UP CLOSE AND PERSONAL

Humanizing omnichannel means seamless customer journeys are just the start

Authors:

Alison Chaltas

Hélène Lefebvre

_____

Contributors:

David Parma

Norrelle Goldring

IPSOS VIEWS

GAME CHANGERS

Ipsos

COVID-19 OPENED THE OMNICHANNEL FLOODGATES … BUT AT WHAT COST?

In a recent Ipsos study, nearly a third (31%) of participants reported that their primary transaction channel is now online. At current growth rates, online sales are forecast to overtake physical channel sales in 2024.[1]
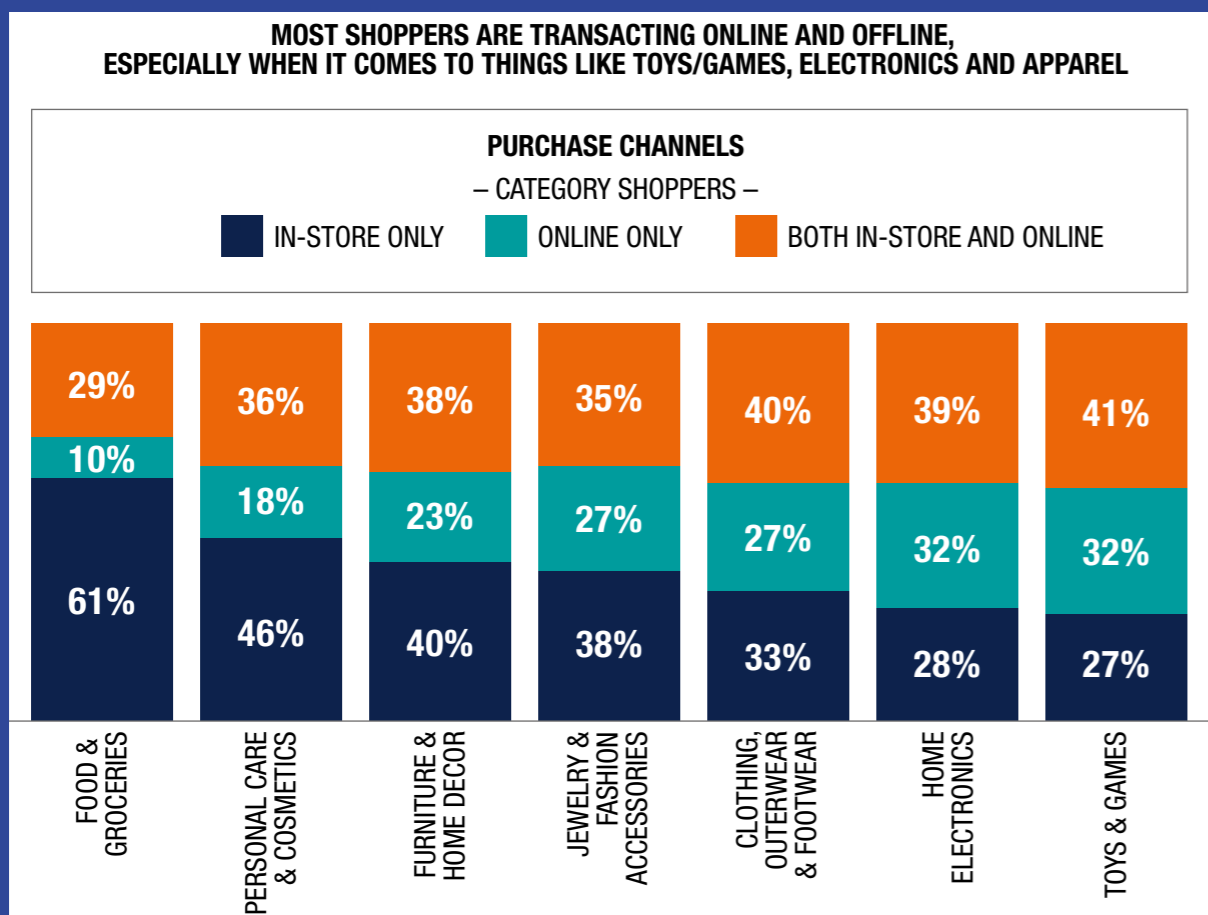
The pandemic accelerated the pace of digital transformation leading to an expansion of digital channels, touchpoints, services and experiences. Many of them theoretically designed to increase convenience.

