

The reinvention of the retail experience

Why innovative retailers are
turning to innovative solutions





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Message from Paul Zahra, CEO Australian Retailers Association

The past year has seen a powerful shift in the way we live, work and interact with brands and products. Increasingly, customers are purchasing what they want via a few taps of their fingers.

Shoppers expect retailers to 'meet them where they are', through consistent, seamless omni-channel interactions. They are also more values-conscious, showing loyalty to brands and retailers that reflect their values – be it sustainability, social impact, timeliness or personalised services.

Retailers have done an incredible job to boost their omni-channel offerings to keep up with the changing needs of consumers and this focus remains top-of-mind. Augmented reality is emerging as a viable retail tool, which can allow customers to see how a new couch might look in their living room – or let them virtually try on a new pair of sunglasses or shade of lipstick.

Maintaining genuine and personalised connections with customers and keeping customers at the epicentre of retailer's decision-making is key. The new data and customer knowledge available through digital channels and first-party data acquisition are opening up a new world of personalisation – both in store and online. Digital innovation is a powerful way for retailers to strengthen connections with their customers and showcase the products they're renowned for, especially with the decreasing value of cookies.



1. Why this “connected experience” matters

The surge in digital over the last year has fueled growth in new and existing channels of engagement. Today consumers have more options than ever to engage and transact with a brand or retailer, touching an average of nine physical and digital points across each shopping journey. Seventy six percent of customers prefer different channels depending on their context and expect consistent interactions across the departments they connect with. Millennials and GenZers are the biggest users of multiple methods of communication and multiple devices to start and finish a single transaction.

This rise in digital channels and customer expectations is occurring as the retail industry itself grapples with a monumental volume of transactions and interactions.

Indeed, a day in the life of a retailer has never been more dynamic. Consider:

2 trillion

transactions will take place on Salesforce alone in 2021

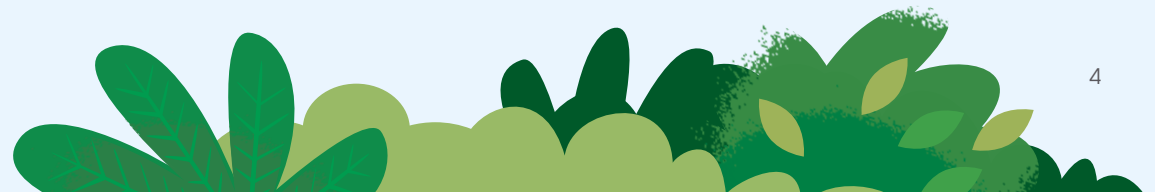
2.6 billion

B2C messages will be sent on the Salesforce platform

4 billion

service and case interactions will take place in the B2B space across Salesforce orgs

In this sea of proliferating figures, there's a number that remains steady and critical: one. A single, cohesive, unified brand experience is more important than ever. Successful retailers will ensure that acceleration doesn't result in fragmentation and will deliver the consistency their customers demand. Each tap, click and swipe and store visit will connect their customers with a seamless, personalised experience no matter which department they are interacting with, no matter which channel they are using, no matter what stage in the journey they are at.



2. The current state of the retail world

The shift toward digitisation was already taking place at pace. The COVID-19 pandemic accelerated it even further.

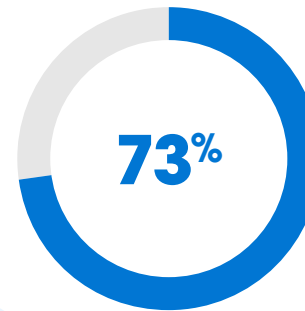
Digital purchases surged by 200% between March 2019 and March 2020. With widespread adoption, ecommerce revenue increased 75% year on year in the second quarter and 55% in the third quarter.

As shops were forced to temporarily close during state-mandated lockdowns, and more consumers went online, retailers shifted to digital investments to augment in store experiences.

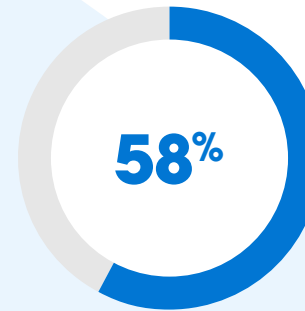
And it's not just the expected lifestyle brands that are exploring digital alternatives to the in store experience. Sixty two percent of food and beverage leaders are replacing in-store experiences with live chat or video experiences.

While the pandemic was the chief motivating factor for food and beverage leaders to invest in digital solutions, it's a shift set to continue even in the post pandemic era. Sixty eight percent of consumers say they are likely to buy essential goods online after the health threats of COVID-19 subside.

