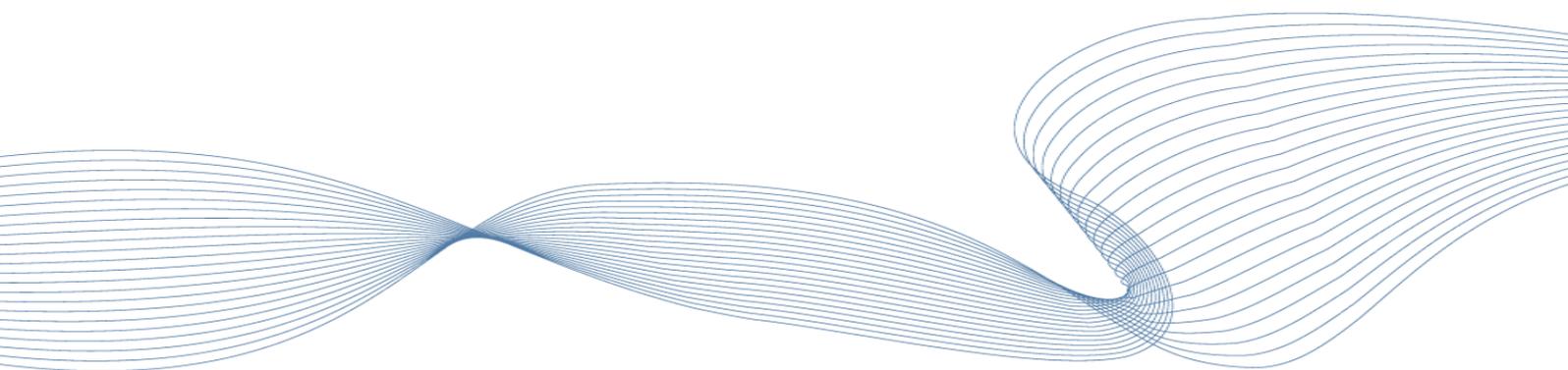


# Boosting Customer Experience With Advanced Insights into Proactive Action

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## 1. UNDERSTANDING CUSTOMER EXPERIENCE (CX)

### 1.1 Changing customer expectations

Customer expectations of how to interact and be serviced by retail brands are rapidly changing. Today customers expect personalized experiences and offerings tailored to their individual preferences.

Mobile devices in particular give customers easy access to a broad range of information on products, prices, ratings, social media discussions, alternative offers by competitors, etc. As a consequence, digitally empowered customers have become highly flexible regarding channel and brand switching. This makes them highly responsive especially to poor customer service experiences.

For more and more customers, a good shopping experience becomes even more important than the price of a product. Thus, they are increasingly willing to pay for better service. At the same time, the more customers share their data with a company while, for example, buying online or providing product feedback, the more they expect to be rewarded for that – at least by being treated as an individual and by receiving tailored offerings.

#### **Customer experience – A definition**

Customer experience (CX) can be defined as the total sum of all interactions, expectations, and relationships a customer has with a brand. Thus, CX is not limited to one particular channel or buying action but is getting influenced by each and every customer touchpoint, from browsing the retailer's website to communicating with or about the retailer in social media, to customers watching a brand's ads online or on TV. Consequently, its optimization requires a comprehensive customer-centric approach, including organizational, personnel,

Against this background, retail and CPG companies are looking for new ways to significantly improve customer interactions and optimize customer experience at each and every customer touchpoint. This includes meeting customers' expectations as regards personalized, real-time, and secure omni-channel offerings.

## 1.2 Changing retail environments

The digital transformation covers all areas of life at breath-taking speed and puts traditional ways of thinking, business processes, and models to the test. This applies in particular to the retail environment, which is getting highly digital, fast-paced, and complex.