But despite the perceived increase in convenience, many of these innovations, such as voice assistants and chatbots, don't involve humans and therefore result in a de-personalized experience. Omnichannel is theoretically about customer centricity, providing seamless customer experiences, but sometimes the humanity of the customer is not recognized. It's well documented that the 'digitally native' generations are simultaneously the most connected digitally but conversely the most disconnected socially 'IRL' (in real life).

Ipsos research shows people don't always feel the human touch is present when operating in the digitized environment. Convenience, the dominant motivation behind most online shopping, does not necessarily equate to humanity. And in fact may be the reverse. Ipsos' 'Forces of CX' identifies six drivers of customer experience, only three of which relate to convenience per se – control, certainty, and fair treatment. The other three are enjoyment, belonging, and status.

In an increasingly data-driven environment, it is easy to be blindsided by technology and numbers, and lose sight of the people, but it is ultimately a person who explores your options, opens your package, uses your product, or experiences your service. At Ipsos, our strong belief is that when companies think omnichannel, human experience should be at the core. Understanding human needs and experience is critical to evolving channel strategy.

FIGURE 1: Purchase Channels

MOST SHOPPERS ARE TRANSACTING ONLINE AND OFFLINE, ESPECIALLY WHEN IT COMES TO THINGS LIKE TOYS/GAMES, ELECTRONICS AND APPAREL

PURCHASE CHANNELS
— CATEGORY SHOPPERS —

- IN-STORE ONLY
- ONLINE ONLY
- BOTH IN-STORE AND ONLINE

Category	In-Store Only	Online Only	Both In-Store and Online
FOOD & GROCERIES	61%	10%	29%
PERSONAL CARE & COSMETICS	46%	18%	36%
FURNITURE & HOME DECOR	40%	23%	38%
JEWELRY & FASHION ACCESSORIES	38%	27%	35%
CLOTHING, OUTERWEAR & FOOTWEAR	33%	27%	40%
HOME ELECTRONICS	28%	32%	39%
TOYS & GAMES	27%	32%	41%

Source: Ipsos

CONSUMERS INCREASINGLY CRAVE PERSONALIZATION

Over the last decade consumers in western markets have started to show greater comfort in sharing their personal data. In 2021, a third feel people worry too much about their privacy online, up from one in five in 2013 (see Figure 2). The growing consumer need for personalization and customization that has been apparent for several years is becoming more acute as digital touchpoints increase.

A recent Ipsos study of more than 1,000 customer experience (CX) professionals across 50 countries determined that personalization is the number one CX priority for nearly 60% of participants.[2]
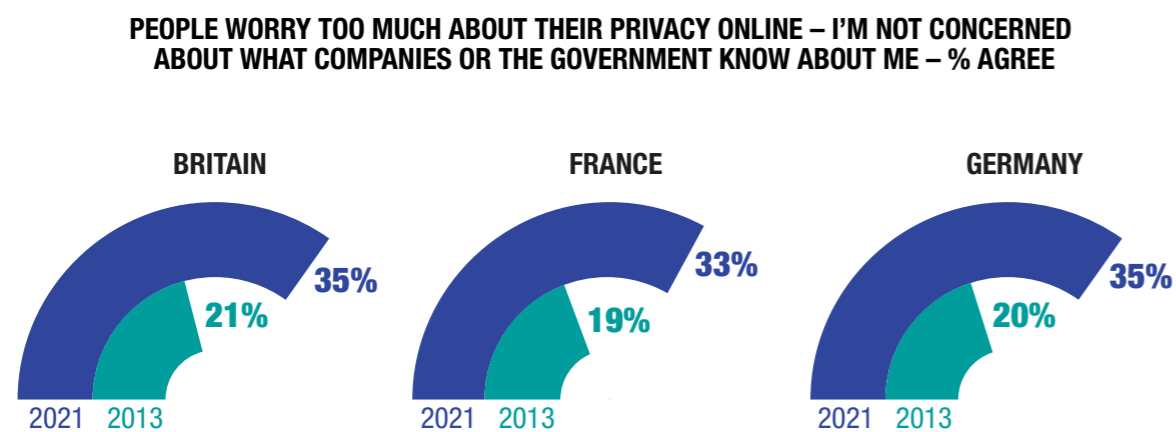
The success of coffee chain Starbucks' app, where what is offered to a consumer changes based on their recent browse and purchase histories, is testament to this growing trend.

