

# Creating the Perfect Commerce Experience for the Omni-Channel Customer

## The Shift from Customer Relationship Management (CRM) to Customer Managed Relationships (CMR)

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### Executive Summary

The rise of omni-channel commerce, with its proliferation of new channels and expanded opportunities to interact digitally, has placed a golden premium on the customer experience. Consumers build relationships with brands via a series of real-time connections that unfolds over multiple touchpoints, thanks to buyer behavior that worships customer-centric values and renders channel-specific processes obsolete.

The contemporary customer makes purchasing decisions using an informed approach, and the journey plays out effortlessly between online, offline, mobile, and social channels. According to the Internet Retailer 2014 Social Media 500 Survey<sup>1</sup>, retailers have been sharpening their focus on social media, and have been rewarded with an increase in referrals of 42 percent, from 36.3 million to 51.5 million monthly unique visitors, from Facebook, Twitter, Pinterest, and YouTube. Shoppers are now more likely to consult social sites before buying an item on a smartphone or tablet and, if unsatisfied, expect to return it either online or in-store. When buying online, they demand speedy and cost-effective fulfilment, online product recommendations that echo purchasing history, and near psychic knowledge of their buying preferences. Loyalty is premised on a brand's ability to deliver a consistent and compelling customer experience regardless of purchase path, transaction history, or channel.

This paper examines the growing relationship between customer experience, loyalty, and repeat sales – and presents actionable strategies for creating encounters based on seamless dialogue across multiple touchpoints. It combines inspiring examples and best practice insights to demonstrate how the customer experience can pave the way for a profitable brand with a clear and unwavering narrative. Most importantly, it offers a blueprint for companies who know that making customer experience intrinsic to brand strategy is the first phase of future-proofing a business and facilitating unencumbered growth.

<sup>1</sup> Internet Retailer Social Media 500, January 6, 2014

# Evolution of the Brand

An extraordinary experience can turn a customer into a brand advocate – a factor with strong implications for repeat business, customer loyalty, and future sales. However, brands plagued with the legacy of channel-specific thinking realize that the art of designing relevant experiences that address needs across multiple touchpoints is a murkier process. It is imperative for businesses to adopt tenets of experiential commerce to create one-of-a-kind encounters that capture imaginations, convey brand values, and make the business distinct. Presented with this task, marketers accustomed to dealing in single transactions or multichannel silos may sometimes admit defeat.

When a brand is created, a solemn promise is made to customers. The brand represents something concrete – such as superior quality, value, utility, speed, or service – and that promise has to hold up over time. “An effective brand promise needs to be clearly defined, relevant and meaningful,” says renowned marketing author and consultant Philip Kotler.<sup>2</sup> “You have to continuously deliver on your brand promise and provide a consistent impression across every point of touch.”

If you asked someone seventy-five years ago to describe a company’s brand, they might have pointed you in the direction of a logo, tagline, or popular print ad. Fifty years ago, this might have expanded to include an iconic television ad. Fifteen years ago, the company’s website worked as the vehicle for brand presence. Five years ago, it included a brand’s Facebook page or Twitter account. The definition has evolved and broadened so that fresh ideas and new channels can be invented and quickly incorporated into the mix.

Today, brand promise and all customer interactions are managed proactively in real-time, and consumers have come to appreciate – and expect – that continuous level of contact. This is not merely a one dimensional exercise of tracking the customer across channels, or about communicating brand promise through the new mediums. This is more about managing the entire customer relationship and lifecycle using all available technological means and channels. With so many sources and choices now offered to buyers, loyalty is eroding – with many examples of private labels or generics overtaking traditional brands. Thus, it is critical for companies to effectively manage the brand promise in perpetuity.

Brand cuts across every point of contact a customer has with a company – whether it is prior to making a purchase, throughout the buying process, or years after the sale, across Twitter or during call center interactions. Brand is not just determined by a relationship with potential buyers – but also by the broader relationship between the buyer and their social network. Brand is a unified experience – an omni-channel experience.

