



» Retail

Where desire for experiences meets demand for speed, simplicity, convenience and flexibility

July 2017

What's a retailer to do when consumers increasingly want new experiences, but demand the ultimate in speed, simplicity, convenience and flexibility that, seemingly, only online shopping can offer



Bring desire and demand together in a seamless, integrated and personalised way of course.

But how?

Four experts explore...



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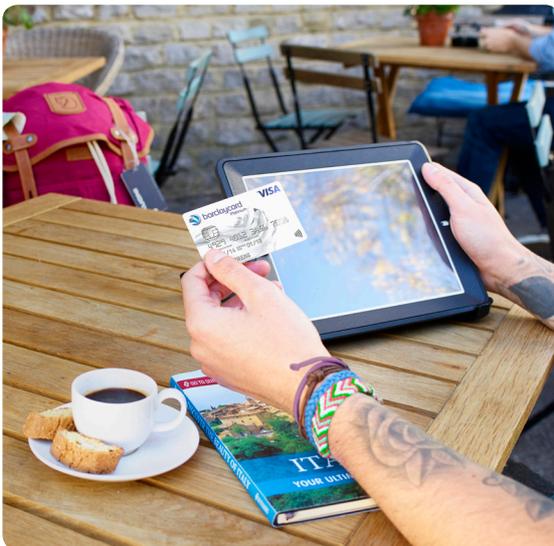
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A brief introduction

UK retail faces a complex trade-off between experience, and speed, simplicity, convenience and flexibility.

In many ways these things are polar opposites, which makes the point at which they meet – in this case retail – an all the more exciting place to be and an all the more difficult space to successfully operate in.

In this guide, we'll look at how the future success of retailers quite possibly relies on you being able to:



bring together traditionally offline activities (browsing for and trying out new gadgets, for example) and the 'always on' online society



maximise the rise of the experience economy (by offering in-store/physical experiences combined with the convenience and speed of digital payments)



use the rise of mobile use as a way of enhancing the in-store experience (true omnichannel)



entice people offline and into store, to keep the experience economy alive in retail, not just in leisure and entertainment

Let's start with experience vs speed, flexibility and convenience...

The very definitions of experience are: 'the fact or state of having been affected by or gained knowledge through direct observation or participation', and 'something personally encountered, undergone, or lived through'.¹

The phrases '**undergone**' and '**lived through**' here don't suggest something quick or speedy, but rather something that's either taken a little longer to experience or had a lasting effect. Browsing² for new clothes, ingredients or electronics would probably be the closest thing to an experience in the retail space. While speed and convenience mean things like shopping online at any time of the day, same day delivery, click and collect, frictionless multichannel interactions and contactless payments.



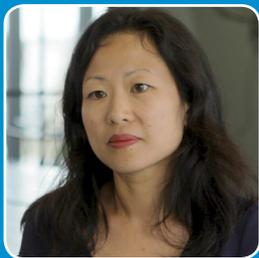
According to research by Eventbrite, **78%**³ of millennials⁴ would choose to spend money on an experience or event, rather than buying something desirable. The research goes on to say that **55%** of millennials are spending more on live experiences and events than ever before. It's fair to say then – and many have – that we're seeing a rise in the so-called '**experience economy**'.⁵

In particular areas of retail where there's still a very definite need for consumers to touch, feel and try the products on show - is there work to be done in fulfilling the desire for experiences?

Have the sector and its partners been too focused on speed, convenience and giving the consumer the tools to shop anywhere (online, in-store), anyhow (mobile, contactless payments, invisible payments), any time (**24/7, 365**)? Is now the time to combine experience and convenience – and if so, can it be done?

Chapter 1

The changing relationship between online and offline in retail



By Anita Liu Harvey

Vice President, Strategy and Innovation
at Barclaycard Business Solutions

The retail industry has been 'selling' experiences since forever, in magazines, on billboards, in real life.

We've all seen the glamorous photo shoots and enticing locations in glossy fashion monthlies. The shampoo and fragrance ads that transport you to a tropical location, or at the very least a life where everyone finds you irresistible. The wearable fitness devices worn by sports stars that suggest by wearing one, you could be a sporting hero in the making. Each of these scenarios is designed to subtly impress upon consumers the idea that buying the clothes, shampoo and gadgets featured means buying into the lifestyle, too. And so they're also designed to drive consumers into store or online to buy the image and the lifestyle, for themselves.



The same is true of events like **London Fashion Week (LFW)**. Yes, it exists to showcase upcoming trends and collections to buyers and journalists, but increasingly the main event (the Spring/Summer show) has been a way of bringing high fashion and consumers closer together; to invite shoppers inside the walls of the closely guarded haute couture castle. In 2016, around **105,000** people visited **LFW** and the event generated a total income of **£269m**.⁶ This was up from around **5,000** visitors to the same event (**LFW SS14**) in 2013.⁷ That's an increase of **100,000** people in just three years: a whopping **2000%**. If those figures don't demonstrate desire and demand for real, offline, face-to-face, in-person experiences, what does?