And the more a consumer trusts a brand, the greater the willingness to share information in order to have the brand tailor offers to them (see Figure 3).[3]

Consumers are looking not just to have their shopping and purchase behaviors and histories understood in order to receive tailored offers and product recommendations, but to have their lives and challenges understood and improved in non-creepy or privacy-invading ways.

And they are increasingly seeking personal interactions, having been deprived of physical social contact during pandemic lockdowns. Call centre hold times have increased 50% during the pandemic, escalating rather than reducing with time.[4] People want to talk to a real human, not just a chatbot, whether in a physical store or on the phone.
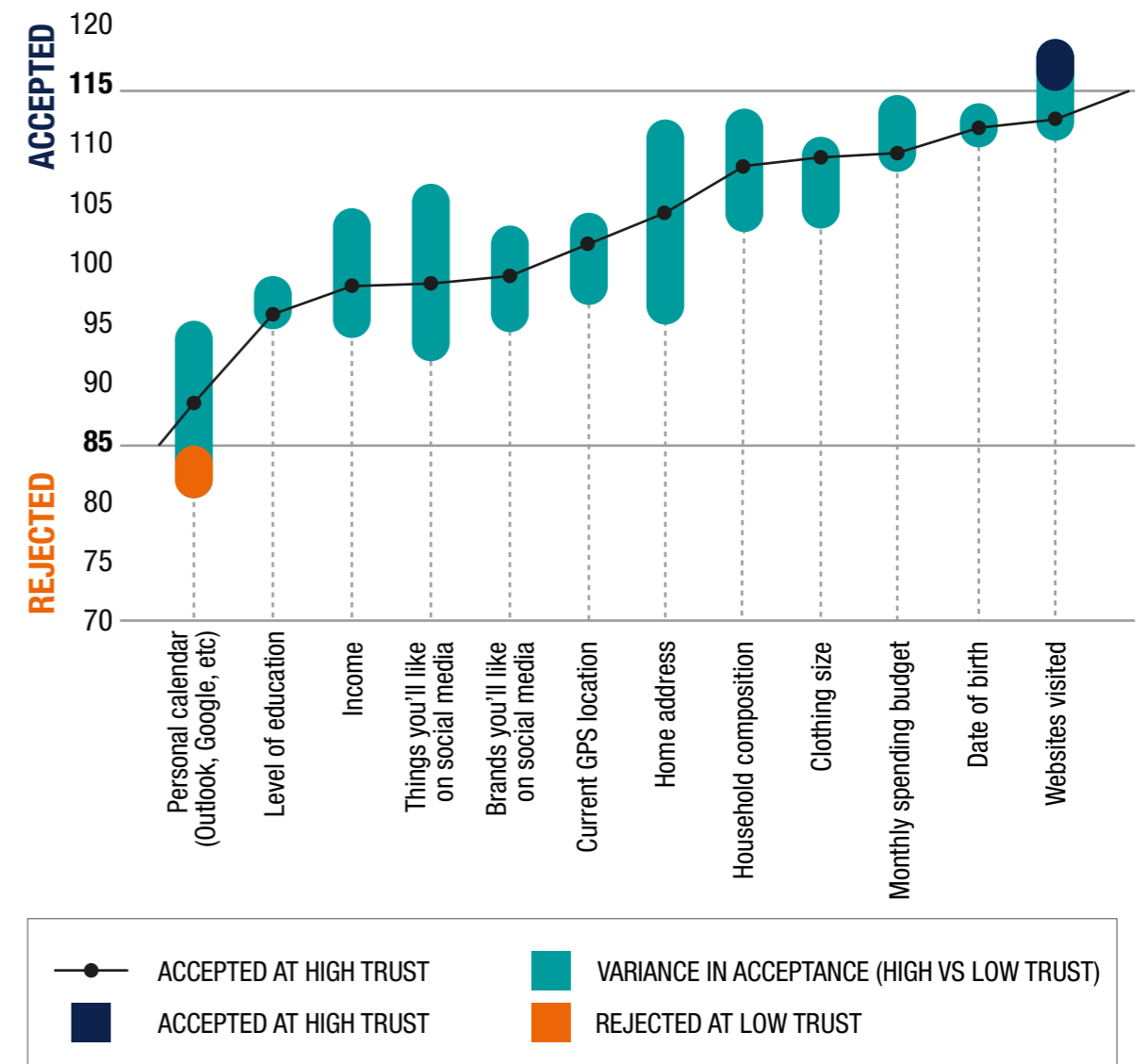
Putting a human in the service touchpoint makes it more personal. It is no accident that livestream commerce has taken off, providing consumers with opportunities to interact both with charismatic hosts and with other consumers watching the same show. Or the rapid rise of social commerce involving peer-to-peer and friend-to-friend recommendations. Likewise the growth of TikTok, showcasing personal stories and the minutiae of individuals' lives as well as both overt and inadvertent product advocacy,

