

Redesigning Retail

Take a Leaf out of Amazon's Book: Create Great Customer Experiences

This is the first article of Performance Frontiers' Redesigning Retail series: where we share research, conversations and valuable insights grounded in our work collaborating with Australian retailers on a number of innovative, customer-focused initiatives in the areas of strategy, culture and learning and development.

It has been confirmed. Amazon has its sights set on Australia.

The media has launched into a heated debate surrounding the predicted level of industry disruption, oscillating between Amazon alarmism and Amazon apathy. But is there a greater conversation we could be having?

A conversation of growth, where we flip from problem to opportunity. A conversation of learning, where we examine why customers are choosing Amazon, and how Australian retailers can evolve to improve their customer offering. A conversation that, in turn, chooses the customer...

How can we take a leaf out of Amazon's book and begin to write the next chapter for Australian Retail?

Uncovering Amazon's Customer-centricity

From online book retailer to sprawling Empire, Amazon is a force to be reckoned with. It offers boundless choice, best prices and the convenience of the quickest click-to-doorstep time achievable, all with a subscription service that keeps people spending big. And spend big they do. Amazon now takes almost \$1 of every \$2 e-commerce sales in the US and has left former darlings of the US retail industry like Sears, Borders and Macy's either bankrupt or buckling under its weight.

As avid online consumers with an e-commerce industry worth \$20 billion+, it is argued that Australians will welcome Amazon with open wallets. And Amazon's knack for optimising price and supply means that retailers offering goods that can be easily stored, packaged and shipped are most at risk of disruption.

But, as Global Futurist Chris Ridell points out, [disruption is the new normal](#). The terrain of the global retail landscape has been transforming for years and continues to evolve at breakneck speed. We've witnessed rapid advances in technology, the growth of online commerce, increased competition driven by a global marketplace, and evolving consumer needs and expectations.

Amazon does not exist in a vacuum; it navigates these same disruptive forces. **So why has Amazon succeeded where others have failed?**

Some point to Amazon's capacity for innovation, and it certainly does this well. But this is just one side of the coin. **The key is – it's never innovation for innovation's sake; Amazon consistently puts the customer experience at the centre of any innovation.** From its seamless ordering and delivery system, bargain prices, brand diversification and global expansion, the Siri-like assistance of Amazon's online shopping assistant Alexa, the provision of a democratised Market Place, and advances like drone delivery – every feature is designed to create a customer experience that keeps people coming back.

The Age of Customer Experience

Customer experience provides one answer to the evolving retail landscape.

The modern age has birthed a new breed of empowered customers. They have unlimited choice at their fingertips and high expectations (coupled with little patience for anything sub-par). If a brand does not provide the pain-free experience the consumer is looking for, they will simply go where they can get it.

When a shopping experience delights

customers, it builds their trust and repeat business. And when positive interactions with the brand are consistent, these great customer experiences lead to brand loyalty, strong brand relationships and even a base of vocal brand advocates.

This is how Amazon wins: In a world of choice, it becomes people's default and customers rave about it. **But how can modern Australian retailers compete with online giants** offering unlimited choice, great price, high stock, speed, and the convenience of from-the-couch purchasing?

Research shows that when it comes to online and in-store, **it's not a case of either-or.**

Even in the digital age, **consumers still greatly value the bricks and mortar experience.**

[A recent study by IBM](#) shows that 98% of even the most "digitally native" consumers, Generation Z, still shop in-store. There's a tangible experience that cannot currently be found online. Stores can leverage this to provide the best in-store experience; one that drives a customer in-store, and not online or to a nearby competitor.

One of the strongest opportunities lies in traditional retail's real-time, face-to-face, human interaction.

Creating In-store Human Connections

Anyone who has ever felt the pain of a malfunctioning chatbot or automatic answering service knows that there is no substitute for human service.

Humans are agile and responsive: we sense emotion and mood; we can respond off-script; we think creatively; we can relate, on a human-to-human level, in a way that no machine can replicate, and this is key,

because we **can make real, emotional connections with customers.**

Multiple studies have shown that [emotion plays a large role in customer experience](#). Emotion is key to shaping the attitudes that drive decision-making and also helps an experience transcend "customer satisfaction", driving customer loyalty and an ongoing brand relationship. [One Harvard Business Review study](#) shows that an emotional connection with a brand could lead to three times the likelihood of re-purchase and brand advocacy, and more than 44% of customers ceasing brand-switching behaviours.

A positive, authentic connection with one staff member strengthens an emotional bond with a brand itself. As renowned psychologist Dr. Daniel Goleman observed:

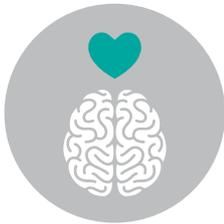
"How customers feel when they interact with an employee determines how they feel about the company itself. In a psychological sense, the "company" as experienced by the customer is these interactions."

This is not to say that each customer desires a deep emotional connection; in fact, many customers are of the "duck-in, duck-out" variety. Instead, the focus should be on authentic, positive interactions that are tailored to the customer and coupled with a seamless shopping experience. This experience can result in an emotional brand connection and can be facilitated in-store with the right approach.

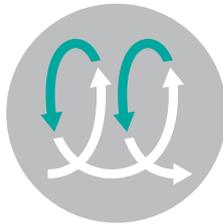
The Opportunity: In-store Customer Experience

There is a great opportunity for Australian retailers to put stock in the power of their staff and build their capacity for delivering great in-store experiences. This is the good work we've been privileged to do every day at Performance Frontiers through our recent collaborations in the Retail Industry.

