THE NEW PATHS TO PURCHASE

Customers aren’t connecting with businesses the way they did even a year or two ago. It’s difficult to overstate the enormity of the change as companies adapt to new channels and try to meet their customers on their own ground. And this change is only going to accelerate as new channels come into being and recombine to face the customer. All we know for sure is that most companies (over three quarters of them according to Forrester Research, 2013) are working hard to evolve their approach - and that the approach will probably be partially obsolete by the time it is crystallized into sales and marketing tactics on the ground.

Older models, which are still taught in some form in business schools today, often visualized the customer’s path to purchase as an inverted pyramid or funnel, with customers following a simple linear path. Every point of contact was about moving the customer to the next step, and then driving the sale. A few years ago this was a reasonable way to look at the process.

We could see this changing as early as the mid 1990s as the web was adopted into business and everyday life, but the seismic shift in customer patterns didn’t peak until the online world became simultaneously social and mobile. That’s when e-commerce came off the desktop and collided head-on with other, more mature channels. The physical overlapped with the digital. Now, an entire generation has been raised in a “phygital” culture where anything is accessible, from several sources, through any channel, at any time. We view this shift as an opportunity for businesses to evolve into a position to better connect with their customers. What follows are ten ways to connect with your customers in a phygital way, methods we’ve used first hand at Lenati.
1. MAP THE CUSTOMER JOURNEY ACROSS CHANNELS

Think of all the ways your customer connects with your company. How many different moving parts are involved in fostering that connection? Everything from your website, mobile app, and social media presence to architecture and interior design, service design and follow-up all come into play. You even need to consider the operations and infrastructure that supports all these connections: Where are your products manufactured? How much energy do you use? How do you support a customer after-purchase? And then consider how all of these operations can become visible to your customer, especially when things to wrong. As we’ve seen in previous articles, the key to creating a holistic view of your customer’s journey as they come into contact with all these different aspects of your company is to build a map of each of their interactions over time, and across channels, from their point of view. As channel models become more complex, newer models of customer journey mapping have been developed.

Consider two paths to purchase: One typical of a customer a few years ago, and one now. The first path might look like this:

- **Awareness** was built through traditional media and word of mouth
- **Interest** was reinforced through contact with a sales touchpoint
- **Consideration** usually involved person-to-person consultation.
- **Purchase** was also in person at a physical location.
- **Follow-through** was usually spotty, if it happened at all. A bill would be sent in the mail, most one-time purchases had no follow-through, large purchases warranted a phone-call.
Our second customer journey might look more like this:

- The customer becomes **aware** of a brand or product via social media.
- She becomes more **interested** via repeated contact through multiple channels. She may simply purchase online at this point, or....
- She may need **first-hand contact** with the product or service - in which case she reserves it online, and visits a physical location.
- During the visit, she uses her smartphone to **connect** with social media. She looks at a competitor’s pricing on the web. She uses the company’s app to access a promotion via their loyalty program.
- The customer decides to **purchase**. During the process, a second off-site product has caught the customer’s interest. No problem. It will be ordered and shipped to her directly from the e-commerce site.
- During the process, she has opted in for **sharing** her information with the company. This is used to follow up with her in a personalized way.

The first customer’s journey could be visualized on a simple linear path. The second model requires another dimension that tracks options through various channels, many of which are in play simultaneously. As always, it is important to visualize this journey from the point of view of the customer themselves. Painpoints and softspots in the journey should be considered as you go, developing a clear brief for creative. There are many ways to visualize this. The one pictured here is only one example.

According to Google’s Mobile In-Store Research (2013) shoppers who use mobile more, spend more in-store:
Frequent mobile shoppers spend 25% more in-store than people who only occasionally use a mobile phone to help with shopping. And 1 in 3 prefer to use their phone for self help in store, rather than asking staff.

2. ALIGN MANAGEMENT CROSS CHANNELS

Many companies - and the agencies and consultancies that work for them - take a siloed approach to building out their companies as channel options become available. This probably made some sense at one point; making separate business units for each channel can allow for rapid growth in the short term. But that doesn't help the customer. Consider what can happen when you lack alignment across channels:

A conversation a customer was having in one channel didn’t carry over to another. “I was on the website - I put all my information in, and then your site crashed my browser - now I’ve been on hold for an hour and you need all my info again!!?? $%*$$!!”