London Fashion Week Growth

2000%
increase
in three
years



LFW SS14
5,000 visitors



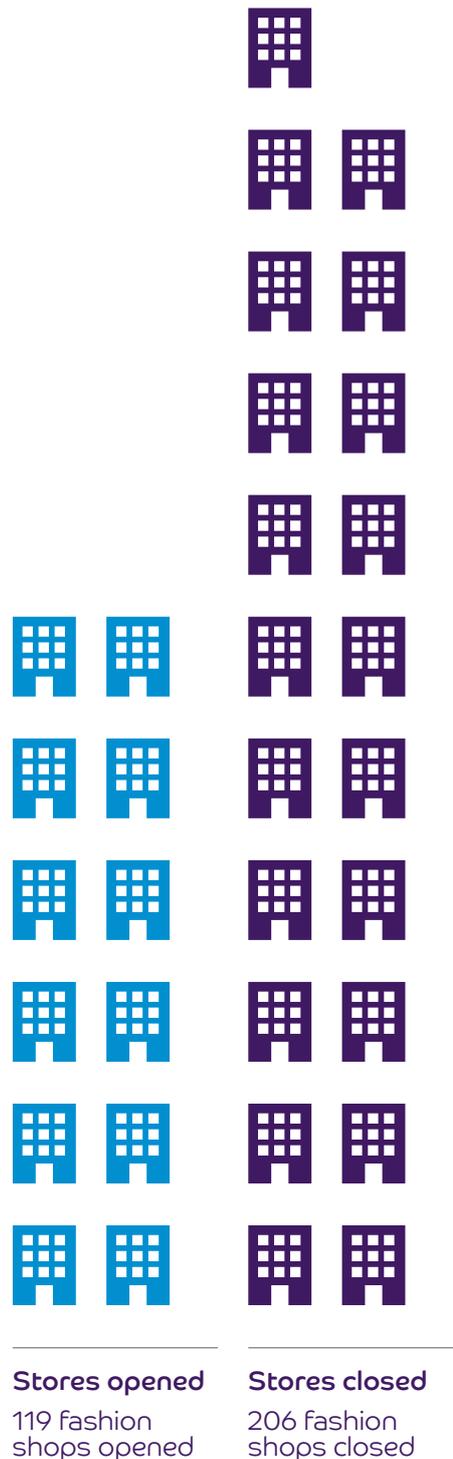
LFW SS17
105,000 visitors

Closing down...

So why are retailers closing stores, considering the desire for consumers to be physically close to fashion?

Bricks and mortar stores are closing at an astonishing rate according to recent research by PwC and the Local Data Company. In the **UK, 2,656** stores closed in the first half of 2016, the equivalent of 15 shops every day.⁸ Fashion was hit particularly hard, opening **119** shops in the same period but closing **206**.⁹ This compared to estate agents, who opened up **26** new sites in that time.¹⁰ And according to Drapers, high street footfall fell by **0.5%** year-on-year for the week ending 29th April.¹⁰

The PwC research¹⁰ found that it's increasingly healthcare operators, cafés and discounters replacing more traditional high street stores. In the case of the first two in this list, the findings back up the idea that consumers are looking to spend on experiences, rather than things. They want to interact face-to-face, and they want the café culture and experiences that can't be replicated virtually, digitally, online.



My colleague, **Sharon Manikon**, Managing Director, Customer Solutions, **Barclaycard**, commented:

“The edge that estate agents, cafés and healthcare operators have over fashion retailers, in terms of physical locations, is their customer’s desire to engage face-to-face about a rental or house-buying journey, about life or about health. After all, buying a property, for example, is often the single biggest purchase a person will make in their life. They might start their journey by researching online, but there still has to be offline interaction in the form of viewings, snagging, surveys and probably paperwork.”

The same can’t be said of retail more generally. The marketplace is incredibly promotional, incredibly tough. Honestly, the fashion industry in particular is experiencing a classic case of supply outstripping demand.

And it’s precisely because of this oversupply, this deluge of shops (particularly online) that there’s an urgent need for retailers to dig deep into consumer habits, trends, wants and needs. Not just to ‘know your customer’ – that’s just good practice – but to know them better than they know themselves. To shape experiences and spark trends, and to influence shopper habits. Some retailers, like **VictoriaPlum.com**, are already doing this, and seeing positive results.



When it comes to buying bathroom suites or bedroom furniture, there’s an argument that customers might need or want to physically see products in situ. After all, these are big purchases that can’t necessarily be as easily packaged up and sent back, as, say, a pair of jeans.

Despite this, **VictoriaPlum.com** is bucking tradition by being an online-only bedrooms and bathrooms retailer. And a very successful one at that. The company’s online sales grew significantly year-on-year, from 2015 to 2016, and look set to grow even further by the end of 2017.

So, how do they counteract the perception that customers need bricks and mortar stores or showrooms in order to shop for bathroom suites and bedroom furniture?

VictoriaPlum.com

“We put a huge amount of effort into inspirational imagery, video content, detailed product information and pinpoint accuracy when it comes to dimensions and descriptions.”

Lynn Hayzelden, VictoriaPlum.com's
Deputy Marketing Director

“We've had to educate the customer and work really hard to reduce the number of searches for things like 'Victoria Plum stores', but our website redesign in 2015 has really helped make our proposition clear by telling our story and putting huge amounts of effort and resource into content. Plus, we've noticed that customers are a lot savvier these days and are confident in online browsing and buying.”

Adam Chard, Content
Manager at VictoriaPlum.com

VictoriaPlum.com's first step to creating experiences online that cater for customers just as well as they'd get in store was to recognise that that was their challenge as well as their USP. The differentiator is that it is an online-only retailer, which allows it to dramatically reduce overheads and pass savings onto customers. The biggest challenge is to be an online-only retailer that competes with competitors offering in-store experiences. It required a huge push in three key areas: content, online reviews and customer service; across their website and social media channels, and their call centre.



The importance of digital content at VictoriaPlum.com

Top quality content is at the heart of giving customers the confidence to browse and buy online. Rotating images, video and mood boards all give browsers an accurate idea of how the products look individually, how they work together and details of things like the finish. This, combined with expertly written text that balances inspirational language with specifications, has in large part led to **VictoriaPlum.com**'s recent and continued success as a pure-play retailer.



How VictoriaPlum.com is using social media to improve customer experience

According to Adam Chard, Content Manager at **VictoriaPlum.com**, social media was just a nice-to-have when he joined four years ago. But now, not only is the brand very active on social media, but the customer services team is fully plugged-in too, with average response time to customer queries standing at an impressively fast 12 minutes.

Particularly impressive if you consider that, according to the 2017 Customer Service Benchmark Report, the average response time for a customer service request – generally, not just on social media – is 15 hours and 17 minutes.¹¹

So, while **VictoriaPlum.com** doesn't have live, face-to-face experiences

on the business plan right now, the company is focussing on giving customers a seamless and inspiring online shopping experience that does more than just show flat, static images of products.

This involved them investing in their web chat service. For the brand,

it was a case of making sure the team could really project themselves in the chat, to give customers the feeling of real support through what can be an emotive purchase.