**New competitors:** Store retailers but also e-commerce players feel the immense pressure from strong online competitors such as Amazon, or Germany-based Otto Group and Zalando. In addition, former traditional manufacturers are provoking retailers by selling their products directly to end customers themselves, by either opening their own web shop or even by brick-and-mortar stores (or both). Moreover, traditional retailers are challenged by innovative, mostly young companies whose mindsets and business models are highly digitalized. As a result, store retailers, for example are increasingly forced to expand to the digital world and provide innovative customer service. Meanwhile, former e-commerce pure players are feeling the pressure to be present in the shopping streets to physically present their products, be it in pop up stores or long-term branches.

**Omni-channel:** Thus, retailers need to be well-equipped on a multi-channel level, meaning that they interact with their customers or sell their products in several parallel ways, such as physical stores, e-commerce sites (online shops), mobile applications, in-store tablets or kiosks, drive-in points, etc. Blurring the borders between online and offline retail channels and seamlessly reaching and servicing customers across all purchase and information paths has already become a key competitive factor for retailers.

**Big data:** The retail sector is one of the biggest generators of raw data. This includes detailed data on store and stock inventory, logistics, prices, orders, sales etc., but also data on customers' shopping preferences and behavior and their interaction with the brand on social media, for example. Quick and secure data analysis – ideally in real time, and more importantly, deriving the right business decisions and strategies from it – will remain a major differentiator in the highly competitive retail marketplace.

**IT landscapes:** Retail IT landscapes have become highly complex. Legacy systems have been supplemented by a range of new digital solutions. On-premise tools exist next to cloud-based solutions. And much too often the opening of an additional retail channel coincides with setting up a number of new data bases creating a landscape of data silos. This increases inefficiencies, creates a lack of transparency between departments and hampers the development of new customer experience models based on a 360-degree view on the customers.

**Security:** Particularly when it comes to using and analyzing the huge amount of customer-related data, data security and privacy concerns need to be carefully addressed. However, the security threat landscape has become increasingly complex – both in store and cyber space – and it's getting increasingly harder to build up trust among customers.

**Employee experience:** It is not all about customer experience! Focusing on employees is an important part of the retailers' innovative journey. There will be no optimized customer experience if store associates do not feel supported or heard by their management and if they do not get the right digital tools and

training to operate efficiently, collaborate with colleagues, strongly engage with customers – and stay motivated.

### 1.3 Cornerstones of customer experience optimization

Fostering one-to-one customer relationships and pushing individualized actions by marketing, sales, and customer service departments undoubtedly create promising ways for retailers and CPG companies to boost customer lifetime value, optimize operational processes, win more business, and gain a competitive advantage.

What are the cornerstones of optimizing the relationship between customers and the company?

- There needs to be a shift in retailer mindset from having the goal of just selling products to developing a true relationship with the customer. For example, more and more purchasing decisions are dependent on the services provided around the products. Ideally these services are tailored to the needs of each individual customer.
- Obtaining a single view of the customer and being able to track experiences through his or her eyes are key to derive the right actions at the right time. This also means that it is not only about tracking a customer journey but proactively shaping it!
- Customer expectations and demand are volatile over time. Companies must be able to react to these changes in real time, or even better in advance. With advanced data analyses, retailers can be enabled to predict their customers' next steps and, for example, replenish shelves and warehouses at an early stage.
- It must be ensured that the same high level of quality is provided for each and every customer contact, be it in the situation of an in-store purchase, during a marketing campaign or a customer service call. This includes the brand identity being consistent everywhere the customer gets in touch with it. In any case, bad service experience situations have to be avoided as this may cause significant damage to a customer's brand loyalty.
- Based on profound insights, retailers need to provide proactive customer support, that is to identify and address customer issues at the right time. In addition, for retailers it is important to find the right frequency of customer interaction and campaigns, keeping the customer relationship going, while not overstraining it.
- Building trust is as well a key cornerstone for optimized customer service. It is essential for retailers to protect customer data from external attacks. In addition, with GDPR coming into force in May 2018, it is also important for companies to be able to inform interested customers about which individual data the company has stored for which purposes.