Prices and promotions don’t align. “It costs how much if I buy it from you? your own website has it for half that!”

After a wonderful, personal experience learning about a service, the experience at purchase is lengthy and horrible. “Why do you need my address from five years ago for me to get a new phone?”

Usually these problems stem from how the company is organized and managed. Each channel is operated separately by people who aren’t co-ordinating with each other around the customer’s journey and the company’s brand. None of them are empowered to work across channels to make a better experience - and the company’s operations and supply chain take precedent over building connections with customers. We’ve seen some companies where each org or department is somehow visible in the design of their website. The result is clutter and disorganization. There is only one way to combat this problem - from the top down. The top leadership of the company needs to have a clear vision for how the brand manifests itself across all channels, and then bring the silos into alignment. From a project perspective, good progress is usually made when cross-functional teams are created to tackle a CX problem.
3. SURPRISE!!

There are two competing approaches to cross-channel customer experience - and they are both valid depending on the customer’s context. There seems to be some confusion around which approach best suits each channel.

First is the premise that customers should be surprised and delighted at every step of their journey. Customer service, website, app, and especially in-person interactions should be of the highest quality, personalized, compelling and memorable. This approach likely stems from older service models, where the industry benchmark was high-service, one-to-one interactions. Think of the kind of service you would expect from a high-end tailor. In-person channels can demand personal service.

The second approach relates to how much effort is required on the part of the customer. In his book “The Effortless Experience” Matthew Dixon explains that expensive initiatives on the part of brands to stage compelling experiences often lead to no improvement in loyalty - or worse. According to his research, a customer service interaction is four times more likely to foster disloyalty than loyalty. He found that 57% of inbound calls to call centers come from people who were on the company’s website and couldn’t find what they wanted. If you are booking an airline ticket or paying a parking fine online, the last thing you want is to take the time and effort to be surprised and delighted by call center staff.
In CX design, the approach you take should be dependent on the channels in question, the characteristics of brand, and on the expectations of your customer. Most transactions or queries, especially those in digital channels, improve with increased simplicity and ease of use. The less information the customer needs to provide, the lower the wait times, the fewer keystrokes, the better. But this isn’t always the case for in-person experiences. A luxury purchase guided by the personal touch of a well-trained sales associate, the brief conversation with a barista, or the extra moment spent with a family doctor can all be worth that extra bit of time and effort. There is a tendency for designers to aim to make every experience this compelling, which unfortunately can lead to a lot of misplaced investment. But sometimes this connection is the essence of the brand.

In architecture, there is a saying “if you can’t hide it, make it a feature.” In other words, anything that is visible to the visitor needs to be meaningful, and everything else needs to disappear completely. The same can be said for CX: reduce the customer’s effort where you can. Everywhere else, align the experience to brand.
4. CREATE CONSISTENT EXPERIENCES ACROSS CHANNELS

The explosion of communication channels has altered how we interact with brands and with each other on a fundamental level. We can be present in multiple channels at once. We can bring competitors into once-private conversations. We can be extremely well informed. We are in social relationships with thousands of people. We are influenced by many, sometimes without our knowledge. We have a different system of values than we did a few years ago. We have very high expectations. And we are extremely fickle.

People tend to consciously notice the channel they are using only when something goes wrong: a website crashes, there is a long wait in the emergency room, or the call-center drops a call. Once a channel has been adopted and the novelty of it wears off, its use becomes second nature. All of the customer characteristics mentioned above are usually only noticeable from the outside - for example from the point of view of a company that is trying to do business in these channels and needs to build systems to allow people to do what now comes “naturally.” Our customers are way ahead in understanding how this should all work. It’s our job to catch up.

Older communications channels (TV, radio, print) effectively broadcast the same message to a large group - and newer channels (web, social, mobile) enable more of a conversation between companies and people. A critical step for any omnichannel business is to align experiences across channels by being ready to have a consistent conversation wherever the customer is present.

