



Retail & eCommerce



Enhance Your Holiday Season Growth.

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I. Introduction

In the ever-evolving landscape of retail and eCommerce, businesses face numerous challenges arising from increased customer expectations, fierce competition, and disruptive models. However, amidst these obstacles lies an opportunity for growth. The key lies in transitioning from a transactional approach to fostering long-term customer relationships. In this guide, we will explore how adopting a relational business strategy can help your business not only survive but thrive during the holiday season.

One critical aspect of a superior customer experience is leveraging AI technology to provide personalized communication and round-the-clock customer service.

The arrival of AI automation tools means that marketers can create a huge number of customer segments with the actual work taken care of by software rather than being laboriously prepared by a human. That means vastly more effective segmentation and personalized messaging. Using tools like our Mobile Marketing Cloud, it's possible to personalize messaging to a 1:1 level.

This is where true 1:1 personalization provides a solution. AI technology has made 1:1 personalization possible, and CM's new Inspire product finally makes it a reality, creating personalized journeys and deciphering business-critical information using AI technology. Best of all, this automation and self-learning technology can integrate with your existing systems, meaning no sweeping architecture changes are necessary.

Another use for AI comes in the way of customer service. Customers expect quick and informative responses to their inquiries; our research indicates that 67% of consumers demand 24/7 availability, while 64% prefer self-service options. Human teams may struggle to meet these demands single-handedly, which is where retail chatbots come into play. By integrating retail chatbots into your customer service setup, you can deliver exceptional service at any time, day or night. Chatbots facilitate faster responses and empower customers to self-serve, whether they need product information, order status updates, or post-purchase support.

Chatbots relieve your human customer service agents from repetitive tasks, allowing them to focus on handling more complex and emotionally-charged issues. This optimization enhances efficiency and productivity within your customer service teams.

Despite the significant advantages of using chatbots, many businesses still miss out on the opportunity. Our Conversational Nation Retail Report revealed that 42% of customer queries go unanswered, and only 13% receive a comprehensive and timely response.

Embracing AI technology provides an open opportunity for retailers to optimize their customer service and elevate the overall experience for both teams and consumers. In this guide, we will delve deeper into how chatbots can create efficiencies in customer service, making your holiday season a breeze for everyone involved. Let's explore how your business can grow by prioritizing customer experience and leveraging the power of AI.

II. The Challenges Facing the Retail and eCommerce

Changes in customer preference

Customers want to have an ongoing dialogue or conversation with the brands they buy from. While shoppers want great value, they prioritize forming trusting relationships over simply getting the best price. They want their individual needs to be understood and addressed. They want to align themselves with brands that not only empathize with their challenges and problems but know how to solve them. This approach should be evident across every department in your business; from sales to marketing, business development to account management, product development to customer experience.

Customers expect a fluid and consistent customer journey. Every touchpoint they have with your brand must demonstrate a commitment to building and nurturing a relationship with them and show that you value their custom and loyalty.

Today's customers want a seamless experience, both online and offline. This can be a challenge for retailers who struggle to choose the right approaches and technology to suit their unique business needs. Integration of new tools can be tricky, especially for traditional retailers who are operating legacy systems.

III. Segmentation

The benefits of segmentation

Increased efficiency

A segmented audience can be marketed to more effectively than an unsegmented one. Relevant messages can be created and pushed only to segments that will respond to them. Compare that to sending the same message to a single audience with varying demographic, geographic, psychographic and behavioral attributes, and you'll instantly see the difference in engagement.

Stronger brand messaging

If you know what messages will likely land best with an audience segment, you can ensure your brand lands with them, too. Picking the right brand elements for each type of customer is easy when you have a properly segmented audience.

Brand loyalty

Speaking to consumers about things that matter to them is a great way to build brand affinity. Segmenting your audience means you can identify common traits within each segment to ensure your messaging is appropriate.

