

Salesforce Empowered Shopper Report 2017

Engaging today's switched-on,
social shoppers



salesforce

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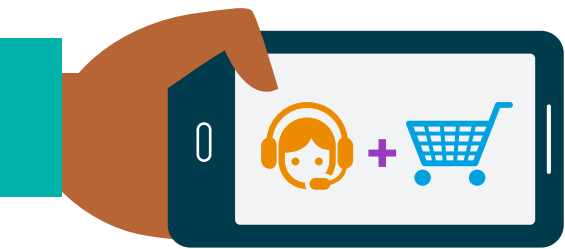
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We need to understand how tech is changing the shopping experience



Armed with smartphones and third-party apps, shoppers are connected and social.

We're in the age of the customer. Armed with smartphones and third-party apps, shoppers are connected and social. They are empowered to expect personalised experiences everywhere, not just in marketing communications, and physical stores are just one touchpoint in their increasingly dynamic retail interactions.

To understand further how technology is changing the shopping experience and how retailers and brands need to respond to omnichannel shopper behaviour, Salesforce combined a survey of 650 Australian shoppers with data from more than 40 million online global shoppers to examine current attitudes, habits, and look at the part technology can play in reaching and converting these shoppers.



Ready to deliver what your customers want?

Nothing is more important to retailers than keeping up with fast-changing consumer habits – knowing how to reach shoppers and turn them into buyers and advocates. This year, those habits offer a powerful opportunity: the ever-increasing use of technology in online and offline shopping.

Flagging the way shoppers use smartphones and, to a lesser extent, tablets as a part of their shopping and after-sales experience, the Empowered Shopper Report also explains customers' beliefs around critical issues. For example, while 87% of survey respondents say 'competitive pricing' is critical or very important, 38% say the same about the business 'giving back to the community'.

The report reveals the expectations of shoppers, providing clear guidelines for creating great customer experience by getting the end-to-end customer experience right.

After surveying 650 Australian shoppers and examining data from more than 40 million online global shoppers, it became very clear that meeting and exceeding customer expectations requires a digital strategy that closely connects a company's customer service and sales processes – using knowledge and customer data well is a key factor contributing to business success.

Brands that take the opportunity to use technology to connect their teams and processes across the board can differentiate themselves through the customer experience they provide. Greater customer loyalty, more powerful reputation management systems, and more efficient staff and processes are just the beginning.

Shoppers demand a completely seamless customer experience. With the Salesforce Empowered Shopper Report, we're showing how to make this a reality – how customer expectations are changing, how digital is impacting shopper behaviour and how you can turn your browsers into buyers.



Know your shoppers

For today's consumers, a responsive website is not enough. Consumers have come to expect absolute consistency across all touchpoints whether it be in person, on the phone, by email, app or social media. With Amazon's expected local warehousing launch in Australia, which will expand product choice and reduce shipping times from the global retailer, that expectation will only intensify. Such consistency only comes from end-to-end solutions that allow a retailer to provide personalisation across every brand touchpoint.

What else is important? Simplicity and fast mobile web/app functionality on all screen sizes is vital. A recognition of the fact that a large percentage of your customers have never known a world without digital connectivity is essential, as is acceptance of two facts: mobile phone screens are the new retail battleground and customers have come to expect every brand to know them as individuals, rather than demographics, no matter the touchpoint.

But it's not all about technology. No matter how much we're all staggered by the pace of change in automation and technological innovation, the right types of people in your business will make all the difference.

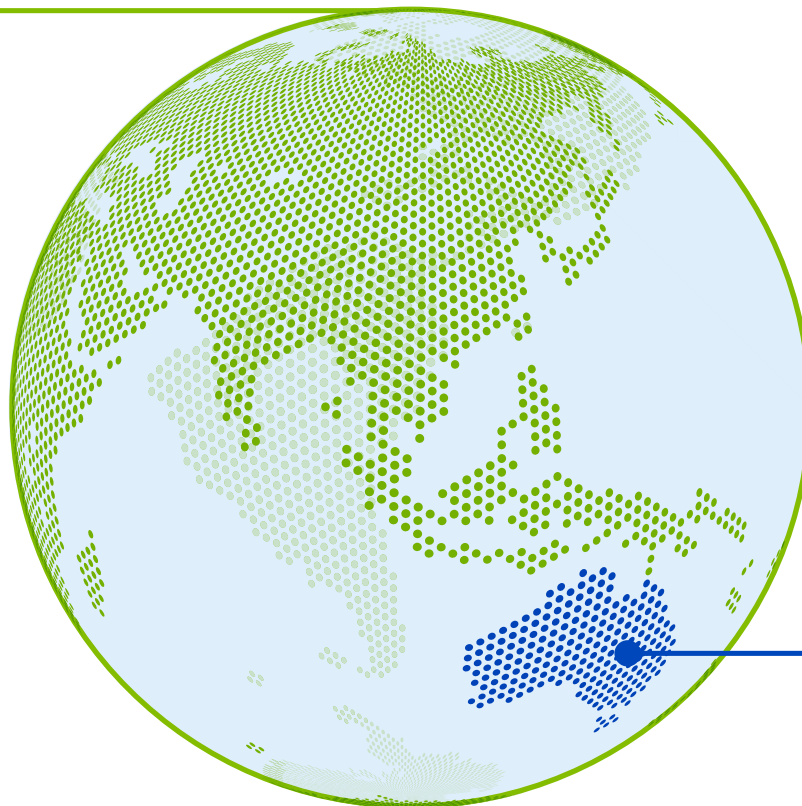
Here are our headline findings.