The next points are all hinged on that principle.
5. DEVELOP A CONSISTENT MESSAGING STRATEGY

You can assume that the customer has access to an enormous amount of information about you and your company. So at all points and all channels, you need to be ready with a consistent message about:

- product
- service
- pricing
- fulfillment and delivery
- follow-up
- operations

Consistent messaging is usually the first place companies fall down in an omnichannel space. Getting this right seems like the “low hanging fruit.” But this goes much further than simply matching messages word-for-word. A few years ago, it was fairly common to see a company use a generic template for its website that was completely incongruous with its brand. That problem was bad enough, but now that same company probably has a few dozen social media accounts, managed by different groups, all of whom are promoting their own agenda in their own voice. They might even be drawing on different pricing databases, despite sharing key clients. That company also might have face-to-face and call center service that has a completely different character and primary message than the rest.

While top-down approaches are not as in-favor as they used to be, they have their advantages here. A strong customer-centric vision from the top management needs to be disseminated through every facet of the company for this problem to be solved.
6. WALK YOUR TALK

With all the information about your company that’s online, and with customers becoming more conscious about who they do business with, the way your company does business is every bit as important as what you are selling. Your brand, your ethics and values, where and how you operate your business are all on display. Window-dressing and a veneer of social responsibility don’t cut it. Your company needs to be everything it claims. This seems like it should come down to a simple code-of-ethics, and that is certainly a good place to start, but it can be far more nuanced and complex than that. Here are some examples:

When K-Mart decided to stay open early on Thanksgiving and right through Black Friday, a social media uproar ensued. K-Mart’s reaction was to post the same rebuttal, word for word, to each of these tweets, making the company sound even more insincere. Was the problem here the approach to social media, or the policy to force employees to work on a holiday? Or both? With all this transparency, customer feedback needs to push back on policy, or else customer won’t feel they’ve been heard. A generic tweet won’t fix the problem.

When the Rana Plaza garment factory in Bangladesh collapsed in 2013, killing over 1100 people and injuring over 2500, the western corporations that purchase the goods manufactured there were immediately put under a microscope. The outcry around the world through social and traditional media was intense, implicating not just the factory, but its clients in the west who turned a blind eye to the conditions in the building. The public knew immediately which brands were involved, where to focus their anger, and what brands to boycott. Adding a screen of messaging can no longer drown out the din of bad business practices. Companies in the age of social media have learned that their operations and ethics are visible components to their brands.
7. UNDERSTAND YOUR CUSTOMER’S NEED FOR PRIVACY vs. THEIR DESIRE FOR CONVENIENCE.

There has been an explosion in the amount of data that is collected about your customer’s patterns and preferences. Insights can be collected across channels, from behaviors, pathing, emotional cues and dwell-times in a physical environment (hospital, retail space, or airport) to online browsing, purchasing and social media patterns. There is no shortage of data and analytics available about how your customer is connecting with you. The data being collected is also becoming more granular on a personal level. For example, many retailers are eager to get to a full understanding of individual customer’s patterns across all channels, digital and physical, in order market to them in a truly personalized way. Instead of marketing to a widely defined group, it is now feasible to narrow the segment to a single person. The trade-off for the customer, more than ever, is between the convenience of having services tuned to their wants and needs vs. the sharing of information that was once considered to be personal. In response, customers’ expectations are shifting in two opposite ways:

- Concerns about privacy around how the data is used and collected.
- Higher expectations of service now that the data is available.

There is no one-size-fits-all method that will tell you what kind of data your customer expects you to collect and how they expect you to use it. Some industries - for example finance and healthcare - need to be extremely sensitive and cognizant of privacy, but the potential upside to the customer could be enormous (even life-saving) if all the right service providers can get access to the right information about the customer at the right time. This balance needs to be carefully considered for each business, combined with complete transparency to the customer about what data is being collected, and then co-ordinated throughout the organization.
8. THINK OMNICHANNEL

In the day-to-day, customers aren’t focused on what channels they are using to engage with a brand. Whether in person, on a smart phone, on a tablet, on a laptop, through traditional media or over the phone, customers tend to see these channels as natural extensions of the brand and don’t tend to give the individual channel itself much thought. Omnichannel thinking is about working beyond the channels to connect with the customer at their own level, and through whatever means make sense for them. While most companies have a “digital” department, omnichannel thinking means integrating the digital with the physical, giving the customer the best of both and cross-pollinating ideas from one channel to another to create a better experience. The digital doesn’t replace the physical, it just makes it better.