Stronger market differentiation

Standing out can be a huge challenge but knowing what to say and how to present your brand to appeal to a specific segment is a quick way to show consumers your point of difference in ways that will appeal to them.

Better performing advertising

Creating multiple segments saves a lot of time and money trying to determine which ad creatives resonate with your customers. Properly segmenting your audience means you can create ads tailored to each segment to improve interaction and conversion rates.

Good data vs bad data

The key to successfully segmenting audiences is 'good', reliable data. That's to say, data that doesn't need filtering or augmenting and can be used 'straight out of the box'. Traditionally, that's been challenging to realize, with multiple data sources and repositories in many businesses muddying the waters as to what is 'good' or 'bad' data.

Ensuring all your data can be stored effectively in a single location is the first step to guarantee your data is good. A Customer Data Platform, or CDP, is a powerful tool in the marketer's segmentation arsenal and helps marketers to gather, store and segment data.

A Customer Data Platform is included as part of our Mobile Marketing Cloud product and can help store and order your data to use it for hyper-effective marketing campaigns.

Get started with Mobile Marketing Cloud

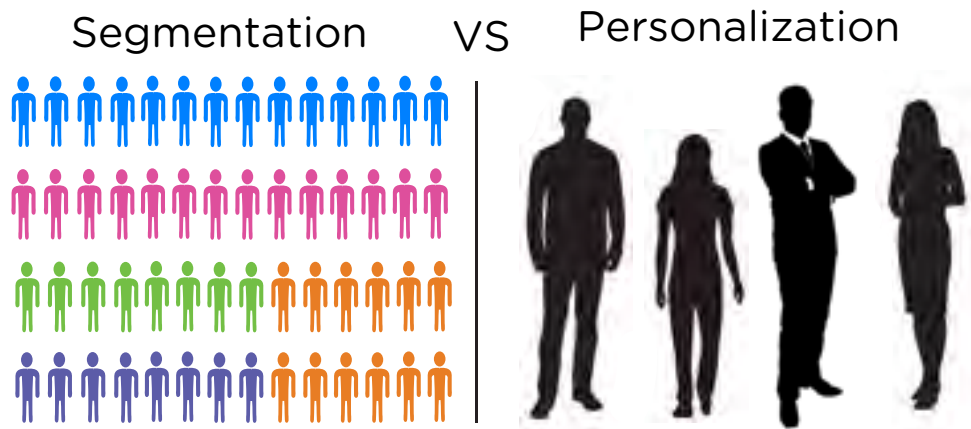
Mobile Marketing Cloud has many tools that can help you improve the effectiveness of your marketing campaigns. It offers automated segmentation of audiences, allowing you to administer different content to different segments without setting them up manually, significantly reducing the hours it takes to reach different audiences. It's an effective approach and uses our Customer Data Platform to gather, store and access information that can be used to ensure marketing relevance across a wide variety of audiences.

Many brands will find this automated segmentation effective, although it does have the disadvantage of relying on data points to bucket customers into predetermined groups rather than explicitly tailoring content to individuals. Thankfully, the CDP allows you to automate the segmentation process to build super-detailed segments that mirror some of the benefits of 1:1 personalization.

Segmentation vs Personalization

Some marketers conflate personalization and segmentation. They aren't the same thing. Segmentation is part of the journey towards personalization but deals with broader groups that share attributes. Personalization is concerned with the behavior of individual customers and tailoring messaging to their needs.

While segmentation offers some benefits of personalization, it's no substitute for the real thing. Businesses that claim to provide a personalized approach to marketing but deal in segments are not genuinely personalizing the customer experience.



III.a The future of personalization - 1:1 hyper-personalization at scale

Delivering 1:1 personalization, whereby messaging is specific to a single consumer's interactions with your brand, means you can guarantee the relevance of your message. Modern marketing automation software often has built-in personalization solutions, but keeping personalization consistent across every channel requires a more sophisticated approach, which we'll discuss later in this guide. Here are just some of the benefits of investing in personalization.