such as the famous Ocean Spray skateboarder video. And now TikTok is shoppable. In some markets, 'mom and pop' corner stores who know their customers by name, and their product and brand preferences, are now selling to their customers via WhatsApp. Compare these to the comparatively anonymous 'traditional' eCommerce transaction experience with an online retailer. Just putting a customer's name next to 'welcome' in the website navigation bar is no longer sufficiently personalized.

FIGURE 2: Comfort in sharing data is growing

PEOPLE WORRY TOO MUCH ABOUT THEIR PRIVACY ONLINE – I'M NOT CONCERNED ABOUT WHAT COMPANIES OR THE GOVERNMENT KNOW ABOUT ME – % AGREE

BRITAIN
35% (2021) 21% (2013)

FRANCE
33% (2021) 19% (2013)

GERMANY
35% (2021) 20% (2013)

Source: Ipsos Global Trends Survey 2021

FIGURE 3: A trusted brand is allowed to use information about websites previously visited

ACCEPTED / REJECTED

Category	
Personal calendar (Outlook, Google, etc)	~88
Level of education	~96
Income	~98
Things you'll like on social media	~98
Brands you'll like on social media	~99
Current GPS location	~101
Home address	~104
Household composition	~108
Clothing size	~108
Monthly spending budget	~109
Date of birth	~111
Websites visited	~112

Legend:
- ACCEPTED AT HIGH TRUST (line)
- ACCEPTED AT HIGH TRUST (dark blue)
- VARIANCE IN ACCEPTANCE (HIGH VS LOW TRUST)
- REJECTED AT LOW TRUST

Source: Ipsos

WHAT HUMANIZING COMMERCE MIGHT LOOK LIKE

A seamless customer experience across touchpoints talks to functionality and convenience, but not to humanity. Seamlessness is now table stakes; the cost of entry.

Later in this paper we illustrate how a few different aspects of humanization could look.

Humans want tangibility, which is why many people still buy fresh fruit and vegetables in a physical store even if they buy most of their packaged groceries online. They want to see size and feel quality. They want to smell how fresh a product is. And they want to gauge how well something fits or looks on them for categories such as apparel, beauty and haircare. Augmented and virtual reality fitting rooms and apps go some way toward addressing this, but some of the sensory aspects are still missing. Replicating sensorial aspects in digital environments is one of the big opportunities and challenges in improving the human experience online.

If human experience is also about seeing other people, this indicates the opportunity to include videos of people, not just products, on eCommerce sites for instance. Show a human using or consuming the product in their home, rather than just the product photos and dimension details.

It doesn't necessarily have to be in-person to be 'personal'. Thought needs to be given to customer service touchpoints and customer-facing team training to conduct conversations with and explore the needs and problems of consumers in a way that understands their lives and situations, treating them like a person, not a number or transaction. There's a famous, and funny, scene in the movie Slumdog Millionaire in which the call centre workers are being trained in what questions to ask a customer to build rapport, depending on where the customer is based (for example, Tokyo, Toronto, London or Lima), but understanding a customer's human needs to go deeper than that.

