

THE FUTURE CUSTOMER

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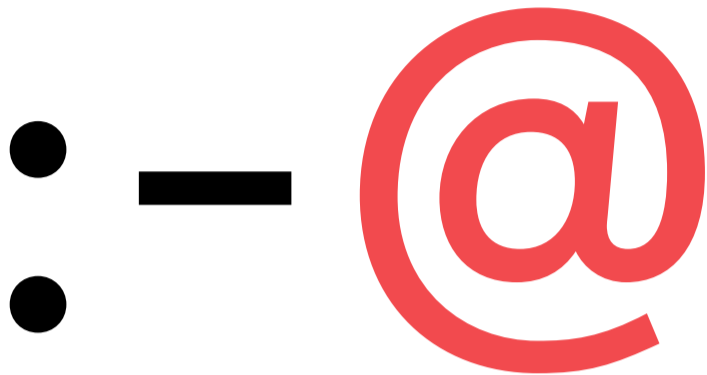
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OUTLOOK

Delivering the goods post-pandemic

COVID-19 has prompted some extreme changes in consumer demands and spending patterns, so how are brands reconnecting with customers for a post-pandemic future?

Morag Cuddeford-Jones

The start of lockdown was for many a rapid and brutal change to everyday living. Work and education took on a very different look as people congregated at home in their household bubbles. Bricks-and-mortar retail simply shut down and typical customer habits were upended overnight.

Research from Superdrug parent A.S. Watson showed that in a global survey of 22,000 people in 20 markets, post-COVID-19 more than 80 per cent will continue to shop online; however, almost 100 per cent would go back to physical stores when they could, particularly Generation Z.

But, as we emerge from lockdown, shockwaves are still being felt across the high street. Retailers are trying to work out how the brief but wholesale shift to online has changed future customer shopping habits and what it means for their omnichannel strategies.

“We went from a legacy business 65 to 35 per cent in favour of shops to suddenly being thrown into e-commerce. It brought some short-term changes in consumer behaviour, but some will remain long term,” says Louise Salt, chief customer officer at Crew Clothing.

Home entertainment was key during lockdown, something Hobbycraft was well placed to serve. “We are doing all we can to embrace the increased customer demand, be it by increasing our ecommerce capacity, offering online craft workshops via Zoom or adapting our process to cater for our click-and-collect service,” says customer director Katherine Paterson.

The key will be in keeping that momentum post-COVID-19. “We have adapted our plans to offer more chances to learn in a digital way, as our in-store workshop programme has been temporarily paused. The digital version of our Kids Craft Club was extremely successful,” she adds.

Chris Elliott, digital shelf analyst at retail insight specialists Edge by Ascential, believes the biggest change in future customer habits post-COVID will be in delivery and tech. “That will be here for some time,” he says. “At Christmas, shops like Aldi will see a big influx, but they will run all of that through the Deliveroo app. It will be a Christmas essentials service to make things seamless for the shopper,” he says.

Salt notes that COVID-19 put something of a rocket under Crew



Clothing’s digital plans. “We had to work quickly to get them over the line quicker than we ever imagined,” she says.

Jewellery brand Pandora also had digital plans underway, but its senior vice president, chief digital and omnichannel officer David Walmsley notes the company had to “turbocharge” the online service. He says markets where customer habits weren’t naturally online had a COVID-19 boost. “Italy went off the scale. People who were too nervous to shop online came over and that won’t change,” says Walmsley. “It has set us up for the next phase of transformation.”

Superdrug chief executive Peter Macnab believes beefing up digital stands the company in good stead to address future customer needs. “We are working to future-proof online distribution and have tripled

capacity by introducing 30 night stores for quick fulfilment and to meet increased customer demand. This expansion will help make important customer events such as Black Friday and Christmas even bigger and better in 2020,” he says.

Pandora’s Walmsley adds: “We sell emotion, we don’t sell jewellery,” which is why he believes customers will still want to shop in-store. “It’s a very high-touch product. There’s the endorphin hit of finding just the right thing and putting it in a lovely bag. Online we can create a satisfying experience, but it’ll never have that emotional hook.”

Edge by Ascential’s Elliott sees the future customer demanding much more in the way of retail theatre. “Shopping will be a special trip out. It becomes the all-day-out experience,” he says, adding that high street stores could see

masseurs and small cinemas adding to the fun.

Even without bells and whistles, simple face-to-face expertise will still be valued. “Speaking to a knowledgeable person in-store gets a level of service, whereas online it’s about convenience,” Salt insists. In-store and online shouldn’t be in competition given how different customer habits are on each platform. “Customers are doing their research online and coming in-store with the intention to buy, not browse,” she says.

But trooping back to the shops is still not a given. Retailers need to address changing customer habits, including sanitation, keeping a distance, mask-wearing and more if they’re to be enticed back. “Reassurance will be up there,” Elliott confirms.

Hobbycraft’s Paterson says: “We have surveyed customers visiting our stores and 96 per cent confirmed they’d definitely return to our stores again, which shows the changes we have implemented in-store to make customers safe are working. We will continue to uphold these.”

Superdrug launched Be Kind, Shop Kind in August to “provide a completely safe shopping space for colleagues and customers”, says Macnab. This includes maintaining social distancing and asking customers not to handle products they are unlikely to buy.

With the in-store retail experience still key to the Pandora brand, Walmsley notes the company will be looking for initiatives to help customers feel comfortable: “Appointment booking and video chats are just two of the initiatives.”

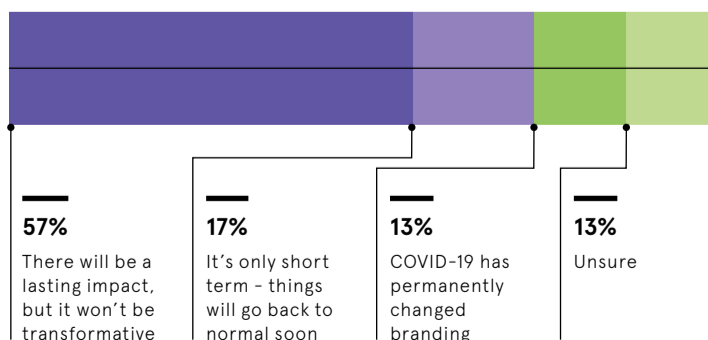
Crew Clothing’s Salt has already explored how the company can respond to changing customer habits, also looking into appointment bookings, extended hours on a store-by-store basis, tailored to local shopping trends and taking out unnecessary shopping steps. “If someone finds what they want in the fitting room, why queue to pay. Pay instead from an iPad or mobile phone,” she says.

Pre-COVID-19, customers rubbed along with the slight mismatch in experience between online and in-store. The pandemic has been the litmus test for many retailers whose experience was not up to scratch. Post-COVID, the future customer will demand more convenience from online, more experience from in-store and a greater confidence that their chosen brands can really deliver the goods. ●

COVID-19 IMPACT ON MARKETING AND BRANDING

Bynder 2020

Global survey of marketing professionals in April



FASHION

Secondhand fashion thrives but questions remain

The secondhand fashion market has boomed since the coronavirus pandemic began, but key concerns have emerged around the impact it is having on prices, sustainability and retail business models

MaryLou Costa

The market for secondhand clothes is swiftly entering the mainstream, with a post-lockdown consumer driven by climate, cost and community heralding a new era of fashion and breed of players.

“Online thrifting is a bright spot in the COVID retail slump,” resale platform thredUP declared in its *2020 Resale Report*, projecting the secondhand fashion market to more than double to £48.3 billion in the next five years. Within ten years, it predicts resale will dominate our wardrobes.

“The coronavirus has shed light on overconsumption, which has made consumers think, ‘What could they survive with?’” notes Saisangeeth Daswani, head of advisory for fashion and beauty in Asia-Pacific at trend analyst Stylus. “This will shape not just the resale landscape, but the broader fashion industry.”

Climate, cost and community are embedding purchasing secondhand clothes “as a new route to access fashion” and intensifying competition, she says.

“A sustainability mindset has been brewing for some time. We’re also seeing more consumers enter into a difficult financial situation. And there

is a huge focus on communities, with people wanting to look within their own neighbourhoods to fulfil what they need.”

Big brands have been jumping on the resale bandwagon faster than the volume of secondhand clothes shifting. In the United States, thredUP has been scooping up deals with iconic retailers Macy’s, JCPenney and Walmart.

“We believe this type of circular partnership is key to driving real industry change”

In the UK, Selfridges has followed up partnerships with Depop and Vestiaire Collective with its new resale service Resellfridges, while

H&M Group is rolling out initiatives with Sellpy, the Swedish resale marketplace it has a majority stake in.

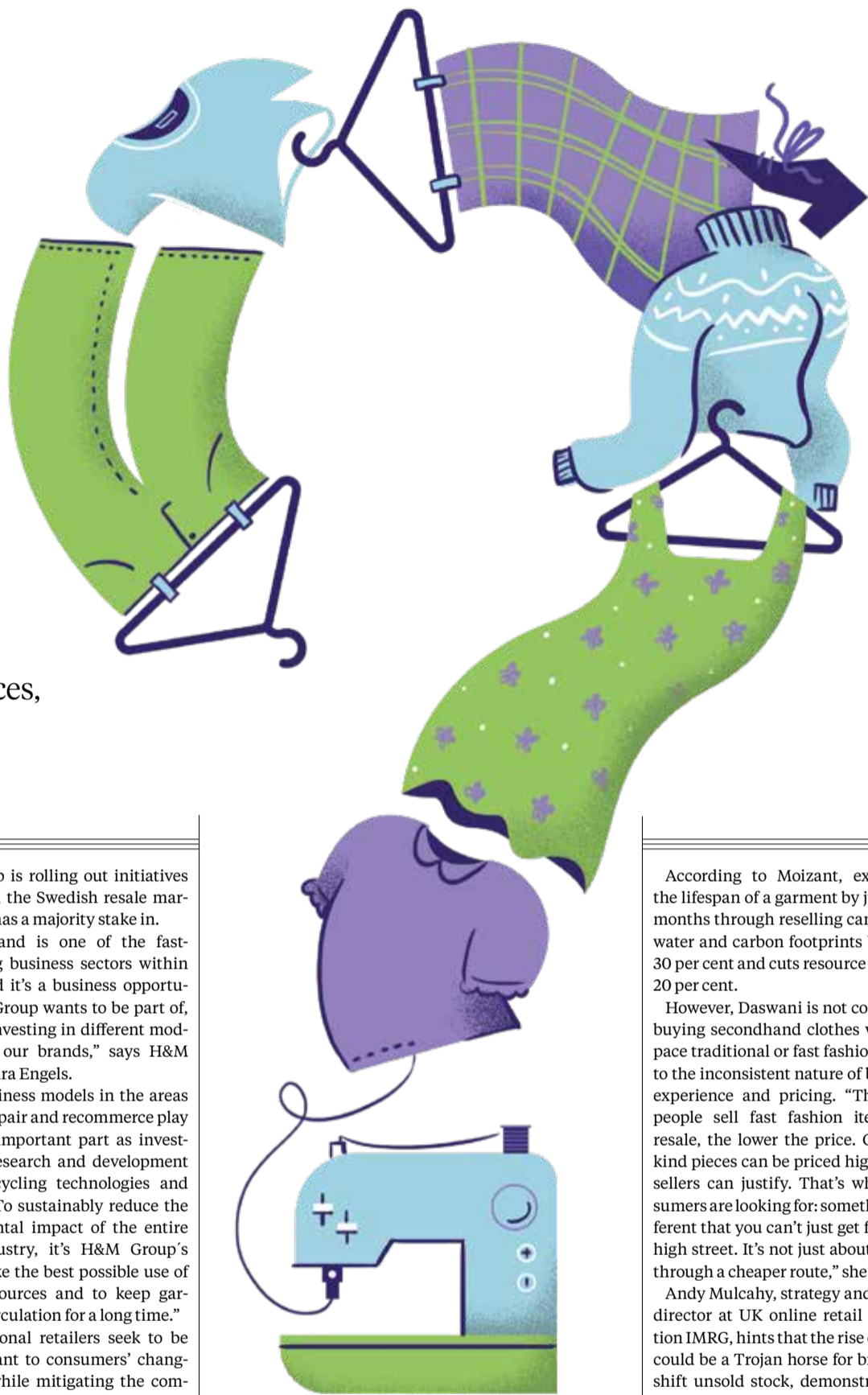
“Secondhand is one of the fastest growing business sectors within fashion and it’s a business opportunity H&M Group wants to be part of, so we are investing in different models among our brands,” says H&M Group’s Laura Engels.

“New business models in the areas of rental, repair and recommerce play just as an important part as investments in research and development of new recycling technologies and materials. To sustainably reduce the environmental impact of the entire textile industry, it’s H&M Group’s goal to make the best possible use of limited resources and to keep garments in circulation for a long time.”

As traditional retailers seek to be more relevant to consumers’ changing lives, while mitigating the competitive threat of resale’s growth, the resale partnership trend is set to boom. “Consumers expect brands to help them be more sustainable and empower them with more positive behaviours. That’s what they are tapping into with these partnerships,” says Daswani.

The success of designer marketplace Vestiaire Collective’s partnership with Selfridges is opening the door to more collaborations, reveals co-founder and president Fanny Moizant. Vestiaire Collective’s report, *The Smart Side of Fashion*, reveals its shoppers too are gravitating more towards sustainable brands, such as Stella McCartney, Ganni, Marine Serre, LOQ, Veja and GmbH.

“It’s exciting to see customers respond to desirable pre-owned fashion within a traditional retail environment. We believe this type of circular partnership is key to driving real industry change, so we are exploring opportunities with brands in our global markets,” says Moizant.



According to Moizant, extending the lifespan of a garment by just nine months through reselling can reduce water and carbon footprints by 20 to 30 per cent and cuts resource costs by 20 per cent.

However, Daswani is not convinced buying secondhand clothes will outpace traditional or fast fashion, down to the inconsistent nature of both the experience and pricing. “The more people sell fast fashion items via resale, the lower the price. One of a kind pieces can be priced high which sellers can justify. That’s what consumers are looking for: something different that you can’t just get from the high street. It’s not just about buying through a cheaper route,” she says.

Andy Mulcahy, strategy and insight director at UK online retail association IMRG, hints that the rise of resale could be a Trojan horse for brands to shift unsold stock, demonstrated by the number of new tags.

Mulcahy says true sustainability may not be the primary motivator for embracing resale, both from a consumer and brand standpoint, and won’t be achievable until we experience a seismic cultural shift, making the market for secondhand clothes just another part of the fashion ecosystem.

“If you want a properly sustainable fashion industry, you have to get people to buy less clothes, that’s what it all comes down to. I don’t see anybody doing that,” he says.

“We don’t have the culture or system for it. Businesses are graded on selling more stuff and making more money and they’re not going to do that. I don’t see this changing imminently.

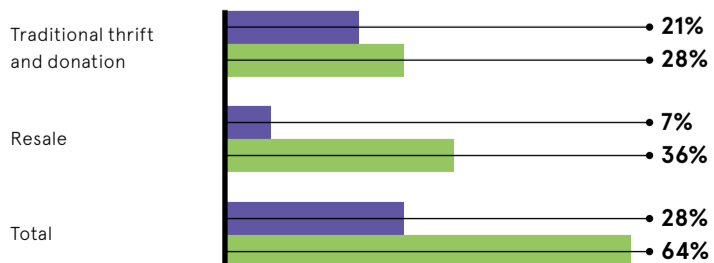
“Culturally, we’re still ingrained to have our ‘outfit of the day’. If celebrities moved more to wearing the same clothes regularly and buying less, and were to spread that message, then we would see more of a shift, but we’re not there yet.” ●

SECONDHAND MARKET IS SET TO EXPLODE

Globaldata/thredUP 2020

Market size and growth estimates of the global secondhand clothing market (\$bn)

● 2019 ● 2024





Building brands for an anxious world

What used to be about creating brand differentiation in an age of abundance is now about staying relevant in an age of turbulence and customer expectation is moving faster than ever, says **Manfredi Ricca**, global chief strategy officer at Interbrand

The current economic and cultural environment is one of near-constant change. And customers are changing too. From #MeToo to the coronavirus pandemic, from Black Lives Matter protests to seemingly endless political upheaval, what is relevant to a customer can change instantly and dramatically.

And what's relevant to a customer – what's happening in their lives right now – affects how they make decisions. What do they value? What do they need? What do they hope for? So brands need to adapt just as fast as the customer to stay relevant.

The most enduring legacy of these anxious times will not be face masks and political graffiti, but the end of continuity as the default assumption. The sheer scale, speed and impact of the COVID-19 crisis is forcing businesses to plan for disruption by innovating around principles such as duplication, agility, modularity and diversity, while putting their customers at the heart of that process.

Recently, we have seen major shifts in consumers' mindset. Customers

are likely to ask three questions: "Is it safe?", "Is it valuable?" and "Does it mean something to me?". Those are the three new types of universal need or desire, which we define as safety, trust and meaning.

These three dimensions could well become the platform for a new contract between organisations, consumers and society, and become the new fundamental drivers of choice and demand.

In this dynamic environment, our role at Interbrand is to help clients stay ahead of customers' expectations to stay relevant. To do this, we combine three lenses, which cover the three fundamental elements of any market: people, businesses and their interactions. What we call human truths, economics and experiences.

For more information please visit: [interbrand.com](https://www.interbrand.com)

Interbrand

A LIVING MANIFESTO FOR THESE TIMES

We've created Brand Leadership for an Anxious World. It's an open, living platform and we welcome contributions that add to its depth and relevance. Here are just a few of the propositions, selected for their relevance to the customer conversation and ability to spark important, brand-redefining changes.

01 Make your customers your advisers

How can you change your operating model to see the opportunities your customers can? Don't view your customers only as targets or data points, but as partners. Be inspired by what inspires them: their hopes, dreams, realities. Listen and build with them. Decide with them where to focus resources, especially when these are limited.

"The number one lesson I've learnt is always check with consumers – the outside world is often braver than you are. We co-create with our customers, which means they tell us about their experiences and hopes which

give us opportunity areas to focus on. We've been able to humanise a functional product like a sanitary pad by seeing feminine care in the context of women's whole selves – while everyone else in the category still focuses on the absorbency of blood. We sometimes face some pushback whenever we suggest new work that addresses taboos. But customers can 'speak to power', they can say 'this resonates with me' and it's harder to argue against. When we launched, consumers celebrated our brand across the globe, because we recognised their experiences and made it possible to talk about them."

Tanja Grubner, Global Marketing and Communications Director, Essity FemCare

02 You might be selling an "if", not a "what"

How do you increase demand by building flexibility into the core of your offer and business model? To survive, business models must evolve and organisations have to pivot. But the customer must be at the heart of these shifts. You need to remain relevant, and

a brave leader will change mindset to embrace transformation and possibility. Create or, even better, co-create with customers flexible purchasing scenarios. For example, experiment with returns, trials, date changes and so on, and test these scenarios quantitatively. Measure their impact on the share of choice, ultimately building a business case.

03 See your brand as a liquidity engine

Are you aligning your brand strategy and metrics to your liquidity requirements? Headwinds in demand will create an increasing focus on protecting, preserving and raising capital. If on the defensive, hunt for capital.

Make your brand the stalwart for value creation, future revenue and balance-sheet strength, attracting investor backing and securing liquidity. And if on the offensive, hunt for under-leveraged assets. Identify and map out potential acquisition targets. Look closely at their potential for short and long-term value creation.

04 Ambition, not just purpose, creates investor FOMO: fear of missing out

How do you define an ambition that is a worthwhile investment? While a lofty purpose is necessary to appeal to various stakeholders, it can blind you. A clear ambition will guide you. Set an inspiring, credible and measurable ambition with a definite time horizon. It will excite and drive your people, and take them to the edge of possible. It will build and communicate leadership focus and accountability, and give investors clarity, confidence and interest around your potential.

"In times of crisis, unpredictable and fast-moving events create an environment of uncertainty, and can leave individuals feeling disempowered. Since joining Philips earlier this year, I have a greater appreciation of the power of brand purpose to drive teams to success in even the most difficult times. At Philips, our brand purpose is to improve lives through meaningful innovation. It is possibly more relevant today than it has been over the course of our 129-year history. Our purpose has become a guiding ambition in our response to the COVID-19 pandemic, helping instil confidence

and clarity among customers and employees alike. As the pandemic escalated, we deepened our commitment, understanding that we had a triple duty of care: to our people, to our customers, and to our business. There are examples of this incredible focus everywhere at Philips. Philips remotely trained more than 300 NHS staff across the UK to transform a specific model of Philips' non-invasive ventilators into invasive ventilators with the ability to effectively treat patients in COVID-19 ICUs. This helped ensure the NHS could make use of the 1,800 ventilators with this capability that were already in hospitals. In the Philips Marketing and E-Commerce team we are stewards of the brand purpose, a role that has become even more important during the pandemic and beyond as we build transformative legacies of which to be proud."