Increase conversion rates and basket value

If you can guarantee the relevance of your messaging, there are obvious benefits in terms of conversion rates and basket value. Delivering the right message to the right person at the right time is more likely to generate a conversion than the scattergun approach manually segmenting an audience offers. Equally, with the ability to customize messaging comes the benefit of hyper-personalized product suggestions; just one way that we can increase basket value using personalization.

Get more from your existing customer base

Many businesses consider customer acquisition a high-priority activity but forget to expend the same resources on retention. With acquisition costs on the rise (customer acquisition costs have risen as much as 60% across B2B and B2C compared to five years ago) and third-party data restrictions, curating and building your own data to build customer loyalty has never been so important. New customers are easy to track and produce immediate results, whereas retention is a longer-term activity, albeit a less costly one. Personalized approaches to existing business pays dividends, showing that you care, listen, and value their business.

Improve retention rates by engaging consumers with your brand and preventing churn.

Personalization also offers benefits beyond the conversion stage of the funnel. It also allows you to retain customers effectively. McKinsey & Company research shows that 78% of customers are more likely to make repeat purchases from companies that customize. Using the data you hold to remarket additional products and useful content based on specific purchases and interactions, you can make customers feel like individuals, making them feel valued in ways broader marketing strategies can't match.

Improve after-sales by caring for consumers when they need assistance.

With the data you hold in your CDP, you can also improve your after-sales care to reduce the time your customers spend explaining their issues. You can access things like which product they bought, when they bought it and previous brand interactions to deliver pitch-perfect customer service every time.

IV. Customer service in retail

Retail chatbots provide many benefits to customer service when looking to meet customer expectations. But let's go back a step; why is customer service critical to retailers?

Salesforce found that 78% of consumers will use a company again after an error if its customer service is excellent, and 80% say the company's experience is as important as its products and services; exceptional customer service is critical.

Moreover, our Conversational Nation Retail Report found a correlation between retailer success and customer service commitment. Retail brands that offer more ways for consumers to get in touch, whether a chatbot via WhatsApp or Instagram, for example, were able to provide timely and more complete answers to questions. In turn, these retailers had a higher annual turnover, with the top 10 retail brands for customer service having over \$9.3B more than the average turnover of those brands ranked in the bottom 10.

IV.a Customer service in retail

Implementing a retail chatbot is straightforward when using our solutions. Building the chatbot itself requires planning and knowing how your customers will interact with it, as well as knowing what the chatbot's capabilities need to be. WISMO chatbots need to communicate with your data storage or 3rd party courier systems to track down orders, or collections chatbots need to accept various payment methods, for example. But, technical or coding knowledge isn't needed. Once you've created your chatbot, you can integrate it into your website with a simple copy and paste of a line of code.

And you don't need a development team to get it up and running or keep it running smoothly. CM.com's chatbots are low-code/no-code, allowing your content editors to create and update 'bots within the CMS easily.

CM.com's Conversational AI Cloud, a conversational platform to build AI chatbots, provides 20 out-of-the-box dashboards that cover every aspect of customer chatbot interaction and enable retailers to optimise continuously. Gap Analysis, Answers, Recognition Analysis and Interaction Explorer dashboards can be used to improve the customer journey, and KPI and Weekly or Monthly Report dashboards can monitor a chatbot's performance.

In the case of customer service, chatbots are designed to do some of the heavy lifting on customer service agents' behalf. There are several different chatbot solutions, but the most used are scripted, AI, and voicebots.

