



How Virtual Services Are Filling Customer Needs

WHITE PAPER

Strategic consulting firm McKinsey & Associates published a survey in June that stated something retailers and brands had known for months: consumer habits have dramatically and rapidly changed.

As COVID-19 caused a pandemic, resulting in shelter-in-place mandates and closed businesses across the globe, spending habits shifted. Consumers who used to visit traditional brick-and-mortar stores quickly moved online for digital access to products and services, rapidly adopting videoconferences, telehealth appointments, and remote learning.

It is unlikely that many of these behavioral patterns will shift back. On a global scale, many of these consumer shifts are likely going to be permanent.

For those brands that have relied on traditional business models for success, 2020's challenges have required substantial changes. What was once considered strong, hands-on customer service has now become not only unwanted, but potentially dangerous. How can retailers and brands move forward effectively?

Experts agree that businesses that rapidly respond to the changed preferences and consumer expectations due to COVID-19 will succeed. The U.S. Department of Commerce has reported that March 2020 saw the largest decline in sales in three decades, leaving even those brands that have not kept up with no other option than to modernize.

Additionally, strong and effective communication has become an essential part of new customer expectations, and it will likely be even more important in the future. This new reality has forced retail brands and companies to compete strongly in three areas: **communication, convenience, and customer service**.

This can be accomplished through virtual services, which are more holistic and customizable than some decision-makers may think. With a willingness to adapt, retailers and brands can emerge into a new age of sales, stronger and better positioned than ever.

An Opportunity to Modernize

Of course, this isn't the first time in history that retail companies have had to reinvent themselves. In the 1800s, small, family-operated shops filled the landscape. The industry expanded in the following century with the advent of department stores, which eventually moved from American downtowns to air-conditioned, standalone shopping malls.

Retail companies and brands have never looked back. Just 10 years ago, Facebook and other social media sites started offering advertising opportunities and sales platforms. Now, the **U.S. Department of Commerce** is reporting that online purchases in the first quarter of 2020 accounted for 11.5% of retail sales.

Consumers expect more than just a website, though. Their behavioral patterns have shifted so fundamentally that companies need to rethink their method for delivery of products and services—as well as the entire customer experience.

Your Customers Are at Risk

Many brands have recognized the importance of providing a strong and seamless experience throughout the entire sales journey. But now, consumers are in control more than ever.

That's because the new behaviors and concerns emerging throughout the marketplace are upending traditional retail business strategies that were once proven effective. These new behaviors, circumstances, and attitudes include:

- Legitimate health concerns
- Reduced income
- Less spending on discretionary categories and more on essentials
- Anxiety about unknowns regarding COVID-19
- Self-quarantining

There's a new phrase that may sound frightening to retailers and brands: "**homebody economy.**" Even as businesses reopen, it is likely that consumers won't be venturing outside like they once did. Studies show that people aren't planning on traveling, shopping at malls, or going into crowds anytime soon. A small minority are willing to eat in a restaurant or go to a salon.

Although no one anticipated the pandemic, the reality is that many of these shifts started many years ago. These seemingly new expectations are a natural evolution in digital sales.

Twenty years ago, no retailer or brand could have imagined someone buying a dress or a luxury handbag online without touching it or trying it on. Now, online sales and virtual services are the backbone of many thriving companies.

In 2020 and for years to come, consumers will be demanding that online transactions be supported through a 360-degree digital customer engagement strategy.

Retailers must react to these new expectations and experts have recognized that brand loyalty is not as strong in the post-COVID-19 marketplace as it was previously.

Digital Customer Engagement: Not Just Online

Digital engagement is a term that applies to all kinds of businesses. It is the creation of a customer experience with thoughtful interaction through all online platforms. This isn't just based in the virtual marketplace—it includes in-store touchpoints as well.

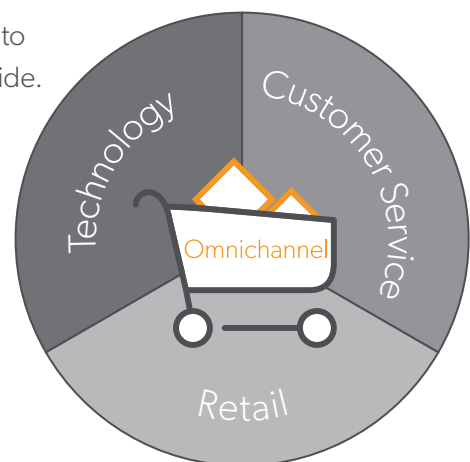
Digital engagement isn't the same as e-commerce. If someone tries to purchase an item online but has trouble reaching a person to answer a question, the downfall of a singular focus on online sales is clear. Online sales may be convenient, but they can fail spectacularly in customer service. When you don't have the benefit of individualized one-to-one interactions with trained sales professionals, communication naturally falters.