VictoriaPlum.com

Paul Meagher, Customer Feedback Manager at **VictoriaPlum.com**, explains:

“ In effect we moved from interaction to conversation. A step change in our approach came in 2016 when we began reaching out to customers who appeared to be deliberating on key product pages. Our chat prompt allowed them to talk to our team and make that final decision to moving on to completing their order. ”

For VictoriaPlum.com, the focus was not just on providing great customer service, but on enhancing the customer experience in order to increase sales. The proof is in the pudding: in the last 10 months, Paul's team has helped 30% of customers with product enquiries to complete their purchase.

Another big part of giving customers a seamless, inspiring shopping experience is about **VictoriaPlum.com** knowing that their customers use multiple devices in the shopping process. A person might start by looking at bathroom suites on their phone, move onto a PC to see how those suites look in more detail, then buy on a tablet or back on their mobile. What the business doesn't want to do is make the customer start over if they switch devices.



The rise of the pop-up

And it's not just **VictoriaPlum.com** placing importance on customer experience. Fashion retail stores might be closing at an alarming rate in the UK, but they're being rapidly (albeit temporarily) replaced by pop-up shops. It's an industry worth an estimated **£2.3bn** in the **UK**, according to the most recent '**Britain's Pop-Up Retail Economy Report**'.¹²

The same report also found that 44% of customers asked had visited a pop-up shop in the preceding 12 months, and that London alone was home to 3,000 pop-up spaces.

The temporary and therefore seemingly exclusive nature of the pop-up phenomenon encourages a few potentially powerful things for retailers. First and foremost, it can be a great way to test new products for retailers who can't afford to set up in a permanent location and bear the high costs and negative brand implications of potential failure. And in a country with a focus firmly on influencer marketing, the sharing economy and the rise of the experience economy, pop-up shops done well can encourage the social media-savvy to post live from a location – the exclusivity and impermanence being the very things drawing people in (more on that in [Chapter 4](#)). And ironically enough, part of the reason behind the growth of the pop-up industry is the need for landlords to fill retail units left vacant by the decline in bricks and mortar stores.¹³

The popularity of pop-up shops, plus Farfetch's success with a true omnichannel retail strategy (more on that in [Chapter 2](#)) are further proof that the face-to-face shopping experience is not dead.

Instead, store survival is reliant on retailers giving customers what they want in store. Nice products alone are just not enough anymore. And neither is an enter>browse>try>buy/leave experience.

The success of retailing lies in the coming together of youth and experience, not ditching experience (the store and offline data) for youth (online stores, mobile commerce, technology and online data).

Customer types are evolving rapidly, and if we don't at the very least meet their expectations, the shop next door will. It's not a case of out with the old and in with the new, it's about finding ways to combine the in-store and online experiences – using and maximising the latest technology, from browsing, to buying, to returning. Always with your customer and today's customer types in mind.

Chapter 2

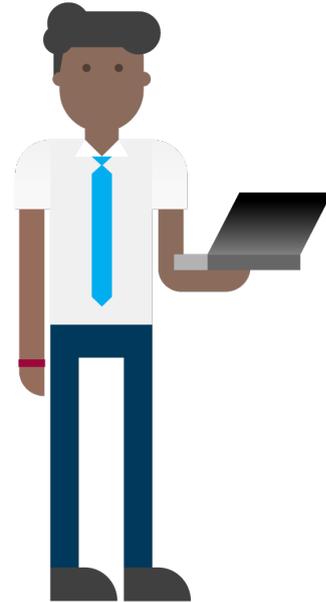
Shopper personas: why understanding your customer is the not-so- secret key to success



By Sharon Manikon
Managing Director, Customer Solutions,
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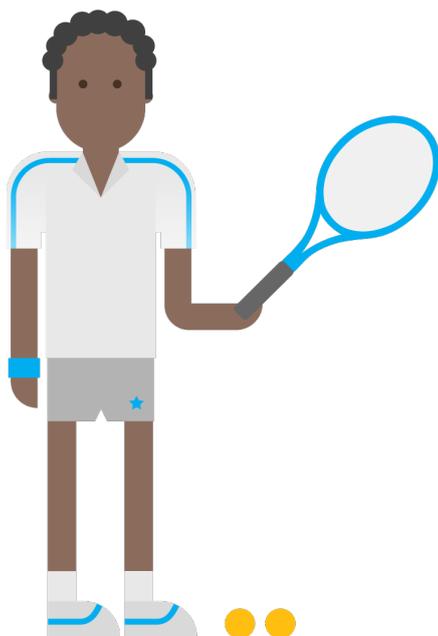
The Serial Returner

Definition: An online shopper who takes maximum advantage of retailers that offer free delivery and free returns. Who buys multiple items, sometimes multiple sizes of the same item, to try on at home. **30%** of shoppers deliberately over-purchase and subsequently return items. While **47%** of consumers who said a retailer's returns policy influences their decision to buy online said they would not order an item if they had to pay to return it.¹⁴



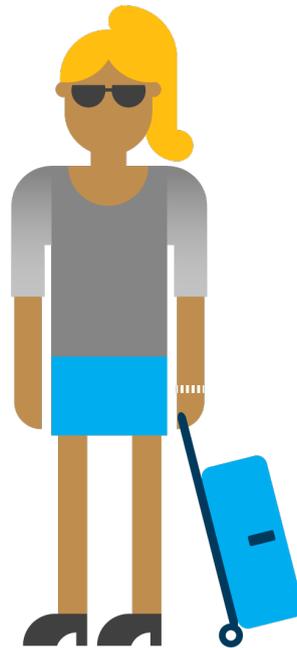
The Lifelong Learner

Definition: A high-net worth achiever who is more interested in spending money on self-enriching experiences than on gratuitous displays of wealth. For these people, the difference between work, learning and leisure are practically non-existent. They measure return on investment in terms of personal growth rather than capital gain. Learning is often made a part of leisure activities, for example when travelling they are likely to immerse themselves in the local culture or learn a new skill.