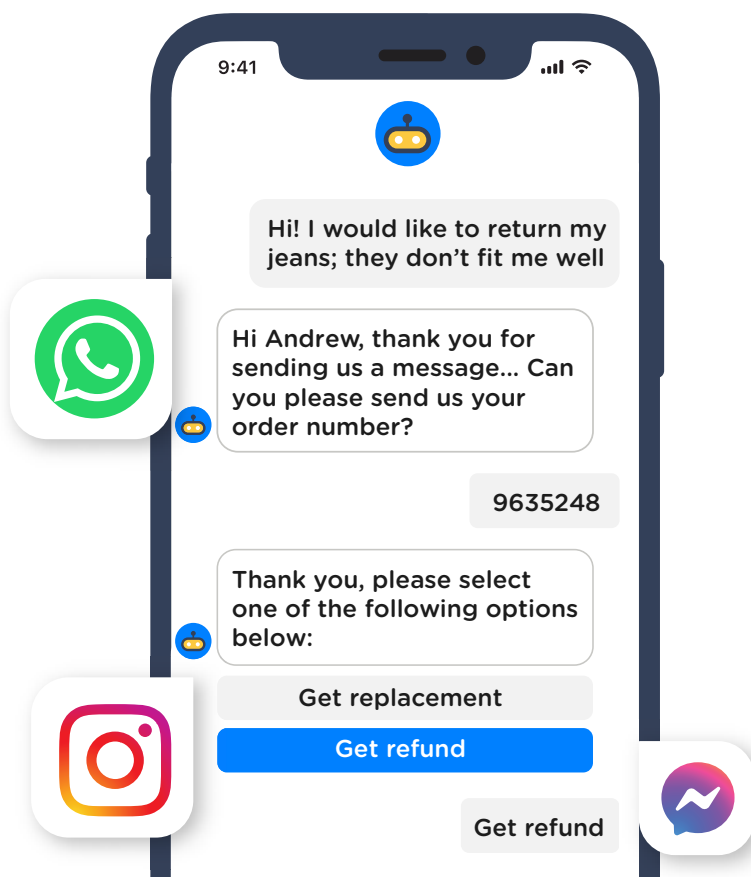
IV.b Chatbots on every channel.

Customers aren't tied to communicating with your brand through the website, so neither should your chatbot. You can integrate your chatbot across every channel you operate, not just the ones you own, such as your website. Conversational channels such as Instagram, Facebook and WhatsApp can also host your chatbot and allow people to speak directly to your brand without visiting your website.

Instagram is a crucial channel for the retail industry. Its Instagram Shopping feature makes the platform a sales channel and a customer service platform. And it's popular; every month, 150 million people converse with a business on Instagram via public comments, direct messages or story replies. Facebook is another critical channel for retail, with over 20 billion conversations between companies and users on the platform every month.

WhatsApp Business for retail customer service is unbeaten. 57% of users regularly communicate with a brand on WhatsApp, and 69% of respondents are more likely to buy from a brand if the option to contact them via WhatsApp is available. Yet, in our Conversational Nation Retail Report, only 4% of retailers offer WhatsApp as a channel for customer service, a huge missed opportunity, given the platform's scale and multiple WhatsApp chatbot use cases; processing refunds, answering order-related questions or post-service follow-up to name a few.

Given what we've learnt, customer service agents would struggle to keep up with these messages. A chatbot on these channels means that customers can immediately get in touch and receive a fast, effective response to FAQs about products or store opening times, for example.



IV.c Why use chatbots for retail service?

Now you know why retailers should focus on customer service. Let's dive into how retail chatbots can help you drive efficiencies and deliver exceptional service.

Meet customers' expectations.

Consumers want instant access to information about orders or returns at any time of day or night. This is an unrealistic request for human service agents unless you heavily invest in hiring more agents. With chatbots, retailers can offer 24/7 customer service with automation rather than hiring additional team members or a remote staffing solution.

Provide self-service.

80% of US consumers only use customer service when it is an urgent question or problem, preferring self-service options to human agents. Chatbots can help customers find information about store opening times, payment options or returns policies quicker than waiting in a queue to speak to a customer service representative, improving your customers' experience and reducing live contacts for your agents.