In *The Business Impact of Customer Experience in 2014*, For-

rester Research<sup>3</sup> addresses skeptics who refuse to see the financial benefits of investing in the customer. Citing a Watermark Consulting Study, Forrester found that the businesses it ranked as customer experience leaders enjoyed a cumulative 43 percent gain in stock performance over a five-year period. Conversely, the sample of customer experience laggards saw a 33.9 percent decrease in shareholder value over the same period, proving that customer-centricity is the foundation for a profitable modern-day brand. Those that treat it as an afterthought do so at their own risk.

The move from a market driven by customer relationship management (CRM) to one underpinned by customer managed relationships (CMR) is at the heart of this shift. An explosion of new channels coupled with a proliferation of data – which informs who customers choose to transact with – has transferred power from brands into the hands of buyers at a rate that has outpaced anything businesses have previously witnessed.

Touchpoints have doubled as a seamless extension of brand values where the company’s priorities, points of difference, and defining messages play out. Consumers do not want to worry about the complexities of their interactions with merchants, or have to think about logistics – they merely want convenience, simplicity, speed, and high value from every transaction.

These insights are crucial in order to abandon beliefs that no longer work in the age of customer-managed relationships, and to successfully invest in consistently rich experiences designed with the contemporary consumer in mind.

## What Defines a Good Customer Experience?

Although the business case for focusing on the customer experience is clear, actually delivering an experience that satisfies customer needs can prove more challenging. The following are five catalysts for a compelling customer experience, along with examples of brands whose consumer-centric outlooks are inspiring their industries.

### Convenience

Today’s customers are famously time-constrained, and this means that convenience is not just a benefit – it is a central tenet of a strong customer experience. From buying online and picking up in store, to same-day delivery and consumer-friendly pricing, brands that make transactions as effortless and appealing as possible also enjoy a competitive edge.

Nespresso has demonstrated an enlightened understanding of the customer experience, through omni-channel marketing of its premium coffee blends and high-end espresso machines. The company operates brick-and-mortar stores it refers to as boutiques, with a sophistication central to its brand image.

<sup>2</sup> B2B Brand Management, Philip Kotler, Springer, 2006

<sup>3</sup> *The Business Impact of Customer Experience in 2014*, Forrester Research, Inc., March 2014

As described by Ben Davis in an Econsultancy blog<sup>4</sup>, “With these showrooms, Nespresso asserts its claim as a lifestyle product. ‘Look, these products are so good they deserve to be displayed in the same way as a supercar or enjoyed in the same way as champagne’... a retail experience to satisfy your every desire.”

Following through on that theme, a club page on Nespresso’s commerce site offers exclusive benefits for members, including an upscale magazine, documentary-like details on its coffees, sporting news features, and a mobile app for expedited ordering and fast access to product specialists for advice and answers to questions.

“This is what lifetime marketing is about,” Davis added. “Get your customers on board not only with expensive tech that will only take your coffee, but get them interacting with coffee solely through your brand.”

## Consistency

Consistency may be king when building a true omni-channel business, but it is also essential to create experiences based on a unified brand presence that consumers can trust. The Future of Customer Engagement, a study conducted by Edge Research and SAP<sup>5</sup>, sheds light on the ways in which seamlessness plays a starring role in customer expectations.

The report found that 51 percent of customers expected a retailer’s product offerings to be the same across multiple channels, 57 percent expected promotions to be consistent across online, offline, and social touchpoints, and 69 percent believed that variable pricing across multiple channels should be a thing of the past.

Omni-channel trailblazer Nordstrom takes this one step further. The luxury department store, which owes its real-time transaction history to a single customer view across multiple channels, goes beyond offering consistent pricing. It also ensures that its most valued customers are privy to the same experience, whether they shop in-store or online. The retailer hosts events where VIPs are rewarded with cocktails, canapés, and in-store promotions – and those same customers receive exclusive email offers designed to be redeemed online. This powerful loyalty strategy matches each offline interaction with a consistent, virtual equivalent. Nordstrom’s passion for customers is reflected in its bottom line – a May 2014 Bloomberg article<sup>6</sup> reported that its online sales jumped 33 percent in the previous quarter.

## Relevance

Relevance rules the world of customer-managed relationships. The new consumer expects interactions to be real-time, highly personalized, and tailored to buying preferences, transaction history, and user behaviors.

Brands that use data to build customer intimacy leave rivals in the dust. The Future of Customer Engagement<sup>7</sup> illustrates the link between customer loyalty and a personalized approach.