Lorraine Barber-Miller, Chief Marketing and E-Commerce Officer, Royal Philips

"A clear leadership model is the cornerstone of our behaviors and ambitions, defining the vision of what are the long-term goals along with the ethical values and principles with which to lead the business."

Massimiliano Pogliani, CEO, illycaffè

05 Someone is rethinking your category

How do you redefine your competition and expand your competencies to thrive in your new arena? The demand for seamless, contactless customer experiences will accelerate the confluence of categories

and supply chains into broad competitive arenas. As threats will change and multiply, so will opportunities. Be ready to restart by reassessing your competition and competencies. Identify a new departure point for the brand and speak to customers to identify the way they fulfil their needs across categories.

INTERVIEW

Relevance and creativity will set brands apart

Craig Inglis, chair of the Marketing Society, explores how the current crisis is changing consumer behaviour and how they connect with brands



Magda Ibrahim

Demanding, discerning and considered. Three words that sum up the consumer of today and tomorrow.

That is the view of Craig Inglis, chair of the Marketing Society and former customer director for John Lewis & Partners, who believes the emerging consumer psyche is an opportunity for creativity to shine.

After months of lockdown, changes to work patterns and social behaviour, the crisis of the coronavirus pandemic has morphed into the new normal.

"This pandemic has been a massive jolt to us all and made us think very carefully about what really matters," says Inglis, who overhauled John Lewis's customer strategy as well as leading its now-legendary Christmas campaigns during his 12-year tenure at the retailer, which ended in March.

"People still want to buy and engage with brands, but in a different way. Technology has led consumers to become more informed, which means they are more demanding, discerning and

considered about what they buy, and who they buy it from.

"That means brilliant products and great service, but also trust and finding a connection with that sentiment of brand purpose."

There is no doubt that 2020 will be chalked up as one of the most challenging and volatile of times, as on an individual level people faced health concerns, personal loss and financial worries, while the wider UK economy shrank more than 20 per cent in the three months to June.

Understanding customer psychology will be the linchpin for businesses to emerge successfully, points out Inglis, who is no stranger to market turmoil. Having been appointed marketing director at John Lewis in March 2008, he was immediately faced with responding to the fallout of the global financial crisis. Just six months earlier, Northern Rock had been nationalised after a bank run unprecedented since 1866, while the collapse of Lehman Brothers in the United States was around the corner.

"When you look at big moments like the 2008 financial crisis, and the current pandemic, the anchor points are taken away for consumers, which can cause them to reel," says Inglis. "Everything we thought was the norm is disrupted, which can run deep and challenge our beliefs about who and what we trust.

"We definitely saw that in 2008. No one would have believed it was possible to see the scenes of people queuing around the block to take their life savings out of banks to hide under the mattress. This crisis is like that, but magnified many times over so, inevitably, confidence is very low."

Customer trends including sustainability, searching for brands

with an ethical purpose and online shopping have been "accelerated" because of the pandemic, he highlights, which provide opportunities in the short and longer term.

"Lockdown fundamentally changed our habits around travel and consumption, and retailers who can respond to that with creative and authentic propositions will be a great commercial success," says Inglis, pointing to the latest *Global Consumer Insights Survey* from PwC, which found customers will become long-term advocates of brands that prioritise care, wellbeing and innovation.

"We see consumers are actively choosing brands that support the NHS, look after employees or have a purpose. That cannot just be forgotten now we are coming out of lockdown as I honestly think these actions will build long-term advocacy and loyalty, as long as they are authentic and rooted in truth about the business."

For Inglis, it is "as much about what you do as what you say". He explains: "It has been shocking and scary, but this pandemic has

caused us all to step back and think about what really matters in life. I think that marketers, as the leaders in brands on behalf of consumers, need to be really challenging about how those brands behave.

"Don't talk at customers about what you think they want to hear; it is about really understanding your customers and genuinely connecting with them with honesty, humanity and warmth."

The growing trend for businesses to engage in brand activism, driven by consumers' desire to see brands they connect with taking a positive role in society, has to be backed up with action, he says.

For example, brands trying to engage with the recent resurgence of the Black Lives Matter movement following the death of George Floyd in America and examples of inequalities in the UK have been put under intense scrutiny when the make-up of their leadership teams do not reflect the diversity messages they have adopted.

"Brands need to have their own house in order as we are judged

“**People still want to buy and engage with brands, but in a different way**”

Craig Inglis's five tips for customer connection



1 Listen to your customers and understand their lives, hopes, fears, needs and wants.



2 Invest in delivering a brilliant experience across every part of your customer's journey at every touchpoint.



3 Create a culture of experimentation to get new propositions that excite and inspire customers.



4 Connect with customers emotionally and empathetically by telling engaging stories that are true to your brand.



5 Do the right thing by your customers, employees and the communities you are part of.

“
In times of crisis, innovation and creativity are not just important but essential

by our actions,” warns Inglis. “Movements like Black Lives Matter have grown out of very deep-seated issues that matter very deeply to people who have often had very significant and painful life experiences.

“Brands cannot expect to just connect with that; we must expect to be challenged. Caring about issues is not new for consumers, but what is different is their preparedness to walk away from brands they don’t believe are relevant to their lives.”

As lockdown lifts and consumers emerge back into near-traditional physical shopping and socialising environments, the biggest focus is on safety, with an expectation that businesses allay those fears in practical ways. But with digital spaces feeling like a safe haven, it is inevitable the online experience has become a priority.

PwC’s study found that 45 per cent of people have increased their shopping by mobile phone, while 41 per cent are doing more

shopping on their computer and 33 per cent on their tablet.

“Digital is the biggest opportunity by far,” says Inglis. “There is nothing new in that for retailers, but the pandemic has turbo-charged digital. It is no longer a question of how or when, but a case of survival.

“Digital is not to be underestimated. It is not just about creating a website, but a total re-engineering of a business.” That can mean some tough decisions and making calls that have long been put on the “too difficult pile”, he adds.

High street retailer Marks & Spencer is a good example, as its recent announcement of 7,000 job losses to free up cash for a digital renaissance that includes a partnership with Ocado has been tipped to be a sink-or-swim decision.

And John Lewis unveiled a new digital first strategy at the end of July, revealing its expectation of increasing to 60 per cent online, from 40 per cent pre-pandemic, while Waitrose is expected to rise to at least 20 per cent online, compared to 5 per cent before the crisis.

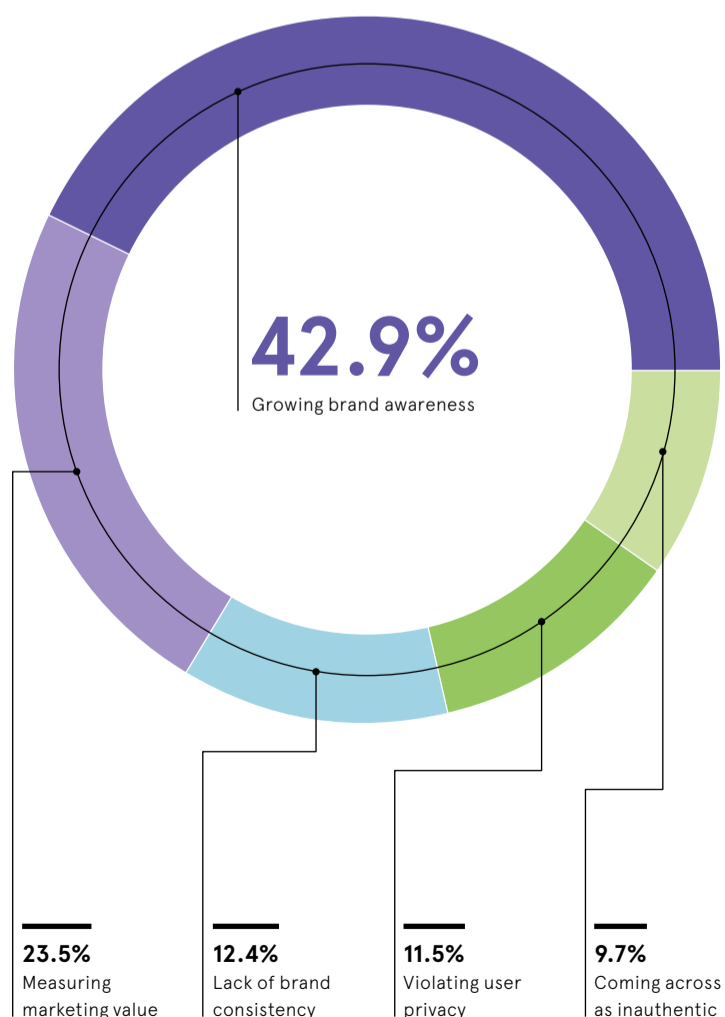
It’s essential to “invest in the customer proposition you need to create to remain relevant”, says Inglis, as well as capturing the commercial benefit from investing in marketing at a time when reduced ad rates provide great value.

“The world is moving fast and so are our customers’ lives,” he concludes. “In times of crisis, innovation and creativity are not just important but essential. This is the time to differentiate to remain relevant. That is really business critical.” ●

BIGGEST BRANDING CONCERNS FOR 2020

Bynder 2020

Global survey of marketing professionals in April



RETAIL

Four landmark shopping moments reimagined

From Black Friday to store launches, how is the coronavirus pandemic likely to affect four key events in the retail calendar?

Sue Omar

1

Black Friday

Coronavirus may have cancelled most major retail events this year, but Black Friday on November 27, 2020, followed by Cyber Monday a few days later, will be viewed as a potential saving grace for many brands. However, with longer queue times anticipated and social distancing restrictions to remain in place to protect shoppers in-store, experts predict consumers will be more likely to participate in the sales events

online. “Black Friday has already shifted online, merging with Cyber Monday to mark the official start of Christmas shopping for many consumers,” says Simon Hathaway, managing director, Europe, Middle East and Africa, at Outform. Ultimately, with 2020 so far being a catastrophic year for the majority of retailers, many will be redirecting a lot of time and resources to Black Friday in an effort to mitigate the sales decline.

Christmas shopping

Christmas shopping is traditionally full of festive fun, bright lights, warm smiles and socialising. But this year, retailers will be pressured to offer smart solutions in-store or create magical moments for consumers who choose to do their Christmas shopping online. From personalised packaging to thoughtful gifting options and exceptional customer care, digital demands more attention to detail this Christmas than ever before. “Christmas

shopping is an annual ritual for many,” says Hathaway. “It’s a social experience bringing families and friends together that cannot be replicated online; these sort of interactions are what’s going to revive the high street.” For bricks-and-mortar retail, however, social distancing measures and one-way systems in-store may make festive shopping a more pleasant, organised experience for those braving the shops.

2

Store launches

Store launches in a post-pandemic world may seem like a risky investment, but are necessary for brands to build long-standing customer relationships. COVID-19 restrictions will shape the way store launches look and feel, making it more challenging for brands to engage with customers and create a consistent footfall. “Consumers

want more than just a transaction of money and goods when shopping in-store; they want an experience,” says Raj De Datta, chief executive at Bloomreach. “The winners will be brands that put the customer experience at the heart of their store launches, whatever the channel, location or products they offer.”

Wedding dress shopping

From finding the right style to tearful try-ons and sipping champagne with loved ones, wedding dress shopping pre-pandemic was all about the experience. With weddings in the UK limited to 30 guests, brides face less pressure to spend big on the dress. “Sustainability-conscious consumers are more likely to use

wedding dress rental services,” says fashion stylist Erica Matthews. Meanwhile, brides on a budget may turn to fast fashion retailers for ready-to-wear wedding dress options. “Women can now buy bridal gowns from House of CB or ASOS that still look picture perfect for a fraction of the price,” Matthews adds. ●

4

The Better Why

In the battle for relevance, why does the promise of big data alone still fail to deliver? Context holds the answer

Let's talk about Gillette, an incredibly powerful brand built for a world in which incremental innovation around a "functional sell" was what it took to become a market leader.

Gillette launched with a razor that had two blades. The next year it innovated a superior razor with three blades. Then four. Then five. It made perfect sense as a strategy: the more blades the product had, the better it was and the more people would buy it.

Except that was the old world. One in which the brand owned the message, the barriers of entry were too great and the cost too high for disruption to be a significant threat. Companies could get away with treating customers as captives.

Then along came new technologies and Michael Dubin with Gillette's cut-price competitor Dollar Shave Club. Dubin posted a video on YouTube and Facebook which told customers they had been duped: "Do you like spending \$20 a month on brand-name razors? \$19 goes to Roger Federer!" It was a smart, witty and cheap way of turning Gillette's multi-million-dollar tennis star's sponsorship back on them. Advantage, Dollar Shave Club.

Customers loved it. But here's the kicker: they didn't love it because the product was better. In fact, reviews suggested the blades weren't quite as good. It turned out that a sizeable number of men didn't actually want more blades; what they wanted was to avoid the experience of buying a razor in-store, when razors were kept in kiosks, guarded by assistants, behind the checkout. They also wanted to feel like they'd made a savvy financial decision and their dollars weren't going directly into big business's coffers as profit.

Dollar Shave Club simply felt more relevant to consumers and the numbers reflected that as Gillette's market share dropped from 70 to 59 per cent.

An era of choice

More than ten years later, we find ourselves in an era of hyper-dynamic

competition when consumers have an almost limitless choice of products at their fingertips. For the world's biggest brands, the question of how to create and maintain relevance is becoming more urgent. This is an era in which 90 of the top 100 US publicly listed consumer packaged goods brands are stagnating or in decline.

Choice is a powerful force and not always entirely rational. C Space data shows the reason customers choose one product over another is as much about the context and emotion the customer brings as the benefits the product offers.

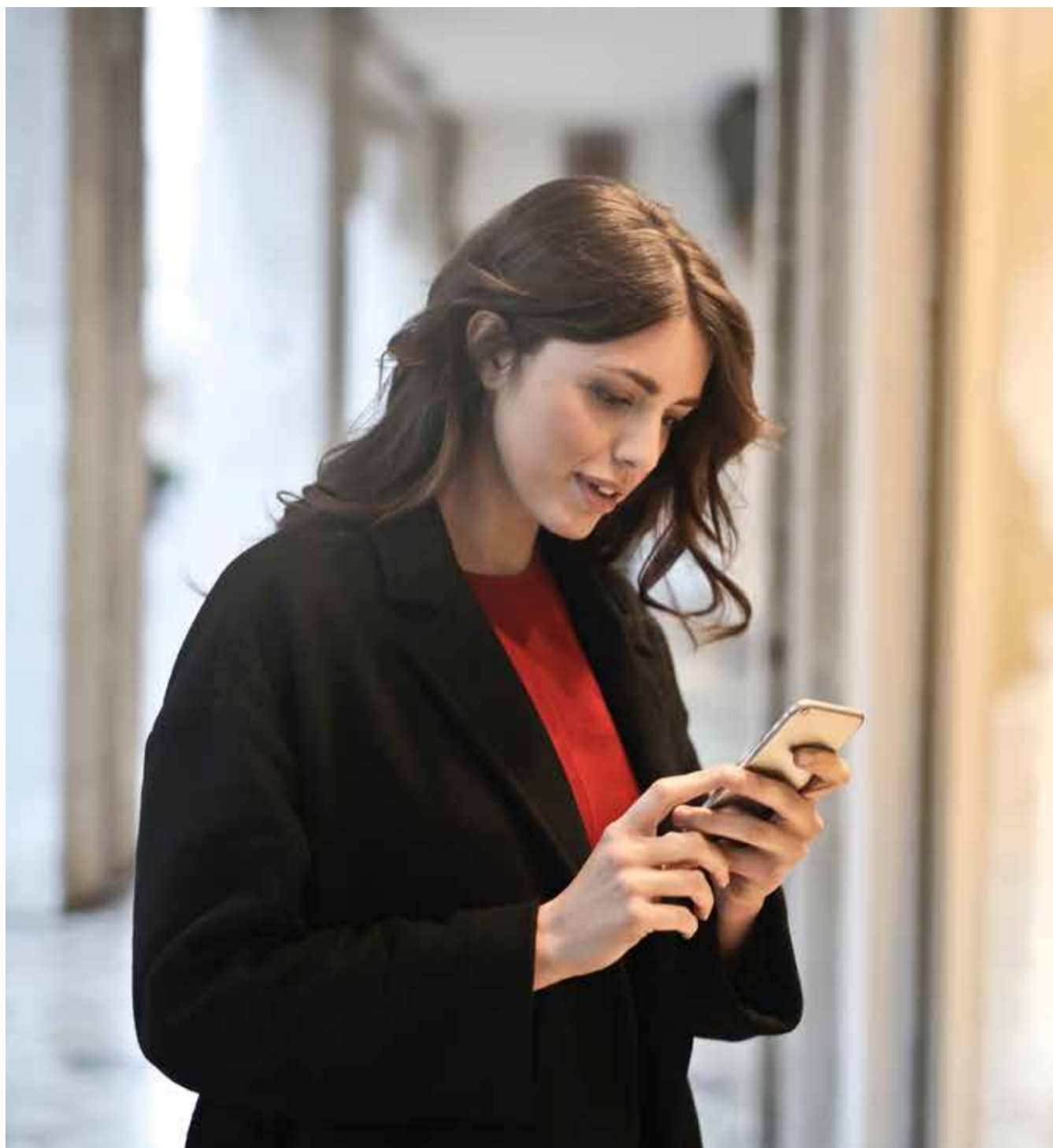
As Dollar Shave Club proved, for a company to create an advantage within fiercely competitive market dynamics, it needs to "get" its customers, speak their language, know what they stand for, be frictionless to use, and make them feel smart and proud for their choices. That's relevance and our data shows a company's ability to get its customers has a direct correlation with business growth.

Spotting inflection points

Business exists in such a data-rich environment, in which we know so much about customers, that developing and maintaining a strategic customer intuition should be easy. But companies are still getting it wrong.

Consider Victoria's Secret. Women will always need underwear and, moreover, such a large retailer has access to a lot of sales, loyalty and other data. Surely, it can't fail? And yet it has just gone into receivership in the UK.

What went wrong? They missed their customer inflection point because, while sales data can show you there is a problem, it simply can't tell you why the problem exists or give you the key to solving it. Sales and loyalty data alone couldn't tell Victoria's Secret that women's view of their own sexuality has evolved. That in a post-#MeToo era, the kittenish, angelic version of womanhood offered by Victoria's Secret felt irrelevant.



THE COMMERCIAL VALUE OF CUSTOMER CONTEXT

11%

fall in Gillette's market share when consumers realised they could have greater convenience and a fairer price from new competitors

\$2bn

merchandise revenue generated when Disney realised little girls wanted to be the princess, not just see the princess

53%

increase in market share of Greek yoghurt when Chobani realised people could emotionally identify with a yoghurt

250k

new subscribers when EE realised customers value what they had saved in their phone more highly than the handset

60%

per seat revenue increase (and 2x increase in customer satisfaction) when British Airways discovered that business customers value rest before big meetings, not indulgence in mid-air

2x

increase in stock value when Pet Smart understood that owners cared about their pet's experience in store as much as their own

And this story happens time and time again. Remember Amstrad, Kodak, Blockbuster, Woolworths, Toys R Us? "Kids will always want toys," right?

And now, as we slowly emerge from the coronavirus crisis, there's another inflection point on the horizon. Because customers – people – have changed deeply as a result of this experience, it's inevitable business will change as a result.

While some things will return to how they were, much will not. Unmet needs are emerging, right now. Anticipating the universal human truths that underpin them is the single most important perspective a company can grasp in its bid to stay relevant. But how?

Why business needs a "better why"

What we hear from chief marketing officers is they are almost drowning in a sea of data. Their data gives them a picture of what is happening; it shows sales are slowing, certain SKUs, or stock keeping units, are exceeding targets, footfall is high or that customers would recommend them.

But what they lack is an understanding of why these things are happening. While data literacy has exploded across every level of business, rapid customer intuition just hasn't increased in step.



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While data literacy has exploded across every level of business, rapid customer intuition just hasn't increased in step

As businesses look to win in relevance – the big battle of our time – they need to push themselves further to identify a better why, a commonly held version of a customer truth that can unify the business and galvanise change.

They need a why that's generated by gathering and synthesising all the available data and interrogating it in ways which reveal the emotion and context sitting beneath, the factors that can move the dial. A better why that contains a framework for understanding how emotional drivers of behaviour complement the functional and which matter most to your customers.

A better why is one that can be tested and validated at speed and scale. More than anything, a better why must

contain a roadmap for the future to put you ahead of your customer in the battle for relevance.

This is a fast world and nothing is changing faster than your customer; this is both an opportunity and a risk. The path to relevance isn't found in big data nor is it found in episodic feedback. True relevance co-exists with a strategic customer intuition, founded on a better why and building it can be your only agenda.