Understanding your customers.

Only one in five consumers will forgive a mistake if the customer service is poor. So, your customer service delivery needs to be continuously improved and knowing what you need to improve is the starting point. Retail chatbots can collect customer feedback post-purchase, meaning you can gain valuable insights into what's going well and where the bottlenecks are.

Improve customer satisfaction.

Customers often contact customer service teams about late deliveries or broken products at work or in the car. This means they want a quick resolution so they can go about their day. With chatbots, you can provide automated, fast, accurate responses that will impress your customers and ensure they return to your brand time and time again.

Scale your customer service.

Customer queries in retail are high throughout the year, yet sharply rise at peak moments in the retail calendar. Black Friday, for example. These peak moments put even more pressure on the customer service teams. Chatbots can scale rapidly and effectively; one chatbot installation can handle infinite interactions simultaneously.

IV.d Types of retail chatbots

You now know the benefits of implementing retail chatbots. Yet, you may still need clarity on exactly what types of retail chatbots are available and how these chatbots can specifically help.

Scripted chatbots

As the name suggests, they work to a 'script' that allows them to decipher the intent of user interactions and offer suitable answers from a library of information.

AI chatbots

Learns from its interactions and improves its efficacy based on the volume and quality of exchanges. AI chatbots can actively search for information to answer queries. For example, they could answer a returns policy question by locating the required information on your website.

Voicebots

A voicebot is a conversational agent that uses artificial intelligence and natural language understanding (NLU) to interpret the intent and meaning in the speech of its conversational partner. Voicebots are particularly effective in triaging incoming calls, routing only the most relevant to customer service agents and dealing with many FAQ-style related questions without involving a human.

Here are just a few examples:

1. Share order updates with a WISMO chatbot

Customer expectations are higher than ever, and knowing where their order is comes relatively high up the list. Manually tracking individual orders over chat, email, or phone would significantly drain your customer service team. A Where Is My Order (WISMO) chatbot can communicate with your data storage or 3rd party courier systems to track down orders fast and then return the information on a map or in text form.

DHL: order tracking via a WISMO chatbot



DHL uses a CM.com chatbot to help customers track their orders as they move through the DHL network. Simple and practical, this self-serve option frees up DHL's customer service team to deal with more complex issues.

2. Automate returns with a returns chatbot

Returns are about making the best of a bad situation, so ensuring your customer comes away from the process with a good impression of your company is essential. A returns chatbot can handle the entire returns process, including logistics, tracking, and refunds, by integrating with backend systems for information. It can save your customer service team valuable time and let them focus their efforts on more critical tasks.

3. Build a knowledge hub with an internal chatbot

Customer service agent turnover rates are between 30% and 45% globally. Training new team members and equipping them for their job can take a lot of time. A better option is to build an internal chatbot that allows new and existing staff to find important information at the press of a button. New employees can be put 'into the field sooner, reducing line management and training time.

4. Automate FAQs with a customer service chatbot

Customer service can involve a lot of repetition. Automating this process can save your customer service team time and deliver a better customer experience. An FAQ chatbot can respond to frequently asked questions, scrape your website for information to answer tricky questions, and even use AI to create customer answers for a more conversational experience.

Missguided: customer service and FAQ chatbots

MISSGUIDED

For Missguided, our chatbot solution was the first step in customer service automation. During the first few weeks, engagement with the chatbot on the help page was 65%, but just 11 months later, it stood at 80%. This level of bot engagement resulted in a reduction in contact and costs of 14%.

5. Enable payments with a collections chatbot

Juniper Research predicts retail spending via chatbots will reach \$142 billion by 2024. With collections chatbots, retailers can collect customer payments and accept various payment methods. And if you're struggling with credit control, a collections chatbot might just get your customers' payments back on track. Make it a seamless journey from message to payment, and you're more likely to collect from busy customers who are easily sidetracked or get put off by complex payment journeys.

