at spotting it. What's important is that retailers are honest about when they're using AI and what for.

A recent survey of US consumers by SurveyMonkey revealed that 54% already think they can identify AI chatbots or AI-generated content (47%). This number only gets higher among Gen Z and younger generations.

Notably, in the same survey 9 out of 10 respondents said they prefer humans to AI for customer service. The reasons for this are that they feel humans can understand their needs better, are less frustrating, and can explain things better.

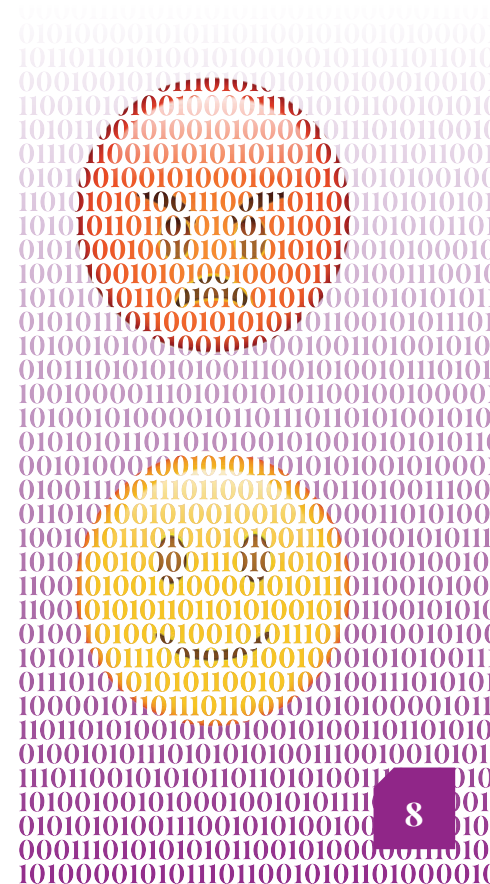
But this doesn't mean that AI can't be used for customer service. Retailers actually have an amazing opportunity to create better customer experiences by playing to the strengths of both humans and AI.

For example, AI is amazing for looking through huge amounts of data and recognising patterns. This could include alerting human staff to common issues that customers have, identifying trends in consumer behaviour, or forecasting product demand. It can also be used to reliably deal with issues that follow the same steps every time, such as how to reset a customer password or find a username.

Whereas, human support staff bring real-world experience and insight to the customer experience. They can think and feel like the customer, which means they can act in an appropriate way. They can also understand much more complex scenarios quickly and determine the right response.

Bringing together these different skill sets means that the customer wins. But only if retailers embrace the fact that AI isn't a sticking plaster for everything. It should always be elevating the experience, which means if there's something it can't do better than a human, then it shouldn't be doing it.

Otherwise, retailers run the risk of creating robotic, unengaging and frustrating customer experiences rather than the unified omnichannel service that consumers want.



Profiles

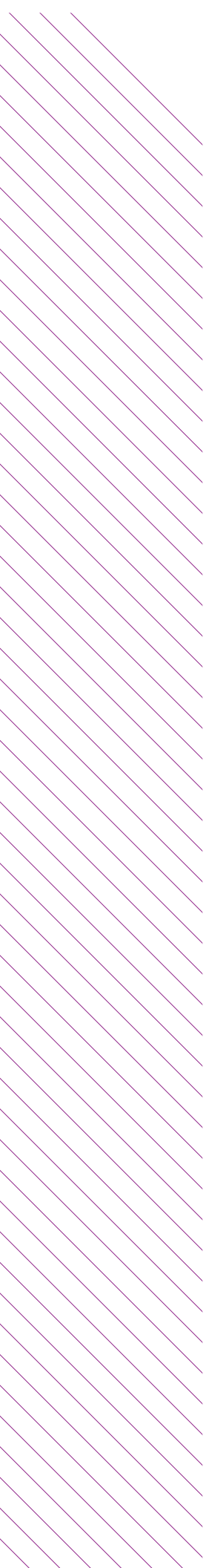


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