Want to get ahead of the next customer inflection point?

Join us to learn how at our 'Better Why' conference, with headline speakers including Wharton Business School professor and identity theorist Americus Reed II, and satirical cartoonist, The Marketoonist, who will both speak to the promise of a powerful customer / brand relationship and the gap that still exists in achieving one.

See more on our website
www.cspace.com



The client perspective

Laura Jones, global head of product marketing and customer engagement at Uber, says the ride-hailing and delivery app's challenge, as it continues to grow and evolve, will be to stay ahead of customers' needs.

"Our challenge will be to continue to delight and surprise people with new modes of transportation that deliver on our original value proposition of being fast, frictionless and delightful," she says.

"Now the challenge is how do we keep doing that? Every product we bring to life needs to respond to that core value proposition of giving people time back and giving them energy back so they can focus on what really matters to them.

"As you know Uber started in rides, then we started to innovate into new areas like food delivery which is how we developed Uber Eats. The initial advantage we had was the fact that we had a huge base of drivers who were ready to not only drive people from point A to point B, but also pick up food and deliver it really quickly to our users.

"What's interesting about this is that from a user standpoint is we've really come to represent convenience and the idea of not expending energy on things you don't want to expend energy on, like transportation, like meal prep, and so what's exciting as we think about the future is just how many directions this could take us.

"So how do we decide what to do next? What will keep us ahead of customers as their expectations evolve?

"Obviously, it's incredibly powerful to have 100 million monthly active users around the world and be able to look at that data and understand how they're behaving on the platform. But the truth is that's a very limited picture because we're only seeing behavioural data and the way they're currently interacting.

"To get to true innovation, I think of it as a kind of triage exercise between the observed data we get from the



app, as well as the deep ethnographic insight I think we and our partners in user research are uniquely well positioned to uncover.

"Then, as well, some traditional market research methodology, which I think can't be cast aside, even in this era of big data, because it's the intersection of all three of those sources that lead us to the most powerful and game-changing insights. The better why.

"And that's where I think people look to marketing to say how do we reconcile this and what is the bigger picture? And that's our superpower; taking that complexity and distilling it to a universal human truth, which can inform something that will stand the test of time, is actionable and can be used by the business."

C-level agenda

To get ahead of customer inflection points, insights professionals argue that the customer should be a C-level concern. Jane Frost, chief executive of MRS, the world's oldest research association, says: "Financial and human capital have long been the cornerstones of business growth strategies.

"But just because insight is more difficult to measure, it doesn't mean it is less important. In fact, in our world of ever-advancing technologies, research, insight and data analytics should be centre stage as they hold the key to untapped assets and long-term growth.

"In a fast-moving world, companies need to evolve faster than their customer bases and understanding

customers – a part of what we call 'Intelligence Capital™' – enables this responsiveness, allowing businesses to harness what they already know and use it to drive business growth."

Making sure that every employee understands the customer agenda matters too, and senior sponsorship is critical to landing this message. Estrella Lopez, EMEA HOI at General Mills, recalls:

"Two years ago, a new CEO came in to the business and started sending selfies to staff of him spending time with consumers. All of a sudden, everyone was being consumer first. It's possible to agitate for the customer from the bottom. But if there's no traction from the top, it's going to be extremely hard."

IN-STORE

What's next for bricks and mortar?

With the coronavirus pandemic likely to impact the retail experience for some time, what will high street shopping be like in 2021? And how are brands innovating to keep customers safe, happy and excited to return to the stores?

Ana Santi

The magnificent window display stops her in her tracks. A brilliant composition of theatrical brand values and a new collection; it's experiential retail at its best. She smiles, before turning her attention to the product. "Gorgeous dress," she thinks. She knows exactly what's in stock and if it's available in her size. Should she wish, a sales assistant awaits to offer advice. She takes the dress and two tops. Click. She puts her phone down.

Next week, she will visit her favourite shop in person, for a private appointment. And on her way, she'll be stopped in her tracks once again, literally this time, to watch a film by a different brand, screened as a window display.

It's 2021 and the coronavirus continues to circulate, leaving behind it a trail of closed bricks-and-mortar

stores. Some have disappeared from the high street, others have downsized their portfolios. But many are innovating by placing experiential retail, with a blend of digital and physical, at the forefront of their post-pandemic strategy.

"Many of the experiential elements of retail are becoming digital, while bricks and mortar evolves to serve some of the more functional aspects of shopping," explains Alex Hawkins, senior foresight writer at consultancy The Future Laboratory.

"Brands and retailers are now starting to invest in digital design to create beautiful, dynamic and interactive virtual showrooms that recreate many of the immersive and experiential touchpoints we used to associate with the store. The role of sales associates is also being transformed to become virtual brand ambassadors."



“**Tech that allows customers to shop and pay quickly has gone from being a nice to have to a necessity**”

The most popular stores in 2021 will have blended the digital and the physical to perfection. At luxury fashion brand MATCHESFASHION, which has five stores in London, virtual private

shopping appointments are proving very popular with its discerning, global shoppers.

"There remains, of course, an appetite to touch and feel the clothes, so physical visits remain available, in line with government guidelines," says Jess Christie, chief brand and content officer.

"And [physical] private appointments are proving successful. Luxury customers want inspiration, immediacy and intimacy. We know many of our clients on a personal basis; they can quickly tell us how they would like their

experience to be including whether they would like to be accompanied, at a distance, as they browse."

Fans of the sports giant adidas, which opened its LDN store on London's Oxford Street in October 2019 – a shiny, bright example of experiential retail – continue to interact with more than 100 digital touchpoints and myriad immersive experiences, albeit in a more orderly way. The brand has maximised its app for augmenting the in-store experience.

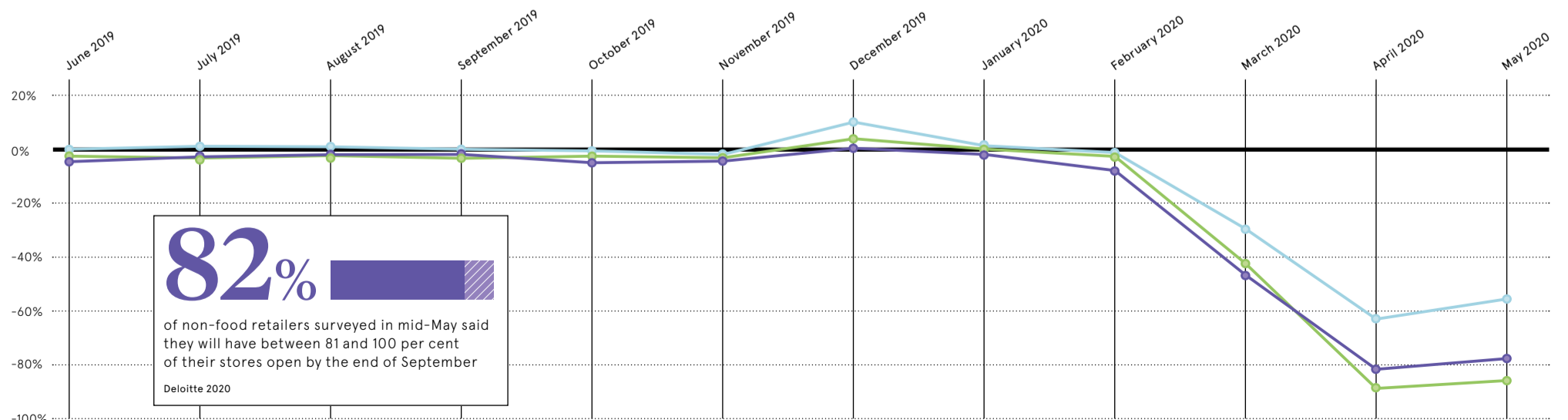
"It has been developed further to allow consumers to set times for

THE RETAIL ROUT

ShopperTrak/British Retail Consortium 2020

Year-on-year change in monthly footfall across UK high streets, shopping centres and retail parks (%)

● High streets ● Shopping centres ● Retail parks





MATCHESFASHION

01



02

01 The private shopping suite of MATCHESFASHION at 5 Carlos Place in London

02 Inside adidas's flagship on Oxford Street, kitted out with interactive mirrors and in-store geolocation tracking

03 Customers at Marks & Spencer can buy groceries without visiting a till by using the retailer's Mobile Pay Go app

their [store] visit, reducing wait times outside and allowing more time experiencing our stores," says Steven Woolley, senior director for adidas's retail operations.

Customers at Marks & Spencer, meanwhile, quickly buy their groceries in stores without visiting a till by using the retailer's Mobile Pay Go app on their smartphones. Sarah Cokayne, head of retail support services, says M&S has seen a significant move towards contact-free shopping during the pandemic.

"Over 10,000 new regular users of Mobile Pay Go have come on board since March 2020; this technology will only continue to progress. Digitally connected stores are more important now than ever before," she says. M&S has tripled its Mobile Pay Go network from 100 to 310 stores this summer.

In M&S's footwear department, shoppers carry a print-out of a measuring guide or consult the guide on their phones. M&S sells a quarter of a million school shoes each year, but it cannot offer an in-store shoe-fitting service in a socially distanced environment.

"The team created a bespoke measuring guide which customers can easily access on their phone in-store or they can use a print-out. It's one small example of how we've adapted our offering; something we'll continue to do," Cokayne adds.

For all the technological prowess of certain brands, many consumers still miss being able to try on clothes after lockdown was lifted; not all retailers can offer private appointments. But augmented reality (AR) is helping to replicate that experience.

"Done well, AR gives shoppers the confidence to buy online knowing that an item of clothing is likely to suit their body shape or size and it can reduce return rates," says Kirsty McGregor, editor of fashion business magazine *Drapers*.

"However, it is expensive to implement and already-tight retail budgets have been squeezed by the pandemic, so it is still not widely used. But technology that allows customers to shop and pay quickly, such as self-checkout and mobile pay options, has gone from being a nice to have to a necessity."

Customers feel safer now, too, thanks to improved technology in bricks-and-mortar stores. Both adidas and M&S have developed their respective apps to count the number of shoppers in stores, in real time. M&S's was initially created in just three days, demonstrating the retailer's ability to react quickly to unprecedented changes.

"Our counting app allows colleagues to count the number of customers into store and can be used simultaneously by colleagues on different doors," Cokayne explains. "Managing the flow of customers in and out is a really important part of helping our customers shop with confidence."

While safety remains a concern, 2021 could see a shift back to creating unique, fun and experiential shopping experiences. "Shoppers can expect a more localised and personal approach, with improved customer service, particularly from high street chains," says McGregor.

Retailers are also using their physical stores to emphasise brand values, notably when it comes to sustainability and diversity. "The pandemic has made people reflect

on their purchasing decisions," McGregor adds. "Fashion brands can use bricks-and-mortar stores to demonstrate their values reflect those of their customers, such as Timberland's 'purpose-led' flagship store on Carnaby Street."

Timberland's 2,594-sq-ft space brings the brand's corporate social responsibility strategy to life with living trees and towering pillars referencing the brand's use of recycled materials, community projects and overall creative vision.

The theatrics of a bricks-and-mortar store remain pivotal for a brand like adidas too. "We have been deepening our relationship with local artists through store events and locally relevant products, to connect our store spaces and provide an experience for people with the kind of human connection they have been missing," says Woolley.

"Whether it's through augmented reality versions of our new ZX Boost sneaker or showcasing speed for our new X Ghosted football boot, our stores are there to excite and engage."

At the other end of the spectrum, bricks-and-mortar stores are performing another important role: function. "Stores are being transformed into logistics hubs as click-and-collect culture becomes the norm, with retail brands considering how logistics hubs can become destinations in and of themselves," says The Future Laboratory's Hawkins.

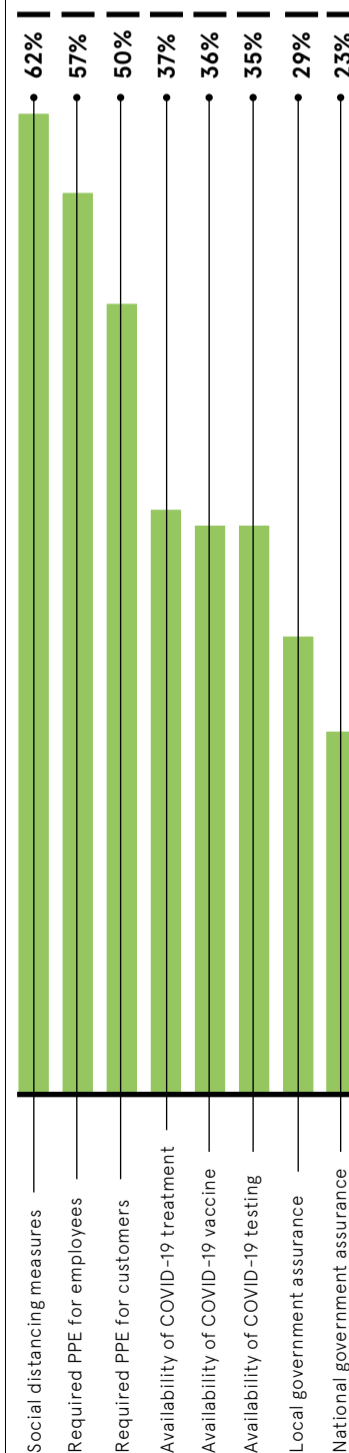
"Before the pandemic, brands were already experimenting with creating in-store studios to attract YouTubers and influencers. Now, stores are becoming spaces for brand-broadcasting, as they are utilised to create their own social media and marketing content."

There's a school of thought that says out of difficult times comes moments of clarity, bursts of creativity. For some, COVID-19 was an insurmountable challenge. For others, it pushed them to innovate. People have an immense capacity for change and that includes our capacity for shopping in very different ways. ●

THE RETAIL RETURN

Percentage of consumers who say they need the following before they return to stores

Salesforce 2020



“Stores are becoming spaces for brand-broadcasting, as they are utilised to create their own social media and marketing content

adidas



Anna Efetova/Getty Images

DIRECT TO CONSUMER

Road bumps in D2C evolution

The direct-to-consumer model has been working well for smaller, more agile companies over the years, but what impact will a global recession have?

Jack Apollo George

Direct-to-consumer (D2C) companies have had it good. Podcast hosts rave about their benefits. Social media feeds fidget with their discount codes. Their subscriptions boxes slip through neighbours' post-boxes. From pet food to house plants, lingerie to tuxedos, the direct-to-consumer boom has allowed for a whole host of spritely, millennial-friendly companies to make their mark in the last few years.

Trendy slogans and ethical postures are married with highly detailed customer data and effective digital ads. D2C companies such as

Warby Parker and Allbirds can control every aspect of their messaging, distribution and reputation.

"You can just have fun and create new things," says D2C consultant Marco Marandiz, who calls it the "sexy" side to ecommerce marketing. With high street stores shutting their doors, emergent digital-first brands are able to undercut mainstream providers by swiftly reaching out to discerning customers and delivering straight to their homes.

"D2C brands are what existed pre-club stores or mass-retailers," says Nik Sharma, who invests in and advises many companies in the sector. "Every D2C brand is inherently a

customer service company that sells a product."

A more accountable and honest relationship between buyer and seller enables D2C companies to present themselves as being on the consumer's side.

For an emerging brand such as Estrid, which delivers fuzzi-friendly vegan razors for women, the direct-to-consumer model allows them to be upfront about their values. "We had been frustrated with the way women were portrayed in media and commercials, particularly by the major razor brands," says founder Amanda Westerbom.

Vocal, very-online consumers are increasingly expecting D2C companies to reflect their own cultural prerogatives. Such centring of ethics – sustainability and body positivity in Estrid's case – is critical. "The brands of today need to deliver societal and cultural value beyond a physical product," says Westerbom.

Paying attention to the customer's demands and desires is also smart business. "Most D2C brands will launch products based on what they hear from their customer service teams," says Sharma.

But marketing directly to the people who will buy your product is hardly a counter-intuitive strategy; it is simply a leaner way of running

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Every D2C brand is inherently a customer service company that sells a product

retail operations. And yet, in a time when consumer spending has been disrupted and shopping patterns are turned on their head by the coronavirus crisis, some important questions have arisen about the long-term validity of the D2C model.

With public spaces reduced to no-go zones across much of the world, the consequences of the pandemic might have initially seemed like good news to many D2C brands already providing subscriptions services, home deliveries and digital-first customer service. Ecommerce exploded as more and more consumers became accustomed to ordering online.

Orla Weir, global D2C and brand manager for doorstep-delivered flavoured sparkling water startup Ugly Drinks, says: "We've seen uplift in grocery outlets and 400 per cent-plus growth online. In such a crazy and difficult time for the world, we have focused on where we can add value."

While some more agile brands have been able to succeed, D2C companies in verticals like travel or leisure have suffered. Others, over-reliant on sleek marketing and messaging, took a hit for being, as Sharma puts it, "not functionally necessary".

"Generally the smaller you are and the more nimble you are, the better you can react," says Marandiz. But even small brands are vulnerable to global supply chain disruption, like that provoked by the coronavirus.

With a global recession on the horizon, D2C challenges are unlikely to end here. Major retail players will no longer be focusing on traditional advertising and offline activation. Their budgets will go into channels until now enjoyed by D2C brands, Marandiz explains.

While a startup with a limited budget relies on its marketing spend to be efficient enough to acquire new customers, larger companies aren't so bothered. And while it is a bonus, spending efficiently is far from necessary.

"By [larger companies] being inefficient, it makes it harder for smaller businesses to survive and to take their traffic and their customers away from them," says Marandiz.

In turn, this could lead to a consolidation of the D2C space. Only the most successful brands will be able to survive a global recession while having to compete with the marketing spend of retail behemoths.

By primarily appealing to young digital natives who have money to splash on new products, many D2C brands appear as relatively up market.

When asked whether her company targets an affluent demographic, Estrid's Westerbom stands firm: "We are on a mission to eliminate the pink tax and reduce the cost of razors for women; we believe the opposite to be true."

Weir from Ugly Drinks argues a similar line. "We believe healthy products should be affordable and accessible for everyone," she says. "We created Ugly as a down-to-earth

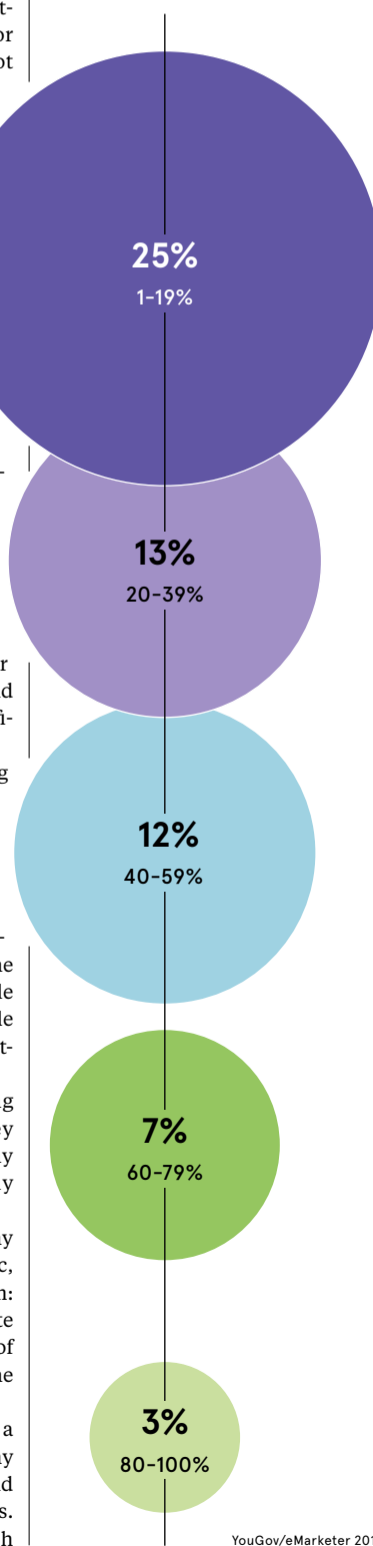
alternative to fizzy drinks brands that charge a premium to enjoy 'the good life'."

Consultant Marandiz admits that while currently it is "primarily a middle-class and above industry", times are changing. Once every customer demographic is used to buying products online, and data insights are available for every spending category, he says "we will start to see cheaper products at higher volume at the lower end of the market".

Such an evolution is expected. For Sharma, D2C is "not a business model; it's more just a channel of revenue". Many brands already use the insights of the D2C channel to then scale their offering and move into larger, more traditional retail avenues. As the challenges ramp up, such flexibility will be key. ●

D2C INTENT

Share of online purchases that US consumers expect to buy from D2C companies over the next five years



How to win the customer experience battle

A cloud omnichannel interaction hub offers seamless customer experience

Every minute of every hour, every day, consumer-facing companies are bombarded with questions, requests and complaints, especially during a lockdown.