E-commerce revenue: how Australia compares

WORLDWIDE
US\$1.1 trillion



0.86%

AUSTRALIA
US\$9.54 billion



Australian e-commerce revenue 2020


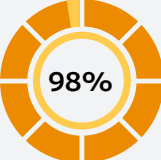

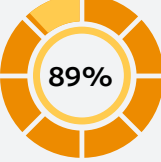

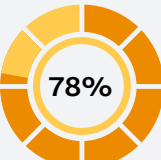
Australian e-commerce revenue is predicted to increase just over 10% each year, to reach US\$14.151 billion in 2020.





Everyone is connected – and their phones are retail highways

In Australia and NZ, 98% of Millennials, 89% of Gen Xers and 78% of Baby Boomers **OWN SMARTPHONES**, and they increasingly want mobile shopping experiences.

 Millennials	 98%
 Gen X	 89%
 Baby Boomers	 78%

Globally in **2016**, just over 45% of traffic came from phones, but **ONLY 25% OF ORDERS WERE PLACED ON PHONES**.

 45% →  25%

By the end of **2017** more than 60% of digital traffic will come from phones and **SHOPPERS WILL PLACE MORE ORDERS ON THEIR PHONES THAN ANY OTHER DEVICE**.

 60% ↑ 

FOR SHOPPERS TO BECOME BUYERS, PURCHASING ON PHONES MUST BECOME SIMPLER

– 40% of online buyers said they would be more likely to shop with a particular retailer if the checkout process were significantly streamlined.

 40% 





Those devices aren't just for buying

Globally, active shoppers make up 17% of mobile traffic to commerce sites, while buyers are 2.3%. That's a lot of browsing time – a lot of comparisons of price and product, availability checks, and support requests.



54%
Compare similar products



50%
Check in-store availability



59%
Price comparisons



46%
Purchase products for delivery



43%
Read online ratings and reviews



45%
Receive product and customer support, or customer service

*percentage of respondents who say it is 'absolutely critical' or 'very important' to be able to perform the task via a mobile device



The shopper journey is an all-stops service



More than **90%** of
CONSUMER COMMERCE
STILL HAPPENS IN PHYSICAL STORES.



More than **50%** of that in-person commerce is **INFLUENCED BY DIGITAL TOUCHPOINTS** with brands – and those are multi-channel and multi-device.

Source: Forrester. Online Retail Forecast, 2016 To 2021.