According to the report, 58 percent of respondents would share details such as measurement and size with retailers, 49 percent are comfortable with brands collecting personal data, and 35 percent approve a company sharing data with a third party in the name of creating a personalized customer experience.

W.W. Grainger, Inc. understands how relevance and convenience can strengthen brand presence. Grainger is North America’s largest seller of maintenance, repair, and operating (MRO) supplies, with annual revenues greater than \$9 billion, including roughly \$3 billion in sales online that represents a third of total company sales. “Many customers prefer the ease of our e-commerce offer, which not only provides simple search and ordering functions, but also tools to manage and approve orders and create reports on purchase frequency and costs,” said Michael DuBose, Grainger’s vice president of corporate and major accounts in the USA as quoted in Wholesale & Distribution International.<sup>8</sup>

Grainger makes a conscious effort to keep its offers relevant for customers of all sizes. “We have two models: multi-channel with a salesforce, branches, phone and web, and a single-channel online-only model designed specifically for smaller customers,” DuBose told the magazine. The results speak to the wisdom of the Grainger approach.

Prominent luxury brands, too, are stepping up efforts to offer seamless, relevant experiences all along the path of the customer journey. British fashion house Burberry has been striving to increase its appeal to young professionals with a digital strategy that increases public awareness and consumer engagement.

Writing in The Guardian<sup>9</sup>, Jessica Swinton, a consultant at Brand Union, noted that former Burberry CEO Angela Ahrendts (who left to head up Apple’s retail business) called this strategy “the million square foot store”, suggesting that every interaction is as crucial as the next, no matter what channel customers opt to engage with the brand through.

“The in-store sales ceremony is an intrinsic part of the value proposition,” Swinton added. “It would appear however, that customers are comfortable buying all manner of items online, and a relevant and dynamic digital strategy has boosted sentiment relating to brands by more than 7 percent.”

Burberry has become an industry leader with live-streamed fashion shows, aggressive social media campaigns, and online communities to appeal to the masses. According to Swinton – “Symbolic of all things British - elegance, innovation and creative talent, Burberry has cultivated cultural capital and generated economic success, boosting overall brand value.”

## Empowerment

The transfer of power from brands to buyers is the most significant shift in the customer relationship arena. Brands that understand their very existence depends on delivering experiences that empower and inform customers of every type and drive them to make the best purchasing decisions are a

<sup>4</sup> Nespresso: experiential marketing at its best, Econsultancy, March 13, 2014

<sup>5</sup> The Future of Customer Engagement, Edge Research Reports and SAP, June 2014

<sup>6</sup> [www.bloomberg.com/news/2014-05-15/nordstrom-profit-tops-estimates-after-online-outlet-sales-grow.html](http://www.bloomberg.com/news/2014-05-15/nordstrom-profit-tops-estimates-after-online-outlet-sales-grow.html)

<sup>7</sup> The Future of Customer Engagement, Edge Research Reports & SAP, June 2014

<sup>8</sup> Wholesale & Distribution International, 2014

<sup>9</sup> How Burberry’s digital strategy is boosting brand value, Guardian News and Media Limited, 2014

step ahead in the game.

The United Services Automobile Association (USAA) operates in home and auto insurance, an industry often accused of consumer negligence. USAA is raising the bar by cultivating customer experiences that foster enlightened and seamless purchase journeys. In addition to equipping sales representatives with a rigorous training regime that encourages near-perfect product knowledge, it has also rolled out a technology platform where customers can easily research, finance, and insure new vehicles. For USAA, empowering its customers to make smarter decisions does more than create an army of loyal fans. According to *The Business Impact of Customer Experience in 2014*<sup>10</sup>, it also prompted a 23 percent increase in vehicles sold.

Business-to-business (B2B) companies and manufacturers may face even more demands than consumer-oriented merchants when it comes to user empowerment. When photography goods manufacturer Nikon launched a new e-commerce site, it had to think about functions for consumers plus business buyers such as professional photographers, mom and pop Nikon dealers, and mass-market Nikon e-tailers.

As Nikon's senior general manager of customer experience, David Dentry, explained to *Internet Retailer*<sup>11</sup>, most of Nikon's customers are businesses, but the flexibility of Nikon's new commerce platform enables them to cater to home-based buyers too, with all of the browsing and buying tools that consumers have come to expect.