The Fashion Stasher

Definition: A person who buys clothes that they may never wear or intend to return but fail to do so within the allotted period. The average person wears just **41%** of the items they own, and one in five have failed to return an unwanted item for over a year.¹⁵

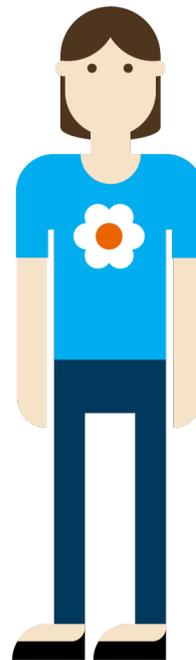


The Beauty Maverick

Definition: This person goes out of their way to create their own products and services that cater for their specific beauty needs. They have a particular affinity for online-only brands and are advocates of inclusive beauty.

The Spontaneous Spender

Definition: The shopper who can't resist buying on impulse when something's on offer. One in 10 Brits admits to being a spontaneous spender, with clothes being the biggest draw, accounting for **53%** of impulse purchases in the post-Christmas sales. Perhaps not surprisingly, **36%** admit the items they bought in a sale end up being used or worn "less than expected" or "hardly ever at all".¹⁶



The **Serial Returner** overbuys online with every intention of returning items. This shopper craves the practicality of the fitting room and the convenience of online. They, like everyone, know that clothing and shoe sizes are not standardised, so it's nigh-on impossible to be certain if (and how) something will fit without trying it on. And the material an item of clothing is made from can drastically affect how it falls, drapes, flatters... it's kind of a miracle that every online shopper isn't therefore a serial returner; after all, we're subject to wildly varying clothing sizes and often very different dimensions to the men and women modelling the things we buy.

If nothing else, this enduring need to try on clothes could be the catalyst all retailers need to entice people offline and into store. That and the fact that 57% of retailers say the day-to-day running of their business is negatively impacted by dealing with returns.¹⁷

With both the customer desire to try something before they commit to keeping it, and balance sheets crying out for a reduction in returns, retailers who can offer a physical in-store experience and the speed, convenience and always-on elements of online will surely be ahead of the pack.

But that's a huge challenge – it's the **Holy Grail** of retail right now.

There are businesses cropping up to help address the issue from a financial point of view. Exploring the idea of try before you buy, for example, where consumers are sent an item, they look at it at home and either send it back or pay for it. But these businesses don't solve the issue of bringing together in-store experiences with face-to-face interactions, and speed and convenience.

And it's not just the **Serial Returner** we have to consider. The **Fashion Stasher** may not, in fact, look like a harmful shopper persona on the surface. But these impulse buyers are unlikely to become loyal to a brand or even regular shoppers. Imagine having a wardrobe full of clothes, half of which you've never or hardly ever worn. It's enough to make anyone feel guilty enough to put off another shopping trip.

And then there's the **Spontaneous Spender**. Because they're sucked in by an offer, much like the **Fashion Stasher**, they're likely to be fickle and probably only buy when there's a sale on. And even more worryingly for a retailer is the fact that despite spending a healthy average of **£183** each over Black Friday, Cyber Monday and the post-Christmas sales period, this shopper type returns or plans to return **£128** worth of goods (**70%** of their total spend).¹⁸ Ouch.



Finally, there's the shopper that can't resist so-called 'showrooming'. These shopper types sit across the entire retail sector, from gadgets to sportswear to gifts and everything in between. Showrooming is the process of browsing in store, finding something they like and then finding it cheaper online. Research cited by IBM says that around **71%**¹⁹ of consumers are using showrooming and 'webrooming' (comparing prices across multiple websites to find the lowest price).

If consumers are actively using bricks and mortar stores in a particular way, it makes sense for those retailers who can, to jump on this and adapt what they're offering. If the consumer wants a showroom, give them a showroom, but use technology to remove the need or desire for that customer to go away and buy online.

In the process of giving showroomers what they want, you might also be appealing to the **Lifelong Learner** and the **Beauty Maverick**. After all, the former is after experiences, so giving them the right product at the right price just won't do it for them. And the online-only business might appeal more to the **Beauty Maverick**. But actually, if what they want is something that caters for their specific beauty needs, then face-to-face, hands-on, tactile interactions with experts and products might just be the type of experience retailers need to offer to create loyal customers in this tribe.

If the variety of consumers is the challenge, technology and data are part of the solution

Ok, so you've got a good picture of today's gaggle of consumer types. And you know that while speed and convenience win out in payment and delivery, there's also a strong and increasing desire for experiences, not just stuff. And that people still want and need to try before they buy. It's also crucial to understand your particular sector of retail. You already know that what you're selling makes a difference to how people research and buy.

According to PwC's 2017 Total Retail Survey, when it comes to books, music, films and video games, **68%** of global shoppers research online, compared to just **16%** who prefer to research in store. **60%** prefer to buy online, compared to just **28%** who prefer to shop in store. Compare that to consumer electronics and you'll see how people shop differently depending on the product. In this category, **62%** prefer to research online but then **51%** prefer to buy in store.²⁰

Bringing together all this knowledge and delivering what your customers want is the tricky bit. But in short, technology and data are big pieces of the puzzle.



Persona aside, all customers expect the same when it comes to payments

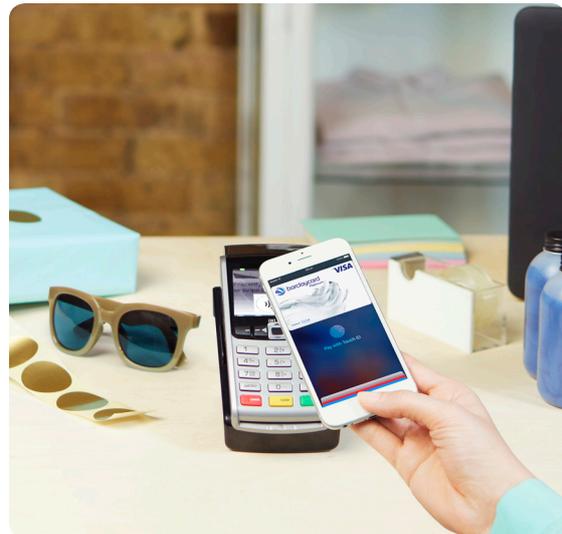
Knowing your shopper is obviously important, but it's also key to know that regardless of persona, all customers want to pay how they want to pay. They might be on different points in their shopping journey, but they expect to be able to pay on any device, at any time and via any method. Some shoppers will want to pay by card – chip and PIN or contactless, others by cash or digital wallet, and others won't want to pay until they collect what they've bought.