## 2. GET TO KNOW YOUR CUSTOMERS

### 2.1 Digitally transforming customer journeys

It becomes clear that in order to facilitate CX analyses, retailers must digitally transform their shoppers' journeys. Smart digital technologies allow for getting a comprehensive and consistent view on (potential) customers and customer segments – a prerequisite for a customer-centric approach. However, these analyses, the resulting actions, and an enterprise-wide CX strategy can only be successful if they are based on a detailed, well-maintained data base.

As their business model is digital in itself, e-commerce players face a clear advantage in their approach to digitalize customer journeys. Accordingly, especially for established brick-and-mortar retailers there is no way around digitalization in order not to leave their markets and customers to the flexibly and digitally acting challengers. First, this means a pronounced move into the digital world by setting up a web presence, a web shop and mobile apps, for example. Second, it covers an increasingly digital store environment. The use of innovative **store concepts like beacons, digital signage, kiosk solutions, camera technology, robots, smart tables, smart mirrors, virtual fitting rooms, and in-store tablets** allow for data collection by tracking customers and their needs in the store.

However, it is a specific challenge for store retailers to identify not just store general visitor data but that of the individual customer. Offering in-store services, where customers make use of their smartphones or get otherwise personally identified, will be key in order to individualize customer service. Trained and digitally supported store personnel can help to get to know the individual customer in a personal conversation and directly provide tailored services.

The supreme discipline is then – third – to interlink online and in-store customer data across all company departments in order to shape omni-channel customer relationships based on a complete and consistent customer data record.

### 2.2 Customer experience analytics approach

It is certain that those companies are the most successful in their CX approach who are characterized by a digital, innovative, and customer-centric way of thinking and a smart integration of front and back office processes: *Customer first* and *digital first* are the key strategies!

As shopping has long ceased to be an analog process, but customer journeys are becoming highly and increasingly digitalized, retailers are becoming enabled to receive a broad range of data on customer preferences and shopping behavior. However, digitalizing customer journeys and collecting the associated data can only be a first step.

Retailers need to get the ability to make sense of the great volumes of customer data – both static and dynamic. For a retail company it is important to know about the customers' past interactions with the brand, but even more so about the customers' current actions (ideally in real time) and their next steps in order to shape customer journeys and uncover business opportunities (upselling, cross-selling). Consequently, developing analytical capabilities like profiling customer interaction history and future outlook have already become a must-have in retail engagement environments.

Powerful **real-time, predictive, and contextual analytics tools** support retail companies in understanding customers and their shopping behavior across all interactions in order to proactively service customer demand and pain points at exactly the right time. This does in particular mean that a customer service employee always gets access to the complete shopping history as soon as the customer calls, in order to provide the best service. And marketing campaigns can be tailored to individual preferences as regards topics and frequencies.

Technologies around the **internet of things (IoT)** are going to provide retailers with many new opportunities, especially as regards the optimization of delivery and logistics processes (think of retail package delivery directly into customers' cars, for example). Applying **machine learning and cognitive computing tools** will help retailers to further enhance their customer experience capabilities by flexibly combining own data with information from external sources (local weather, traffic, events etc.), assisting to draw the most relevant conclusions out of it and automatically initiate the right actions (e.g., in order to have enough weather-proof clothing in the store).

**Chatbots** may help customer service professionals to become more efficient and more proactive as some of the easiest and standard tasks are taken over. At the same time, a chatbot increases customer self-service options, something that is highly valued by a range of customers. In addition, cognitive chatbots or **smart assistants** can particularly support retail companies in automatically getting insights from what customers say and how they say it (through voice analytics, for example), which facilitates detecting options for product or service improvements, like enhancing delivery processes, for example.

Getting profound and comprehensive customer insights has become essential for retailers and CPG companies. However, it should not be forgotten that while new devices and technologies make it a lot easier than in the past to get in touch with existing or potential new customers, this has strongly increased complexity at the same time. Unfortunately, in retail companies today databases and analytical tools are often highly fragmented and siloed, links across channels are still often missing and legacy IT systems tend to be inflexible. As a result, companies are gathering and storing huge amounts of customer-related data, but this is rarely converted into real customer knowledge and actions. A great deal of valuable customer information just goes under the radar. Thus, retailers need to do their homework and create a suitable organizational and technological basis for advanced customer journey analytics.