*Internet Retailer* noted that Nikon is planning for "how it might offer franchise-style web sites for its retailer resellers – including specialty stores that may have never sold online before – to sell Nikon products from their own Nikon-branded web stores. Or, Nikon might create a portal from its e-commerce site through which it can push product information and marketing materials to retailers' existing web sites. That would help them sell, while also ensuring consistent Nikon information and branding."<sup>12</sup>

## Agility

Technological acceleration now means that capturing connected customers depends on a brand's ability to take an agile approach. Businesses must adopt tools and analytics that recognize market changes and shifts in buyer behavior, as well as scalable systems that enable fast action when opportunities present themselves.

3M Company is world famous for its "Ideas that stick," and "Innovative Technology for a changing world,"<sup>13</sup> plus innovative moves into agile commerce that stick in the minds of consumers to create engagement and loyalty through exceptional digital experiences.

As reported by PwC Strategy& Inc.<sup>14</sup>, 3M began this initiative by integrating content, search optimization, and social media to get closer to its customers, including "do-it-yourself" pages

on Facebook, featuring projects crafted by 3M customers who are given opportunities to display their work post testimonials about the 3M products used for their creations.

Looking forward, 3M is assuring its own continued agility using analytics and data, according to PwC<sup>15</sup>, that "identify customer problems and solve them rapidly... and... (boost) innovation by ramping up collaboration – including collaboration with outsiders."

## State-of-the-Art Digital Experiences

Powerful customer experiences are not just about maintaining consistency, relevance, and convenience at any cost. They are equally about creating seamless customer dialogue across every stage of the customer journey, from pre-purchase research to post-sales touches.

Umpqua, a fast-growing Oregon bank, is credited with changing the customer experience game for the financial services business. The bank, which operates an online channel, as well as a 368-unit national branch network, has dispensed with outdated banking models to deliver exceptional experiences based on emotional connections with clients, and a granular understanding of customer needs.

Customer obsession is more than an attribute for Umpqua Bank – it is a unifying principle visible across all aspects of its brand. The bank's website is highly personalized and offers real-time updates on events, updates, and social media conversations relevant to a customer's branch – supercharging engagement for users browsing its online channel. Umpqua's branches are less bank outlets and more neighborhood hubs, designed to delight customers and build a community around the brand. The bank champions customer-friendly measures such as fast mortgage application processes and tellers that hand out chocolates with every transaction, while also serving as a source of community event information. Umpqua's social media presence and marketing strategies are textbook examples of a well-engineered customer-centric approach. It invites clients to seek financial advice and provide feedback via Facebook and Twitter. It replaces aggressive sales representatives and dry marketing materials with well-designed fliers attached to potted plants.

Although the bank's strategy may seem unorthodox, its devotion to the customer experience is reaping generous rewards. A June 2014 *Economist*<sup>16</sup> article reported that Umpqua was approaching \$50 billion in assets, with plans to expand its national branch network.

The world's largest medical device technology developer,

<sup>10</sup>The Business Impact of Customer Experience in 2014, Forrester Research, March 2014

<sup>11</sup>Nikon frames its new site around pleasing all types of customers, *Internet Retailer*, February 28, 2014

<sup>12</sup>Nikon frames its new site around pleasing all types of customers, *Internet Retailer*, February 28, 2014

<sup>13</sup><http://www.3m.com/>

<sup>14</sup>Don't Reengineer. Reimagine, strategy+business, May 2013, PwC Strategy& Inc.

<sup>15</sup>Don't Reengineer. Reimagine, strategy+business, May 2013, PwC Strategy& Inc.

<sup>16</sup>There's A Fast-Growing US Bank That Customers Actually Love, *The Economist*, June 15, 2014.

Medtronic, works across borders, disciplines, and industries to deliver new and innovative solutions through superior patient experience and engagement for both B2B and B2C customers. The company's recent global omni-channel initiatives illustrate the importance of agility blended with empowerment, relevance, consistency, and convenience.

Individual patients and the medical professionals who work with them are all customers of Medtronic, which has deployed an enterprise-scale global platform that supports 30 countries, 20 languages, and 25 different currencies to deliver unique experiences to each of them. The company's e-commerce site for individual patients is branded as 'E-shop,' and its portal for business customers is called 'My Orders' – two different brands being leveraged off a single solution that provides agility, relevance, and convenience, plus speed, scalability, flexibility, and security.