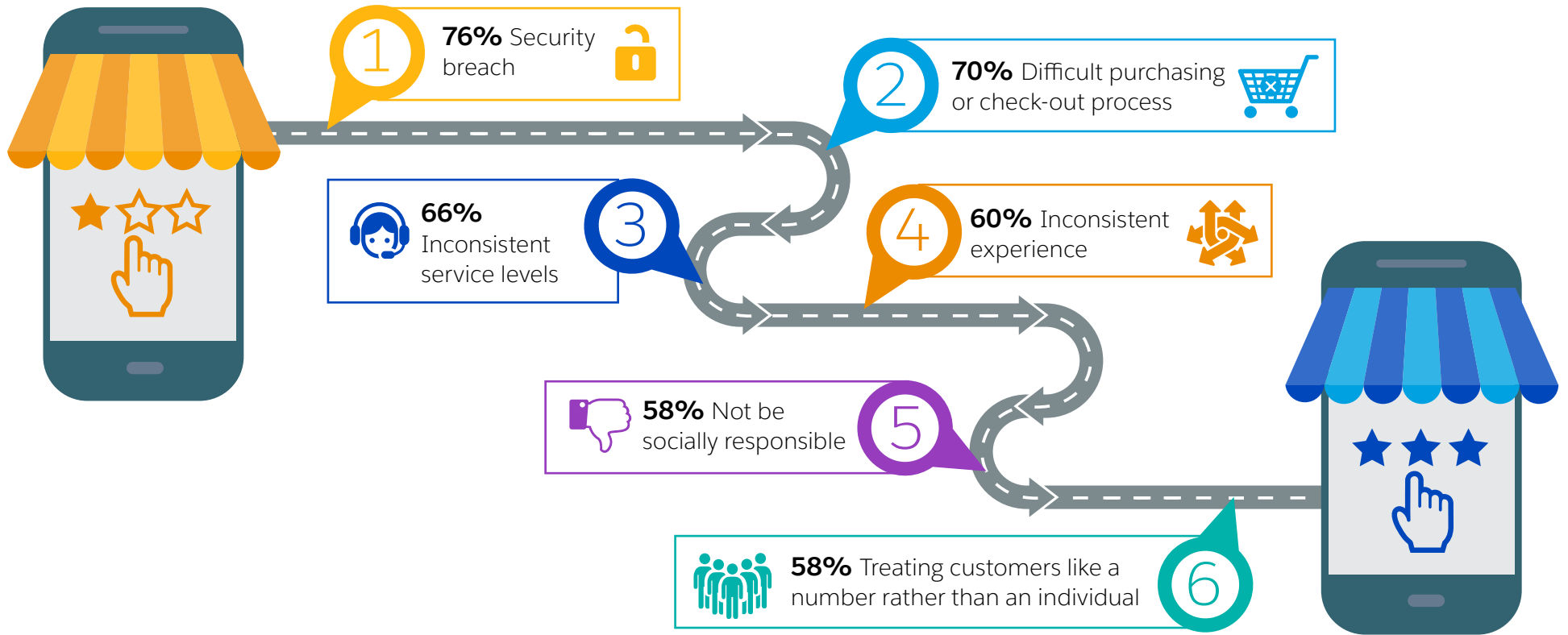
Search = sales and loyalty





Empowered consumers can switch brands easily

Here are the six things that will make your customers extremely likely or very likely to purchase elsewhere:





Loyalty = trust + speed + convenience

Top five reasons for remaining loyal to a retail or consumer brand or business:

 **79%** Maintains my personal privacy

 **79%** Responds immediately when I reach out for help

 **77%** Makes it easy to find products I need

 **77%** Has knowledgeable sales reps

 **73%** Provides customer service at any time, every day

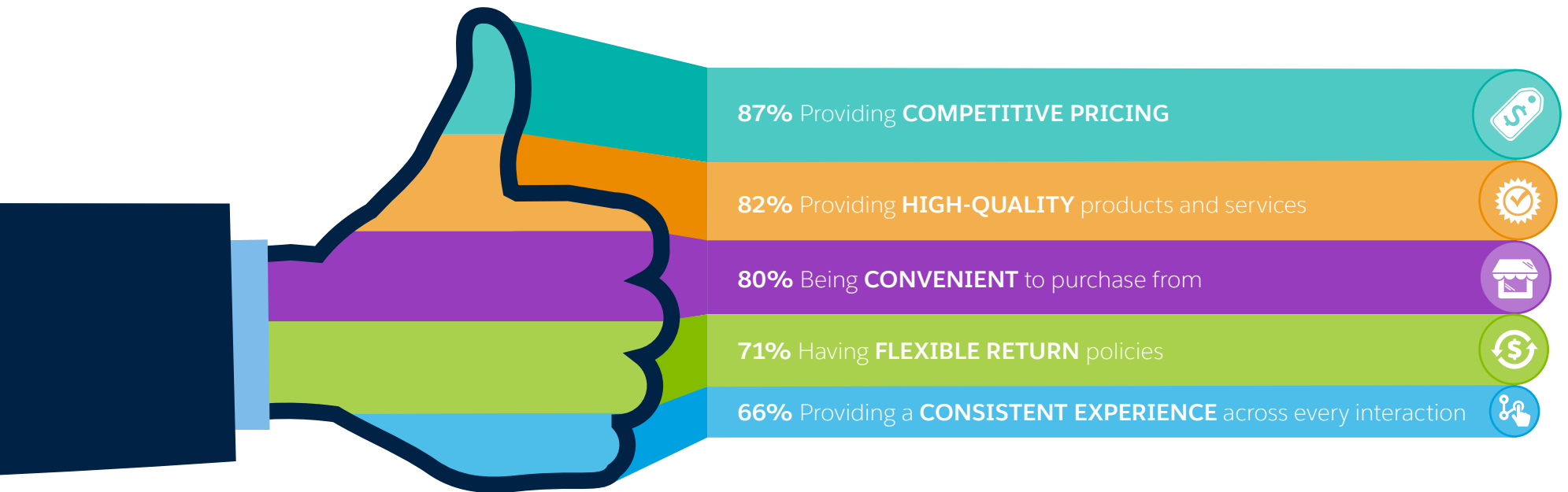
*percentage of respondents who view as a 'major' or 'moderate' influence





Consistency creates customer satisfaction

Price and product are always going to drive sales, but there's more to the satisfaction that drives loyalty and advocacy.

