



ONE HAPPY CUSTOMER

How retailers can use customer centricity and experience design to drive revenue through loyalty and satisfaction

Competition in the retail landscape is becoming increasingly fierce, and companies need to emphasize customer centricity. This means shifting from selling products to solving problems, organizing around what customers want as opposed to what the business can do, and prioritizing customer lifetime value over individual transactions. For many retailers, this is a fundamental change, one that requires the organization to break down the barriers and unite traditional customer-facing functions with back-end operations – all in the hope of creating one happy customer.

Many paths

That starts with understanding two processes. The customer experience is all about what customers get: the service they receive in a store, the process they follow on a mobile site, the interaction with the brand they have at those touchpoints, and countless others.

Customer centricity, on the other hand, explains how brands interact with customers: what motivates the customer, what expectations they have, and how the brand lives up to the promise it puts in the market.

While it is true that experience is increasingly the catalyst for organizational transformation for many retailers, few have been able to unite the organization and work towards this common goal. Experience, in the modern sense, is delivered by the entire organization, not just customer-facing functions and marketing. Further, after years of embracing the power of digital and an agile approach, organizations are now realizing that it takes more to transform. A culture of experimentation, new operating models, and metrics of success are all necessary to enabling a transformative customer experience.

Legacy systems, antiquated supply chains, and rigid fulfillment models make it difficult for some traditional retailers to provide the speed and flexibility modern shoppers want. Thus, the cost and complexity of realizing the customer experience no longer sits in marketing or digital, but across the organization. In order to become more customer-centric, brands need not think of traditional customer-facing functions but the business end-to-end, with back-office systems enabling customer-facing transformation.

Driving value

For many retail organizations, the opportunity to grow has become increasingly intertwined with the ability to cut costs.

At the same time, this can be a somewhat limited way of thinking. For one, operational costs are of little relevance to customers, who measure value according to how well the brand serves their needs and meets their expectations. For brands that build centricity on product and price, keeping costs low is a winning strategy. For those that tout convenience or experience, the law of diminishing returns applies. At some point, whittling away at the price tag just isn't worth the trouble.

For many modern customers, value is often found in saving time and effort or increasing comfort. This value manifests in many forms – from timely, relevant product recommendations to early access to sales to hassle-free return policies. Even an unexpected in-store touch, such as offering free bottled water, has the chance to connect with customers on an emotional level. Unlike cost savings, which represent a one-time gain to customers, value created through experience compounds over time – meaning that every initiative is an investment in building long-term loyalty.

While every interaction has the potential to drive customer satisfaction and build loyalty, retailers have limited opportunity to differentiate during most phases of the customer journey. Everyday interactions, such as bill paying, are standard activities that are unlikely to solicit a reaction from customers. On the other end of the spectrum, signature moments – those make-or-break interactions that have the power to build deeper, more lasting relationships between people and your business – are where brands should focus.

Technology as an enabler

Retailers need to think about technology less in terms of raw capabilities and more as a practical application – one that takes the effort of change off the customer. They need to recognize the human aspect of transformation, and educate people not just on how the application works but also the benefit it will provide to them. What seems intuitive and obvious to industry leaders and C-Suite executives who live and breathe industry advancements may not be the reality for customers. For example, when Uber entered a new market it sometimes sent postcards explaining what their company does, how to download and use the app, and what benefits the customer could expect. In countries and cities where Uber is ubiquitous, this step may seem laughably basic – but it is not. Change takes effort. And by breaking down the process in such a way, the organization takes a great deal of the burden off the user.

Think big, start small, scale fast

While many brands are eager to experiment with technology, it is also important to keep the brand identity in mind. Luxury brands, in particular, should consider how customers will react to digital tools that encourage self service or otherwise diminish the brand's reputation for personalized service. On the other hand, incorporating tools that help staff better serve the customer, such as digital inventory awareness models or customer profiling apps, may help raise the in-store experience.

- Agile, experimentation-based strategy and proposition development
- Setting the “north star” for customer transformation

- Deep understanding of emerging and enterprise technologies, agile retail operating models, and leading class operations
- Defining the strategic capabilities that will underpin the retailer of tomorrow and the journey to get there

Helping retailers create happy customers

The retail industry is in the midst of a paradigm shift. With many customer needs now being met outside of traditional stores, organizations must rethink the fundamental value propositions that owned channels should deliver. Data-enabled technology has changed the way that brands interact with customers, allowing them to tailor when and where to reach shoppers and what content will resonate best. Add to all this a general erosion of loyalty among shoppers as the world becomes more global and more connected, and brands must fundamentally rethink every aspect of their business.

Put simply, there are new ways for people to shop, new ways for brands to engage shoppers, and new ways for retailers to build loyalty. While these are three distinct issues that retailers must consider, they are also interconnected and interdependent. As a result, organizations must create and implement a strategy that addresses each issue individually, while also understanding how doing so will affect each of the other areas.

This is not a standalone effort by one business unit, but a strategic mandate for the entire business – uniting both customer-facing functions with back-end capabilities. It necessitates a cultural and technical transformation, delivered not through the lens of operational efficiency, but the eyes of the customer. And it is not a one-time consideration, but an ongoing process – one that places a relentless focus on the customer.

At Capgemini, we help retailers address new ways of shopping, new methods of engagement, and new loyalty models through the following non-linear steps:

- Human-centered design, rapid prototyping, and customer testing
- Creating the experiences and offers to deliver these propositions
- Outcome focused and delivery agility
- Transforming to a customer-centric retailer
- Delivering and consistently evolving new retail models



For decades, retailers have been fixated on their ability to transform. But to what? As the landscape continues to change and customer behaviors rapidly evolve, many organizations have struggled with a fundamental question: What kind of retailer do we want to be?

Perhaps a better question may be: What kind of retailer do customers need us to be?

To sort this out, retailers must understand who their customers are – their preferences, motivations, and aspirations – not as a collective, but on a personal level. They must shift from addressing business issues to solving customer problems. They must focus on creating one happy customer.

About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided every day by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of 360,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2022 global revenues of €22 billion (about \$23 billion USD at 2022 average rate).

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