That's the difference between simple e-commerce and a robust digital customer experience. Virtual engagement is necessary for creating that emotional bridge that consumers expect when buying in-store or online.

A 2019 survey by the [American Marketing Association](#) reports that 80% of customers found their experience with a brand just as important as the product or services they purchased. Add in the newly emerging behaviors of consumers living through a global pandemic, and retailers should recognize the need to innovate.

These innovations should be more than just allowing consumers to purchase products online and pick them up at the store or curbside. They should be more than buying a product with an app while in the store. They should even be more than offering interactive opportunities such as virtual dressing rooms or samples.

At its core, these virtual services demand an [omnichannel approach](#). This approach combines technology, customer service, and retail together to provide a unified experience, whether the consumer approaches the brand in person, on social media, or through a chat window with a customer service agent.



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To create a holistic omnichannel approach to sales, it's necessary to focus on communication in all forms. For consumers who are working through the confusion and fear of COVID-19, digital engagement must be as warm and engaging as in-person interactions.

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The New Customer Experience

The past decade of retail sales has seen a slow migration toward integrating digital services into brick-and-mortar institutions. The combination of Gen Z and millennial preferences with the changes associated with the Great Recession in 2007 – 2009 caused slow shifts that have recently been highlighted.

COVID-19 has forced changes to occur more rapidly than most thought possible. Some present consumer demands include:

- ➡ Enhanced sanitation
- ➡ Agile operations, such as outdoor seating
- ➡ Curbside pick-up or delivery
- ➡ Touchless payment options
- ➡ Masks, barriers, and other social distancing precautions

But what else? The stores thriving during this time have already seamlessly integrated digital engagement into the customer journey through all touchpoints and selling avenues. There are plenty of methods for brands and retailers to consider when making these virtual services a reality.

Personalize Product Offerings

There was a time when personalization was limited to adding someone's name to the top of a targeted direct mail piece. Today, just knowing the customer's name is table stakes. Consumers expect the companies with which they do business to know them and their preferences and to anticipate their needs throughout the customer journey.

To achieve this, it is necessary to implement methods for collecting and using data. Brands must understand their customers well enough to propose products, offers, and topics that are uniquely relevant to the individual and to customize the experience at every touchpoint.

Think like Amazon. Customers receive endless suggestions that are based on products they've previously bought.

Meet Consumers Where They Are

One thing is certain—if customers are not within the proximity of a store, business owners must find them elsewhere. How can you create a relationship with someone who isn't even nearby? That is where digital engagement shines.

Figure out where the target audience is spending time online and strategize. Depending on the brand, consumers may be found on Facebook, Instagram, Pinterest, or other platforms. Develop an interactive, robust online experience filled with useful information and entertainment. This strategy could include publishing expert blogs, how-to videos for using specific products, or creating digital experiences that mimic a service.

Then, integrate a customer care communication protocol for all the channels. Recognize that some consumers will prefer to talk on the phone, web or video chat, or get questions answered through social media. Be flexible and open in your communication.

Improve Technology

Innovation is the key to success in retail, so look at those businesses excelling in the face of the economic downturn. Many of them are utilizing new technology to meet the needs of customers. Can there be an online version of the brick-and-mortar store? Can there be an online scheduling platform created to organize one-on-one boutique in-store experiences? What does seamless curbside pickup mean for the brand?

There are no limits to what technology can do. However, technology is meaningless without the right sales team to support it. For example, Apple field services call through a sophisticated system designed for troubleshooting many different machines in dozens of countries. If the person on the other end can't help, the consumer simply won't feel supported.

Trained Staff

The majority of **customers** want the opportunity to talk to a living person when they have a question or a concern with a brand. But what happens when the staff is limited—and stressed due to a crisis such as COVID-19?

In these times, retailers and brands can create a phased plan to provide the training needed to help customer service representatives meet consumer demands, without burning themselves out.

First, it is necessary to identify any organizational weaknesses through conversations with trusted management staff. It should only take a matter of weeks to implement a new strategy that includes marketing omnichannel options to customers as well as enhancing customer support.

For example, many websites offer pop-ups for online chat services that let consumers know of the omnichannel communication opportunities open to them.

Don't forget about training for in-store communications as well. In-store representatives must be professional and ready to assist, just like the digital team. Customers need to understand the boundaries and expectations for safety within the store, and the sales team will be the ones to explain it. Training helps make this interaction warm and welcome. And virtual brand ambassadors—available by phone, web and video chat, and text—can assist in-store sales reps in delivering a high level of brand knowledge and support that customers have come to expect.

Create Community

Retailers and brands now have an opportunity to meet a deep, powerful need for social interaction. Creating a community—even digitally—is worth the effort.

