Inspirational, forward thinking thought leadership

This is working! How do we take it to the next level?

Transformers

You are thinking big picture, looking to connect more strategically with the rest of your organization.

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Presenters

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IT Director
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Company, Inc.

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VP Sales
HAVI Global
Solutions

After This Session You Can…

1 Outline what retail friction is and why it needs to be addressed

2 Compare how different companies are starting innovation projects focused on reducing friction

3 List the considerations that go into developing a new customer experience roadmap

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Frictionless Then & Now

"Frictionless" **when first embraced** by retailers it meant ease and less hassle — quite literally, a "lack of friction."

Frictionless Then & Now

Today, a "frictionless experience" means greater speed, personalization, wow experiences and anticipation — not just meeting — consumers' needs through innovations like mobile wallets, digital receipts, kiosks, free and fast shipping, and one-click purchasing

Source: Alliance Data's recent study, The Rules of NextGen Loyalty

- Expect **greater service** and an ideal shopping experience
- **76%** only give brands **no more than 3 chances** before they stop shopping them
- **43%** cite a **poor experience as their top reason to leave a brand** behind for good

Customers' definition of a frictionless experience has evolved

Source: Alliance Data's recent study, The Rules of NextGen Loyalty

What is the market saying?

73% of consumers think checking out is the biggest retail pain point

41% of consumers will change their minds about a purchase if there is a long checkout line, while **20%** will abandon their carts altogether

48% US internet users believe scan-and-go technology would ease the shopping experience

40% of UK retailers received complaints about items being unavailable, **37%** about queue wait times and **32%** about store congestion

*Sources: NCR; Plexure; CSN Hughes

Frictionless Experience Framework

Ease of Access	Elapsed time from first contact to payment
Fulfillment	Reliability and competitiveness of customer deliveries
Multichannel Alignment	Readiness to offer consistent multichannel experiences and interactions
Payment Options	Ability and competence to offer multiple payment options
Personalization	Effectiveness to tailor the shopping journey to individual customers
Positive Friction	Purposeful "pauses" in shopping journey to build customer relationships
Security	Transparency and security housing and use customer data

Source: Global Data Frictionless Shopping In Retail – April 2019

Positive Friction…

Adds to the experience with a positive moment of friction or 'pause' to fit the right experience. Retailers need to ensure the process is right for their product, price range and customer base.

Positive Friction…

- **Intervention: provides helpful information**, recommends complementary products or recalls previous preferences
- **Verification:** avoids having purchases to go through without consideration, offering responsible customer **service to buyers who have trusted retailers** with details.
- **Enhancement:** big ticket/luxury purchases, consumers don't necessarily want a completely frictionless transaction, beneficial for the process of buying to **feel like more of experience**

Source: Global Data Frictionless Shopping In Retail – April 2019

Positive Friction…

- **Impulse: suggest complimentary products**, and items consumers may not have been considering enhances the shopping experience
- **Functional:** intended pause may be welcomed in an offline environment includes giving shoppers time to pack products away for example in a grocery store where smart scanners can drive fast payment.

Frictionless Experience

Leaders ← → **Laggards**

	Leaders			Laggards
Ease of Access	Apple, amazon, Carrefour	Kroger, K Supermarket, Target	IKEA	
Fulfillment	amazon, asos discover fashion online, Ocado		ASDA, L E.Leclerc, M&S EST. 1884	MORRISONS
Multichannel Alignment	dfs, JOHN LEWIS & PARTNERS, TESCO	Walmart	Sainsbury's	
Payment Options	amazon, Alibaba Group, Carrefour	JD.COM 京东		
Personalization	amazon, asos discover fashion online, ZARA		H&M	
Positive Friction	IKEA, JOHN LEWIS & PARTNERS, Kroger	macy's	amazon, Argos	
Security	Apple, BEST BUY, Sainsbury's	Walgreens	macy's, COSTCO WHOLESALE, MORRISONS	wayfair, Target

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Who's Out There?