Communication channels with patients, doctors, healthcare administrators, purchasing organizations, and hospital buyers are always on – with users empowered to use smartphones, tablets, laptops, desktops, and fax machines to interact consistently, persistently, and independently with Medtronic's customer engagement resources. These include 24x7 ordering online or via fax or EDI, scheduling recurring orders, deeply granular product information, pricing, inventory visibility, live customer service and product support, cross-channel visibility of order status and customer history, feedback, social networking, and more.

The company's online order volume in some markets now exceeds all other channels, and its costs for customer service have been reduced by 85 percent for many transactions. Orders that previously required 3.5 minutes to intake can be completed electronically in 30 seconds.

Because Medtronic operates a decentralized global matrix, each business unit has its own way of going to market and its own touch with customers that have historically caused some inefficiency. But, with a global commerce platform now in place, every customer sees just one Medtronic.

## Foundations for Exceptional Customer Experience

In the customer experience game, companies that reject channel-specific processes to build personalized relationships across all touchpoints are bound to bolster their bottom line. Here are seven steps to creating a winning customer experience.

- Monitor customer interactions to cultivate real-time insights into buying preferences, purchasing history, and browsing behavior.
- Equip staff members with real-time access to inventory information, customer sentiment, service records, order history, and returns – and ensure visibility across

every touchpoint.

- Roll out self-service options and technology to promote convenience, and keep customers coming back.
- Use compelling content to inform and educate customers, and build a community around the brand.
- Turn staff members into customer experience evangelists, and incentivize every employee to transform shoppers into buyers.
- Take the pain out of the purchase path by embracing technology such as one-click shopping carts, and make it as easy as possible for prospects to transact business with conveniences like subscription purchases and online subscription management.
- Establish a two-way dialogue with customers via channels such as social media and live chat, and address customer service issues as soon as they arise.

These are key steps toward building profitable customer relationships and setting the stage for long-term gains.

## The Evolution Continues

The digital explosion and shifts in buyer behavior have permanently altered the course of customer relationships. Brands that understand the importance of the customer experience, and are prepared to commit to customer-centric principles, are better equipped to expand their market share and see their bottom line soar.

It is essential to note that cultivating a brand by delivering a superior customer experience is not a short-term commitment. Customer experience, like technological evolution, is a moving target. The companies that will win are the ones that know they are in it for the long haul.

## A Good Experience Does Not Always Mean Good Looking

Slick, seamless, minimalist – the Internet is heavy on attractive digital storefronts. However, confusing a sleek online presence for a powerful customer experience might be a mistake.

**Amazon.com is a premier example.**

Although this e-commerce titan's website may feature a messy interface with outdated design values, the company's flat-rate two-day shipping policy, one-click ordering system, and ultra-personalized recommendations based on transaction history and browser behavior, puts it miles ahead of its competition in key functional areas.

Amazon also delivers all of the foundational elements of an exceptional customer experience to provide a consistent shopping and service experience across all channels.

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#### **About hybris, an SAP Company**

hybris helps businesses around the globe sell more goods, services and digital content through everytouchpoint, channel and device. hybris delivers OmniCommerce™: state-of-the-art master data management for commerce and unified commerce processes that give a business a single view of its customers, products and orders, and its customers a single view of the business. hybris' omni-channel software is built on a single platform, based on open standards, that is agile to support limitless innovation, efficient to drive the best TCO, and scalable and extensible to be the last commerce platform companies will ever need. Both principal industry analyst firms rank hybris as a "leader" and list its commerce platform among the top two or three in the market. The same software is available on-premise, on-demand and managed hosted, giving merchants of all sizes maximum flexibility. Over 500 companies have chosen hybris, including global B2B sites W.W.Grainger, Rexel, General Electric, Thomson Reuters and 3M as well as consumer brands Toys"R"Us, Metro, Bridgestone, Levi's, Nikon, Galeries Lafayette, Migros, Nespresso and Lufthansa. hybris is the future of commerce™. [www.hybris.com](http://www.hybris.com) | [sales@hybris.com](mailto:sales@hybris.com)