From a communications standpoint, humanizing the experience means basing campaigns on a core human truth or insight, rather than a creative idea for its own sake. (However good the creative idea may be). The question has become one of 'How do we create emotional connection and personalization to meet shoppers' specific individual profiles?' How can companies communicate to consumers as 'segments of one'? The six Ipsos CX forces mentioned earlier can assist here.

REAL HUMAN UNDERSTANDING OF LIVES AND NEEDS

Acknowledging the human experience means understanding living situations, not just shopping journeys. Ascertaining conscious and unconscious whys, 'why not' barriers, needs and motivations, beliefs and expectations alongside the theoretically more rational whats and hows of purchase behaviors and decision making.

At what stages in customer journeys are personalization and human touches the most important? Which touchpoints are best able to achieve this?

What does human-centered innovation look like? What are the innovations that truly solve a consumer need, rather than innovation for its own sake? The likelihood of innovation success is much higher when the process commences with, and continues to centre around, identifying consumer needs to be met or jobs to be done.

At Ipsos, we walk beside consumers to help optimize the human experience throughout the digitized shopping journey, which also minimizes both the consumer and brand 'say-do' gap. This involves employing a variety of research methods including ethnography, user experience and behavioral science along with customer experience, shopper research, innovation and communications insight techniques.

IN SUM

Providing a seamless customer experience across channels, or espousing customer centricity, isn't enough. Neither is looking at omnichannel development through the technology lens. It needs to be human and personal. To win in the new retail omnichannel world manufacturers, retailers and service providers need to design or re-think their channel strategy based on a total understanding of their customers; their lives, their needs, their challenges. Many companies are already heading that way, with delivering personalized experiences a focus for 68% of leading and 56% of foundational organisations.[5] It's little wonder when something as straightforward as personalizing a webpage based on a shopper's past behavior can increase sales by as much as 7%, and personalized recommendations in emails up to 3.5%.[6] And that's without understanding the human behind the behaviors.

Human experience is at the core of commerce. While consumers explore new channels, they can sometimes get uncomfortable, confused and dissatisfied. Companies need to deeply understand the human experience in order to revisit their overall strategy across multiple dimensions.

UNDERSTANDING HUMANS AND OMNICHANNEL WITH IPSOS

Ipsos helps clients shape omnichannel strategy in the era of digital transformation and convergent commerce by answering the following questions:

- What are the new consumer journeys and experiences, and how do we win across them?

- How should we innovate accordingly across products, services and business models?

- How do we effectively and consistently communicate with consumers?

- How do we optimize engagement and conversion across ecosystems?

- How can we differentiate against our competitors through the service and experience we deliver across touchpoints and channels?

We do this with a variety of research solutions, often used in combination, which span the aspects of Diagnose, Innovate, Communicate and Activate.

RESEARCH EXAMPLE 1: SPICES ON VOICE COMMERCE

A leading seasoning and spice brand planned to launch a series of Alexa voice assistant skills to provide customers with inspiration and alternatives while cooking. A series of scripts had been drafted. The brand wanted to understand the experience they might provide, so the skills could be fine-tuned. Ipsos simulated the skill experience by transforming the scripts into audio segments delivered by an Alexa-like voice. Qualitative 1:1 interviews were conducted with customers to assess the relevance, clarity and helpfulness the skills might provide and to assess how they would understand the potential of the skill and their ability to navigate through it. The research was designed to capture the language people naturally use while making queries about recipes, spices and seasoning to ensure user success in triggering responses from Alexa. Recommendations were provided for restructuring the skills to better align with customers' questions and needs while cooking, ideas for additional skills, and language patterns that could cause failures or enhance successful skill experiences.