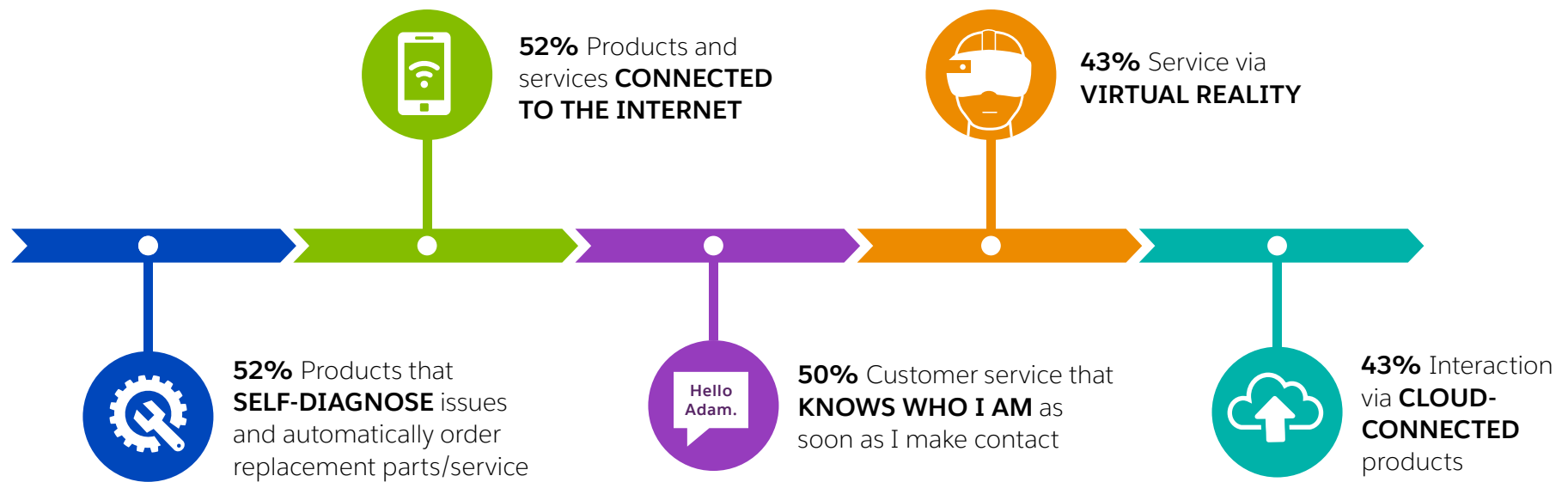


*percentage of respondents who view as 'absolutely critical' or 'very important'



Customers expect tech to take over

Five years from now, our respondents tell us, businesses are going to provide entirely new sets of customer-related services. These include:



*percentage of respondents who 'strongly agree' or 'agree' that companies should provide these services by 2020.



What this means for your business

Australia has a relatively small slice of the e-commerce revenue pie, but revenue is set to increase 10% year-on-year to 2020 and the key for Australian retailers looking to keep and grow their share will be customer experience. It's clear what customers want:

- Consistency across platforms is vital.
- Customers expect you to know and treat them as individuals.
- Everything begins with mobile – if consumers don't find what they need on their phone screen, they'll move on.

The very best online customer experience across all markets – that Uber, Amazon, Google offer – have raised the expectations of shoppers.

Your online offering must measure up. If it doesn't then the customer will happily move on, because they're in charge.

So what does this mean for your business?

AUSTRALIAN REVENUE IS SET TO INCREASE 10% year-on-year to 2020





Stop defining yourself by channel

Customers identify brand, not channel. Their behaviour offers a counterpoint and a proof of this: their loyalty is to a brand, not to the channel they use to shop, and they will readily abandon you if you are not in their desired channel, but if you see channels as disparate and use this thinking to justify inconsistent experience, they will also abandon you.

Paul Greenberg, founder and executive director of the National Online Retailers Association (NORA), explains.

“I’m a bit disappointed with the retail world – and I have been a part of this – because we have fallen into this rather obvious trap. In fast-changing times, we default to defining

ourselves in terms we understand. In the case of retail, we say we’re an ‘online retailer’ or an ‘omni-channel retailer’. Maybe we define ourselves as ‘clicks and bricks’, ‘multi-channel’, ‘pure play’, ‘bricks and mortar’ etc. But none of these are terms that resonate with a shopper.”