It's not about providing a step-by-step guide or a script for customer service delivery; it's about empowering staff with the skills and tools to actively create great experiences to suit the customer's needs:



Emotional intelligence



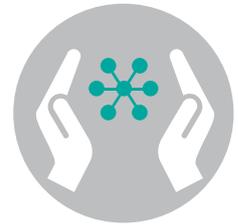
Agility



Creativity



Authentic conversations



Culture of engagement

- It's about building staff's **emotional intelligence**; to improve their ability to read customer moods and emotions and to respond in positive, helpful ways.
- It's about developing their **ability to remain agile**; to develop product knowledge, yes, but also to develop the ability to think on their feet and adapt to the changing needs of the customer and situation.
- It's about providing the tools and strategies needed to **think creatively** in order to better seize opportunities for creating value for the customer in-store.
- It's about fostering people skills and the capability for **engaging, authentic conversations** so that staff can create experiences that are positive, tailored and memorable.
- It's about amping up a **culture of great customer engagement** and ensuring consistency at all touch points, so that superior customer engagement becomes synonymous with the brand.

By empowering staff with knowledge, skills and strategies, they are better able to look at the entire customer journey, from point of entry to point of departure, and make every encounter count for the customer. In this way, bricks-and-mortar retailers can leverage their human advantage and begin their next chapter: creating great customer experiences.

As we move into an increasingly connected retail world, retailers must look to factors both inside and outside of store walls to design new ways to carve out a competitive niche and further delight the customer. In our next instalment of Redesigning Retail, we will be looking at how retailers can use empathy and Design Thinking methodologies to better serve the customer and "walk in their shoes".

Interested in learning more about creating great customer experiences in your organisation? Drop us an email: info@performancefrontiers.com and let's start the conversation.

Citations:

BI Intelligence "Amazon accounts for 43% of US online retail sales", Business Insider, 3 February 2017 <http://www.businessinsider.com/amazon-accounts-for-43-of-us-online-retail-sales-2017-2/?r=AU&IR=T>

Mitchell, S. "Online retail sales top \$20 billion", Australian Financial Review, 3 August 2017 <http://www.afr.com/business/retail/online-retail-sales-top-20-billion-20160803-gqjv0r#ixzz4fyz5R9uJ>

Pash, C. "It's Official: Amazon is taking on retailing in Australia with a vast selection and fast delivery", Business Insider, 20 April, 2017: <https://www.businessinsider.com.au/its-official-amazon-is-taking-on-retailing-in-australia-with-a-vast-selection-and-fast-delivery-2017-4>

Riddell, C. "Amazon Attacks: Future of Australian Retail" 3 March 2017 <http://chrisriddell.com/amazon-australia-future-retail-disruption/>

Robischon, N. "Why amazon is the World's Most Innovative company of 2017", Fast Company, 2 March 2017 <https://www.fastcompany.com/3067455/why-amazon-is-the-worlds-most-innovative-company-of-2017>

Davis, S. "How Amazon's Brand and Customer Experience Became Synonymous", Forbes, 14 July 2016 <http://bit.ly/2qqNe2L>

ASDInsider: The Retailer's Guide, "Retail

Trends: Is 2017 The Year of Brick and Mortar For Indie Retailers? Survey Says: Yes — Here's Why" 8 February 2017 <http://insider.asdonline.com/2017-the-year-of-brick-and-mortar/>

Wharton University, "Customer Engagement: Does Talking to a Human Still Matter?" 14 October 2016, <http://knowledge.wharton.upenn.edu/article/customer-engagement-talking-human-still-matter/>

Wong, C. "Emotion is the Key to Transform Satisfied Customers into Devoted Advocates", Customerthink, 5 March, 2013 "<http://customerthink.com/emotion-key-transform-satisfied-customers-into-devoted-advocates/>

Zorfas, A. & Leemon, D. "An Emotional Connection Matters More than Customer Satisfaction" Harvard Business Review, 29 August 2016: <https://hbr.org/2016/08/an-emotional-connection-matters-more-than-customer-satisfaction>

Wesbecher, J. "Emotion is the Future of Customer Experience" Huffington Post, 30 October, 2015: http://www.huffingtonpost.com/jason-wesbecher/emotion-is-the-future-of- b_8433538.html

Goleman, D. "Working with emotional intelligence", Bloomsbury, 2009

Further Reading:

William, Azadeh "Bricks and clicks: Balancing digital and physical to win the retail game", 20 April 2017: <http://www.cmo.com.au/article/617965/bricks-and-clicks-how-digital-is-shaking-up-the-retail-sector/>

Leeman, D. & Zorfas, A. "An Emotional Connection Matters More than Customer Satisfaction", 29 August, 2016: <https://hbr.org/2016/08/an-emotional-connection-matters-more-than-customer-satisfaction>

Deymers, J., Forbes, "Why Modern Brand Trust Demands A Personal Relationship" 5 April 2016: <https://www.forbes.com/sites/jaysondemers/2016/04/05/why-modern-brand-trust-demands-a-personal-relationship/#37eca15d5c08>

Leggatt, H., Biz report, "In-store shoppers willing to spend 4x more when human and digital assistance provided" October 2016: <http://www.bizreport.com/2016/10/in-store-shoppers-willing-to-spend-4x-more-when-human-and-di.html>

Howland, D., Retail Dive, "Humans in retail: The importance of store associates in a digital age" 16 March 2016: <http://www.retaildive.com/news/humans-in-retail-the-importance-of-store-associates-in-a-digital-age/415416/>



Author Jocelyn Hanna

STUDIO 1, 4 Lambert Road,
Indooroopilly, QLD. Australia. 4068

255 Pitt st
Sydney, NSW. Australia 2000

[P] +61 7 3870 8433
info@performancefrontiers.com
performancefrontiers.com



Please read on screen to save paper,
but if you must print, please print
only the pages you need.