There are two key things for retailers here. First is the need for 100% reliability from payment solutions – failing to serve a customer at the point of purchase could well mean a lost customer, not just for that purchase but possibly for your brand. Second is to focus on offering payment methods that complement your business model.

Is your business about high-volume purchases for customers, and less about interactions? Or is it about high-end goods and therefore about a relationship and trust with your brand? It makes a difference to what you offer. Mass-buying customers might prioritise how quickly they can pay, via contactless and widely accepted payment methods. Clients making high-end, one-off purchases might be more about showrooming and no queueing, for example.

For them, the payment part of high-ticket purchases is an ego-boost and not something that should be invisible or rushed.

With so many considerations, the key is to pick payment partners who understand and support your customer journeys. It should (but doesn't always) go without saying that payments technology should be reliable, secure and flexible.



Is this the Store of The Future?

On April 12, 2017, luxury online clothing platform Farfetch unveiled the BETA version of its **Store of The Future (SoF)** in Kensington, London. The idea? To link the worlds of online and offline shopping. To use data in pursuit of the ultimate personalised shopping experience for consumers and to transform store staff from assistants to influencers.

This **SoF** might be the obvious next step in fashion retail, but it's probably not something many retailers have the resource to do. But if it succeeds in its goals of augmenting the experience of customers in store and creating a fully omnichannel and personalised retail experience, it may well be something we see rolled out more widely in years to come.



FARFETCH

José Neves, **Farfetch** Founder, Co-Chairman and CEO, said:

“Physical retail accounts for 93% of sales today, and even with online growing at fast speed, it will account for 80% by 2025.²¹”

and

“Retailers need a way to collect information about their customers while they are browsing in-store, just as they collect data from online searches. Store of The Future aims at providing the in-store experience of the future by giving visibility to retailers on what is happening in the store.²²”

So, how is this good for customers?

It's simple. Customers download an app, log in and then check into the **SoF** on arrival, automatically sending an alert to the store staffs' mobile devices. This process instantly gives staff access to data on who that customer is and what they've bought before, allowing them to make recommendations of items they might like. And if customers have saved a wish list in the app, staff can see immediately if those items are in stock.

More than this is the RFID-enabled ²³ clothes rail. It's technology that allows any products customers physically pick up in store to be added to their wish list on the app.

They can then swipe left or right in the app to remove or keep items. It's all about linking the online and offline, making sure all channels are complementing each other.

The beauty of this technology is that it's 'opt in', not 'opt out'. In other words, shoppers have to actively log into the app in order for retailers to be able to know they've arrived in store and to access their purchase history and personal information. So those customers who don't want to share that data or download an app don't have to and they can still browse and shop in a more traditional, less virtually connected way.

And they're changing the fitting room experience too...

Fitting rooms have always stood alone in the shopping experience, disconnected even from the sales assistants. With connected fitting rooms, we might well be able to wave goodbye to queues and fights to get help with sizes. Instead, at **SoF**, a customer is assigned a fitting room and the mirror – a shining example of augmented reality (**AR**) – can display items that might go well with the item they're trying on, and also with items they've already bought from Farfetch.

Another size? No problem. With a touch of a button, store staff are alerted on their mobile device.

No hunting around for help outside of the safety of the cubicle when you're wearing jeans that won't do up. Now all you need is a help button for when you can't get those leather trousers off by yourself...



Make payments by mirror

These AR mirrors not only act as personal stylists and remove the need for your friend or sales assistant to run around the store fetching different sizes, colours and styles, but they can also accept digital payments right then and there, too.

All this omnichannel technology is impressive enough in these practical senses. But it also changes the role of the shop assistant, from stock checker and payment taker, to stylist and influencer. And we all know how powerful the influencer is in the world of retail....

In fact, MuseFind research found that **92%** of consumers trust an influencer more than an advertisement or traditional celebrity endorsement.²⁴

So much so, that **47%** of customers use advert blocking technology²⁵, which limits the effectiveness of traditional digital advertising and sends a clear message that nearly half of people just don't want it. Bloomberg found that the US is spending **\$255m** on influencer marketing every month, leaving very little room for doubt on the way the industry is going.

But what can retailers do without the same level of resource as Farfetch, or in a different area of retail? What steps can they take towards the prize? In three words, [omnichannel retailing and data onboarding](#). They sound a lot like industry buzzwords, and in all honesty they probably are. But understanding them is crucial when getting your head round the need for retailers to offer something more than a multichannel strategy and to have a single and complete view of each customer.



Chapter 3

What are omnichannel retailing and data onboarding?

And why should you care?



By Ben Stagg
Gateway Sales Director,
Barclaycard Business Solutions

Multichannel and omnichannel – there's a difference

Multichannel is simply a number of discreet channels available to the customer to access and buy goods and services, that do not always talk to each other as part of the customer experience. **Omnichannel**, however, will recognise a returning customer regardless of the channel they use and take the information already held on that customer to improve the customer experience, keeping it consistent across all channels and speeding up the transaction, which is good for you and your customer.

We've clearly established that the best way to annoy a customer and ensure they never come back is to interrupt their journey by getting something wrong. Not joining up your channels and the different steps of the browsing-to-buying process is a death knell to customer loyalty. And that's basically the importance of omnichannel and the crux of why you should care.

No, but really, omnichannel?

Omnichannel retailing neatly brings together the ideas that no channel should be viewed in not-so-splendid isolation. And things like payment solutions, digital marketing, inventory and logistics should all be given equal priority in strategy and planning phases. In other words, no single element of your overall business strategy should take centre stage or be left until last.