And the proliferation of digital channels through which people interact with brands – social, text, email, voice or chatbot – has created a perfect storm for those mastering customer service.

“Everyone now wants to communicate how they want to communicate. Everyone also expects a meaningful interaction with a brand on their preferred channel. Baby boomers still prefer to speak to a contact centre agent, while Generation Z will try a chatbot and are happy to get a response via text,” says Neil Titcomb, managing director for UK and Ireland at Odigo, a leading contact centre-as-a-service (CCaaS) provider.

“We live in a multichannel world; it’s why brands increasingly need a joined-up, multichannel response.

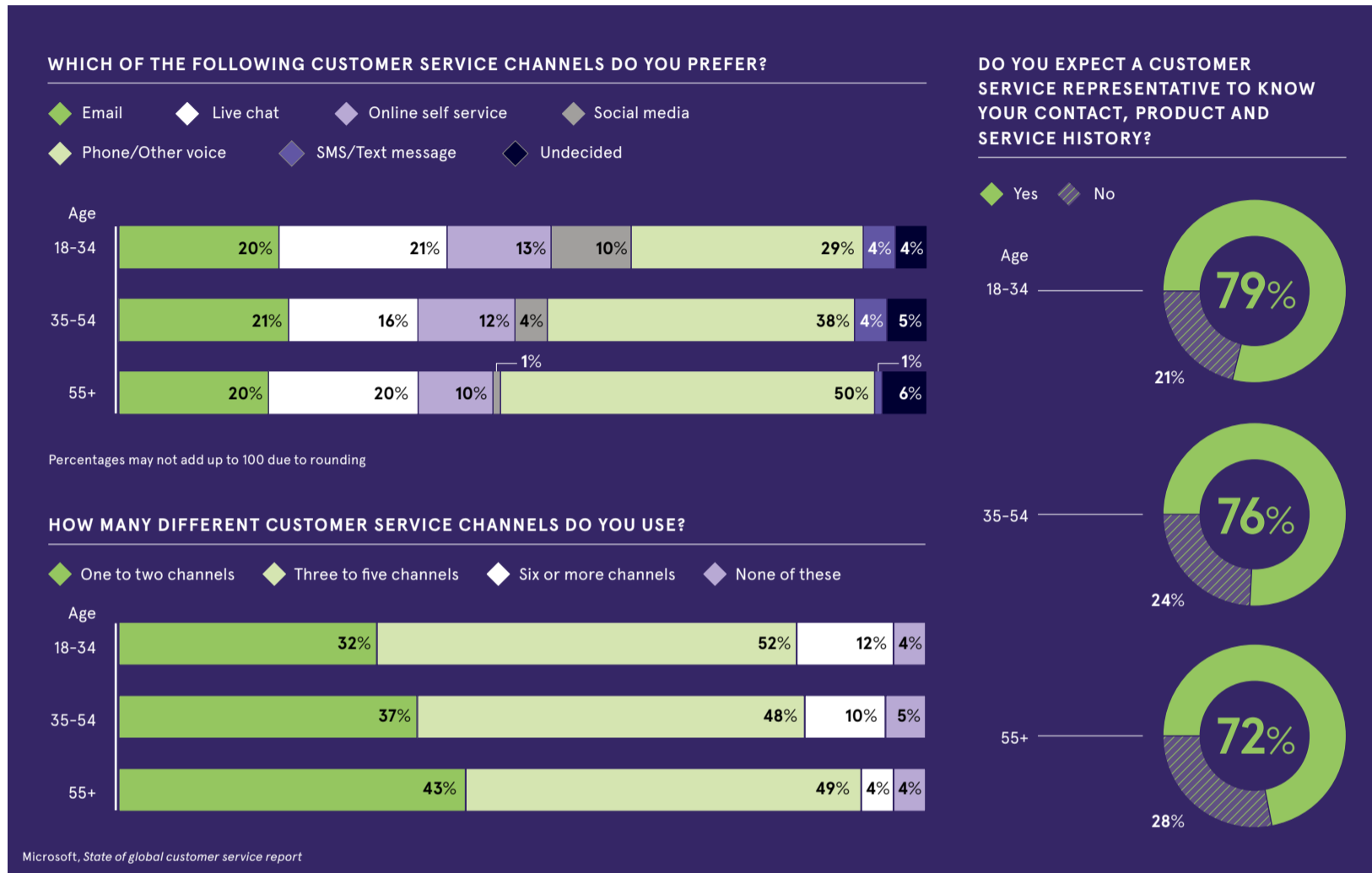
“Consumers have rising expectations, even more so if they’re younger. They demand that issues are resolved instantly, not in hours or days. They expect a personalised, informed and intuitive experience, which is primarily digital first. Right now, 90 per cent of companies are failing to deploy anything like this level of customer service. They have a one-size-fits-all, first in, first out approach and that’s not working.”

Legacy systems have a lot to answer for, especially among large organisations, with many still utilising outdated platforms. They receive thousands of inquiries logged on to ageing customer relationship management systems. Then there are disparate data sources that don’t talk to one another. Some can have as many as eight different information sources on customers, their products and processes, from call centres, to online queries, to those managing social-media feeds.

Achieving channel-less approach to customer service can be a huge ask for enterprise-level companies. Redesigning IT services is a task that can often be too big to tackle, especially with millions of customers and thousands of call centre staff to please. This is why smaller, challenger brands offer better service with seamless, connected systems.

90%

of companies are failing to deploy a personalised, informed and intuitive level of customer service



“The coronavirus pandemic shone a light on how many brands couldn’t service customers effectively. It highlighted how little intelligence they have on consumers and their lack of ability to deal with people’s issues effectively, especially when not in the office. Many businesses don’t have that agility or insight. This is a wake-up call,” says Titcomb, whose company works with 200 clients, including EDF, La Redoute and DHL, providing channel-less customer engagement solutions, and serves more than 400,000 agents worldwide.

“Yet good customer service is all that people will judge a business on. Corporations can make quick wins by deploying the right systems. It’s not difficult to identify and verify customers, but it’s harder to understand why they want to contact you, what frame of mind they’re in and determine how to handle them.”

The challenge is how do you gather all the information together and have a “single source of truth” on the customer? In recent years, software as a service from the cloud, deploying the latest technology, has helped, presenting contact centre staff with a single view of the customer via a state-of-the-art dashboard.

“The greatest frustration people face is when a call centre representative

“Personalisation is so crucial that customers will pay more for it; it shows engagement, forms bonds and drives efficiency

doesn’t know enough detail on the customer. This can lead to ‘blind’ transfers so they have to explain the issue again or the agent doesn’t know they’re calling for the third time today. This is because the relevant information is not made available to the agent at the time they need it most. The fact is the customer experience is won and lost at the agent desktop,” says Titcomb.

“The agent desktop is often invisible to management teams and the customer, however for the frontline agent it’s fundamental. Its content can make a huge difference to the public image of a company and how its ‘shop window’ is portrayed. That’s why we focus critically on the design of our agent desktop. It is vital to orchestrate the customer experience in one place.”

It is one thing to deploy CCaaS technology, but with all innovative technology, it is how it’s designed and configured and ultimately used by customer service staff that matters.

“It is our job as experts in technology, customer behaviour and psychology to give businesses proactive guidance on what they should be doing and how best to deploy solutions. That’s why we have an experience services division. It’s designed for business optimisation, analysis and consulting, which we’re evolving all the time,” says Titcomb from Odigo, a Capgemini brand recognised as a market leader in CCaaS solutions.

With increasing pressure on companies to deliver exceptional customer experience, it’s no wonder this issue is on the boardroom agenda. The customer interface is no longer seen as a run-of-the-mill IT change project. It’s increasingly a priority; get it wrong and shocking contact centre experiences make headline news.

“Consumers will pay a premium for a better, personalised service, which is frictionless, engaging, intelligent with smart self-service tools, where augmented systems and contact centre staff not only understand who I am, but what I want and why. We can now use artificial intelligence and sophisticated

speech tools, sentiment analysis and biometrics to achieve this. It’s getting cleverer all the time and moving at pace,” says Titcomb.

“Personalisation is the golden ticket to creating improved customer experiences. Very few companies do it well. It’s possible now and the impact is enormous. Today, the opportunity to stand out from the crowd is huge. Businesses can achieve higher customer retention, lower churn and greater productivity if they get this right. The return on investment is massive.”

As the future unfolds, younger generations will call a business as a last resort. A lot of customer engagement is increasingly digital, managed through mobile apps, chatbots and self-service. Brands will have to move with the times, whether they like it or not.

Find out more about world-class, cloud-based contact centre solutions at odigo.com

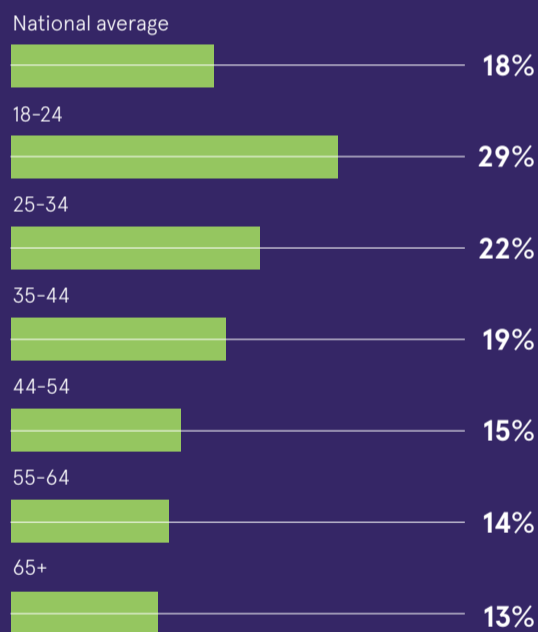


BUILDING BETTER SHOPPERS?

The COVID-19 pandemic has changed everything, not least the way in which we shop. Along with the necessary transition to buying online, there has been a notable shift in mindset. To understand this, we consulted global and national data on customer behaviour, as well as running our own survey, to get a clearer picture of how our audience is feeling about how they buy. So, what have we learned about ourselves as customers?

WE PLAN TO STICK WITH ONLINE SHOPPING

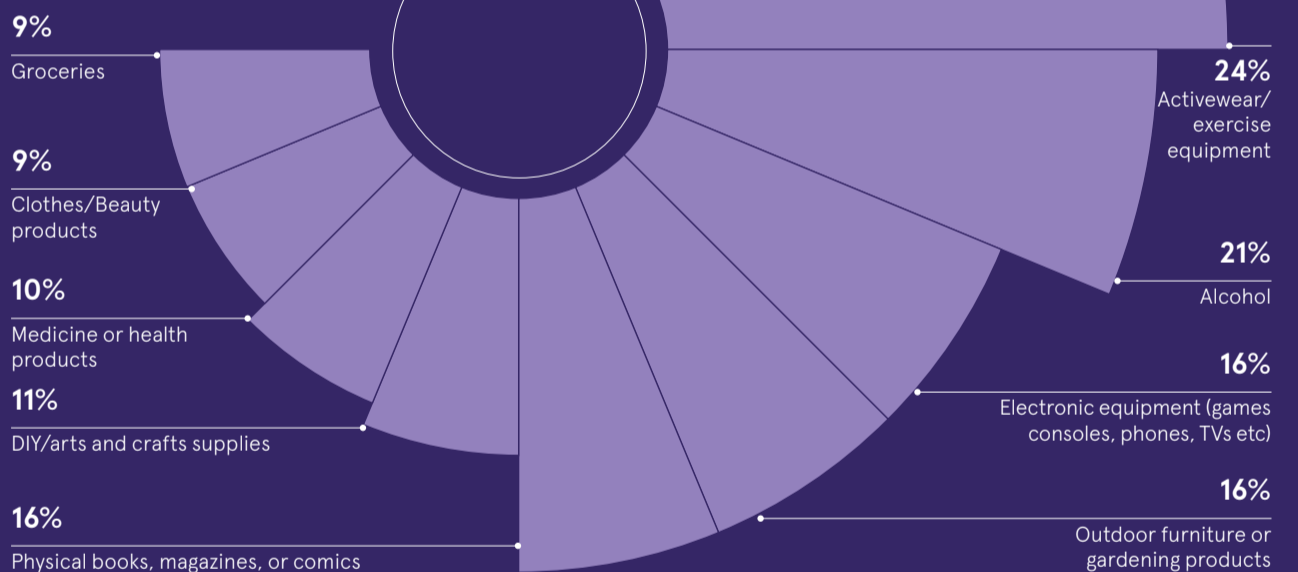
Percentage of UK shoppers of all ages who say they plan to buy more things online after lockdown than they did before



PwC 2020

WE'RE BUYING MORE ONLINE THAN EVER

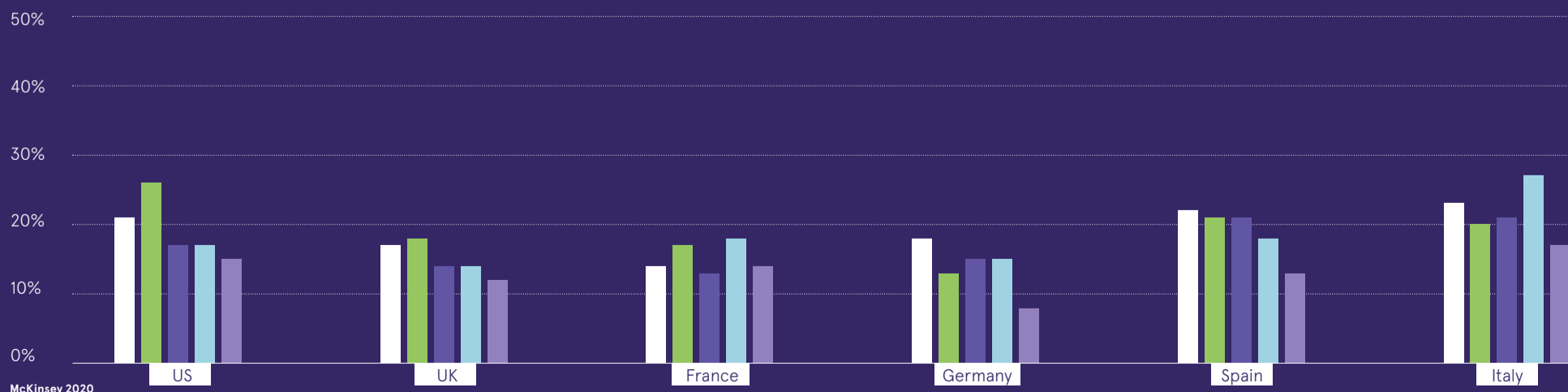
Items which UK consumers have bought more of online since lockdown commenced



YouGov 2020

WE ARE DEMANDING BETTER FROM BRANDS

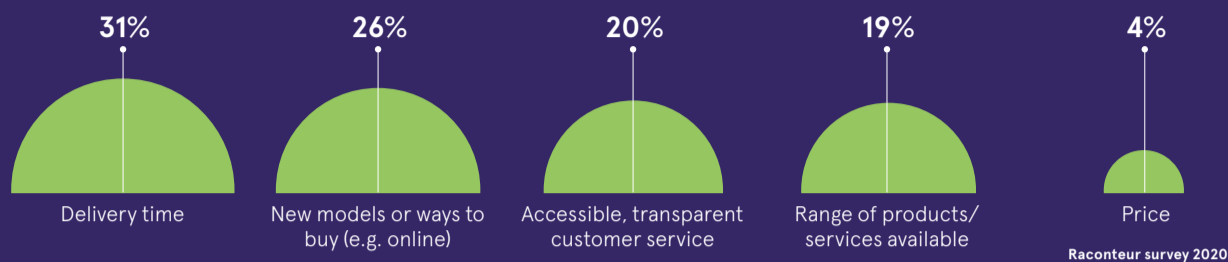
Percentage of global customers who have said they bought more from a company during the pandemic due to the following factors



McKinsey 2020

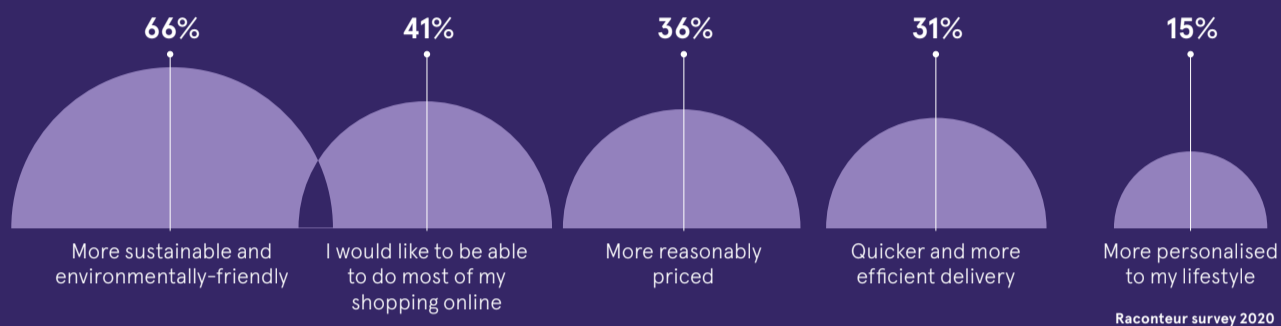
WE VALUE ADAPTABILITY OVER PRICE

Elements of customer experience that have made the biggest positive impact during lockdown, according to Raconteur readers



WE WANT BRANDS TO DO MORE FOR US AND THE PLANET

Raconteur readers' views on what they want brands to be going forward



WE ARE BUYING MORE MINDFULLY

Percentage of UK shoppers who said they are thinking more carefully about how they spend their money



WE EXPECT OUR SHOPPING HABITS TO CHANGE FOR GOOD

Share of UK consumers who state the following as their top priorities while shopping now, and who say they are likely to sustain this post-outbreak



21 PER CENT OF RACONTEUR READERS HAD STOPPED SHOPPING FROM CERTAIN BRANDS DUE TO HOW THEY RESPONDED TO THE PANDEMIC. OF THIS GROUP...



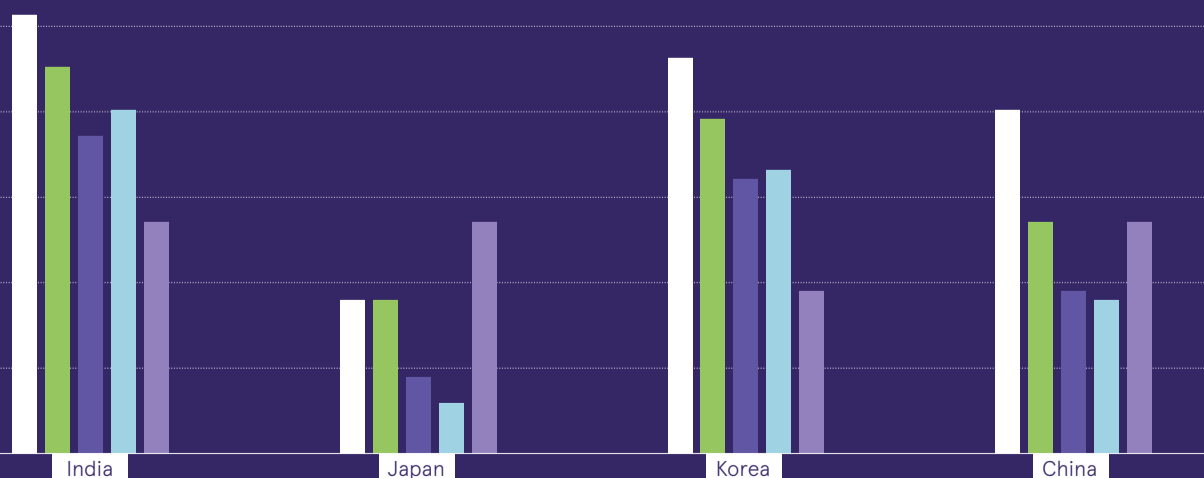
“
I've stopped shopping at too many brands to mention! I won't be buying from companies who treated their staff or suppliers poorly

20 PER CENT OF RACONTEUR READERS STARTED SHOPPING AT NEW BRANDS SPECIFICALLY BECAUSE OF HOW THEY HAD RESPONDED TO THE PANDEMIC. OF THIS GROUP...



“
I've started shopping at local shops who were offering deliveries, like my local cafe. It felt important to support local independent shops over big brands. Getting a cake delivery is something I'd never do in my usual life, but getting that delivery in lockdown felt like a real treat!

- Healthy and Hygienic packaging
- How companies take care of the safety of their employees
- Retailers' promotion of sustainable solutions
- Sustainable/eco-friendly products
- Company's purpose/values



TIKTOK

Tapping into TikTok

Despite takeover talks and geopolitical wrangling, brands the world over have finally woken up to the potential TikTok marketing holds

Tim Gibbon

It's the sixth most-used app on the planet and high on the agenda for marketers worldwide as it continues to be one of the hottest social destinations. But TikTok's potential for brands to build mass awareness and reach new audiences is only just beginning to be understood.