RESEARCH EXAMPLE 2: DESIGNING A GLOBAL ECOMMERCE D2C SITE FOR CONSUMER ELECTRONICS

A leading consumer electronics brand was preparing a global site redesign. They wanted to understand when and why shoppers were using different channels to shop, compare and buy electronics and home appliances in five major markets. The goal was to identify ways to support shopper needs with the brand site to avoid losing online shoppers to e-retailers and online marketplaces. Ipsos UX designers evaluated five top eCommerce sites in each market to identify best practices for content, features and functionality online and how that compliments or detracts from the retail experience. They explored best-in-class brand sites in multiple markets to uncover culturally relevant ways brands were connecting with their customers online and in flagship retail experiences. Customer workshops further explored online-to-offline shopping behaviors, pain points and opportunities. Market-specific insights were provided highlighting cultural nuances and market differences impacting channel usefulness and engagement. The UX design team then developed concepts to create engaging content and experiences for the new brand site design to complement offline shopping.

RESEARCH EXAMPLE 3: RETAINING BANKING CUSTOMERS IN A HIGHLY DISRUPTED MARKET

A major bank needed help to develop strategies to retain customers. A one-size-fits-all approach was not going to work, given the extent of differences in terms of customer stages in relationship with the bank. Relationship research among 'lovers', 'likers; 'it's complicated' and 'leavers' identified positives and insight into important developmental areas and areas of concern. The focus on the 'relationship status' and the customer's segment has shifted the bank's focus from the NPS score to the customer. The customer is now at the heart of the bank's decision-making, with personalized strategies being developed by segment and deployed across channels.

RESEARCH EXAMPLE 4: COFFEE IN ECOMMERCE ENVIRONMENTS

Despite the sensorial nature of coffee, packaged coffee products have been migrating online at a faster pace than other grocery-based products. Retailers are looking for guidance from manufacturers on how to maximize growth potential for the coffee category online, including replicating sensory cues. Ipsos designed a combined approach to understand coffee people; the motivations, mindsets and emotions that drive pathways, core attitudes and shopping behaviors. This included a LIFE Path holistic shopper journey study that involved stakeholder interviews, webcam-enabled interviews among category buyers, quantitative interviews to define end-to-end omnichannel journeys, and Simstore simulated behavioral shopping, all infused with behavioral science. Among the findings was the current shopping environment, both online and offline, is not designed to maximize discovery and lacks the coffee sensory cues shoppers need. And disrupting shoppers on the 'stock-up' pathway represents the largest opportunity to engage and acquire new purchasers.

REFERENCES

1. **Generix Group: In 2024 eCommerce will overtake physical retail**
https://www.generixgroup.com/en/blog/2024-e-commerce-will-overtake-physical-retail

2. **Ipsos webinar recording: CX Global Voices**
https://www.ipsos.com/en/webinar-recording-cx-global-voices

3. **Ipsos: Five rules of play to automate for your customers' needs – and serve them better**
https://www.ipsos.com/en-nl/5-rules-play-automate-your-customers-needs-and-serve-them-better

4. **Business Wire: Covid reshapes traditional customer service as contact center traffic surges and consumers voice frustration** https://www.businesswire.com/news/home/20201217005370/en/COVID-Reshapes-Traditional-Customer-Service-as-Contact-Center-Traffic-Surges-and-Consumers-Voice-Frustration-%C2%A0

6. **Ipsos CX Voices**, April 2021, base n=1,008 across 50 countries

7. **Pure360: Why personalization is important: What seven statistics tell us**
https://www.pure360.com/why-personalisation-is-important-what-7-statistics-tell-us/

FURTHER READING AND INFORMATION ON RELATED TOPICS

- **Ipsos: Omnichannel strategy in the age of digital transformation**
https://www.ipsos.com/en/omnichannel

- **Ipsos: Convergent Commerce: Navigating the fragmented world of emerging channels and shoppable touchpoints** https://www.ipsos.com/en/navigating-increasingly-fragmented-world-emerging-channels-and-shoppable-touchpoints

- **Ipsos: Bridging the brand experience gap: How to align brand promise and customer experience for business success** https://www.ipsos.com/en/bridging-brand-experience-gap

- **Ipsos: The Forces of Customer Experience**
https://www.ipsos.com/en/forces-customer-experience

UP CLOSE AND PERSONAL

Authors

Alison Chaltas Global President, Omnichannel, Ipsos

Hélène Lefebvre Chief Client Officer, Ipsos

Contributors

David Parma Head of Strategy3, Ipsos in Italy

Norrelle Goldring Global Consultant, Shopper Journey, Ipsos

GAME CHANGERS