Put it this way: if a customer reserves train tickets online but can't print them at the station, they're going to be pretty mad – especially if that basic

retailer mistake means the customer misses their train. On the same note, if a customer pops into store and says they've seen your product in a magazine and can they buy it now, and you say: 'sorry, it's not available for another month and it'll only be available in the US', you can pretty much guarantee that they've decided not to come back before you've even finished talking. But these situations, when executed properly, could very well equal seamless, integrated, omnichannel retailing at its best. Hello happy, returning customers.

And what about data onboarding?

Ok, so you've got omnichannel retailing. But how do you know what channels your customers want you to link up if you can't look at and analyse data in a meaningful way? Enter data onboarding.

Data onboarding is the process of matching up personal identifiable information (PII), like a customer's name and address, with non-PII data like their IP address, cookies and device ID to create a single view of a customer. While it's not necessarily a straightforward data capture piece, it can be a very worthwhile exercise to undertake. That's because if you don't have a single view of your customer, there's a chance you're missing opportunities to deliver the personalised, seamless, integrated experience that modern day consumers increasingly expect.



In theory, data onboarding is a step towards becoming a true omnichannel retailer.

Customers probably don't care about channels

Ok, so here's the reality. Customers probably don't care about channels or how they work together, as long as they're working smoothly. They start to care a little more when something goes wrong (their order isn't available to collect, despite receiving notification saying it is, for example). But even then, their main concerns are convenience, efficiency, and a great experience.

This means you have to work tirelessly in the background to create that seamless experience. Here are some things you should be focusing on to reach the previously discussed [Holy Grail](#) of retail.

Desire for experience

As a retailer, it's important to know that current consumer desire is two-fold. One is the desire to spend money on experiences, not things. Two is the desire to have a tangible connection to buying products – to have a shopping experience, to browse, touch and feel items, not just to view and buy them online.

For many people, the simple days of walking into a shop, trying on clothes and deciding whether to buy or not are all but gone. And with them a loyalty to the things you buy. Replaced by a shopper who might only interact with a retailer online and never make the lasting connection that can only really be made by feeling the fabric of a shirt, or trying on a dress to see how it fits. If you've made that connection to an item in store, you're more likely to keep hold of it.

People want to make lasting connections with the things they buy, but it's just so inconvenient to achieve this the old way (in-store), that they replicate the fitting room and browsing experience at home.



According to **Barclaycard** research, the customer's biggest irritations with the in-store shopping experience are:

- crowded shops (45%)
- checkout queues (42%)
- long waits for fitting rooms (29%)²⁶

But what if a consumer could start the shopping experience online, but then be enticed offline to complete the purchase? What if, for example, a consumer gets a 'what's hot' email from a retailer, clicks through to the website to view the latest trends, then discovers there's a pop-up store featuring technology that allows you to 'try on' clothing via an interactive image. This tech-first approach might well entice the current generation of shoppers offline and into store. Once there, it's imperative to create a seamless, interactive, immersive experience designed to build excitement and loyalty.

Click and collect done well is a great example of omnichannel working in practice right now. It's an effective way to achieve two things. One, it brings together the online browsing experience with the face-to-face, in-store interaction that fulfils the 'experience' desire. Two, it offers a way for customers to assume control over where something is delivered to and when they collect it, negating the need to be home at a certain time (almost always during normal working hours) to receive an order. The latter meets the demand for speed and convenience. Double win.

On the flip-side, what if a consumer could browse in-store and purchase online but while they're still in-store – a step on from 'showrooming' (see [Chapter 2](#)) – via an app, for example, in a seamless, personalised way? Bringing the two channels together can be done with solutions like scan and buy technology.

A customer browses in store, sees how the merchandisers have styled the latest trends and gets inspiration, touching and trying on clothing (in front of a virtual mirror, or in a fitting room). Then instead of queuing up to pay at a fixed till point with tens of others, that customer scans the product price tag and pays with contactless via an app. Something similar already happens in some supermarkets with scan and shop systems. A customer scans items as they put them in the trolley, totting up the cost as they go along and packing items straight into bags. Then when they're done, it's a case of scanning a barcode at a till point to pay. While this doesn't bring together on and offline channels, it could be taken a step further by allowing the customer to use their smartphone to scan items (rather than a dedicated scanner picked up at the store entrance). The items scanned could be saved to a wish list on an app, where they can add them to different shopping lists – such as for special occasions, weekly basics or weekend treats and either add to their trolley and buy in-store, or save items to buy online later.

If those ideas or that level of technology are steps too far for right now, having mobile payment solutions for sales assistants is another way to reduce queues and up the personal interaction between store staff and customer without losing out on speed and convenience.

The common thread that runs through these ideas is technology and it's technology that's at the heart of creating seamless, personalised shopping experiences for today's consumer.

Omnichannel might just be your USP

It's worth highlighting that omnichannel doesn't have to include store as a touchpoint. It's increasingly important to get it right on digital channels, too. This is where the optimised customer experience on mobile, mobile app, tablet and desktop can recognise the customer, regardless of the chosen device, to shop with and be part of that all-important consistent shopping experience.

The importance of a truly omnichannel experience for shoppers and retailers increases:

- if there is little to determine a difference in the product the customer is purchasing. For example, if they're buying a pair of trainers that they can get from several stores.
- if a customer has previously bought from a retailer and they've already gone to the effort of setting up account details.
- depending on the level of purchase consideration, i.e. is the purchase expensive or unique, or did it require a lot of research?

In these cases it can be the omnichannel experience that sets one retailer apart from another.

Don't forget about your customers once they have made the purchase – omnichannel is just as important in aftersales as it is in sales. We often talk about an optimised customer experience as part of the purchasing journey but what about when customers need to return goods? If this experience isn't as good as the purchasing journey and completed through a channel of their choosing then you could find your customers looking elsewhere in the future.

Chapter 4

Creating a seamless and personalised customer experience



By Greg Liset

Head of Propositions, Payment Gateways,
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Chapters [1](#), [2](#) and [3](#) explore how the desires and demands of customers have changed and continue to do so at lightning pace. They establish types of shopper, moulded by rapid advancements in online retailing and the smart strategies of retailers offering things like free delivery and returns. They look at what omnichannel and data onboarding mean and why you as retailers should care. And across three chapters, we've firmly established that what the customer desires, the customer expects to get. If not from one retailer, then from another.