Known for its predominantly Generation-Z user base with 800 million global monthly active users, TikTok's explosion onto the world stage has been profound, especially over recent months as whole nations went into lockdown and teenagers went in search of entertainment to pass the time.

The app, available across 149 countries and regions and in 39 languages, allows users to create and share three sixty-second videos on topics ranging from music and lip-synced dance routines to geopolitical news and current affairs. But if you thought it was just another social platform made for under-18s, think again.

In December 2019 alone, 9 per cent of UK smartphone users aged 25 to 34 were on TikTok, compared with 8 per cent of those aged 35 to 44 and 5 per cent of phone users aged 45 to 54, according to WARC estimates. Accordingly, celebrities, influencers and household names are all getting in on the act as the desperation for brands and individuals to go viral continues to gather momentum.

But it's the app's content-centric model that sets it apart from the competition. Unlike Instagram or YouTube, the content, not a channel's following, reigns supreme, which means accounts with just a few likes or "hearts" still have the potential to reach millions of eyeballs.

The Washington Post's channel, for example, which provides a light-hearted, behind-the-scenes look at how the publication is made, has amassed nearly 600,000 followers and 25 million likes since launching in May 2019, as it attempts to reach a younger, more global demographic.



PHILIPPE LOPEZ/AFP via Getty Images

"Don't make ads, make TikToks' isn't just our proposition to marketers; it's something we believe in passionately," says Stuart Flint, head of business solutions for Europe at TikTok. "We think there is a clear opportunity for brands to tell important stories on our platform, to create a depth of what they can share, what they believe and to connect with the community, but to do so in a way that is truly TikTok."

The platform offers a variety of advertising options, from in-feed and takeover ads to branded video filters and the ever-popular hashtag challenge ads, where companies invite all users to create content around their campaign theme, with all

French influencers (L to R) Théo Bignonneau, Sacha Sadok and Rafael Caplan creating content on Tik Tok in Paris

user-generated content (UGC) aggregating in the central page.

And it is this UGC model where TikTok's true potential lies. According to Salesforce, social campaigns that have some element of UGC achieve a 50 per cent increase in engagement, while ads with significant UGC generate five times higher click-through rates.

"In a very dynamic media landscape, we are constantly looking to address the right target group and nurture our target group of the future," says Wim Van Bogaert, manager of digital marketing at BMW, which doesn't yet have a central TikTok channel, but is looking to integrate the platform into its overall strategy in the future.

"With TikTok showing the most year-on-year growth [compared with other platforms] of above 30 per cent, an audience of above 800 million and growing, as well as recording the longest amount of time per day on a social platform, we would only deny TikTok at our own peril. We're witnessing the coming of age of TikTok."

Last year, BMW launched a dance campaign on social channels under the #THE1challenge hashtag, whereby users were tasked with performing a choreographed dance "inspired by the new BMW 1 Series", which on TikTok generated 1.4 million likes, 7,400 comments and 7.1 million views, outperforming Instagram.

"If we do not bond with this younger target group who are at the brink of owning a driver's licence and spend an average 53 minutes per day on TikTok, when will be the right time?," asks BMW's Van Bogaert. "The female ratio is between 60 and 70 per cent and this is very important. The majority are using high-end smartphones, an indication of the purchasing power of the audience which is on TikTok."

For Chipotle's latest TikTok marketing campaign, #ChipotleSponsorMe on Cinco de Mayo 2020, it teamed up with influencer and brand superfan David Dobrik to challenge creators to showcase why they should be sponsored by Chipotle. The campaign was inspired by the influx of fans who were requesting Chipotle sponsorships across social. Tressie Lieberman, vice president of digital and off-premise at the American chain of fast food restaurants, explains: "TikTok creators jumped at the opportunity to share new original content that proved their undeniable love for Chipotle's real food."

"We worked with David to pick five winners who became the first Chipotle fans to receive the famed Celebrity Card, which is normally reserved for a small, elite group of brand superfans who are celebrities, athletes and influencers, and grants access to free Chipotle. The campaign generated 1.2 billion total views on TikTok."

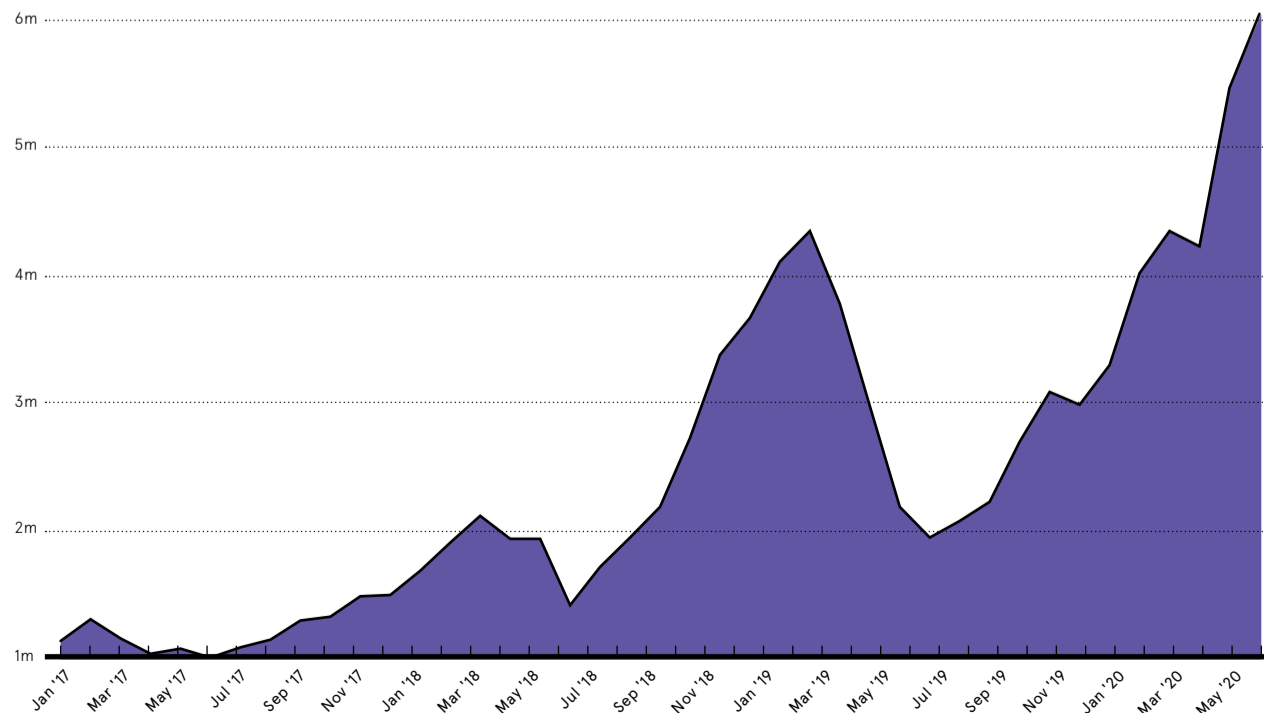
UK-based 22-year-old Ben Black, a Nike football ambassador with 2.3 million followers on TikTok alone, was an early adopter of the platform. As one of the first football creators publishing content on Musical.ly, he witnessed the platform evolving first hand. "Anybody on the platform has the opportunity to be seen. On any other platform it can be quite hard to get exposure. On TikTok it's a more even playing field," says Black.

He works alongside Nike, its agency and TikTok, and has earned their trust leading him to have creative control and steer activity and campaigns, including Nike's #MagicBoots, which challenges users to show off their soccer skills to win a pair of boots. "Take inspiration from some of the finest #nikefootball players in the game and show us what you've got. And if you impress our baller, @ben, you

TIKTOK TRENDING

Priori Data/Statista 2020

Monthly active users of TikTok in the UK on Android and iOS devices (millions)





XanderSV/Shutterstock

TikTok marketing for B2B

TikTok For Business is supposedly for brands targeting both business-to-business (B2B) or business-to-consumer (B2C) audiences. "TikTok is where creativity can be unleashed. Modern customers for both want the fundamentally same thing out of brand interactions: entertaining, inspiring or informative experiences improving their lives," says TikTok's Stuart Flint.

But catering for both B2B and B2C campaigns has been a struggle for most social media platforms and TikTok isn't immune. Some specialists aren't convinced the platform is right for B2B brands or campaigns just yet.

"If B2B brands need to be on TikTok, then it should be for recruitment purposes showcasing

the brand and have people apply," advises Timothy Armo, chief executive at influencer marketing agency Fanbytes.

The Association of Chartered Certified Accountants (ACCA), established in 1904, successfully worked with two creators with the support of Fanbytes to produce content for TikTok and Snapchat to reach new recruits, which was essentially a B2C play for a B2B organisation.

"We worked with two influencers [James Owen and Sherice Banton] who visited accountancy firms, Flinder and Peter Jarman who had the right following, not just a sizeable following. The content showed off ACCA and student accountants redefining the profession, abolishing the stereotype that accountants are boring by creating organic TikToks," explains Karen Smith, head of UK marketing, at ACCA.

The activity generated 890,800 views, 182,900 likes, 1,069 comments and an average engagement on TikTok of 13.6 per cent, according to the ACCA. "There was a lot of research and a lot of dialogue to ensure there wasn't anything that would jar with our brand and placing trust in the influencers we'd chosen, given the live aspect of the content created," Smith adds.

could even win a very special pair of #MagicBoots," according to the central campaign page.

TikTok's Flint explains how the amplification with advertising works with the brand and creator Black, praising the strength of collaboration. "Nike was able to leverage his large following in a key target demographic to generate huge organic reach right from the start. To maximise reach, Nike ran additional topview-lite and in-feed ads, as part of a wider advertising campaign. On TikTok, #MagicBoots saw more than one billion video views."

The success has led Black to travel the world to work with football superstars Kevin de Bruyne, Neymar and Cristiano Ronaldo, directing, editing and publishing content. "It just feels like TikTok have nailed it. The trends and the use of audio makes it easier for people to get involved. These are probably the two things that make it so unique," adds Black.

But the breakneck speed of TikTok's world domination is not without its challenges, with privacy and national security among the top concerns of some governments as geopolitical manoeuvring attempts to stall its rapid growth.

Owned by Chinese multinational ByteDance, TikTok started life as Douyin in 2016, but rapidly became more popular on a global scale after acquiring and merging with lip-sync app Musical.ly in 2018. But as its audience continues to swell, many, such as Donald Trump, are now worried the platform could be amassing data on American citizens to pass to the Chinese government, something ByteDance denies.

In August, the US president ordered ByteDance to sell TikTok's US operations before the middle of September or face a nationwide ban, with Microsoft, Twitter and Oracle among the leading contenders to take over the unit.

TikTok, which boasts 80 million active users in the United States, is fighting its corner and taking legal action against the Trump administration to challenge the accusations levelled at it. Meanwhile, India banned the app in June, citing security and privacy concerns.

The unfolding TikTok story is equally entertaining as the content published across its platform. From the economic, geopolitical and everything in-between, it's attracting controversy and interest. Its potential

“Anybody on the platform has the opportunity to be seen... It's a more even playing field

new owners may be able to sidestep the political issues currently plaguing it, in addition to the challenges of privacy, spam and inappropriate content that will inevitably follow. Like other platforms, transparency and trust will be critical to its future success.

With competition from Instagram's newly launched Reels product, and more copycats expected to follow, President Trump creating an account on competitor Triller, and a dozen other similar platforms wanting to replicate TikTok's success, how solid is its future? There is a potentially huge Western adoption where one-stop Chinese technology powerhouse WeChat failed, it is tempting to surmise more success awaits. ByteDance itself reportedly estimates annual revenues will surge to \$6 billion by the end of 2021, up from \$1 billion this year.

With its growth, investment, reach, virality and ability to evolve quickly, it's impressive. Announcements such as its newly launched Creator Funds aren't hurting either, whereby TikTok is investing billions in supporting "creators of all sizes and backgrounds through earnings that reward the passion and dedication they put into inspiring, uplifting and entertaining the TikTok community".

TikTokers are unapologetically loyal and they're the audience defining its future. What's apparent is the interest brands have in TikTok marketing, the TikTok creator ecosystem and its audience. These don't appear to be going anywhere else any time soon. ●

OPINION

'The landscape may be radically changed, but we can, and must, embrace this to our advantage'

The effects of COVID-19 are being felt across the world. For marketers, everything has changed: every touchpoint, discipline, budget and revenue is affected. The retail and consumer landscape is seeing seismic shifts and witnessing a rapid ecommerce acceleration.

Rewind to 2019. The Cannes Lions festival stages focused on customers demanding genuine brand purpose, the importance of the brand experience being a human experience and new consumer groups forming as a result of the pressure that both people and the planet are facing.

In 2020 these priorities remain, but now brands are faced with an additional layer of complexity as they navigate, react and adapt to ecommerce acceleration and an increased consumer expectation that brands propagate a diverse and inclusive society.

The short-term effects of lockdown saw a surge in ecommerce uptake as shoppers tried to avoid leaving home. Insight from ecommerce and data analytics platform Edge by Ascential shows store traffic is dramatically down, overall spending is in decline and online shopping is increasing.

Alongside these changes, we are witnessing category shifts, with search terms for COVID-19 essentials winning the top search ranks. In a financial context, the surge in online shopping caused by the COVID-19 pandemic is expected to add £5.3 billion to UK ecommerce sales this year to make a total of £78.9 billion.

So how can brands make the acceleration in ecommerce their success story? There are some fundamental checkpoints, such as brand building with a long-term view, creating humanity and purpose and the ability to be agile.

In WARC's recent Lions Live session, David Tiltman, vice president of content, offered three clear actions for marketers: transform performance marketing and eliminate friction between advertising and purchase; resist the shift to short-termism; and fundamentally reassess the experience you can offer as a brand. The importance of the brand experience is particularly interesting because getting closer to the supply chain will be an integral element of delivering this experience.

When Tiffany Lilze, senior ecommerce supply director, North America, at Procter & Gamble, spoke at Lions Live, she highlighted the importance of using the supply chain

as a top-line growth driver, advising marketing and the supply chain need to be hand in hand. "One of the most important things that a marketer can do is drive demand, but if that product is not available at the right time in the right place to shift to the consumer, then we have definitely failed together as a unit," she said.

Furthermore, as part of the WARC COVID-19 Series, the advice to brands looking to drive ecommerce revenue is to learn from past recessions and ensure their tech and supply chain are in a place to deliver. We know learning from the past and the application of this knowledge to current situations is crucial, but we must also factor in the future, and a careful use of both will help brands and retailers ride the waves of this acceleration.

In their recent report *Future Consumer 2022*, trend forecasting company WGSN identified two global sentiments – fear and desynchronised society – predicting these mindsets are set to impact the future consumer landscape. In response, to continue to remain relevant, new thinking in terms of a brand's overall online environment will be critical. Already, innovative companies are decluttering the customer experience, investing in new livestream and conversational commerce, and trialing new formats such as livestream shopping events to drive sales and social return on investment (ROI).

So, while change will continue at pace, what's clear is the winners will be those marketers who adopt a positive mindset, as what we really have is opportunity. Opportunity for brand-building, opportunity to create first-class consumer experiences and opportunity to increase ROI. The landscape may be radically changed, and still changing, but as marketers we can, and must, embrace this to our advantage. ●

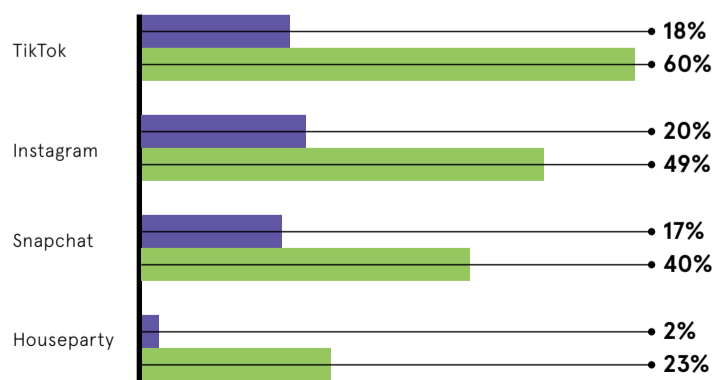


Anna Reeves
Chief marketing officer
Ascential Group, owner of Cannes Lions

SOCIAL SURGE

Percentage of UK children using social media before and during the pandemic

● February 2020 ● April 2020



Qustodio 2020

Why experiences matter to the changing consumer of 2020

Ongoing reverberations from the coronavirus pandemic are dramatically reshaping what customers expect from their interactions with brands. As behaviours continue to shift, businesses that prioritise experiences at a corporate and local level will emerge stronger

Ongoing reverberations from the coronavirus pandemic are dramatically reshaping what customers expect from their interactions with brands. As behaviours continue to shift, businesses that prioritise experiences at a corporate and local level will emerge stronger.

Though it's not over yet, 2020 has already delivered a year of seismic change for businesses.

In a short period of time, the locked-down nature of the response to coronavirus has forced companies to accelerate their digital and ecommerce capabilities, while ensuring they deliver brand communications and experiences that support customers in a relevant, human way.

Where marketers are operating in an era of uncertainty, so too are consumers.

Amid a decline in consumer confidence and reduced purchasing power, a global economic downturn is developing. A recent study from the American Association of Advertising Agencies found this environment is also driving changes to long-held habits.

Almost half (49 per cent) of people say they're avoiding eating out, while 27 per cent are ordering food delivery and/or takeout. Some 44 per cent say they aren't comfortable going outside for non-essential items and another 37 per cent say they are buying online instead of in-store.

What is also clear, though, is consumers believe businesses have a key role to play in responding to the crisis, especially at a local level.

The same research found 56 per cent of people are happy to hear how brands are helping communities in response to the pandemic. A further 43 per cent find it reassuring to hear from companies they know and trust in uncertain times.

Brands that adapt to these changing expectations and experiences designed

to onboard new customers and retain current ones will be in a better position for the post-COVID-19 world and long-term changes that will come with it.

Customers in flux

"Customers are now demanding an experience that, in many ways, transcends product," says Jay Dettling, chief executive officer of independent global marketing technology and services firm Ansira.

Dettling observes that even pre-COVID-19, there was a distinct pivot away from brand loyalty being forged by differentiation or value. Instead customers are now buying into what businesses stand for and the frictionless experiences they can provide, whether that's using an app to order groceries or asking Alexa about store opening times.

In this moment, however, a primary barometer of brand experience for customers is how organisations are stepping in to take care of them at a time when they feel uncertain about what the future holds, and health and wellbeing is a priority.

Dettling says: "How a brand interacts with its customers in terms of health and wellness has really risen up the importance chart. Companies that have demonstrated real empathy for customers and put that in front of profit have stood apart."

Building experiences that make people feel as though their health is a priority are now essential for the likes of brick-and-mortar retailers and restaurants.

Solutions might be as simple as implementing frictionless payment systems and clearly communicating in an on-brand way how social distancing rules will be adhered to in physical spaces.

However, those that get the balance right will ultimately reap the rewards. Ipsos' *Consumer Health and Safety Index* from May 2020 shows 62 per cent of Americans will stop

shopping at retailers that are not taking health and safety seriously. Some 24 per cent say they would pay 10 per cent more for products at stores doing a superior job with health and safety.

The new customers aren't just focused on health either, they want reassurance in other areas.

So brands have a once-in-a-lifetime opportunity to use experiences to build a deeper connection with consumers or risk losing the relationship forever.

Local lens

For Andy Arnold, executive vice president of Ansira Channel, who has experience across the automotive, consumer packaged goods, retail, hospitality and technology industries, COVID-19 is shining a light on an experience gap that can be plugged by approaching marketing through a local lens.

Customers, he says, have grown accustomed to the way titans like Amazon and Starbucks have disrupted the market and, amid the pandemic, they've come to expect those same seamless experiences from smaller, more local brands.

"Before, customers might have tolerated it if your company was the local grocery store and it was easy to walk to or access. So it wasn't necessarily critical for you to have digital touchpoints or contactless ordering," says Arnold.

"However, COVID-19 has really illuminated the brands that are doing those things, leading customers to realise someone else is doing it better than you, because they're focused on a more holistic customer experience."

Following a pivot to shopping and ordering locally in lockdown, Ansira has seen an increased demand from local enterprises, franchises and dealerships to help them deliver local experiences with efficient media spend that accounts for supply chain impacts.