### 3. LEAVING BEATEN TRACKS

The following **success factors** for optimizing the customer experience are crucial:

#### Strategy

- **Customer centricity:** The customer needs must be consistently placed at the center of all business activities. Follow a highly personalized and tailored marketing and customer service approach.
- **Digitalization:** Define and implement a *digital first* strategy.
- **Traditional strengths:** However, do not forget the traditional strengths of the physical store but merge them with key success elements of the digital approach.

#### Data

- **Data consistency:** Create unified and consistent customer data records. Resolutely remove data siloes in order to have all relevant data involved in business decisions.
- **Omni-channel:** Interlink online and in-store customer data across all company departments in order to shape omni-channel customer relationships.

#### Technology

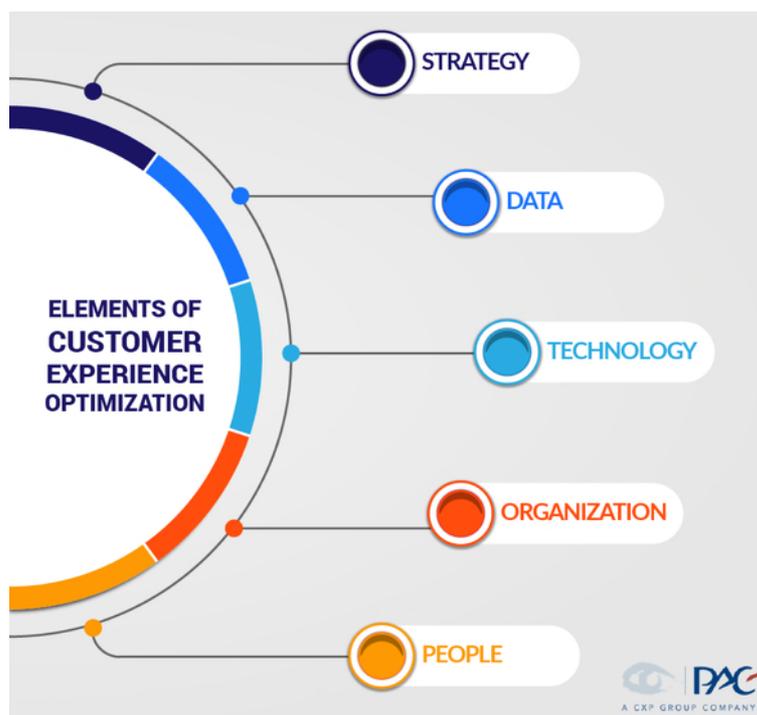
- **Drive innovation:** Observe the technology trends around predictive analytics, cognitive computing, machine learning and the internet of things and carefully evaluate how this may improve your customer relationships. Its usage can become a real differentiator for your business.
- **In-store technologies:** Apply innovative in-store technologies that support your customers and at the same time allow you to gain useful data.
- **Security:** Apply highly capable security tools.

#### Organization

- **Business models and processes:** Put established business models and processes to the test in order to make sure they clearly contribute to the customer-centric, digital strategy.
- **Agility:** Become more agile and creative by applying advanced collaboration, co-creation, and design thinking methods. Think big and start small remains good advice to speed up the transformation process.
- **Proactive behavior:** Become more proactive in addressing your customer, based on the results of advanced data analytics.
- **Ecosystems:** Find suitable partners (if necessary even among your competitors!) and find out possibilities for cooperation. So you can benefit from each other's experience.

## People

- **Involve your employees:** it might be better to *enhance* customer service employees (with chatbots, robots, and digital in-store tools for example), instead of *replacing* them by IT-only tools. Many customers still value the human interaction.
- **Knowledge exchange:** Make customer knowledge and expertise available to all employees involved in customer interaction.
- **Employee experience:** There is no optimized CX without great employee experience. Embrace new digital workplace concepts and leadership approaches.
- **Talent search:** Make sure you have the right skills and talents on board for your future digital transformation journey. Advanced learning options can help to add missing skills.