- Amazon Go
- Skip: check-out– mobile app check out service
- Zippin
- Starbucks
- McDonald's

Frictionless in Practice McDonald's

- Focused on simplification – allow time for employees to concentrate on customer experience
- "McDonald's To Go":
- UK test store "grab-and go" store
- Small format location that tests speed of service with
  - No seating
  - Bank of kiosks
  - Reduced menu

Source: Nations Restaurant News
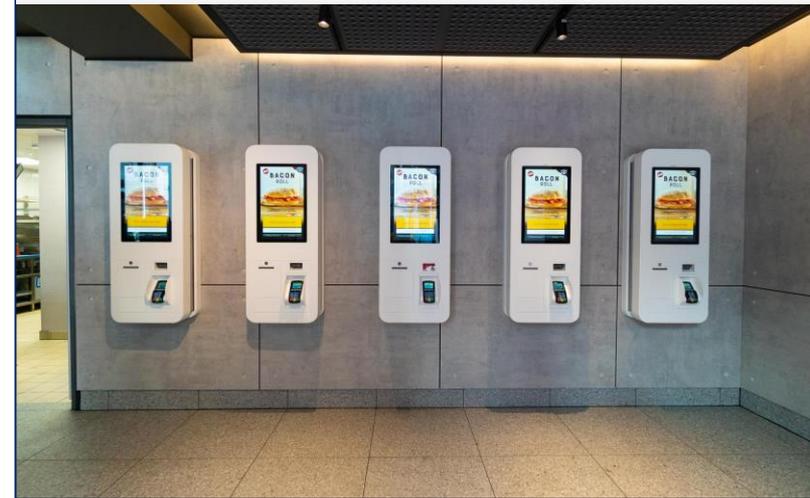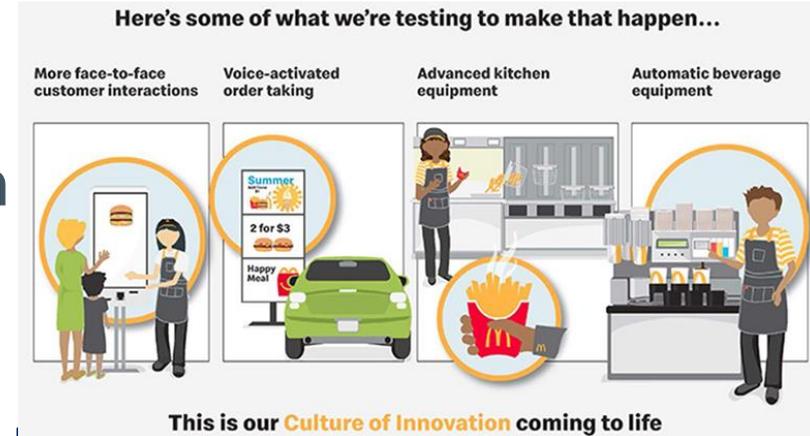
Here's some of what we're testing to make that happen...

More face-to-face customer interactions	Voice-activated order taking	Advanced kitchen equipment	Automatic beverage equipment

This is our **Culture of Innovation** coming to life

Sense and respond – Demand sensing capabilities. Sensors, smart-shelves, video monitoring

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Data synchronization – Sync and correlate your data. Make right decisions about products from an end-to-end perspective.

3

Visualization – Use AI and machine learning capabilities to sit behind the data to provide visually-based recommendations

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Logistics – Use data to improve shipment planning and routing of goods, then implement cost optimization to maximize the value of goods that reach retail shelves.

Campaign Optimization – Take real-time action to shape demand, such as offering coupons, recommendations, or in-store promotions.