And while meeting rapidly evolving consumer desires and demands might not be easy, it is becoming possible and more accessible thanks to the increased selection of in-store virtual reality (VR) and augmented reality (AR) technology, as well as flexible, scalable, omnichannel payment solutions. It's time for retailers to step up and create seamless, personalised and integrated shopping experiences.

It's no longer enough to have great products, fast delivery, 24-hour customer service or a good website. People want more. They want experiences, they want instant gratification, they want flexibility, they want whatever they want wherever they are, whenever they like. It's the dawn of the age of the all-powerful, ultra-connected consumer and retailers have to think hard about bringing together real, face-to-face experiences with the convenience and always-on nature of online, and the speed of ever-evolving payment technology.

The difference between virtual reality and augmented reality

- VR is a simulation of a real-life situation or environment. It works by stimulating a user's vision and hearing to make them feel like they're experiencing the situation first hand.
- AR is about making a real-life situation more interactive or immersive. It's computer-generated enhancements that are layered on top of reality.

Four steps to help give your customers what they really want

Step one: Know your customer better than they know themselves

What the connected age has given us, amongst other things, is an incredible amount of data. According to that still much-used and famous statistic from IBM, **90%** of the data in the world today has been generated in the last two years.²⁷ And according to McKinsey, only **1%** of that data has been analysed.²⁸

So it's no wonder that some retailers find it difficult to harness the power of so much data and use it to their advantage and survival in-store and/or online. The ultimate goal here is to own a single view of each of your customers. It's about bringing together offline data and online data, as discussed by Ben Stagg in [Chapter 3](#). For most retailers, personal identifiable information (**PII**) is usually the kind of data you have offline, while **non-PII** data is online, which is why it features in this list of tips on how to meet consumer desire for experience with their demand for speed and convenience, online and off.

According to eConsultancy, **66%**²⁹ of companies believe that having data in silos within their businesses prevents them from being as effective as they could be in marketing terms.

That's a high percentage, but not a surprising statistic. If you can see who your customer is (name, location etc.), their purchase history, where and how they shop, and so on, you should be able to tailor your outbound marketing to an incredibly successful degree.

Yes it'll make your existing marketing stronger. But it'll take you beyond geo-targeted email offers, too, if that's where you're stuck. Give consumers exclusive invitations to events happening near them, featuring influencers you know they're bothered about, and showcasing the latest products you know from their purchasing history that they'll be interested in. And once you've enticed them offline, give them every opportunity to share their exclusive experiences on social channels and give them access to exclusive social content during and after the event, with opportunities to buy directly through the channels you know they spend the most time on. Thinking mobile-first is really important here; it's the device consumers are most likely to use when it comes to merging the physical and virtual shopping experiences. This approach is almost the trusty loyalty programme but supercharged for the connected, all-powerful consumer. And for you, a potentially brilliant way to increase conversion rates.

Step two: Improve the in-store experience

Remember that millennials crave live experience over and above material things. Yes, they want speed, convenience and flexibility when it comes to shopping, but by combining these consumer wants with great experiences, you could have yourself a seriously coveted business model. It goes without saying that online retailers need to have a fast, intuitive website with as few clicks as possible to purchase and a payment page that's branded, professional and trustworthy. But how can retailers with both online and bricks and mortar stores thrive on the high street, not just on the web?

Improving the in-store experience for the connected shopper is the obvious way. Obvious, yes, easy, no. But there are ways. We already know that checkout queues annoy **42%** of shoppers²⁷, so this seems like a good place to start. There are two options here.



One is distraction from the annoyance of queues, and the other is putting measures in place to ensure queues don't form in the first place.

For the latter, mobile apps that allow customers to request a fitting room or product demonstration, for example, also allow them to continue browsing while a sales assistant or fitting room becomes available. Not only do they avoid queuing, but you maximise browsing time and minimise the stress of time-poor shoppers who are used to instant online interactions and expect the same speed and convenience offline. Did you know that for an online retailer, just a half second difference in page load time can make a **10%** difference in sales?³⁰ While there aren't such neat stats for offline, it's fair to assume – from our own experiences as consumers if nothing else – that people won't wait around in a shop for long without some sort of distraction or assistance.

Let technology do the mundane tasks

In addition to this, automating certain tasks using technology frees up staff and changes their role from stock checkers and payment takers to experts and influencers. Taking the in-app scan and shop example from earlier: as well as making shopping easier for consumers and combining on and offline shopping, it could also give store staff access to customer wish lists and purchase history when that customer is present in the shop or showroom. It relies on a customer being logged into the app when they enter the store, but assuming they are, the app could trigger an arrival alert to the staff (on their mobile devices). Staff can then use the data to recommend new products that the customer is likely to be interested in.

Staff will only have time to become influencers in this way if they don't have to run to the stock room, answer a landline phone at a fixed point or take payments at immovable checkouts.



Distraction is better than nothing

Where waits are unavoidable, think about distraction techniques and technology. Everything from in-store, customer-operated stock checkers, to apps which allow you to scan a product barcode, add that product to an in-app wish list, compare it to similar products generated by the retailer's website then and there, and then either order while you're still in store and take it home straight away, or have it delivered to home or work. Or, if a customer has already decided to buy something, but they're unsure about something else, work out a way of letting them pay for the first item while they wait to talk to you about the other. An ability to pay on the go – on a smartphone or a customer-operated terminal – is good for the time-poor consumer and great for you, the retailer, who capitalises on that impulse to purchase or the moment of truth for the considered purchase, before it passes. After all, we know that [showrooming](#) is a big trend – as discussed by Anita in Chapter One – so let's capture the consumer at the point of purchase, rather than letting them walk away and buy (or not) online.

Are you catering for the 'see now, buy now' social-savvy crowd?

