

PHYGITAL RETAIL

FACT OR FICTION?



DECODING

How is "Phygital" revamping retail?

EXPERT ANALYSIS

Helping retailers grow in the "Phygital" era

DISCOVERING

Four "Phygital" retail transformations

73%

of consumers
will look for human
contact when buying
in-store

96%

of US adults
shop online on
a regular basis

84%

of Europeans
use the internet
and 55% shop online

\$112Bn

The total value
of mobile payments
in the US in 2016

\$5.5Tn

in mobile payments
made in China in
2016 - 50 times the
value of US
mobile payments

19

the number of online
purchases made by
the average
US adult in a year.

Sources, from left to right: Accenture Global Consumer Pulse Research; Big Commerce; eCommerce Foundation; Forrester; iResearch; KPMG: The Truth about Online Consumers.

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ARNAUD DE LACOSTE

WHY RETAIL IS READY FOR A REVOLUTION

In all sectors of the global economy, and throughout all businesses, a rapid digital transformation is taking place. **But this transformation is not simply the result of technology**

Today's customers demand and expect businesses to strike the right balance between "Selfcare" – which is conducive to automation – and human support. Modern consumers may be connected but this does not make them "virtual customers". They are in search of recognition, a new level of personalization and – probably most importantly – emotional experiences.

Brands can no longer simply be "present" across communication and sales channels. It doesn't matter how many social platforms they use if they can't offer unique services tailored to the needs and preferences of customers who are looking for an experience and an exclusive, uniquely personal brand relationship.

And this is where the data – set to take a starring role in smart, targeted customer activation – enters the scene. Real-time understanding of each element involved in leading a customer to make a purchase, will be the cornerstone of the new customer relational and conversational process.

All of which is why the industry is going through unprecedented change. Indeed it's time to stop talking about either physical bricks-and-mortar stores or digital e-commerce websites, and time to start discussing a blend of both: it's the dawning of the Phygital retail era.

We can see its arrival in new "experience-based stores" – spaces where retailers from both the off-and-online spheres are striving to get closer to exactly what customers want and, in the process, recasting their approach to customer relations.

Every day of this era is likely to yield new ideas and more imaginative technologies, many of which will become part of the fabric of the new retail world.

Yet, no matter how innovative or game-changing such technological innovations become, **neither the advent of chatbots nor artificial intelligence for example, will ever replace human contact.** It will always remain the heartbeat of customer care.