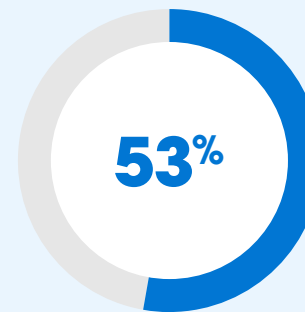
While high and moderate performers (those who classify their organisation's success in digital commerce as moderately to extremely successful), say website and social media presence are the most important investment priorities, the in-store experience remains important to customers, albeit in a modified way. Investment in digital solutions means contactless or low contact BOPIS and self service options can address concerns about safety and convenience. And for those customers looking to embrace a return to bricks and mortar, savvy retailers are reimagining what the in store experience can look like when it's seamlessly integrated with digital touchpoints.



of B2C organisations implemented live chat or video experiences



used virtual events like Instagram live



enabled virtual shopping or stylist appointments



Case Study

How Barbeques Galore ignited customer experience by cooking with digital – and bricks and mortar

The smell of a steak sizzling on a barbecue can't be digitally replicated – yet.

But the journey to that delicious destination can be.

Barbeques Galore recognised their products could be best demonstrated by combining the power of their existing digital and in-store spaces for a highly effective omni-channel experience.

The leading barbecue specialty retailer has seen the numbers of customers researching online increase from 50% a few years ago to 70% today. “And when they arrive in-store,” says Angus McDonald, CEO of Barbeques Galore, “they want to be inspired and see that research brought to life in front of them”.

It's a demand Barbeques Galore has met by turning their stores into experience centres where customers can not only get their hands on the premium products they've researched online, but see – and smell – those products in action.



3. Meeting customers where they shop

As customers continue to embrace an omni-channel approach to interacting with the brands that matter to them, the imperative to meet the challenge of truly connected experience becomes ever more urgent. Add to that urgency a demand not only for more personalised experiences but for empathetic experiences, and retailers have their work cut out for them.

Key to succeeding is meeting customers where they are. And where exactly is that?

For today's customers, it means jumping from platform to platform, channel to channel, device to device in the course of their journey. And for 80% of customers, that experience of interacting with a brand – whether they be browsing, viewing, chatting, comparing, buying or returning – is as important as its product or service.

The pandemic boosted the demand for seamless digital experience even further and saw 88% of customers expecting companies to accelerate digital initiatives. Sixty nine percent, with a particularly strong showing from GenZers, want companies to deliver digital versions of in-person experiences – but 83% still expect to engage with someone immediately when contacting a company. So yes, digital is crucial. But so is connecting with (the right) person when it matters.

Personalisation remains critical to keeping customers successfully engaged, even more so at a time when they are dealing with myriad challenges themselves across work, health, family and home. Fifty two percent of customers expect offers to always be personalised – up from 49% in 2019 - and GenZers are particularly expectant of customised experiences with 74% preferring personalised products or services.

The pandemic added another factor to the expectation of personalised experience: empathy. But while 68% of customers expect that empathetic connection, only 37% are getting it. Similarly, 66% of customers want an experience that demonstrates an understanding of their particular needs but only 34% of companies are treating their customers like unique individuals.

Here's to improving personalisation

AI-driven technologies will be essential tools in the digital arsenal of successful retailers looking to improve their performance when it comes to personalisation. But first, they will have to prove to their customers that they can be trusted with the personal data AI relies on.

86%
of consumers want more
transparency over how their
personal data is used

61%
feel they've lost control over the
way their information is used –
up from 46% in 2019

So retailers are faced with a challenge: the pandemic has supercharged customer demand for personalised, empathetic, seamless, connected digital experiences. Concurrent with that demand has been an increase in caution from customers about the use of their personal data. That personal data is exactly what retailers need in order to deliver the experience customers want.

To meet customers where they are, retailers must:

- ✓ Match their customers' seamless agility across multiple channels with their own.
- ✓ Innovate digital versions of in person interactions (but still be there "in person" when needed).
- ✓ Be transparent about their use of customer data and nurture trust.
- ✓ Gather first-party data into a single source of truth and align departments for a single, seamless connected brand experience. Currently, 52% of consumers still feel like they are communicating with separate departments, not one company.
- ✓ Treat customers as individuals, not as numbers, and look for opportunities to introduce empathy into the personalised experience.

4. The elements of a new digital experience

Retailers should consider digitisation less as a tool they are adding to their business and more as a paradigm shift to a whole new way of doing business. Their customers were way ahead of them even before the pandemic, with digital engagement second-nature to them. The imperative is on retailers to catch up.