Shoppers don’t think of your business as a series of separate channels, so you need to stop thinking that way – it’s one brand, and each channel needs to work together to drive the best customer experience and the highest-margin, best-converting baskets, wherever that might be, not ‘own’ shoppers in separate channels and compete for their dollars.



In fast-changing times, we default to defining ourselves in terms we understand ... But none of these are terms that resonate with a shopper.

Paul Greenberg, founder and executive director,
National Online Retailers Association (NORA)



Consistency rules

Products and services must be competitively priced (87%) and of high quality (82%), and that's no surprise. More interesting is the consumer need to have a consistent experience across all touch points (66%). This is especially important for Baby Boomers (70%) but also vital for Gen X (65%) and Millennials (64%).

Consistency is important because of the increasing number of customer touch points.

"It's not a new idea that the shopper funnel is dead, replaced with the customer journey," James Johnson, Regional Director, Customer Success and Retail Practice at Salesforce, told the 2017 Retail Leaders' Forum. "There are many points of interaction and many ways customers collect information, and they can buy at almost every moment, without having

to go to a retail site, a branded website or a property at all. The new omnichannel shopper demands a unified experience."

The leading brands and retailers understand consumers' expectations of consistency. They also understand that, to ensure consistency, end-to-end integrated and transparent systems are essential.

Consumers they can buy at almost every moment, without having to go to a retail site, a branded website or a property at all.



66% of consumers need to have a **CONSISTENT EXPERIENCE ACROSS ALL TOUCH POINTS.**



Mobile experience must be quick and easy

People are never without their mobile phones, meaning they will use any spare moment to conduct research, check prices or make an order. But their site visits are becoming shorter in length. Globally, the amount of time spent per mobile visit declined 9% from 2015 to 2016.

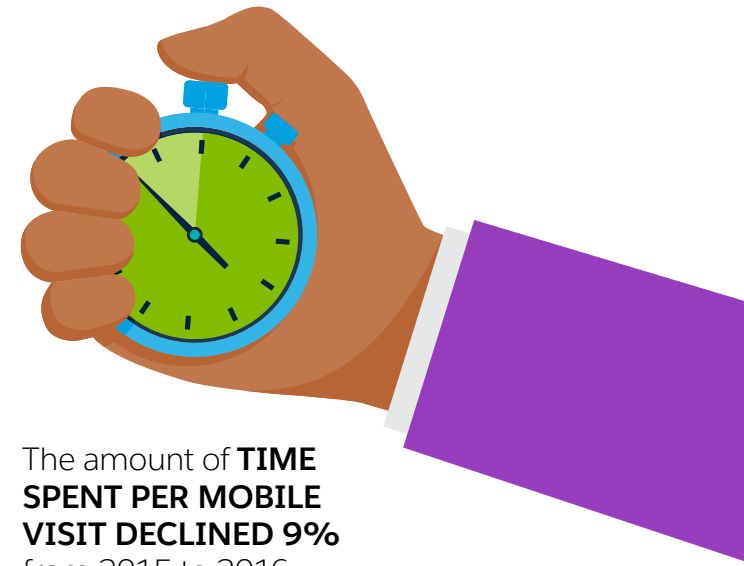
Changed behaviours mean changed expectations – a mobile site or app that worked admirably a few years ago likely no longer does the job. Search boxes need to be larger, accessible on every page and easy to use. Load times must be faster and navigation should be regularly tested and optimised to offer the smoothest, most likely route to purchase.

The most important stop on that route to purchase is mobile checkout. Businesses that offer a smooth, clear and simple mobile checkout process will be best placed to convert the ever-increasing mobile traffic.

How is this achieved? The mobile shopping experience must mirror the experience at every other touchpoint. Here are some essentials:

- Give mobile shoppers the option to check out as guests.
- Offer alternate payment options and take advantage of the increasing options of single-click or third-party payment providers. Retailers offering native checkout and Apple Pay in native apps see 2–3x higher conversion than mobile web.
- Provide large and clearly marked buttons to create a simple path to purchase.
- Don't ask for too much information, only the absolute essentials.
- Offer shoppers the option to create wish lists or save their carts, or at least to email the cart to themselves. In 2016, shoppers created 70% more baskets on their phones than they did in 2015. In the same period there was just a 3% rise in baskets created on computers and tablets combined. Those baskets are very valuable mobile wish lists.

The removal of friction in the mobile purchasing process is now one of the e-commerce arena's single greatest and most important challenges.



The amount of **TIME SPENT PER MOBILE VISIT DECLINED 9%** from 2015 to 2016.