6. Increase sales with an acquisition chatbot

Offering discounts and suggested products to existing customers can get lost over email. So, why not engage them directly on the website? An acquisition or lead generation chatbot represents a cost-effective way to re-engage and cross-sell to customers. It can communicate with existing customers when logged in, share the latest offers, answer questions and provide helpful content to customers without the need for human intervention.

IV.e Live Agent Handover

Sometimes in retail, you still need a human. On those occasions, you need to be able to transfer customers from a chatbot to an agent in live chat quickly and efficiently with minimal downtime. Live agents can deal with more complex issues and provide in-depth guidance based on their expertise.

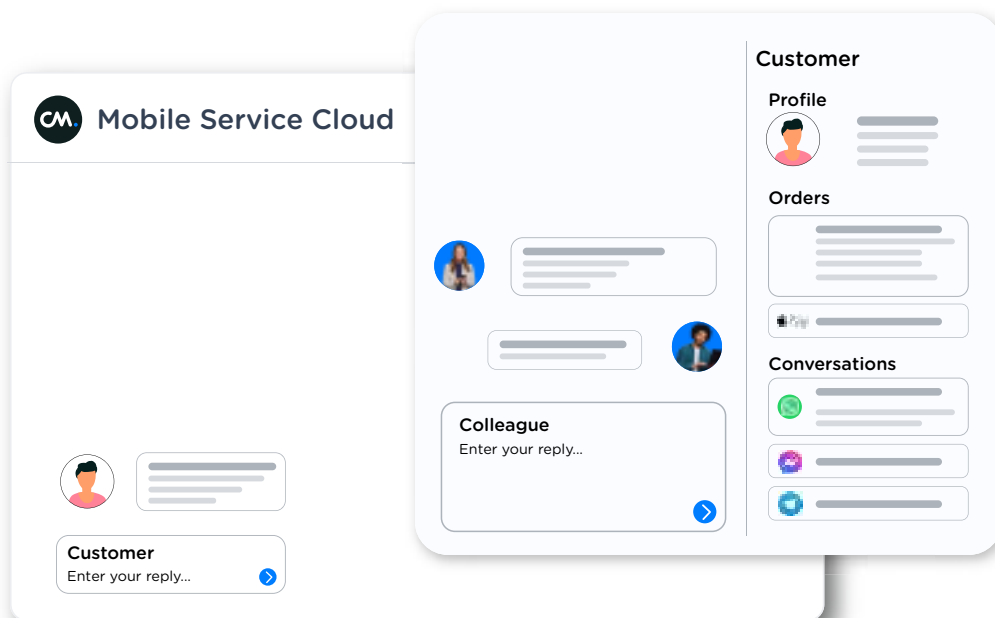
Our research revealed that for American consumers, the top three emotions during service conversations are negative; frustration (49%), impatience (38%) and irritation (36%). And 83% expect empathy in customer service. Issues which require emotional support must be handed over to a human.

Moreover, you can ensure a continuous conversation between the chatbot to the live agent. Chatbots can pass on conversational data, reducing the need for customers to repeat themselves or restart the conversation with the agent and improving customer satisfaction.

But how can your agents handle customer enquiries from a chatbot? You'll need a solution that aggregates all conversations into one place. CM.com's Mobile Service Cloud, for example.

Mobile Service Cloud, an all-in-one customer service solution, allows retailers to take over conversations from the chatbot and continue the conversation efficiently, without needing to read the full conversation or even start the conversation again. How? With Generative AI, Mobile Service Cloud summarises the 'bot conversation, allowing agents to get up to speed faster and provide a more timely first response.

Multiple agents can get involved if necessary, and your chatbot can be programmed to automatically transfer customers to a live chat with an agent if the call meets specific criteria.



IV.f Integrate chatbots with retail and eCommerce platforms.