Some examples of omnichannel thinking:
• Uber implemented an app-based system to hail and pay for limousine service, bypassing many of the hassles typical in the customer’s experience while greatly cutting costs.
• American Airlines used social media to alert the public about shutdowns during super-storm Sandy—getting word out quicker and to more people at less cost. It is now one of the airline’s key communication channels.
• Royal Bank of Canada has been questioning the role of their physical locations as more services go online. The response is a digitally-enabled streamlined service framework in banks that offers highly personalized service, with many transactions being accomplished cheaper and easier online.
• The government of Estonia faced rebuilding its information infrastructure after the collapse of communism. It took the opportunity to shift as many services as possible online. Currently the government estimates that this saves one man-week per year of administration and paperwork for each citizen while allowing employees to engage with people in a more personal way.
9. TAP INTO THE POWER OF THE PERSONAL PROFILE

Notwithstanding the previous point about the balance between privacy and service expectations, customers seem to be less and less tolerant of companies that are unwilling to create a personalized experience. For this to work across channels, a secure and robust profile about the customer’s history, preferences and interactions with the company needs to be constructed - with the customer’s permission. It also means that it needs to be shared internally - and very carefully - on an as needed basis - with all services that come into contact with the customer. This can have many benefits:

- Reducing service/wait times by using profile data to pre-enable a transaction.
- Curating and recommending choices for the customer, recommending a “next logical purchase” based on previous buying or browsing patterns.
- Enhancing sales effort by opening up more channels for a customer to connect. (e.g. order from mobile, pick up immediately at a location of their choice, make a recommendation when they arrive, follow up by email.)
- Eliminating the need to provide information repeatedly when switching between channels.
- Creating personalized offers, relevant to the customer’s preferences and current level of engagement.
- Providing well-targeted incentives or rewards to increase loyalty.

Personalization allows a brand to deliver only relevant offers, content and products to a customer. The power of this lies in reducing cost and effort, while increasing the impact of your efforts to connect with the customer.
10. OPT-IN

Many data collection methods may look great from a company’s point of view, but can be intrusive (or downright creepy) from the point of view of the customer. Wifi can allow you to track the movements of people in a physical space through their phones, cookies can track people online, cameras can be installed almost anywhere - but for every new technology there is an example of a company that has gotten into a public-relations nightmare by implementing them without the customer’s consent. The safest approach in almost every case, at least until another cultural shift comes our way, is to ask customers to opt-in to the program. Be completely transparent about how the data is being collected and used, and stick to your own rules without exception. It may be appropriate and helpful to provide incentives to the customer who opts-in, in exchange for the information that is collected.

While this seems like a fairly new area of focus, it has actually been in common practice in several industries. For decades, financial institutions, airlines and charities have been designing programs where the customer knowingly exchanges information for rewards. While some industries like banking have a clear advantage by being able to leverage a deep knowledge of personal spending across different vendors, many others are still able to collect enough data to capture an accurate snapshot of a customer’s preferences based on their own sources. Many music or movie services for instance (iTunes, Spotify, Netflix) are able to accurately predict a user’s taste, making recommendations that are far more relevant and engaging with a minimum of intrusion. The same can be done in the context of food and beverage or hospitality, with offers and promotions targeted based on data collected at the POS or via a smartphone app. Virtually any industry can build a better connection with their customer, once they opt-in.

photo: Maximilian Schönherr
Taking an omnichannel approach to connecting with your customers must be driven by the customer’s needs and expectations, followed by a search for better opportunities to meet them. Technology can play a role in this, but for each of the points raised in this article, the most important aspect is how the business faces the customer, not the technology that makes it happen.

The unfortunate tendency is for technology to drive change. According to a study by Altimeter Research called “Digital Transformation”, as corporate budgets for digital marketing, automation, mobile and social media increase, many companies are letting the technology drive the change rather than the customer’s motivations, preferences, purchasing patterns and experience. This can result in a patchwork of technology, which is misaligned to the customer’s expectations and patterns. In all the points made in this article, the focus is on the customer’s wants and needs - and using the technology to learn about them and connect with them. Let your understanding of the customer be your guide.

Designing new ways to meet the customer is a form of intervention in the customer’s life - you are placing a new bridge along their path to allow a connection that wasn’t there before. Map their journey and establish the value proposition to the customer before committing to rolling it out. Constructing the bridge can be a lot of work, but it’s work that’s wasted if it has no value for the customer.

― Buckminster Fuller

Let’s Get Phygital
by Paul Conder
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