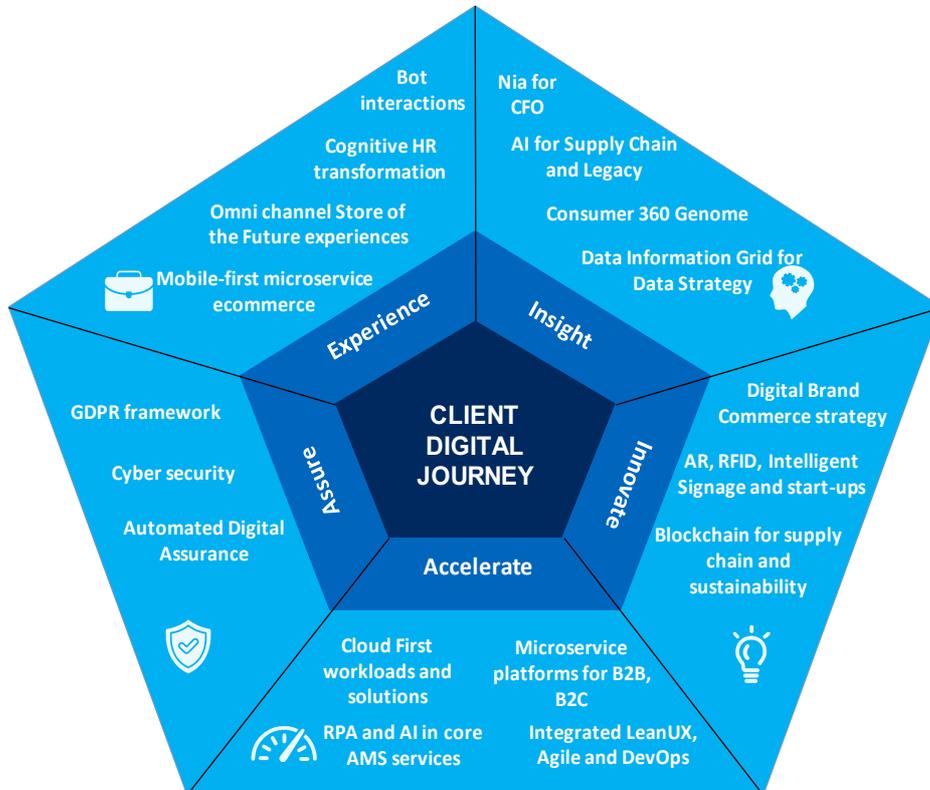
Elements of customer experience optimization

#### 4. WHY INFOSYS?

Infosys partners with Fortune 500 and Global 2000 retail companies to drive operational excellence and digital transformation. The retail practice of Infosys addresses business challenges proactively and has developed offerings for retailers, leveraging rich experience from working with leading retailers.

Infosys helps retailers get from where they are to where they aspire to be by infusing speed, creativity, experience, and stability. Infosys’s consultants advise clients not to move away from legacy systems which have been the bedrock of their business, but rather navigate new digital opportunities while leveraging traditional strengths with:

- AI-powered core re-energized by [Infosys Nia](#): Infosys’s next-generation intelligent automation platform brings machine learning together with deep knowledge of retail to unearth critical insights and industrialize the core process landscape.
- [Agile digital at scale](#) delivered through hybrid combination of new technologies comprising solutions for data management, channels, cognitive automation, APIs, experiences, cloud-based analytics, and security. Its ready-to-deploy, built-in use cases reduce time-to-value for retail initiatives in the new digital ecosystem.



Infosys’s agile digital services architecture for retail

Infosys partners with brick-and-mortar and e-commerce enterprises to [rethink their retail strategy](#) and deliver personalized shopping experiences across channels and devices. Infosys leverages end-to-end offerings, rich experience, deep partnerships, and a culture of innovation to help retailers implement a customer-centric value chain.