Chatbots can integrate with retail and eCommerce platforms such as Magento, Shopify, WooCommerce, and CRM software such as Salesforce and Microsoft Dynamics. These integrations ensure personalized conversations for new and returning customers. By connecting data, growing brands can personalize conversations with the individual consumer and respond based on shopping history and behavior.

Integrations mean that chatbots can work with information in real-time, stock levels or order tracking, for example, meaning that customers receive accurate, up-to-date information. With this, customers feel well looked after and are far more likely to return.

The opportunity

With so many brands missing out on the efficiencies afforded by retail chatbots, there is a real opportunity to optimize customer service and make your teams' and customers' lives easier. Chatbots can transform your customer service into an efficient, 24/7 offering without costing the earth or running your customer service team into the ground.

V. Changing your Business Strategy

To truly enhance your business's holiday season growth, it is essential to shift your approach from transactional to relational. Unlike a transactional approach that focuses on providing products or services based solely on price, a relational approach centers on building long-term customer loyalty, trust, and advocacy.

This shift encompasses various aspects of your business, from personalized communication to well-informed call center agents utilizing data and CRM technologies to truly understand your customers. The goal is to prioritize retention and maximize the end-to-end customer relationship, benefiting both your buyers and your business.

By adopting a relational approach, you create a customer base that is more loyal and willing to spend more. Today's shoppers seek a brand they can trust and rely on. If your business consistently delivers positive personalized customer experiences across all channels and touchpoints, establishing yourselves as the trusted experts to buy from, customers won't feel the need to look elsewhere.

Retail chatbots play a significant role in meeting customer expectations and improving customer service. However, it's crucial to understand why customer service is so vital to retailers in the first place.

Studies show that exceptional customer service is a key factor in customer retention and satisfaction. Salesforce found that 78% of consumers would give a company another chance after an error if their customer service is excellent. Additionally, 80% of consumers consider the overall experience with a company as important as the products and services they offer.

Our own Conversational Nation Retail Report has revealed an interesting correlation between retailer success and their commitment to customer service. Retail brands that offer multiple communication channels, including chatbots on platforms like WhatsApp or Instagram, have been able to provide timely and comprehensive answers to customer queries. As a result, these retailers experienced higher annual turnovers, with the top 10 retail brands for customer service earning over \$9.3B more than those ranked in the bottom 10.

By prioritizing exceptional customer service and embracing a relational business strategy, your business can create a strong foundation for growth during the holiday season and beyond. The combination of chatbots and a customer-focused approach will set you apart and ensure a successful and rewarding holiday season for both your customers and your business.

Retailers and e-commerce enterprises are increasingly considering this hyper-personalization approach to take customer experience to the next level and build long-term loyalty since it allows for endless personalization of content for largescale customer audiences.

VI. Making It Happen

The strategy and tactics you use to transform from transactional to relational will depend on the needs of your customers, your company structure, and the tools and platforms you have access to.

Here are 5 ideas and pointers to get started

1. Make a Great First Impression

We mentioned above the importance of delivering a consistent experience across all customer touchpoints. As one of the most critical elements of your move to a relational approach, it cannot be stressed enough. The conversation starts from the moment your customer comes in contact with your business, so make sure you seize this opportunity to impress them from the get-go.

2. Personalize Your Customer Journey

Personalization has come a long way since the days of merely adding someone's first name into a bulk email campaign. Thankfully, businesses now have the tools to create high-quality personalized communications that are genuinely based on customer interests and preferences.

A relational approach is all about personalization so make sure you show you value your customers individually across all touchpoints. Perhaps you could include a special offer or message on their invoice. Maybe you could improve the management of your customer data so agents have access to information that can help the service the customer better and establish rapport.

3. Adapt Your Strategy to Industry Trends

The world of retail and eCommerce moves fast. Platforms, tools, and technologies evolve, shipping carriers and logistics companies fall in and out of favor, and customer preferences and expectations can change overnight.