Indeed, while COVID-19 had a huge impact on customer behaviour, it was customer demand – not the pandemic – that was the top motivation for retail leaders to invest more in digital commerce in 2020. And with the Salesforce Shopping Index showing 51% growth in digital commerce in the first quarter of 2021 alone, customer demand for digital commerce solutions looks set to persist.

Retailers who were already addressing this need by investing in digital solutions were well placed to tackle the challenges of interacting with customers in a socially distanced world when the pandemic hit.

The power of social media

As customers embrace “shopping at the edge” – on apps, in VR, on sites and other digital spaces – retailers must find ways to meet them there. Forty five percent of consumers say they used social media more during the pandemic and this translated into revenue with orders generated by social referrals up by 104% year on year.

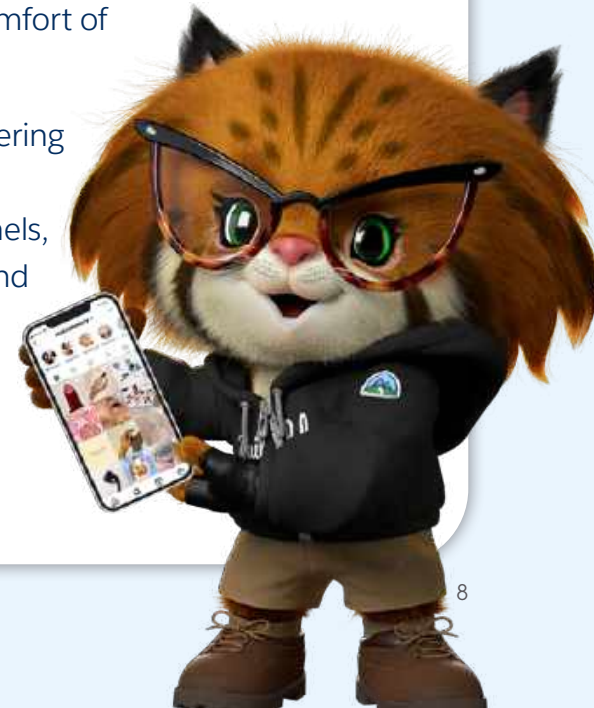
High performers recognised this shift and invested accordingly. Seventy one percent of high performers found social commerce very successful and reported engagement levels of between 74 and 84% across Instagram live, other live virtual events, how-to videos, social media takeovers and social media trends. Eighty eight percent of high performers invested in more contextual or embedded commerce experiences to meet the growing demand for shopping in myriad virtual spaces. Content management systems (CMS) were the platform of choice for high performers to manage this new array of commerce options and associated data input.

MECCA Brands

Australia and New Zealand’s largest beauty retailer, MECCA Brands, was meeting the demand for digital experiences well before the pandemic, with Beauty Labs (product tutorials) featuring on social channels and via its website.

When COVID restrictions first hit in 2020, MECCA focused its efforts on new ways it could bring its much-loved instore experience to the online world. It started with the launch of virtual services, where customers could arrange virtual consults with MECCA’s team members and ask all the questions they’d normally ask instore from the comfort of their loungerooms.

MECCA then expanded the offering to livestreaming loyalty events, international guest speaker panels, edutainment sessions with brand founders and Q&A and beauty advice sessions, as well as launching its own customer community on Facebook – MECCA ChitChat.



Case Study

e.l.f. Cosmetics' masterclass in meeting customers at the edge

With the growing popularity of TikTok among its customer base, e.l.f. Cosmetics decided to experiment by creating a new song and TikTok challenge. It's safe to say the challenge was accepted: within weeks, the #eyeslipsface challenge garnered over four billion views and inspired over two million response videos. What started off as a TikTok clip quickly ballooned into a Spotify chart-topper and soon after, a music video to capitalize on its momentum. e.l.f. kept their posts playful and shoppable, embedding links to featured products within their YouTube videos and content consistent across channels.

So don't be afraid to experiment at the edge. In the words of e.l.f.'s CMO, Kory Marchisotto, "a groundbreaking TikTok campaign, a viral chart-topping song, and the release of a music video with Republic Records is an illustration of our ability to break the rules of beauty."



Marketplaces – an opportunity

Consumers' need for variety, availability and shopping flexibility means the trend for buying from online marketplaces has accelerated since 2019. The Salesforce State of the Connected Shopper report shows 86% of shoppers buy from online marketplaces that cater both to broad offerings and niche interests. The rise of Catch, Kogan and Amazon in Australia demonstrate the appetite for marketplace shopping.