To do this, focus on providing value across social media platforms. Partner with brand ambassadors, go “live” online, and offer entertainment and expert advice that can make people feel like they are part of something bigger.

This is also the time to enhance loyalty reward programs. Let customers know that they are valued through incentives such as coupons or free gifts. Remember to always integrate human emotions when going digital. No one wants to do business with a robot.

Best Practices: Meeting the Customer's Need Today

Virtual engagement can feel overwhelming—until department heads realize they can take notes from companies that have already been transitioning toward digital relationships as a means of establishing brand loyalty.

Ulta Beauty

Ulta Beauty outshined department stores and online competition like Amazon by creating a loyalty program that focused on exactly what their customers wanted.

By sharing the latest on new products and services, the business enjoyed **70.9% growth** in web-based sales in 2017. Even though customers were able to go to the store during that time, they still decided to shop online because the experience was so rewarding.

Nike China

How can you sell shoes without allowing people to try them on? It doesn't matter so much if your consumers are still gaining the value they are craving. Nike China doubled down on digital engagement by offering virtual workouts to its digital community during lockdowns.

Not only did the company see an **80% increase** in active users of their app each week, but they also strengthened customer relationships. These consumers were exercising, which in turn made them want to purchase new apparel and shoes. Instead of going to a brick-and-mortar store, it was possible to get the workout gear they needed with just a click.

Kroger Co.

Few businesses shifted faster toward digital engagement than grocery stores, which recognized the market demand for contactless grocery delivery. Kroger Co., with stores located throughout the United States, recently hired an **additional 10,000 employees** to meet the demand.

The company then maximized the opportunity to connect with the values of their customers. Modern consumers take note of how companies treat their employees when making purchasing decisions. So, Kroger provided a hiring bonus and offered extended paid leave for those who are experiencing symptoms of COVID-19.

What's Next in the "Next Normal"?

Constant innovation and strong marketing are the bookends to growth for retailers and brands. But how can decision-makers see that these efforts are effective? Instead of looking solely at the bottom line, create measurable objectives that can be compared with baseline numbers. That way, strategies that are not working can be adjusted over time.

Along with tracking success, it's also vital to recognize that new crises will eventually arise. More work will inevitably need to be done to maximize a digital engagement strategy.

Continue Staff Trainings

Digital improvements won't be as effective without the support of a well-trained and prepared staff. To that end, managers need to ensure that all online and in-store staff can assist with digital technology in all forms. Mobile apps, touchless kiosks, and voice recognition can ease concerns.

Also, staff play a major role in alleviating initial fears regarding sanitation. Wearing masks, offering hand sanitizer, and consistently wiping door handles and other high-touch locations are all ways to show customers that the retailer and its staff are making customer safety a priority.

To address these concerns, train staff about ways to reduce contact during the shopping experience while also helping the customer to feel special and welcomed. Integrate technology like cashless checkout and provide excellent service—and even unexpected notes or packaging during curbside deliveries.

Customers are looking to feel special, at ease, and cared for, and trained, professional staff can help.

Market the Strategy

All this effort for digital integration will help business, but not if customers don't know about it. Marketing is a pillar of any thriving business. Integrate your digital efforts into your comprehensive marketing plan for the remainder of the year.

Many brands will cut the marketing budget when times are tough, but that's a short-sighted move. In fact, department heads must work more than ever to stay relevant in the eyes of customers during events like the COVID-19 crisis.

A smart method for outreach is to consider ways to give back to the community. How can the company help? Building relationships is easier than ever with the help of social media, but creativity is key. Customers are yearning for community and fun and reward brands that lead with conviction and reflect values that match theirs.

Continually Reevaluate and Reinvent

Anyone following headlines knows that the situation with the coronavirus changes daily. Just as it is unwise to wait for shelter-in-place mandates to be lifted to resume business, it is also unwise to think that the definition of virtual services won't also change.

What works now may not work in the very near future so it is critical that decision-makers remain flexible and innovative throughout the rest of the year and beyond. To accomplish this, create a team with sales leaders and trusted management staff to address present issues and anticipate future challenges and opportunities.

Communication Is the Bottom Line

As companies and brands place more time and energy on building digital engagement, they must remember to focus on communication as the foundation for growth. Be sure to stay mindful of the language presented both internally and externally to consumers.

Consumers now seek more conscious companies that care about both their employees and the world around them. If a brand just provides talking points without real, meaningful change, customers will notice.

Clarity, focus, and optimism will go a long way to enhancing consumer confidence as health professionals work to control the spread of COVID-19. The same approach will also benefit the decision-makers and employees of companies throughout the retail industry.

By transforming this challenging time into an opportunity to modernize and improve the way products and services are provided, it is possible for a brand to grow and thrive through the current crisis—and into the future.



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