90%

of consumers expect it will be more than two months before routines go back to normal

More than

50%

expect it to be four months or more

McKinsey & Company April 2020

CONSUMER SENTIMENT ON BRAND COMMUNICATIONS DURING THE COVID-19 PANDEMIC

56%

I am pleased to hear about brands taking actions like making donations of goods and services

40%

I want to hear what brands are doing in response to the pandemic

43%

It is reassuring to hear from the brands I know and trust

15%

I do not want to hear from brands at this time

March 20, 2020. www.aaaa.org

“

Customers are now demanding an experience that, in many ways, transcends product

"Local has exploded," says Arnold, attributing it to several factors including the slate of new content required from local firms, from dentists to coffee shops, to relay basic information to customers and drive physical and digital footfall. In the

United States, where the government has taken a state-by-state approach, franchisees have also leaned into more agile media and search engine optimisation buying to ensure their messaging is right.

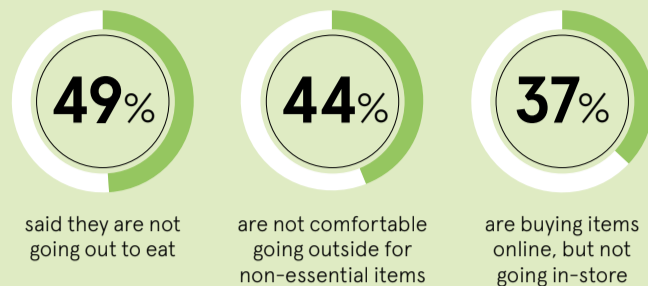
Kelly Jo Sands, executive vice president of Ansira Digital, says for local operators, franchisees and dealerships, cuts to brand budgets at a corporate level have forced a planning and owned-platforms rethink.

"With base budgets on hold, we've been giving brands with distributed ecosystems the tools to plus up local media in their area," she says.

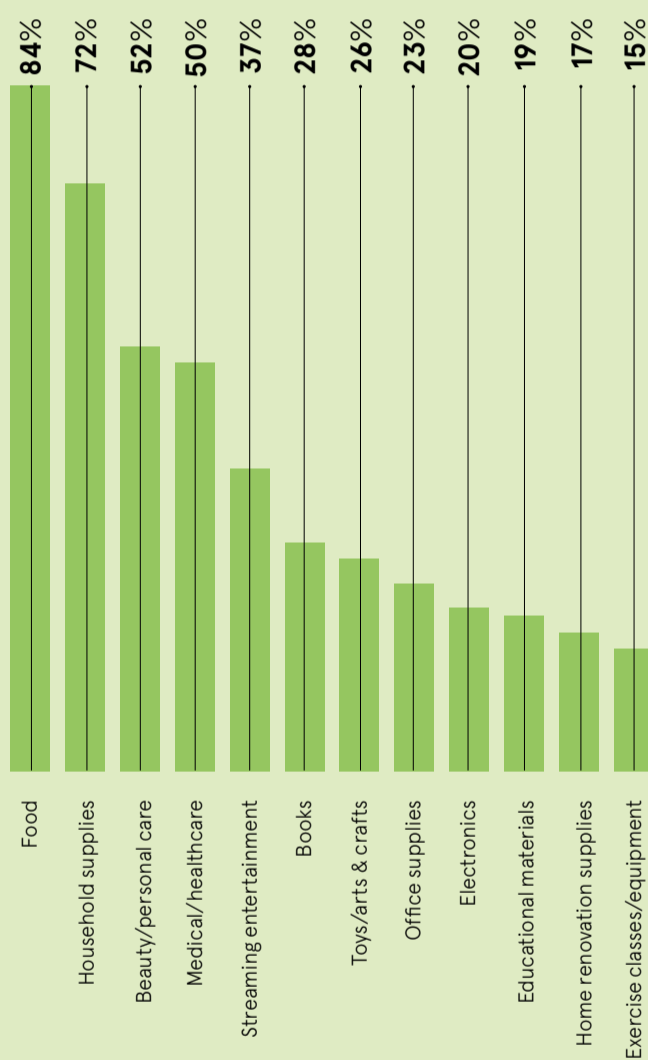
"Historically, verticals like quick service restaurants have looked

DAILY ROUTINES CHANGE

Coronavirus is affecting many aspects of people's lives. We asked in what ways the coronavirus is impacting daily routines.



ITEMS THAT SURVEYED CONSUMERS SAID THEY INTEND TO PURCHASE IN THE NEXT 30 DAYS



March 20, 2020. www.aaaa.org

at their websites as informational landing pads. Now they're finding this presence is super important so they can switch out the content to make customers aware of their opening times and the nuances of interacting with them in this period. It sounds quite operational, but it's so important."

Companies, local and national, are still in the acknowledge-and-adapt phase of the pandemic. However, for those looking to build customer experiences that lead to stickiness beyond the crisis, Dettling has some guidance.

"Businesses often fall into the trap of thinking they know their customer. But they should be asking themselves

whether they really do and thinking about how much they'd want you to spend on evolving the product versus how you interact with them," he says.

"Stay close to them, monitor their expectations and their levels of satisfaction."

It's certainly advice that transcends this moment in time.

For more information please visit www.ansira.com



How to build experiences for the customer of 2020

Digital transformation has been ushered in overnight across a wide variety of industry verticals, from consumer packaged goods to automotive, restaurant to travel, and it's forcing big shifts in strategy across the board

1 Bake technology into your business
The hospitality sector has faced fresh challenges daily since the novel coronavirus first took hold. Many restaurants and bars quickly pivoted to offer curbside pick-up and delivery in lockdown. "This is an industry that wasn't just impacted pretty hard by COVID-19, it also leapfrogged somewhat in transformation and how it got consumers to interact with its brands and consume its products," says Kelly Jo Sands, executive vice president of Ansira Digital. "A lot of our clients didn't have delivery tech, so we had to stand up those capabilities overnight and form quick partnerships with aggregators like DoorDash."

Though many have since reopened, savvy restaurant owners and franchisees are adapting to their next-normal and embracing the models they built in lockdown.

Among them is sandwich chain Panera Bread, which quickly suspended its coffee subscription fees and extended the offer expirations for its successful MyPanera loyalty programme. In early-April it also launched a grocery concept. To ensure it stayed relevant to customers, the brand worked closely with Sands' team to push out cross-platform communications multiple times

a day that optimised against the changing dynamic. Panera had built up a solid tech stack over the years, which facilitated this integration and allowed it to keep customers up to date and cement its presence in the local community.

2 Keep in touch
The World Travel and Tourism Council, which represents major global travel companies, is projecting a 2020 global loss of \$2.1 trillion in revenue for the industry.

For companies operating in the vertical, there's been a fundamental shift to how they do business, but also an opportunity to rethink the experiences they offer customers.

Sands zooms in on the many nuances facing the travel industry: "You have travel restrictions globally, then social distancing measures on the plane or on the bus, then you get to a local level where there are different restrictions there too."

She believes maintaining a tailored, open line of communication with customers will ensure travel brands are well placed to compete in the new travel landscape. Ansira and its client, the Aruba Tourism Authority, had to spring into action when the southern Caribbean island shut down at the start of lockdown, but the consultancy continued to connect with customers throughout this period, having already revised the Authority's visitor segmentation and modelling. The thinking behind this was to enable the client to send more personalised, relevant content to prospects via a global email platform that deploys communication in nine languages across 120 countries.

3 Put the customer in the driving seat

The automotive sector has also proven itself to be ripe for disruption in recent months. In the UK, new car registrations fell 44 per cent in March, which is a steeper drop than during the 2008 recession and the worst since 1999, according to the Society of Motor Manufacturers and Traders. It was a similar picture across Europe, with new car sales falling 85 per cent in Italy, 72 per cent in France and 69 per cent in Spain over the same period. In the United States, the figure declined by 35 per cent.

With customers reluctant to make big-ticket purchases in an economic downturn, car dealerships have also come up against another issue: people have been unable to visit showrooms and test drive due to government-enforced closures. However, Andy Arnold, executive vice president of Ansira Channel, has been helping Ansira's cohort of auto clients and partners, which includes Honda, improve the experiences they offer to customers. Pointing to capabilities such as virtual walkarounds, digital purchase, and pick-up and drop-off test-ride services, Arnold says cutting-edge dealerships in America were already offering this holistic customer experience and now the entire industry is playing catch-up.

"There's a lot of pressure and incentive from the brands to have dealerships come along and offer these features, because that's the new expectation from customers," he says. "We're seeing a big wave of momentum to make those things happen."

MARKETING

The next step for emotive advertising



Matthew Chattle/Barcroft Media via Getty Images

Brands have been using empathy in advertising to show how they're supporting customers during an uncertain time. But as we exit lockdown, are audiences hungry for more than a simple expression of solidarity?

Rebecca Stewart

As people sunk into sofas across the globe in lockdown, the ads that flickered on their TV screens started to follow a very similar template.

Most early coronavirus campaigns opened with the melancholy tinkle of a piano, playing behind a montage of empty public spaces. This was usually followed by a timely reminder of how the brand has been with the customer throughout history. Mentions of unprecedented times, coupled with a promise to help people stay connected, also rang out, before the music reached a crescendo.

This was a format adopted by Apple, Budweiser, Fedex and countless others as they flocked to create an emotional connection with customers. YouTuber Microsoft Sam even made a supercut, entitled *Every COVID-19 Commercial Is Exactly The Same*, highlighting the clichés of coronavirus advertising.

But has it had the desired effect? In 2019, empathetic advertising was nearing exhaustion levels as brands such as Gillette, Nike and John Lewis turned to sentimental, purpose-driven creative. A new deluge of seemingly formulaic, emotionally charged ads has now put customers at risk of empathy fatigue.

Yet there's still a place for emotional advertising if executed authentically and at the right time.

"Empathy gives brands a window into the emotional map of customers and helps them design products, services, messaging and a value proposition that can foster emotionally engaging relationships," explains principal Forrester analyst Dipanjan Chatterjee.

Recent Kantar data, drawn from 100,00 people across six markets, found consumers have indeed been seeking reassurance from brands since the start of the pandemic. Some 77 per cent want advertisers to talk about how they've been helpful in the new everyday, while 75 per cent would like to stay informed about brands' reactions to the situation.

According to Aoife McGuinness, neuroscience consultant at brand agency HeyHuman, which works with the likes of Oreo, the effectiveness of empathetic advertising follows a u-shaped curve.

"At the height of the crisis, people responded quite favourably to it, seeking familiarity and security in uncertain times. But over time, and as people's emotional resilience has grown, content that pulls on the heart strings with 'we're here for you' messaging doesn't connect as well," she says.

McGuinness highlights how brands that have followed a "don't say, do" approach rather than relying on baking empathy into their advertising are emerging stronger.

Diageo and BrewDog, which both used their alcohol production facilities to produce much-needed hand sanitiser in April, are working examples. The *YouGov BrandIndex* shows BrewDog enjoyed an uptick in its reputation score of 5.8 points since March.

Author on brand purpose and founder of Goodvertising agency Thomas Kolster agrees the companies that will emerge stronger from this period are those employing empathy in a way which underscores what meaningful role their brands can contribute to society.

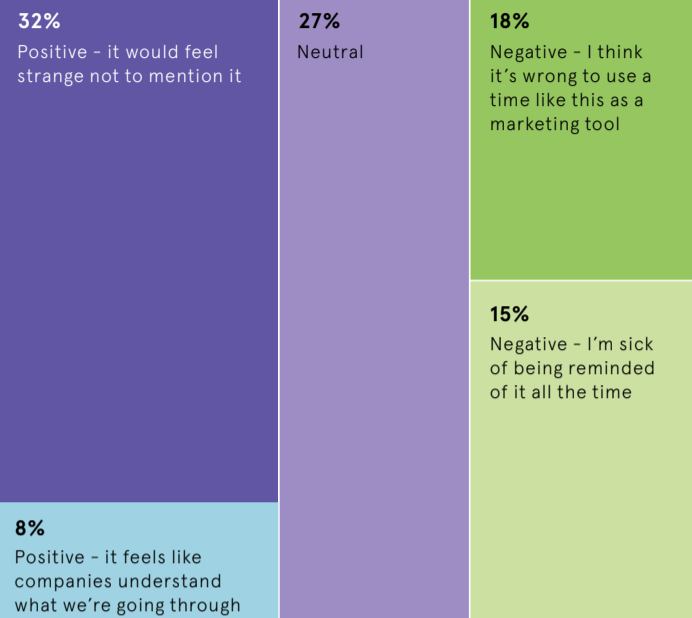
"This is a crisis, a war against a pandemic, yet most brands went with an emotional, violin-filled message of hope and optimism featuring beautiful product shots. It's like putting honey on an open wound. It's less about bragging and more about doing," he says.

However, it is not only empathy or a higher sense of purpose that

KFC removed its iconic slogan 'It's Finger Lickin' Good' as a result of the pandemic

EMPATHETIC ADVERTISING

How people felt about brands who feature the pandemic in their advertising, with messaging such as "all being in this together" or "we're here for you"*



*Survey of Raconteur readers and social media followers
Raconteur 2020

have been driving purchase decisions in the current climate, as former Unilever marketing exec and chief executive at indie ad group The Beyond Collective, Zaid Al-Zaidy, points out.

He observes how consumers turned to familiar, comfort brands in the early weeks of lockdown. Premier Foods, makers of Mr Kipling, Bisto and Ambrosia, reported a 15.1 per cent UK sales increase within the first three weeks of restrictions taking hold, for instance.

"So, while some advertisers played on qualities within an empathetic strategy, not all did so overtly," says Al-Zaidy. "Reassurance and comfort are empathetic qualities that can be, and often are, built by a brand more subtly, by being present and consistent, and so dependable over an extended period."

Context, of course, is also paramount in appealing to customers' myriad emotions. When COVID-19 first struck, multinationals such as Coca-Cola quickly froze ad spend. The World Federation of Advertisers recently found 61 per cent of global marketers plan to hold back on investment until the end of 2020. However, with media buyers now moving from crisis reaction mode into a more pragmatic response phase, there are big considerations around planning and agility.

McGuinness at HeyHuman identifies KFC as a brand that has gone "from zero to hero" over the past three months on this front. Mid-March, the chicken chain dropped an unfortunately timed campaign that had been designed to spotlight the deeply satisfying post-KFC finger lick, just as health organisations around the globe continued to stress the importance of hand-washing.

Then public mood shifted. As people adapted to the new normal and the UK market felt ready for a more humorous take on lockdown,

KFC spotted an opportunity. True to form, it returned with the social media campaign *Rate My KFC*, which encouraged people to make their own fried chicken meals in lieu of stores being open. It then announced its reopening with the *We'll Take It From Here* TV ad, featuring the best and worst attempts submitted.

"Humour is healing; laughter in tough times is cathartic, relieving tension and stress, and helping us take back control and connect with others," says McGuinness.

Other brands too have managed to illicit similar praise for reactive, off-the-cuff responses to news stories throughout the crisis. BrewDog is among them. The brand unveiled a Barnard Castle Eye Travel ale inspired by the lockdown travels of prime minister Boris Johnson's chief adviser Dominic Cummings. The "short-sighted beer for tall stories" is donating all profits to its NHS sanitiser production line, showing a perfect understanding of agility and authenticity for the now.

Forrester's Chatterjee argues that the best campaigns have addressed whatever pressing needs customers have in the context of the pandemic, made a promise and followed up on it. At the outset of lockdown, Ford ran ads offering financial relief programmes, allowing deferral on new car purchase payments. Some 58 per cent of US viewers reported a positive change in perception of the car marque after seeing the ads, according to Ace Metrics.

Chatterjee says, as we emerge from lockdown, companies that implement strategies built around a deep understanding of their customers' situations will see an "evergreen" effect. "Not so evergreen are flimsy, superficial executions of 'empathy' in the form of inauthentic messaging, which appropriates the crisis to spout words of consolation that are seldom backed up by actions," he concludes. ●



Reassurance and comfort are empathetic qualities that can be built by a brand more subtly

Empathy must become the next normal for brands

In a world where nothing is certain, customers want brands to show their human side and deliver personalised, empathetic experiences across every touchpoint

Beyond the coronavirus pandemic, it is difficult to pinpoint a global event that has ever created such a unified experience. As individuals, communities, employers and businesses muddle through the uncertainty together, one thing that is becoming ever clearer is customers want to use their purchasing power to reward brands that demonstrate empathy.

A recent Ipsos Mori poll, commissioned by PepsiCo North America, shows that nine in ten US consumers want brands to show empathy through their behaviour. A further 86 per cent say showing empathy is critical to fostering loyalty.

A separate retail study from customer engagement platform Braze offers insight into how consumers are choosing where to spend their money amid COVID-19.

The data, drawn from 8,000 global consumers, reveals brand values and corporate empathy are playing an increasing role in people's decisions to open their wallets, with just 10 per cent of consumers now viewing "familiarity" as a top consideration when deciding where to shop.

In sharp contrast, 91 per cent see retailers' responses to the pandemic, especially towards employees and customers, as an important criterion.

Brands, from Facebook to Ford, have been quick to tailor their above-the-line communications to highlight just how they can be a source of support to customers during this challenging time. James Manderson, general manager and vice president, customer success, for Europe, Middle East and Africa, believes this messaging needs to trickle down to every brand touchpoint customers encounter in their journey, whether it's an in-store transaction, a push notification or an email landing in their inbox.

He says COVID-19 has created a "wallpaper effect" where some retailers have felt the need to insert themselves into consumers' lives without considering the context and using the data at their fingertips to guide their strategy.

"Brands that consumers hadn't heard from for a long time felt the need to email them and let them know they were there for them. Right now, companies need to be reading and listening to customers," Manderson says. "Even beyond COVID-19 there's increased scrutiny about how brands behave."

And he's right. Pre-pandemic, the *Braze Brand Humanity Index* study conducted by Forrester, found people were 54 per cent more likely to engage with a brand when it effectively demonstrated human communication. Some 57 per cent were more likely to purchase from a brand that did so and a further 57 per cent were more likely to remain loyal to that brand.

Using context to add a human touch

How then can companies show their human side in an uncertain market as they clamour for attention with other brands and try to cut through the platitudes?

For Manderson, COVID-19 has first accelerated the need for digital transformation and a starting point for businesses looking to make that emotional connection with customers is to build the foundations for strong online relationships.

“Brands need to stop seeing personalisation as a nice to have, but rather table stakes

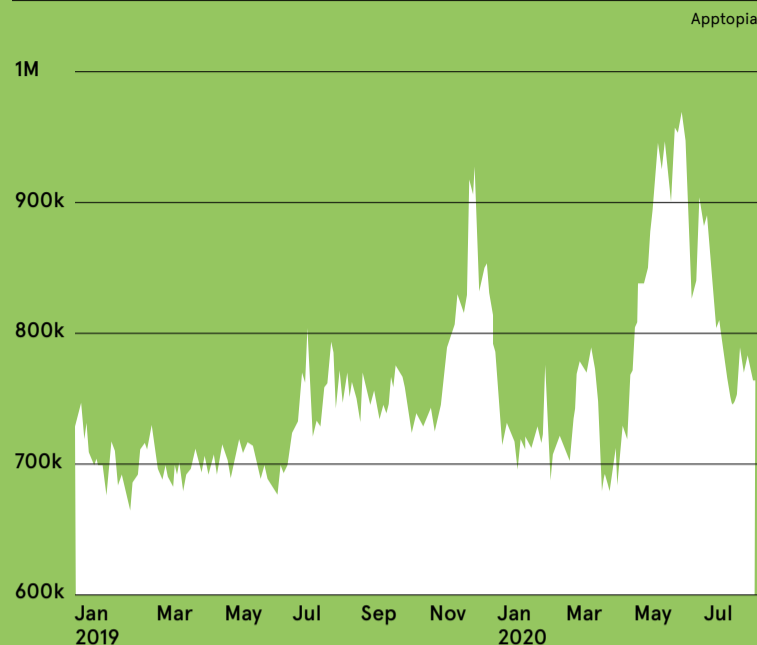
TOP REASONS CONSUMERS PREFER TO SHOP ONLINE



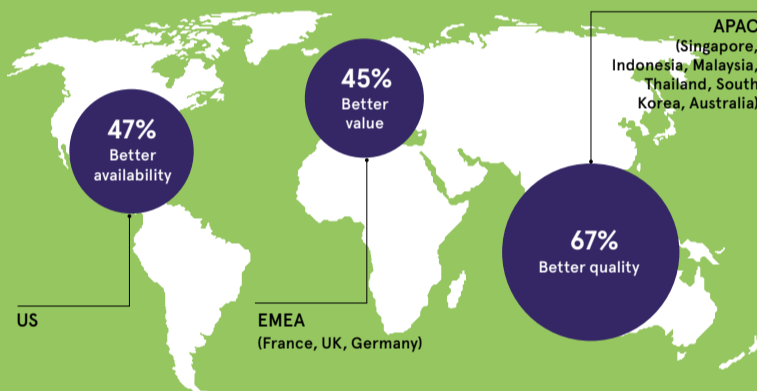
USERS ACQUIRED VIA MOBILE



DOWNLOADS FOR THE TOP 30 RETAIL APPS



TOP REASON FOR REPURCHASING FROM A BRAND, BY REGION



“Brand values and corporate empathy are playing an increasing role in people's decisions to open their wallets

He points to Braze data which shows that 83 per cent of consumers will shop online as much or more than during the height of the pandemic, even as lockdown restrictions ease. This has been supported by a 62 per cent rise in mobile acquisition. What's more, these new customers aren't just browsing on their smartphones, they're buying there too, with people acquired via mobile being ten times more likely to make a purchase and twelve times more likely to make a second purchase.