We've established that customers are unwilling to wait long for anything when it comes to shopping, and this problem is exacerbated by the rise of social media. What we've got is the 'see now, buy now' shopper. In other words, someone who sees something they like either in person or online and wants to buy it immediately. A great example of this is someone browsing their social feed, seeing a celebrity wearing a pair of headphones and then wanting to buy them straight away. PwC's 'Total Retail 2017 report'³¹ found that nearly three in four consumers have interacted with a retailer on a social channel. More interestingly, **40%** of those have spent more with that retailer than they would have done without the social touch point. It's imperative to understand that every interaction and every touch point matters to your consumers. And every interaction has the power to build rapport and loyalty to your brand.

So don't forget social, or see it as a nice-to-have. It's a powerful marketing and sales tool, particularly for online-only retailers who might consider creating offline experiences for customers a step too far. While millennials crave live experiences and are willing to spend to get them, live-streamed experiences could be the next best thing. We're not here to tell you how to do social media marketing, but we do feel there are two basic elements to getting sCommerce right...



First, you need to know which social channels your target consumers engage with, when and how. This is social media marketing and retailing 101 and goes back to Sharon's idea of knowing your customers better than they know themselves, in [Chapter two](#), and data onboarding, which Ben talked about in [Chapter three](#).

Second, you need to be set up to meet demand, technologically speaking. Could you, for example, livestream a celebrity football match on a social channel and allow customers to buy the kit (boots, shorts, shirts, ball etc.) right then and there, with no need to switch channels and with no delay?

By capitalising on the influencer marketing trend and getting the right influencers through the doors, you're not only offering a great draw for customers, but you're also creating a buzz and press interest that in turn could widen your brand reach.

Step three: Bring together online and offline – become truly omnichannel

Payment technology is at the heart of bringing together online and offline stores. Think about click and collect – for this to work, your website, your stockroom and your store have to work in perfect harmony. This is omnichannel retailing at its most uncomplicated. Nowadays, click and collect is expected, in fact, it's the third most popular digital service in the UK³². It goes without saying then, that click and collect is a must. But retail is about getting ahead of the game, not just keeping up.

Go further than click and collect

Go a step further by asking customers to sign in to your app so that their arrival will automatically be registered and a member of staff alerted, meaning you can more quickly locate the customer order and have it ready to collect in super-quick time.

And it should work as seamlessly in reverse. If a customer wants to buy online and return in store, that should be a joyous experience, not a nightmare. Again, this is all about gateway technology. Equally, giving customers the chance to create something amazing online that they can try using VR technology before they come in-store, could be a very powerful thing. The opportunity here is particularly big in the beauty world.



Take nail design, for example, a customer could design nail art on their device, virtually try it on their own nails, share the results on social channels, then go in-salon to have it created for real. There's power far beyond gimmicks in such technology, it brings together online – app, website and social sharing – with offline – in-salon, for example.

Get up to speed on the latest payment solutions

Anita talks in [Chapter 1](#) about the very definite trend in the convergence of online and physical shopping channels. It's something retailers need to understand, whether that's through your own constant research or by partnering with payment technology experts in the retail space. I've talked about the potential that payment technology can offer when it comes to giving connected consumers the frictionless shopping experiences they demand on and offline. The easiest way to stay on top of payment technology – other than to a self-proclaimed payments geek like me – is to partner with the experts.

We're at a stage now where digital payments can be integrated into things like augmented reality fitting-room mirrors. Where store staff have mobile terminals so they can take payments wherever the customer is on the shop floor. Where customers can pay for things like travel without even seeing the payment being taken. Where payment details are pre-stored on websites to make checkout quick and frictionless on any device, particularly mobile where it's more of a hassle to enter billing and delivery details. Increased mobility (offline) and automation (online) in the customer shopping experience is all thanks to rapidly advancing payment technology. The next step could well be voice-activated AI that will allow users to buy products using just their voice as the biometric verification tool.

Step four: Keep the basics in check

There's no point trying out new-fangled technology if you haven't yet mastered the basics. As a retailer it's crucial to accept all major forms of payment without a hitch, to create a seamless shopping experience on each of your channels, regardless of whether they're joined up or not, and to know your customer better than they know themselves. And that takes us full circle back to [Step one](#).



Conclusion

Bringing together the consumer desire for experience and demand for speed, simplicity, flexibility and convenience isn't easy. But the right technology and the right partnerships make it possible. There are choices to be made in all areas of retailing, from the type of website platform you pick, to the payment solutions that work for both you and your customers now and as your business grows.

So here's to frictionless experiences for connected shoppers from in-the-know, data-driven retailers with reliable, secure, trustworthy partners. Today's retail market is arguably the most saturated and the toughest. Standing out and increasing those conversions is all about quick, simple, convenient processes for consumers – from browsing to paying.

If there's one big takeaway from this guide, it's to know your customers better than they know themselves so you can give them what they want, when they want it, on whatever device they're shopping on. And that means working with partners whose technology can grow with your business and change with consumer habits.

But remember, the physical store can still play a big part in the shopping experience and customer loyalty. We talked to The Future Laboratory – a UK-based consultancy for trend forecasting, brand strategy and consumer insight – about why. They cited a report by cloud-based customer experience company InMoment, which shows that consumers who engage with a brand's website and in-store staff spend on average four times as much as those who do neither.³³ They also found that, according to Forrester, consumers researching products online before buying in-store are expected to account for an additional **\$1.3 trillion**, or around **38%** of all retail sales.³⁴



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About Barclaycard

Barclaycard has extensive expertise and experience in the payments space. Its people are true thought leaders and are at the forefront of payment innovations, understanding market trends and insight to offer real, valuable views and commentary on relevant topics to help businesses become more successful.

Barclaycard Business Solutions helps its clients by making the complex world of payment acceptance simple through whichever channels they sell. Making it easier for consumers to pay how they want to, and for merchants or retailers to sell more – all within a secure environment. Our clients range from the smallest micro-merchant to the biggest multi-national, multi-channel global brands, and our solutions are designed to meet their needs no matter where in that scale they fit.

Barclaycard Business Solutions is a pioneer in new forms of payments and is at the forefront of developing contactless and mobile payment solutions for today, and cutting edge forms of payment for the future.



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