Finally, artificial intelligence should ensure sites anticipate individual's preferences. If a regular visitor to a pet food website must choose 'dog' or 'cat', that is one click AI could have helped the customer avoid, and a moment of personalisation – a 'we know you' moment – lost. Automatically directing your customer to the page that matters to them helps personalise the experience.



Stand for something



90% expect companies to focus on more than their bottom line. **84%** try to purchase products and services from **SOCIALLY RESPONSIBLE COMPANIES.**

Individualising your service means knowing what your customers care about. Customers want to know that the businesses they deal with have a positive impact on society. Positive attitudes towards a company translate to positive attitudes towards that company's products, creating a more comfortable purchase decision.

Our research found that consumers are likely to switch brands if the business they deal with is not socially responsible, while research by Cone Communications and Ebiquity found that more than 90% of web users around the globe expect companies to focus on more than their bottom line, while 84% try to purchase products and services from socially responsible companies.

These facts make e-commerce the perfect partner for social causes. So choose a cause that aligns with your brand to:

- Give your business a greater purpose in society
- Engage your staff
- Make the purchase decision easier for your customer

Align causes across your various channels including social, physical, email and online. Let your customers know about the good work you're doing and offer them an opportunity to get involved, not just to be bystanders. Invite the non-profit on board to help create unique promotions and link campaigns to key dates.

Get this right across all channels and you'll boost customer loyalty and brand reputation.

Source: 2015 Cone Communications/Ebiquity Global CSR Study: <http://www.conecomm.com/research-blog/2015-cone-communications-ebiquity-global-csr-study#download-research>



Customers give you data – reward them with personalisation

Every customer interaction creates data that is used by leading businesses to streamline, improve and strengthen their processes and customer experience.

That customer-centric approach keeps the customers coming back to a business. When the customer realises that the business understands them and has a solution for every need (sometimes even predicting their requirements in advance of them reaching out), it becomes a very difficult business to abandon.

Personalisation finds its most important deployment, perhaps, in marketing. It's no longer applicable only to account-based marketing in high-value, usually B2B, industries – one highly effective iteration of personalised customer experience in marketing is cosmetics companies' uses of guided selling tools. A whopping 72% of US health and beauty brands were using guided selling in 2016, and one of the best uses was L'Oreal's MakeUp Genius app.

As the L'Oreal example shows (you can read more about that on page 26), personalised marketing has a natural home on mobile. Customers' connections to their devices are rarely

broken, and mobile is already personal – it's right there in the palms of their hands.

In early 2015 Facebook expanded its Messenger service with specific tools to support digital commerce. Everlane and Zulily are using it for customer service, while airline KLM will offer booking confirmations and boarding passes. Users can also order an Uber or Lyft ride. Messaging is becoming the center of a customer's online activities and is on track to become the dominant media activity on phones.

The case studies in the following section (from page 23) reveal standout approaches to personalisation in marketing, and the results that can be achieved with an intelligent, customer-centric approach to deep knowledge about customers, their behaviours and expectations.

In our research, 50% of Australian customers said they will soon expect customer service to know exactly who they are as soon as they make contact. This is possible when the business knows which touchpoints the customer has hit already and why. The only way for a brand to achieve that is with fully integrated systems across its business.

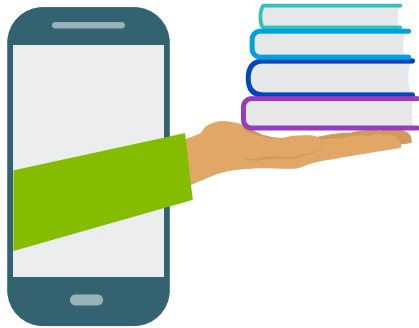
Hello Adam.



50% of customers said they will soon expect customer service to **KNOW EXACTLY WHO THEY ARE AS SOON AS THEY MAKE CONTACT.**



It's also about people



74% of shoppers say the **KNOWLEDGE LEVEL OF STAFF INFLUENCES THEIR INTENTION TO PURCHASE** from a specific business.

Success in business today has a lot to do with getting the online experience right. However, the 'consistency' message covers all touch points, including human ones. If online sales, information and communication methods are expected to be excellent, so are the company's human interactions. If a mobile site or app is expected to make the purchase process simple and smooth, so are the salespeople. And if consumers expect all their questions to be answered in the online environment, the company's staff are also expected to have intimate levels of product and service insight – as well, increasingly, as customer insight.

The topic of staff insight is a vital one. A large percentage of customers feel they have a higher level of product knowledge than the salespeople, and 74% of shoppers (including 83% of Baby Boomers) say the knowledge level of staff influences their intention to purchase from a specific business.

While 76% of shoppers say it is absolutely critical or very important to deal with someone who has intimate

knowledge of the business's products or services, and who is available when needed (73%), an even greater number (80%) say it is very important to deal with someone who doesn't try to sell them products they do not need.