Though they must be agile with the communication they're pushing to customers, brands must also use analytics to inform the context, says Manderson.

"Data is critically important here. Technology allows you to better understand the interactions you have with customers: what are they browsing, what's in their basket, what are they viewing, how are they interacting with an app? Having an intimate understanding of all that allows you to act in context," he says.

Prioritising personalisation and purpose

In a world where customers have increasingly high expectations of their interactions with brands, personalisation is also key to delivering empathetic experiences.

Before the pandemic, Epsilon surveyed 1,000 people and found 80 per cent were more likely to make a purchase when brands offered personalised experiences. A separate report from BRP Consulting found 64 per cent of consumers were fine with retailers saving their purchase history and preferences if it enabled them to offer more personalised experiences.

With increasing urgency, personalisation must become the next normal for brands, argues Manderson.

"Brand experiences must become as close to human conversation as possible. When you talk to someone in person, you listen to what they're saying and react accordingly. That principle is fundamental to getting this right," he says.

Amid the pandemic, brands that have used Braze's personalisation tools to tailor messaging to fit the preferences of each audience segment have seen a 28 per cent uptick in conversation rates. Manderson points to the Thoughtful Marketing Movement as something brands can learn from amid the pandemic.

Created by flower delivery brand Bloom & Wild and supported by others such as Wagamama, the initiative allows customers to opt out of receiving

communications on big calendar dates, like Mother's Day, which some customers find difficult.

"That's an example of a brand listening to signals from customers, understanding the mechanics of the data and acting on it. Bloom & Wild has a set of values that are important to them as a brand and the Thoughtful Marketing Movement reflects that," says Manderson.

Post-pandemic, brands need to stop seeing personalisation as a nice to have, but rather table stakes, he believes. His team has been providing agile technology to clients that is allowing them to understand and react in a time when nothing seems quite certain.

"When we talk about humanity and personalisation in our industry, the phrase 'the new normal' keeps cropping up. But it's not the new normal anymore, it's just normal," Manderson concludes.

"The impact of the crisis is being felt everywhere and what's going to be left after it is a really high expectation of what brands can deliver. Personalisation is how you gain that human touch."

For more information please visit www.braze.com/resources/library/guide/2020-the-future-of-retail



HOSPITALITY

Kickstarting a restaurant resurgence

Government initiatives to reinvigorate an ailing hospitality sector have helped many restaurants stay open over the past month, but some warn recent measures don't go far enough

Emily Seares

The coronavirus pandemic has presented a huge challenge to the hospitality sector, among the hardest hit by the health crisis. As the world struggled to gain control of an unprecedented global event, consumer spending nosedived and restaurants lay empty.

According to the latest Office for National Statistics figures, output shrank 86.7 per cent in the accommodation and food services in the three months to June, with the overall economy shrinking 20.4 per cent and the UK subsequently collapsing into recession.

"The restaurant industry is hurting in a massive way," says Ryan King, editor in chief of online food magazine *Fine Dining Lovers*. "It's one of the biggest shocks it has ever seen. Having a restaurant with zero customers



Diners sit at tables in a closed-off road in Manchester, allowing restaurants to increase outdoor seating as part of the "Eat out to Help out" scheme

for a prolonged period of time; it doesn't get much worse."

Around 80 per cent of hospitality firms stopped trading in April, with 1.4 million workers furloughed, the highest in any sector.

New data from Barclaycard, however, has revealed some green shoots in consumer spending, with restaurants, alongside bars and pubs, seeing a positive uptick from previous

months. In July, they saw year-on-year falls in spending of 64.2 per cent and 43 per cent respectively, compared to declines of 86 per cent and 93 per cent in June.

To bolster a beleaguered sector, the UK government announced a number of initiatives designed to directly kickstart consumer spending. On August 3, it launched Eat Out To Help Out, with diners seeing

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Having a restaurant with zero customers for a prolonged period of time; it doesn't get much worse

their bills slashed by 50 per cent, up to the value of £10, meaning a family of four could save up to £40 a meal.

The Eat Out to Help Out scheme was one of a number of government-led measures designed to support the ailing sector directly, others included a VAT cut, business rate holidays and government hospitality grants.

The UK's targeted approach is in contrast to a number of other countries that have opted to stimulate consumer spending across all sectors and in more indirect ways.

"A cleaner option is to give people money in their pockets, so they can decide what they should spend it on," says Florian Hense, European economist at Berenberg bank. "In the United States, people have had a lot more unemployment benefits, but the US knew these people would spend the money."

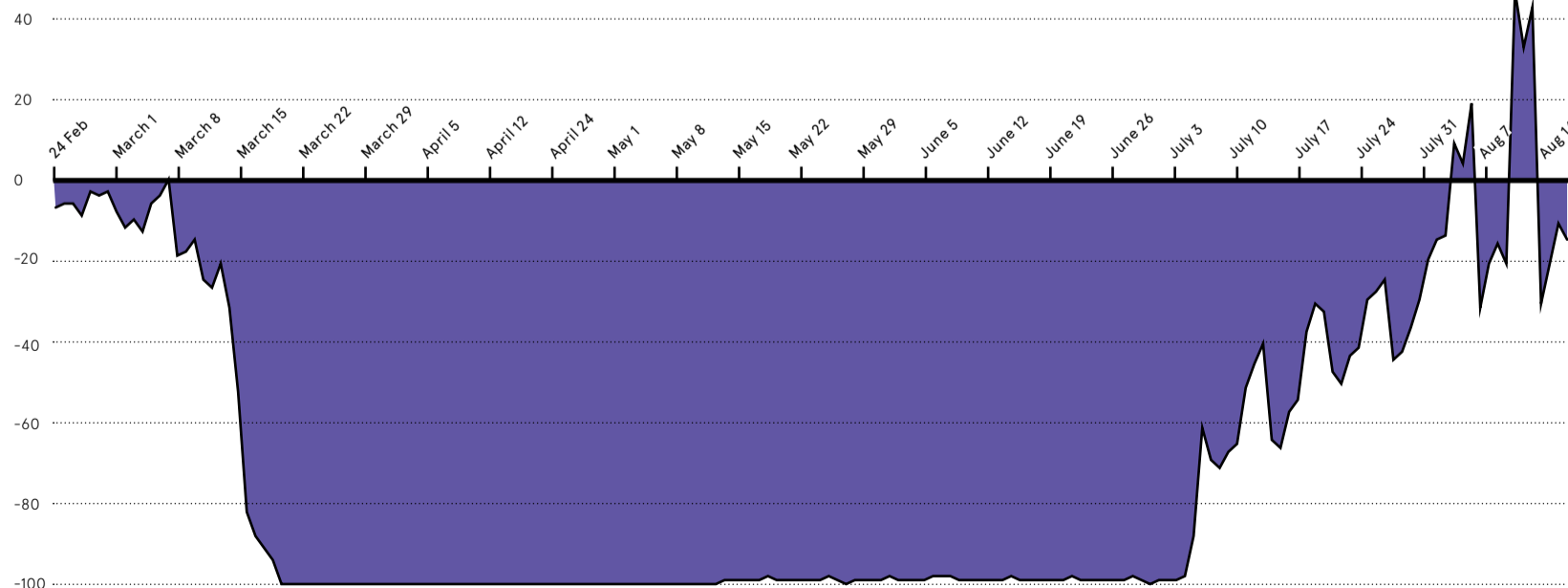
In Germany, they opted for blanket VAT cuts across all sectors, in addition to more generous and lengthier furlough schemes, mirrored by France and the Netherlands. However, the downside of these more indirect methods is, even with additional money in their pockets, it doesn't mean consumers will go out and spend it.

"The undermining factor in all this is the fear factor," says Carsten Brzeski, chief economist for the eurozone and global head of macro for ING Research. "Governments can introduce measures to increase

DINERS ARE STARTING TO RETURN

OpenTable 2020

Year-over-year daily change in seated UK restaurant diners (%)



purchasing power and income, such as a reduction in taxes on labour so employees have a higher net income, but this won't get rid of underlying uncertainty, whether that's health or uncertainty about futures."

Some would argue that the more targeted government measures are, the more they incentivise consumers, particularly in the hardest-hit sectors. And on one level this strategy, favoured by the UK government, seems to work. More than 35 million meals were enjoyed by diners across the country in the first two weeks of the government's Eat Out to Help Out scheme, according to figures published by the Treasury.

Food magazine editor King says: "It's been a great headline and it plays well to voters. It's so simple to sign up and good news for restaurants and diners, as both will benefit." Broadcast widely across social media and highly publicised in the media, it enticed people out to visit restaurants and the high street once again.

Figures from Springboard, which measures footfall, reveal the number of people in retail venues after 6pm on August 3 was almost 19 per cent higher than the previous week. The number of visitors during lunchtime hours was up by 10 per cent.

However, King warns that the policy itself does not go far enough. "It's good if you run a fast food chain, with a low value cheque; customers will be getting a half-price meal. But not so good if you're an independent restaurant, with an average order value of about £40 or more," he explains.

According to new data from Visa, 40 per cent of hospitality, food, drink and franchise businesses have had to adapt their business model during lockdown to tackle changing consumer spending needs. And the restaurants that have pivoted appear to be showing signs of success.

Whether it's launching a takeout or takeaway operation that didn't previously exist, or "makeaways" which tap into the consumer lockdown trend for cooking at home, restaurants have stayed connected with their customers through new revenue streams.

"As a café that relies on people socialising in the local park, we were faced with a real challenge," says Antony Wilson, owner of Level Café, Brighton. "We had to quickly adapt to changing consumer needs, so we started selling make-your-own pizza kits and were inundated with orders.

"Since the success of the pizza kits, we now sell coffee packages and Italian essentials kits, and having them all online has allowed us to upsell these products together. Whereas previously people were only buying one singular kit, customers are now buying multiple packs and we've seen an increase of 50 per cent on these add-on products."

In encouraging news for the hospitality sector in general, one in three consumers told Barclaycard they are looking to support the industry actively where they can.

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A cleaner option is to give people money in their pockets, so they can decide what they should spend it on

Of this group, 36 per cent are now dining at restaurants, 28 per cent are going out for drinks and 34 per cent intend on taking advantage of government initiatives.

"If you're agile and can jump on the technology, tech can save so many businesses," says brand experience agency Tribal Worldwide's executive creative director Victoria Buchanan.

Speaking on an Econsultancy panel, discussing what's next for hospitality, she pointed out that restaurants that have embraced technology are the ones most likely to weather the storm. "Those with an e-commerce offering survived the best during the lockdown, while many quickly partnered with firms like Deliveroo and were able to shore themselves up that way," she explained.

During April, May and June, delivery firms reported a 50 per cent increase in breakfast orders and an 80 per cent rise in lunch orders, according to a new report by McKinsey & Company.

Although working from home has dampened restaurant footfall, especially in office-heavy areas, it has also created new opportunities. Data from Deliveroo reveals that Friday and Saturday night orders were up 36 per cent across Europe, compared with pre-lockdown numbers, and the increase is likely to continue at least in the near term. In the UK, they were up more than 40 per cent.

"Mobile technology represents a key solution to a number of the challenges posed in the hospitality sector," says Will Broome, chief executive of retail shopping app Ubamarket. "Not only does it monitor consumer demand, it also provides a solution to increased safety and hygiene concerns, by enabling features such as in-app payments, remote ordering and personalised discounts."

Effective use of data enables restaurants to improve the dining-in experience for consumers. For instance, before a meal, restaurants can target nearby consumers by personalising digital offers or promotions. After the meal, restaurants can engage with consumers via feedback requests or with a rewards programme.

"Our experience suggests that in the context of the pandemic, customer experience leaders are likely to do well," according to the McKinsey study. "During the global financial crisis of 2008, restaurants that were leaders in customer experience came out top, delivering approximately three times greater cumulative return to shareholders." ●

Three restaurants adapting to the times

The Black Swan, Oldstead

Acclaimed chef Tommy Banks had to think on his feet when forced to shut his Michelin-starred Yorkshire-based restaurant The Black Swan, in March, alongside sister restaurant Roots, as a result of coronavirus.

In early-April he launched Made in Oldstead, a new premium food box service, offering three-course meals designed by Michelin-star teams, delivered direct to customers' homes. The boxes include ingredients grown both on and around the Banks' family farm and by the restaurant's local suppliers. Menus change weekly and customers can order cocktails and drinks too.

"The uptake has been phenomenal," says Banks. "We've had some people order them every week since we started. It's been a way to stay in touch with our customers, but also a whole new revenue stream for the business. There have been Zoom dinner parties, but also customers ordering for special occasions or couples with young children who don't have to arrange childcare," he adds.



After success locally, the service has expanded nationwide and they now deliver more than 500 boxes a week; boxes start at £75. "From a business point of view, when you own restaurants you have all your eggs in one basket," Banks explains. "We needed to make a new business, but one that would still fit with the ethos of the restaurants. A huge amount of thought has gone into the development of the dishes. It's gourmet food at home."



Kahani, Belgravia

Indian restaurant Kahani, in London's Belgravia, opted to bring the fine-dining experience to customers' homes, with a number of initiatives debuted during lockdown to help maintain engagement with its client base and stay afloat.

Chef patron and co-owner Peter Joseph explains: "As a high-end, independent restaurant, we did

not really benefit from the government's schemes, apart from the reduction in VAT. We have, however, launched new ways of dining with Kahani to retain our loyal customers and gain new ones."

These initiatives include Kahani at Home, where Joseph cooks a three-course meal for customers in their home, complete with sommelier and cocktails. In addition to home-teaching private dining parties, where clients can cook the meal alongside Joseph and his chefs, there are BBQ boxes, tapping into the new "makeaway" trend for home-cooking.

To reward customer loyalty, he also devised a so-called Red Envelope Campaign, hiding three envelopes in Kahani takeaways each month with prizes for customers to win. "After Red Envelope launched, we saw a 30 per cent increase in orders," says Joseph.

Launching new revenue streams has offered a buffer to the loss of sales from closure of the restaurant. Joseph says he is now down only about 20 to 30 per cent year on year, as a direct result.

Top Cuvée, Highbury East

Described as "hip Highbury newcomer" when it launched in February 2019, neighbourhood restaurant and wine bar Top Cuvée moved into retail to help plug the loss of sales after its sudden closure in March.

Owner Brodie Meah launched Shop Cuvée, a new online wine delivery and subscription box service to maintain links with its client base, while tapping into the growing trend for home-drinking.

With a focus on natural wines, without "excessive use of chemicals in the vineyards", he relaunched the website and offered next-day delivery on all wines, with a bicycle same-day service anywhere in London, including parks.

"It was the perfect storm," says Meah. "The demand for wine delivery was up and the market was there. The repeat customers have been 60 per cent a week, which has been a huge indicator of its success."



He says the new launch has offered a great avenue to attract new customers to the business. "If you live in a small town in North Wales, you can't visit the restaurant, but you can buy some wine from us," says Meah.

The project has been so successful that this September Shop Cuvée is due to launch its first bricks-and-mortar site, just around the corner from the restaurant.



Peter Cade/Getty Images

DATA

Consumer buy-in remains pivotal to personalisation

Real-time insights are essential to adapt to a changing consumer landscape, but companies that ignore trust and transparency as part of the process are risking it all

Oliver Pickup

The advice that “trust takes years to build, seconds to break and forever to repair” is attributed to an anonymous sage, which is good news for the sage because the dearth of real-time data means they’ll escape an endless stream of personalised ads.

But it’s wisdom that brands would do well to heed. Now more than ever, given that consumer trust is so difficult to earn and easy to lose, and organisations are becoming increasingly reliant on customer data to manage sales.

The *Edelman Trust Barometer Special Report*, published in late-June, found that, after price, the most critical factor in a customer’s purchasing decision is trust. “If trust is a key consideration for consumers, it must be a key consideration for brands,” says Henk Campher, vice president of

corporate marketing at social media management platform Hootsuite.

However, consumer trust has been eroded in the last six months if engagement from brands has been lacking, or tone deaf, according to new Pegasystems research, which reveals the extent of damage the coronavirus pandemic has caused for businesses’ relationships with their customers.

More than a third (36 per cent) of respondents say they lost existing customers during the pandemic due to failings in their communications. And a similar number (37 per cent) admit to communicating at least one message that was poorly received and dented brand reputation.

It’s not easy for brands, though. The January *State of the Connected Customer* report from Salesforce highlights a rise in consumer expectations, while stressing four in five consumers won’t buy from companies they don’t trust.

The research shows almost three quarters (73 per cent) of customers think companies should understand their needs and 78 per cent expect consistent interactions across departments. And to make that work, real-time data is required.

“Brands that deliver connected, multichannel and personalised experiences will earn consumers’ trust,” says Adam Spearing, Salesforce chief technology officer for Europe, Middle East and Africa.

“Having a 360-degree customer view is crucial for enabling brands to have more personal and contextually aware interactions with customers. For retailers, this may be understanding the most appropriate time to

offer customers in-store or online discounts. Whereas manufacturers can get ahead of demand based on what customers usually order at a specific time of the year, based on decades of data intelligence.”

And if companies can use real-time data to communicate with customers at particular times, and it feels sincere and authentic, then brownie points will be won. “Brands can build trust through meaningful interactions with their customers, anticipating their needs and delighting them,” says Spearing. As an example, he lauds Premier League football clubs that send personalised messages from star players to supporters on their birthdays.

“The more valuable an interaction is for a customer, the more inclined they will be to continue to trust a brand to use their data appropriately,” he says, though warning there is “a fine line” to walk. “Only if brands use the data respectfully will they gain that trust.”

Andrew Hood, chief executive of data analytics consultancy Lynchpin, is equally ambivalent. “Personalisation perhaps feeds from trust as much as it drives it,” he says. “While I might be happier to share my data if I receive a better, more relevant experience in return, if I don’t trust you as a brand with my data in the first place, I might not feel confident enough to make the first move.”

M&C Saatchi’s senior art director Tom Kennedy is treading carefully and acknowledges the risk that comes with data-driven personalisation. “In January, Aviva addressed its whole email base as ‘Michael’, proving that with even the most basic data, mistakes can happen,” he says. “The assumptions, errors and insults will be amplified with each step more personal.”

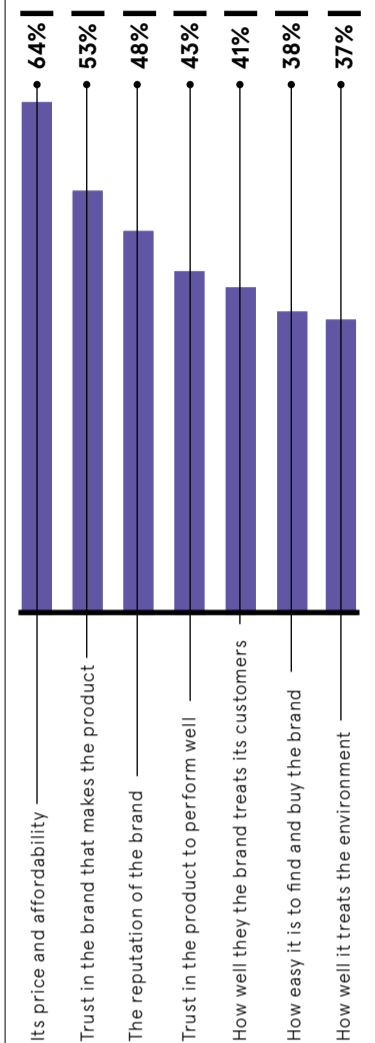
Hunting for real-time data can be viewed as insidious and creepy, and there are many instances where organisations crossed the line. Cassandra Moons, data privacy officer at navigation technology firm TomTom, recalls how in 2012 American retailer Target supposedly worked out a teenager was pregnant before her parents through data mining. “Knowing intimate details about your customer that they have never told you can make people very uncomfortable,” she says.

More recently, consumer trust has been chipped away by serious data breaches. “Using data to personalise communications could be the tool that destroys people’s trust in advertising if not used smartly and respectfully,” says Megan Jones, senior planner at R/GA London. She points out that record numbers of people are using internet ad blockers and search engines protecting privacy, such as DuckDuckGo.