Even when your business is doing well you must keep on top of industry and customer trends. Not only to keep up but also to be one step ahead of your competition. You can further boost your market knowledge by keeping an eye on what your competitors are offering in terms of both products and customer support.

4. Listen to Your Customers

Your transformation to a relational-focused brand will be far more successful if you ask for feedback from your customers on how you are doing and what improvements or changes they would like to see. For example, ask them what made them choose your brand and why they remain loyal. In addition to providing you with useful insights, it also shows you care. It keeps the conversation going and can identify opportunities. This could be managed through an integrated customer feedback tool on your app or website, via a survey, or a direct conversation.

5. Choose the Right Tools

Adopting a relational approach helps retail and eCommerce businesses to optimize their customer experience and get the edge over their competitors. With the right tools to support your activities, it can save you time, too. Automation and personalization technologies are widely available, as are a variety of conversation commerce, mobile payment, and self-checkout tools.

But identifying which tools and technologies are right for your customers and your business can be a challenge. New apps are launched seemingly on a daily basis, so if you are struggling to choose, don't worry.

VII. Conclusion

Achieving enhanced holiday season growth for your business requires a multi-faceted approach that combines the power of personalization, chatbots, and a strategic shift from a transactional to a relational business strategy. By leveraging these elements in harmony, you can create an exceptional customer experience that drives loyalty, brand advocacy, and increased revenue during the holiday season and beyond.

Personalization is the cornerstone of connecting with customers on a deeper level. With CM.com's Mobile Marketing Cloud, you can implement 1:1 hyper-personalization at scale, ensuring that each customer receives messages and offers tailored specifically to their needs and preferences. This personalized approach increases conversion rates, basket values, and customer satisfaction, as well as fosters brand loyalty, making customers feel valued and heard.

At the heart of outstanding customer service in retail lies the integration of chatbots. CM.com's retail chatbots offer a versatile and efficient solution to meet customer expectations. With automation, 24/7 availability, and the ability to handle simultaneous interactions, chatbots streamline customer service processes, reducing the burden on human agents and ensuring fast, accurate responses. From answering FAQs to processing refunds, chatbots deliver exceptional customer service experiences, leaving a lasting impression on customers.

The adoption of a relational business strategy is paramount to cultivate long-term customer relationships and sustainable growth. By shifting the focus from transactional interactions to personalized experiences, you can foster brand loyalty, drive customer advocacy, and differentiate your brand in the competitive retail landscape. CM.com's comprehensive product offering, including the Conversational AI Cloud and Customer Data Platform, empowers businesses to build meaningful connections with customers across various touchpoints, ensuring their needs are met at every stage of their journey.

By combining personalization, chatbots, and a relational business strategy, you unlock the full potential of your business during the holiday season and beyond. CM.com's innovative solutions provide the tools and capabilities necessary to create seamless and memorable customer experiences, optimizing interactions across multiple channels like WhatsApp, Facebook, and Instagram. Whether it's automating customer feedback collection, providing self-service options, or delivering personalized product suggestions, CM.com's Mobile Marketing Cloud empowers you to meet and exceed customer expectations, driving exceptional holiday season growth.

With CM.com as your partner, you can harness the power of personalization to build strong customer relationships, employ retail chatbots to enhance customer service and efficiency, and embrace a relational business strategy that places your customers at the heart of your operations. This holistic approach will not only lead to significant growth during the holiday season but also foster enduring customer loyalty, ensuring your business thrives well into the future. Embrace the potential of personalization, chatbots, and a relational mindset, and propel your business to new heights of success during the holiday season and beyond.

CM.com (AMS: CMCOM) is a global leader in cloud software for conversational commerce that enables businesses to deliver a superior customer experience. Our communications and payments platform empowers marketing, sales and customer support to automate engagement with customers across multiple mobile channels, blended with seamless payment capabilities that drive sales, gain customers and increase customer happiness.