Our research says strong sales staff instead treat the consumer as a valued customer (75%) and focus on helping that customer achieve their specific goals, rather than making a quick sale (75%).

This latter point about customer experience, reveals the importance of customer insight. Being able to treat customers as valued individuals with specific goals comes down to the salesperson's knowledge of the customer – salespeople need to know their customers' needs intimately, including their future needs. To allow them to have insight into every customer as individuals, all customer data, regardless of channel, needs to be shared in real time across teams.



Exceeding customer expectations

When businesses understand their individual customers and know how to make the path to purchase frictionless, and when they use their data to anticipate those customers' future expectations, turning shoppers into buyers is simple.

After gathering consumer data, we spoke to four standout businesses about how they became part of their customers' everyday lives, stay

connected, use technology to create personal brand relationships, and combine data with the power of predictive technology to far exceed customer expectations.

For these four businesses, all this adds up to customer success.





Predictive intelligence powering recommendations

Ten years after launching a basic photo-catalogue website, Room & Board combined a decade of sales history and data with predictive intelligence. The team at the heirloom-quality furniture business wasn't quite sure of what the outcome might be. But a deep understanding of how customers used their website, and a realisation that customers desired something even more powerful, drove them forward.

"Now we look back and [realise] that was such a smart decision we made," says John Schroeder, Room & Board's retail business intelligence manager. "Every day, machine learning is getting smarter."

That information, and a mass of data collected since, now powers the product recommendations Room & Board makes to customers. In store, 'design associates' work with customers to help them build a specific look for a room, or to identify a piece of furniture that will bring a room together. Customers can do the same in the online environment.

Years of data about what pieces create a specific look or feel create relevant and personal recommendations

whenever and wherever a shopper – online or instore – requires them. And it's working. Customers who engage with these recommendations place web orders worth 40% more than those who don't. Those who receive online recommendations and then come into a store have an average order value 60% higher than those who do not.

When Room & Board figured out its first-year ROI on predictive intelligence technology, it came in at a 2900% return. Not bad for year one.

Now the business continually refines its technology, and uses data not only for furniture recommendations but also to understand how customers engage with email and the web. This data allows the business to further optimise already high-performing campaigns.

Of course, such impressive functionality and customer experience levels also lead to greater numbers of new customers and, ultimately, to business growth.

Salesforce Solutions used by Room & Board:

- *Marketing Cloud*



Marketing Cloud has allowed us to talk to customers individually and create more of that one-to-one relationship, like we have had in the stores for so many years.

Kimberly Haase Ruthenbeck,
Director of Web Experience, Room & Board



Cosmetics goes high-tech

The annual Consumer Electronics Show (CES) held in Las Vegas has long been an event at which technology companies announce and launch exciting products and innovations.

New types of drones containing powerful digital cameras swoop through the air. Guests gasp and gawk as they see an entirely new world through virtual reality glasses. And presentations about entirely new forms of digital communication give attendees a clue as to how the world might change in the next few years.

So it was a surprise when cosmetics giant L'Oreal turned up in 2016 and again in 2017, each time to launch a product. What does makeup have to do with technology?

Plenty, actually – particularly if a cosmetics business is looking to understand each of its millions of customers and offer them tailored,

personalised experiences that keep them coming back for more.

The two products L'Oreal launched in 2016 and 2017 represent the latest steps in a program that allows the brand to do just that – keep consumers coming back to a brand that offers highly tailored experiences – and which started four years ago with the launch of the app Makeup Genius.

That app uses augmented reality to help consumers test new makeup and discover new products that will work for them. For the world's biggest cosmetics business, with 4500 different SKUs in Australia alone, the sheer level of choice was creating issues for customers. At its simplest level, the app resolved this challenge.

“But it's not just about education and discovery,” says Christophe Eymery, L'Oreal ANZ's Head of Digital and Media. “Make-Up Genius is also an e-commerce platform.” ©



Our main driver of all of this has been to equip ourselves with a future-proof platform, ensuring consistency between all of the different brands.

Christophe Eymery,
Head of Digital and Media, L'Oreal ANZ



Win win! Or is that win win win? Because as well as simplifying the path to purchase for customers, the app is a powerful data collection tool. “It offers us insight by showing us trends,” Eymery explains. “What colours are consumers trying the most, for instance?”

In a retail environment in which customers are struggling to be recognised as individuals by major brands, this app and its insights created a precise and individualised experience, along the way offering the brand a much better understanding of the customers.

That first tech offering and its insights about customers’ needs and wants also allowed L’Oreal to develop entirely new products that would further personalise customers’ experiences with the brand and simultaneously help L’Oreal know it’s customers even better. The two technological marvels recently launched at CES are such products.