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Digitization – Use electronic checkpoints to allow you to see how fast the process is moving and if friction exists. Need to know what is on store shelves and how fast products are moving

Mass Customization – Provide customized products for anyone. Consumers are asking for the same type of capability for mass produced products such as made to order foodservice

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User Experience –Make sure that the quality is good for every product and experience and track user behavior to get constant feedback and make it better.
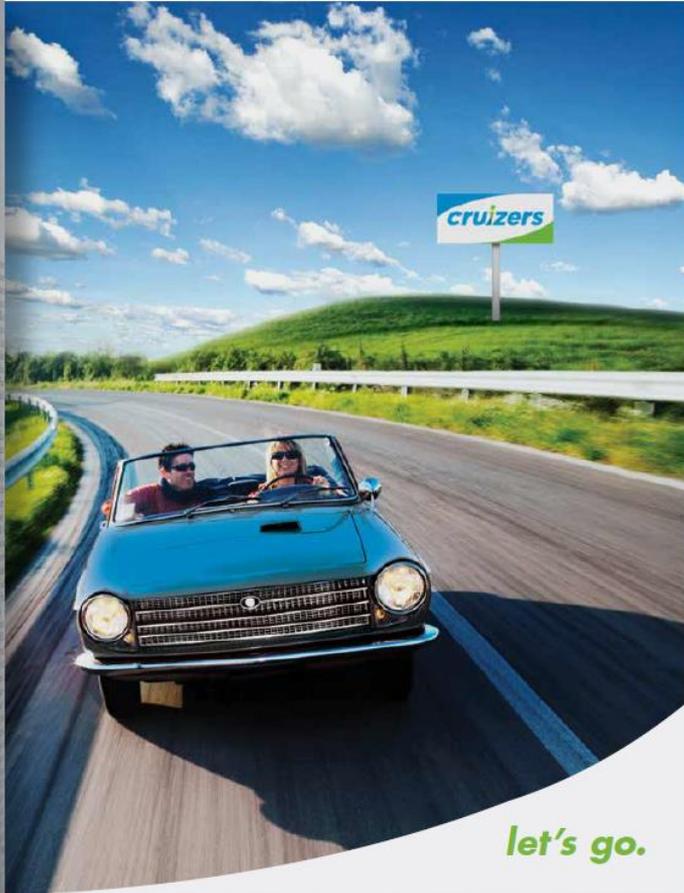
Cruizers Journey…

Who is Cruizers?

Setting The Stage

- 26 Locations Based In Chapel Hill, NC

- 2 Fuel Brands

- Stores Located In Rural and Urban Markets

Key Takeaways

Evaluating Solutions

Implementation Process

Go to Market Strategies

Challenges / Opportunities

Frictionless Solutions

Questions To Answer

- ✓ Help to differentiate from competitors?

- ✓ Is there a market need?

- ✓ Adoption of cutting edge technology?

- ✓ Does it fit our branding initiatives?

Testing / Deployment

Considerations

- ✓ Environment Adoption Requirements

- ✓ Converging Technologies / Mobile and Loyalty

- ✓ Security Implications

- ✓ Standards Adoption (Conexxus)

- ✓ Scalability

Go to Market…
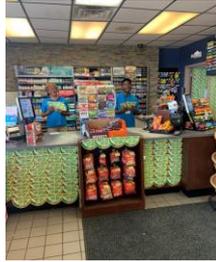
Employees

Nothing is so contagious as enthusiasm.

-Samuel Taylor Coleridge

Go to Market Continued…

➢ Employees are your biggest advocates.

➢ Took a "friends and family" deployment approach.

➢ Quick and concise messages to communicate the program. (Consumer education.)

➢ The solution is "sticky" once used.

➢ Building the unique experience.

IF YOU AIN'T FIRST, YOU'RE LAST

The Headwinds…

Challenges…

❖ Customer /Employee Reluctance (Security Concerns Example: PII, CCs, Banking Info)

❖ "Awkward" feeling with new shopping experience.

❖ Unbanked consumers

❖ Tech is not a "One Size Fits All" approach

Challenges Continued…

❖ Loss prevention

❖ Cutting edge means no industry benchmarks

❖ Supporting company initiatives along with major oils

❖ Training, training, training…

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