“Personalisation perhaps feeds from trust as much as it drives it

TRUST SECOND ONLY TO PRICE

Share of global consumers who focus on each brand attribute when...



Edelman 2020

“This shift is symptomatic of greater public understanding around data due to Cambridge Analytica’s influence in the Vote Leave Brexit campaign, as well as greater awareness of data privacy through the launch of the General Data Protection Regulation two years ago,” says Jones.

Because customers arguably cherish personal data more than before, she questions a market strategy founded on real-time data. “Almost a decade ago, easyJet stopped investing in Google search terms and moved that budget into more traditional media to deliver phenomenal results. The company saved £6 million a year and there was a 95 per cent rise in seat sales,” says Jones.

“Similarly, last year adidas’ econometric analysis showed they’d been relying on ‘personalised’ communications too heavily as it was the broad brand-building communication that got them the majority – around 65 per cent – of their sales. And let’s not forget that Amazon, hailed as an exemplary data company, was the fifth-highest investor in traditional media in the UK in 2019, with a spend of £114 million, £26 million more than the year before.”

Lynchpin’s Hood concludes: “Ultimately, privacy and personalisation, using real-time data, go hand in hand. And brands that are transparent with the former are more likely to be able to deliver on the latter effectively to their, and their customers’, benefit.” ●

Reducing costs while delivering powerful customer experiences

Budget cuts and ever-increasing expectations from buyers are forcing organisations to urgently re-examine how they run customer service. Process mining is enabling companies across the globe to highlight hidden inefficiencies in the way they operate, and empower rapid improvement

Customer service excellence has long been a core competitive differentiator for organisations across industries, but for most businesses the methodology for delivering it is often manual and inconsistent. Consumers are more inclined to spend money when they receive excellent and personalised experiences, while business clients demand, and pay for, contractually agreed levels of service. Companies are pushing to meet these expectations, while dealing with the enormous cost and operational pressures of the coronavirus pandemic.

This challenge becomes even more complex for businesses built on a rapid growth trajectory as they may be grappling with a growing breadth of customers, new services being sold, and customer knowledge dotted across multiple billing, sales and marketing systems.

In these conditions, companies need a more sophisticated approach to hitting targets for their key customer satisfaction scores, such as CSAT (customer satisfaction score) and NPS (net promoter score), while doing so at a lower expense. Many are turning to automated analysis of their operations, known as process mining, to identify any hidden inefficiencies and reveal how to solve them.

One company making strong progress in this area is Uber, the ride-hailing and delivery app, which relies heavily on maintaining a simple interface for customers in more than 700 cities across 63 countries. Uber's rapid growth had led to high data complexity that was holding back customer service and ticket resolution.

"Fast-growth companies need to retain their quality of service, while dealing with big fluctuations in

demand, and adding new products and services," says Sam Attias, market intelligence manager at Celonis, the process mining company that helped Uber visualise its processes and improve their execution. Using process mining, Uber is delivering global service process standardisation, rapid problem resolution and a constant focus on excellence.

Celonis, identified by analysts at Gartner as the market-leading process mining provider, works with a wide range of other large businesses, including Vodafone, GSK, Airbus, L'Oréal, Dell and Siemens, and has found it is common for both fast-growing and established organisations to need greater clarity over their disparate data. Analysing processes can help meet this challenge by providing better knowledge of customers to enhance experiences while increasing efficiency.

For companies selling services to business clients, expectations are usually written into contractually protected service level agreements (SLAs). This is the case for Daisy Group, the unified communications and internet hosting company, that counts critical transport networks among its clients, and in serving them needs to ensure communications work all the time, tracking and rapidly resolving all incidents.

Given it is impossible to know when incidents are going to happen, it's critical for such communications providers to be able to deliver customer support quickly and efficiently. Process mining is critical in meeting these requirements and delivering on SLAs. "Celonis has been imperative in our strategy to increase efficiency around resolving cases, automating manual tasks, and ultimately enabling us to continue to deliver great employee and customer experiences," says Gareth Tunnicliffe, customer service director at Daisy Group.

Not all aspects of customer service can be easily quantified, and quality in particular can be hard to measure. It is this element that can grate most with customers, however, when organisations seek to reduce expenditure. "Often when organisations are cutting costs, as they are at the moment because of the COVID-19 pandemic, customer service teams will bear the brunt of the cuts. The consequences can quickly become apparent to consumers and business clients, who may experience a disappointing decline in the quality of service they receive," says Attias. "That makes being efficient and maximising existing resources more important than ever."

Putting data at the centre of everything we do is paramount, and Celonis is helping us to drive our customer-obsessed culture

Gary Botterill, senior manager of technical service enablement, BT Enterprise

DELL TECHNOLOGIES SERVICES

We brought Celonis in to help us visualise the interactions across our complex service lifecycle and for the first time see how they're *actually working*. We can then design how we want them to work better in the future

35,000
service professionals

173m
assets with customers

170
different countries

94%
CSAT rating, always strive for best-in-class

VODAFONE

We achieved a 21 NPS increase in shopping experience within three months of deploying Celonis

31%
cost saving improvement

20%
growth in time to market using Celonis

68%
of customer service leaders said that robotics and automation will have an even bigger importance in the next two years

25-95%
increase in profits from increasing customer retention rates by 5 per cent

Gartner

“Celonis has been imperative in our strategy to increase efficiency around resolving cases, automating manual tasks, and ultimately enabling us to continue to deliver great employee and customer experiences

Gareth Tunnicliffe, customer service director, Daisy Group

Given businesses' clear need to offer reliably positive customer outcomes under heavy cost pressures, many delivering high-quality customer service now rely on process mining. They use the technology to rapidly identify unknown inefficiencies and their root causes, prompting or even automating improvements. Using the system, businesses can cut cycle times, deliver a more personalised experience, have fewer handovers between service personnel, improve self-service portal use and avoid costly breaches of SLAs.

Customer satisfaction scores, often derived from post-purchase surveys, are among the useful routes to understanding service perception. Using process mining, such scores can be automatically mapped to specific operations to show the root causes of any customer dissatisfaction.

BT Enterprise, the business broadband and cloud computing firm, found its post-purchase customer feedback text requests revealed useful information, but manual mapping made it difficult to identify specific process faults.

Working with Celonis, BT Enterprise connected the data in real time to relevant processes and revealed quick, granular visibility over where the negative points are in any sale. The system automatically alerts those responsible for these parts of the process, as well as providing addressable analysis in monthly reports, enabling constant operational refinement. Similarly, an onboarding process for new BT Enterprise clients was streamlined to remove excess handovers.

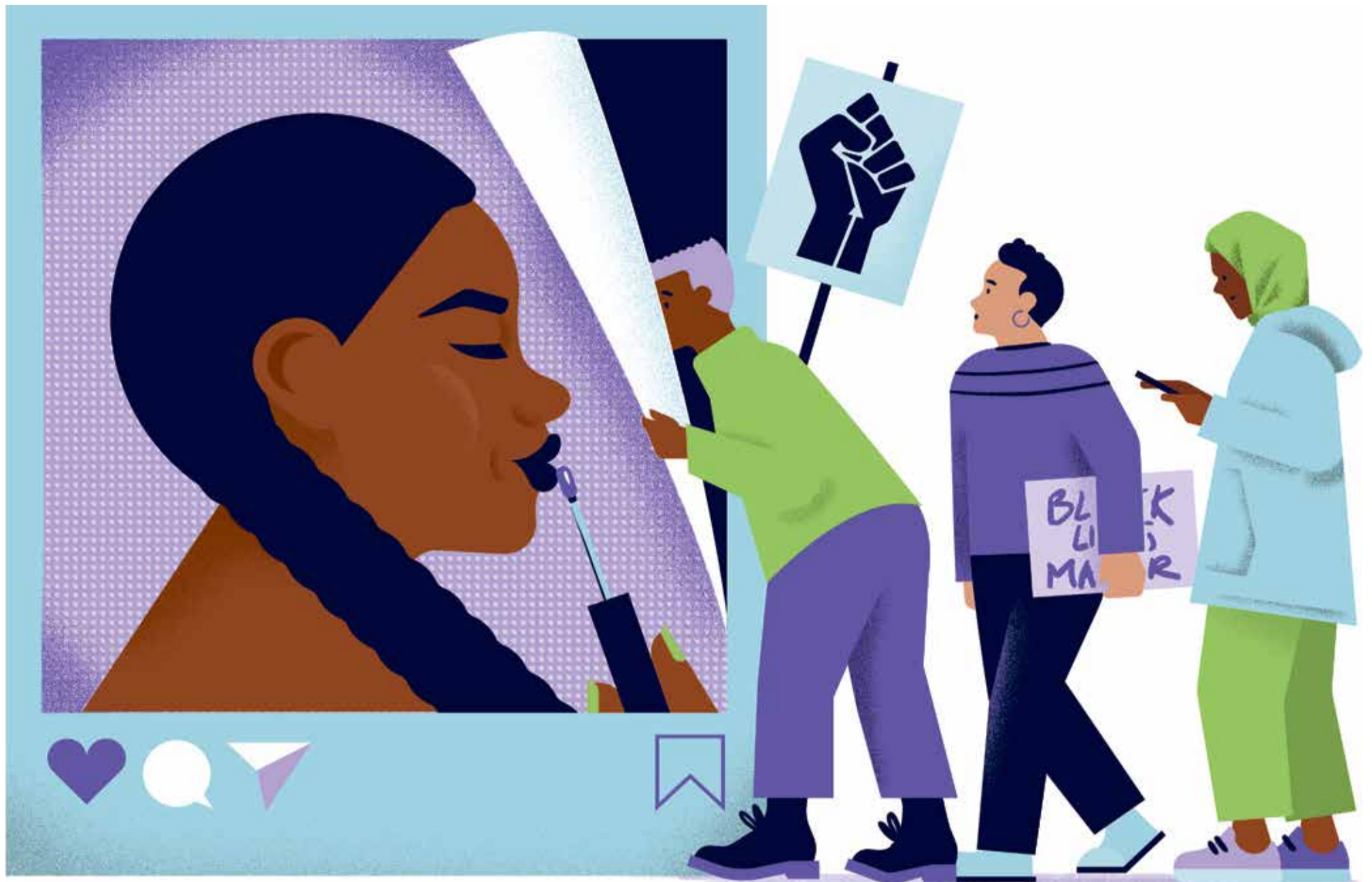
The insights from process mining are prompting consideration of further automation. Gary Botterill, senior manager of technical service enablement at BT Enterprise, explains: "Putting data at the centre of everything we do is paramount, and we are using new

tools such as process mining to help shape and drive our digital transformation, and drive our customer-obsessed culture." The tool is used regularly by operational and business improvement managers at the company.

Across industries, businesses are under immense pressure to cut costs in the wake of the COVID-19 pandemic. At the same time, they must continue to deliver excellent customer experiences to stave off competition and meet all contractually agreed service levels. This means companies are turning to insights into their processes, unlocking the ability to improve efficiency, while delivering much-improved service. By using technology, businesses can root out customer service problems and continue to execute on outstanding customer service, even in the face of budget cuts.

To find out how to use process mining to improve customer service while cutting costs, please visit celonis.com





PURPOSE

When beauty gets political

Like so many other industries, beauty brands are dipping their toes into activism, but companies need to show honesty and accountability if they are truly passionate about change

Daniela Morosini

You only need to look at the example of red lipstick to understand beauty has long been political. In the early-20th century, it was associated with prostitutes, until it was defiantly reclaimed by the Suffragettes, before becoming a patriotic symbol of hope during the Second World War. But politics in beauty now extends beyond the coded messages in cosmetics: brands themselves are expected to have a voice and to use it loudly.

"Today's beauty consumer understands the power of their pound and views every pound in their pocket as a vote," says Cult Beauty founder Alexia Inge. "For a consumer, a vote is not just for the product they buy, but a vote for the brand themselves."

Forays into brand activism from cosmetic brands range from the brilliant to the bungled, from the powerful to the performative. Fence-sitting isn't an option: issues about diversity, sustainability and fair treatment of employees are human rights issues, and consumers see silence as complicity.

"I think it's your responsibility to respect people's values. Social justice is a human right. Politics is people," says beauty journalist and diversity activist Dr Ateh Jewel.

Some established cosmetic brands are no strangers to brand activism.

LUSH has run campaigns against everything from fracking to police surveillance and The Body Shop were front-runners in the fight against animal testing. But on the whole, the extent of brand activism for conglomerates has largely been via charitable donations, not political statements.

The difference is that in today's climate, many new, and often direct-to-consumer, cosmetic brands have made hyper-visibility and radical transparency an integral part of their ethos. Attempting to cherry pick and only make political statements when it's beneficial for the brand won't work.

As beauty consultant Anita Bhagwandas says: "People expect to be spoken to more personally and directly, and they want a high level of service; having a political stance comes with that."

This crystallised perfectly in June, when two pressing issues came to the

fore: Black Lives Matter and how the brands were treating their own employees during the pandemic. Brands that attempted to show solidarity with the BLM movement with a single Instagram post were held to account in the comments, as fury over years of performative brand activism spilled over.

US-based mobile beauty app Glamsquad was one of many that posted an Instagram statement about their commitment to anti-racism, only to experience public backlash as their comment section became full of voices angry at the vagueness of the language and lack of commitment to change. Not to mention former employees sharing stories about alleged racism they experienced while working there.

As countless identikit political statements rolled out, UOMA Beauty founder Sharon Chuter started the Pull Up For Change movement, along with the hashtag #PullUpOrShutUp, challenging brands to share what percentage of their staff were non-white. The figures that emerged were bleak: 8 per cent of L'Oréal's executive US team identify as Black, while just 5 per cent of those at director level or above at Revlon are Black and 3 per cent of Estée Lauder's executive directors are Black.

Brands that have attempted to find armchair activist options, like simply casting non-white models, were

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Today's consumer understands the power of their pound and views every pound in their pocket as a vote

“If a brand has messed up in the past, they need to own that and explain it

caught short. “Just casting a Black model can be exploitative. It needs to be a 360-degree approach to power; don’t just use my blackness to make you more beauty pounds. Incorporate Black people in your company at every level,” says Jewel, who is currently crowdfunding her own inclusive beauty line to help encourage people of colour to “love their melanin and their skin”.

Bhagwandas echoes the statement: “Such ethos needs to run through the entire brand. It can’t just be a one-off donation to Black Lives Matter. Are you going to set up a scheme to get more people of colour employed at your brand? Are you going to make sure your non-white employees feel safe and supported? Are you going to make sure this touches every aspect of your brand?”

Beauty industry online watchdog account Estée Laundry, which has some 180,000 followers, are also keeping a close eye on how cosmetic

brands are caring for their employees as the pandemic rages on: who has been furloughing, who is protecting jobs and who is pushing to re-open stores? Estée Laundry’s posts are largely anonymous submissions and the account often shares what would usually be private communications between employers and employees; memos, emails and conversations between managers and staff.

One post that shared what appears to be a contract allowing L’Oréal USA to access their employees’ medical records to apply an exemption from returning to the office garnered hundreds of angry comments. These kinds of social media accounts serve to tear down the barriers that existed between brands and their consumers, and put brand activism under a close-up lens.

Bhagwandas explains: “There’s a lot more accountability now than there used to be. There used to be more of a smoke screen that doesn’t exist in the same way as it did before.”

Sometimes the only hope after public backlash is total reinvention. When Kendo purchased Kat Von D Beauty from the eponymous founder, they rebranded it as KVD Vegan Beauty and said the initials stood for “kindness, vegan, beauty, discovery and doing good” in an attempt to distance themselves from Von D, who faced a string of anti-semitism allegations, among other controversies.

The brand always had strong vegan credentials, and former fans who stopped shopping with them following the backlash around Von D have largely re-embraced them.

However, for brands whose issues go wider than a celebrity founder, the price of public approval is a commitment to change. “In life, we all mess up, but it’s how you bounce back from it, and if you do so with integrity and authenticity, I will give you a second chance. I don’t believe in ‘cancel culture’. I’m interested in doing better and growing,” says Jewel.

Honesty and accountability are key, as Bhagwandas confirms: “If a brand has messed up in the past, they need to own that and explain it, and just be really straightforward with people. This isn’t just with politics, but with charity, too. If a brand is doing a charitable partnership, they should feel comfortable sharing how much they’re actually raising and donating.”

Transparency and corporate communications might not seem the most natural of bedfellows, but modern beauty consumers has a different kind of relationship with the brands they buy. As Cult Beauty’s Inge notes: “It’s a two-way conversation now. The industry has an excess of choice and competition.”

There’s no more hiding the cracks. If consumers don’t like what they see, they can simply shop elsewhere. Pull up or shut up, indeed. ●

OPINION

‘Like it or not, the rules of retail have been permanently rewritten’

The last decade has been a period of extraordinary change for retail. Digital transformation and evolving consumer behaviour have seen more of us shopping online than ever before. Prior to coronavirus, the proportion of retail sales online had grown from 5 per cent in 2008 to 19 per cent by March 2020.

COVID-19 accelerated this change. When many stores were forced to close, online retail became a lifeline for us all with one in every three pounds, from food to fashion, spent online in May.

So who is this new consumer that has emerged from the shadow of COVID? The new consumer is digitally savvy; the new consumer makes cautious purchases; the new consumer is ethically conscientious; and now more than ever, the new consumer values safety.

However, with growing economic uncertainty and rising unemployment, consumer spending is balanced on a knife edge. The potential for future lockdowns or other economic shocks could quickly bring the first steps of recovery to a shuddering halt. Footfall on our high streets and our shopping centres has not recovered, and it may never return to pre-pandemic levels.

There is little sign that the double-digit growth in online sales will slow anytime soon, especially as the pandemic has given rise to a new group of online shoppers with many older people turning to ecommerce for the first time.

Therefore, it has never been more crucial for retail businesses to develop an omnichannel offering for their customers, blurring the lines between the digital and the physical. Many retailers have been investing hundreds of millions in effectively integrating their online and offline offerings.

Retail is no longer simply online versus offline, bricks versus clicks. With eight out of the ten top online retailers having a presence on our high streets, the two are increasingly intertwined.

This shift to online means that over the next 20 years there are likely to be fewer shops and fewer retail jobs. The jobs that remain will be higher skilled and better paid. We already now have 100,000 people in jobs that didn’t exist a decade ago: influencer managers, social media experts, data scientists; who knows what other roles the future may hold.

But for retailers to invest in this technological transformation, with slicker online services and an upskilled workforce, they need capital. For retailers to operate stores, they need a sustainable cost base. Unfortunately, with the cost of coronavirus bearing down, especially for those who faced months of closure, resources are scarce. Which is why, now more than ever, decisions made by government will be critical in moulding how retail can adapt.

Without it, the landing will be hard, with unnecessary job losses and store closures. We are already seeing that job-loss tally mounting up. While government support throughout the pandemic has been generous, many shops are still struggling to stay afloat and are shouldering unpayable debts of rent bills from when they were shut.

Reopening stores has also created a range of additional costs from implementing necessary safety measures. When coupled with low demand, too many retail operations are at risk of becoming unviable.

To this end, the British Retail Consortium has been calling for measures to manage the current burden of costs and create a more sustainable tax system for the future. Firstly, the government must ensure that there is no cliff edge to the ending of the 12-month business rates discount in April 2021; secondly, it should not consider new online taxes on an already over-taxed industry; and thirdly, it must extend the moratorium on rent-arrears enforcement beyond the end of September. Without this, both consumers and retailers face higher costs and more disruption.

One thing is certain and that is the future is uncertain. Retail will be resilient and will adapt, but government must be accommodating. Like it or not, the rules of retail have been permanently rewritten. We do not want to fight this change, but rather embrace it. ●



Helen Dickinson
Chief executive
British Retail Consortium

BACKING UP WORDS WITH ACTIONS

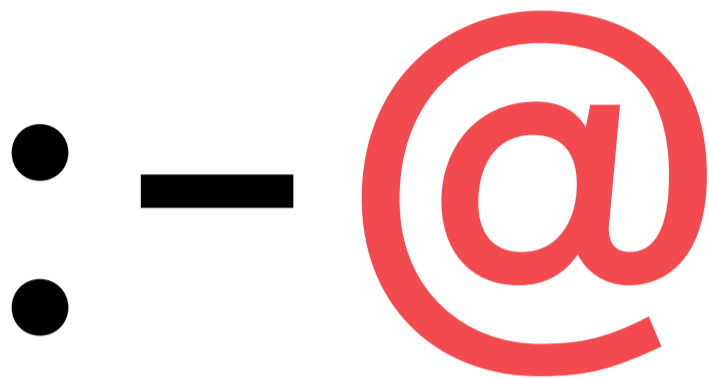
Edelman 2020

Percentage of consumers who agree with the following statements about brands’ responses to racial inequality

● US ● UK ● France ● German ● Canada ● South Africa



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