### **Proven capabilities – PAC's view**

#### **Portfolio**

Infosys can rely on a suite of comprehensive end-to-end business solutions and services for retailers. Its solutions and platforms are capable of fulfilling and serving client needs around new technology areas, including automation, robotics, cognitive computing, and AI. This is particularly based in the company's investments in differentiated market offerings and the launch of many products, most notably of its AI-based platform Nia. In addition, Infosys's growing consulting capability is of great relevance because businesses are increasingly looking for solutions to business problems rather than products or services.

#### **Expertise and client proximity**

Infosys is focused on enhancing client relationships by providing end-to-end service offerings in large transformative programs both in traditional IT areas and digital initiatives. Consequently, the company is busy enhancing own innovation programs, co-creation partnerships, and start-up engagements. Infosys has mobilized a large number of engineers to work exclusively on Infosys Nia and they continue to invest in related R&D. As a result, the company can already present several client cases demonstrating the company's CX and AI capabilities for the retail sector. In 2017, Infosys acquired Brilliant Basics, a London-based product design and digital customer experience (CX) company which will further push Infosys's capabilities to enhance customer centricity and optimize client support.

As retailers increasingly expect their IT partners to provide global retail expertise, Infosys follows a global market approach and has already secured a range of projects with multinational retail companies.

#### **Lessons learned and best practices**

Infosys is becoming increasingly experienced in data-driven digital transformation approaches. This gives the company the ability to better identify their retail customers' challenges around customer experience optimization and contribute toward an efficient approach.

Infosys has clearly identified the challenges that accompany AI, robotics, and automation projects, which helps it better understand retailers' needs and deal with possible reluctance among employees. The company also helps retailers to accept machine learning and AI rather as a journey where real returns may take a while.

## ABOUT INFOSYS

Infosys is a global leader in technology services and consulting. We enable clients in 45 countries to create and execute strategies for their digital transformation. From engineering to application development, knowledge management and business process management, we help them find the right problems to solve, and enable them to solve these effectively. Our team of over 198,000 innovators across the globe, is differentiated by the imagination, knowledge and experience that spans a wide range of industries and technologies, which we bring to every project we undertake. We adopt a zero-distance approach to innovation: a ground-up, grassroots approach to ensure that every developer, manager, analyst and architect is at 'zero distance' from the end user, the underlying technology, and – ultimately – the value.

We believe our responsibilities extend beyond business. This is why we established the Infosys Foundation USA to bridge the digital divide in America. Infosys Foundation in India provides assistance to some of the most economically depressed communities in which we work. In addition, the Infosys Science Foundation awards the Infosys Prize to the most important research of our times in the sciences and humanities.

Visit [www.infosys.com](http://www.infosys.com) to see how Infosys (NYSE: INFY) can help your enterprise thrive in the digital age.

## ABOUT PAC

Founded in 1976, Pierre Audoin Consultants (PAC) is part of the CXP Group, the leading independent European research and consulting firm for the software, IT services and digital transformation industry.

The CXP Group offers its customers comprehensive support services for the evaluation, selection and optimization of their software solutions and for the evaluation and selection of IT services providers, and accompanies them in optimizing their sourcing and investment strategies. As such, the CXP Group supports ICT decision makers in their digital transformation journey.

Further, the CXP Group assists software and IT services providers in optimizing their strategies and go-to-market approaches with quantitative and qualitative analyses as well as consulting services. Public organizations and institutions equally base the development of their IT policies on our reports.

Capitalizing on more than 40 years of experience, based in 8 countries (with 17 offices worldwide) and with 150 employees, the CXP Group provides its expertise every year to more than 1,500 ICT decision makers and the operational divisions of large enterprises as well as mid-market companies and their providers. The CXP Group consists of three branches: Le CXP, BARC (Business Application Research Center) and Pierre Audoin Consultants (PAC).

For more information please visit: [www.pac-online.com](http://www.pac-online.com)