The first, in 2016, was ‘My UV Patch’, a waterproof skin patch which, once stuck to the skin, lasts around five days and, when scanned, feeds back information about UV exposure to the user’s phone.

The other, announced at the same event this year, is a hairbrush that offers hair diagnostic information as the user brushes their hair, including what type of shampoo they should use, whether they have split ends and much more.

“Our main driver of all of this has been to equip ourselves with a future-proof platform, ensuring consistency between all of the different brands,” Eymery says.

Salesforce solutions used by L’Oreal:

- *Marketing Cloud*
- *Sales Cloud*



This app and its insights created a precise and individualised customer experience, along the way offering the brand a much better understanding of the customers.





How to deliver what your customers want

Customers have more information and methods of communication with a business than ever before, and each offers opportunities for the business to build a relationship. Consider the L’Oreal case study – consumers will soon be making a connection with the brand via their hairbrush, receiving personalised product recommendations, as well as feeding L’Oreal their data.

The success of your business is closely connected to your ability to manage its digital presence, and the performance and consistency of the various channels through which consumers will touch your brand. If your business doesn’t take advantage of the connection opportunities, another will – success is about truly

integrated solutions across all channels, creating a reliable and consistent service and voice.

Data creates the possibility of a personalised consumer experience, and shoppers know this. From marketing and other correspondence, to the online and in-store retail experience and after-sales service, consumers expect you to treat them as individuals no matter the size of the business.

The success of your business is closely connected to your ability to manage its digital presence.





Bring offline and online marketing together



If your brand has separate budgets and campaigns between channels then you're an 'old retailer'.

Through its online store, a large Australian retailer of bicycles advertised a great deal on knee pads for mountain bikers. When mountain bikers entered the stores to try them on and buy them, they were told the deal was from their online shop only. Shoppers were understandably disappointed – they don't see a brand as standalone channels, they only see the brand.

If your brand has separate budgets and disconnected campaigns between various channels then you're an 'old retailer', causing friction for the customer and resulting in a disappointing customer experience. Old retailers do not have a healthy future, according to NORA's Paul Greenberg.

"New retailers are still in business and old retailers are going out of business," Greenberg says. "Digital Darwinism is alive and well. If you want to stay in business, become a new retailer. If you want to go out of business, don't become one."

Greenberg, who co-founded DealsDirect.com.au, has learned from his own mistakes. "When I was running DealsDirect, customers used to ask if they could pick up product from our warehouse," he says. "I said no, because of OH&S issues, etc. That was 100% the wrong choice. If a customer wants a multiple touchpoint, they should get it. That's the definition of 'customer-centric retail'. The customer gets what they want."

More than 50% of retail traffic globally comes from mobile devices; in Australia, 55% of retail traffic is mobile. So offline and online marketing must provide an absolutely consistent promise and customer experience. A single brand's marketing should be just that – marketing by a single brand. To have separate messages and brand promises between channels is at your own peril.



50% OF GLOBALLY retail traffic comes from mobile devices; **55% OF AUSTRALIAN RETAIL TRAFFIC IS MOBILE.**



When data about customer wants, needs, behaviours and preferences becomes available to your business, productivity goes skywards.

Team up with experts

Salesforce's end-to-end retail solution, the Salesforce1 Platform, helps a business to stay agile and to remain up-to-date as the digital marketplace moves forward at an astounding rate. It re-imagines as much of the retail experience as you would like for your business, whether you need a custom checkout solution or an innovative, end-to-end platform.

We integrate the entire shopping experience considering every possible touchpoint, including several you may not yet have covered: email, social, messaging, mobile, e-commerce, in-store, customer service centres, personalised incentive schemes and more.

We help retailers keep customers' needs top of mind, listen to what they want and respond instantly – to build the kind of personalised experiences across every channel that create loyalty and advocacy.

Know your business intimately

One of the most powerful outcomes of using technology to connect with your customers in new ways is forming relationships with them based on deep knowledge. Think of how powerful it is for our case study Room & Board to know what their customers want before the customers do.

When data about customer wants, needs, behaviours and preferences becomes available to your business, productivity goes skywards. A 360-degree view of shopper and product insights takes much of the guesswork, and expensive trial-and-error, out of the process.

Your consumers aren't loyal to brands – they are loyal to the experience brands provide. A customer platform that gives employees instant access to the information they need to offer personalised service and exceptional experience builds that loyalty throughout every stage of the customer lifecycle.



CONTACT US

How can we help you?

If you would like to discuss improving your customers' experience with your brand across every channel, no matter the size of your business, we are happy to help.



FILL OUT THE CONTACT FORM



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