This presents a dual opportunity to retailers:

1. Retailers can focus on using service and loyalty as powerful ways to differentiate themselves from marketplace competitors. By leveraging first party data, retailers can create digital and in-store experiences that a marketplace can't replicate.
2. Alternatively, retailers can choose to extend their retail model and presence across new channels by joining a marketplace. Reduced marketing costs, the opportunity for round-the-clock overseas sales, the potential for new revenue streams and the convenience of third party logistics to take care of delivery, are just some of the advantages a marketplace option offers.

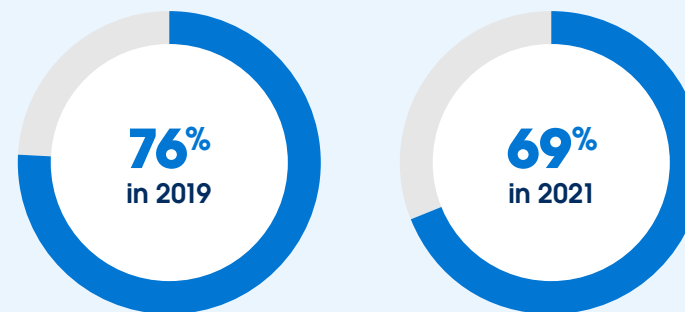
Loyalty programs

As online shopping skyrocketed over the last year, shoppers were provided with countless options, making it harder than ever to earn customer loyalty.

Customers now anticipate a highly personalised, frictionless experience, whether shopping in traditional brick-and-mortar stores, online, or through an app. Loyalty programs present a valuable opportunity for retailers to fine tune their first-party data collection and integration for tailored communications and experiences with their high value customers. Data shows that customers spend 67% more when they are part of a sustained customer loyalty program.

Retailers who recognise they need to make more customer-centric decisions know a loyalty program can help them transform from a monologue (telling customers) to a dialogue (listening and acting on customer feedback).

Customers are increasingly moving away from measuring loyalty in purely transactional terms and toward preferring brands that they can personally connect with.



Social and environmental responsibility become priorities

Just as the pandemic supercharged an already existing customer demand for empathy-driven, personalised experiences, so too did it accelerate an already high customer expectation for businesses to behave in more ethically responsible ways. Fifty six percent of customers have reevaluated the societal role of companies this year and 98% want to see improvements in the environmental and social practices of businesses.

Millennials and GenZers are especially values-driven when it comes to aligning themselves with brands and expect unequivocal support of social and environmental justice movements; from human rights to climate change, animal welfare to sustainable packaging..

As sustainability across production, packaging and supply chains comes under scrutiny and more light is shined on the unethical treatment of workers, environmental and social responsibility becomes not just a moral imperative, but also a business one with a range of sustainability issues presenting reputational risk for businesses. Increasing consumer awareness about these issues also creates opportunity and a burning platform for organisations to change the way they do business, to genuinely do better by people and planet, and to appeal directly to the growing numbers of conscious consumers.



Go digital to get sustainable

- Dematerialise where possible via digital delivery which eliminates costly and ecologically damaging shipping and reduces waste associated with wrapping
- Ditch paper receipts for digital receipts emailed directly to the customer
- Replace printed catalogues with digital campaigns, the impact and ROI of which are more accurately measurable
- Reduce the costs – financial and environmental– associated with returns and exchanges by using your 360-degree view of the customer to create personalised offers that will get the right product to them the first time.
- Use big data to talk to your customers about where their products have come from, not just the last mile of their on-line delivery but the full value chain including the location of factories and raw material suppliers.



Checking out

Customer behaviour has changed for good. Not just because of the pandemic, though it has contributed dramatically, but because customers recognised early on the potential for digital platforms to improve their experiences out of sight and embraced those platforms with an agility and expertise that few businesses have been able to match.

High performing retailers are meeting their customers in that digital space and are recognising that it's a space that can be well complemented and supported by a now modified in-store experience.

The creative – and lucrative – collision of in-store and virtual experiences exacerbated by the pandemic will continue to flourish for retailers who harness the power of digital technologies.

Data collected transparently and made rich and cohesive by being fed through CRM systems, will continue to fuel increasingly personalised customer experiences. They are experiences that must be made even more nuanced by the arrival of empathy as a highly valued quality in the customer journey. Not an easy undertaking at scale but one made possible by retailers who nurture trust, leverage data wisely and listen to what customers tell them really really matters in their lives.

Sources

- [First Edition: State of Commerce report](#)
- [Fourth Edition: State of the Connected Customer](#)
- [Salesforce Shopping Index](#)
- [Mckinsey, Personalizing The Customer Experience: Driving Differentiation in Retail, April 2020](#)





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