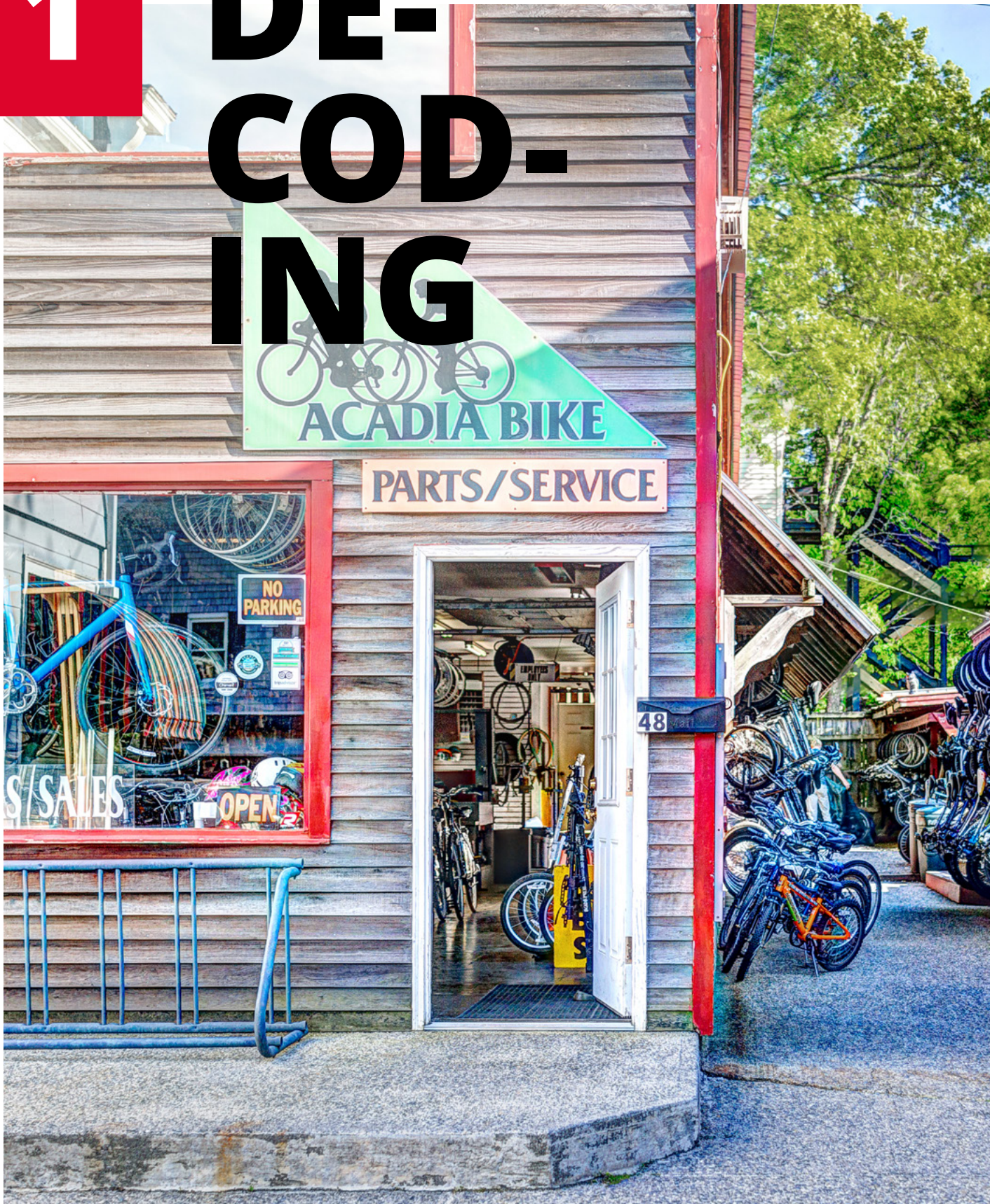
Technology will help to augment, but will not supplant it. Therefore, it is up to us to provide brands with the best advice for ensuring the smoothest, most effective transition possible.

Our Group's core business is Customer Relations and the Customer Experience. It's why we see ourselves as catalysts in this transformation and in a unique position for providing a clear understanding of customer expectations and of where the retail sector is going.

In this White Paper, our experts will highlight the new trends in the market and point to the critical solutions for harnessing the transformation and enabling every one of you to become heavyweight contenders in your own sectors.

1

DE- COD- ING



1.1 RETAIL REFRESHED

Reports of physical retail's demise have been greatly exaggerated: 90% of global retail spending is still in-store (eMarketer, 2017). Even so, the sector needs to adapt – quickly – to increased digital competition spearheaded by Amazon, plus the new habits the firm has forged with consumers who now want immediate online service and instantaneous information.

As they race to come up with a new business model **major retailers are putting their faith in "Phygital"** – a combination of physical stores and digital experience. This provides a means of blurring traditional boundaries and of supporting both the upstream and downstream elements of the customer journey.

Ten years ago, retail and e-commerce were in competition, with online platforms seen as a threat by major retailers. Even those retailers with online storefronts

kept them separate from their other activities. But the situation is different today; rivalry is giving way to a quest for synergies.

Furthermore, changing customer behavior has also started bringing these two historically separate worlds closer and closer together. For example, 67% of internet users frequently or systematically look for information online before they shop in store (CCM Benchmark Institute for Eulerian Technologies).

This phenomenon, known as "ROPO" (Research Online, Purchase Offline) reflects the inexorable digitalization of retail which now provides consumers not just with an in-store visit but with an actual brand experience.

SETTING NEW STANDARDS

Shoppers have fallen for everything that is different about e-commerce, from round-the-clock information and service, to speed of use and size of product choice. Yet it doesn't mean that they have fallen out of love the simplicity and emotion of purchasing a product in the real world.

If anything this feeling has intensified. And it is leading to new standards of service that are becoming key in the act of buying something: more personalized services; easy, efficient delivery; visibility of the entire available product range; and simplicity at each stage of the customer journey.

GLOSSARY OF KEY TERMS

BEACON

A Bluetooth sensor placed somewhere in a store. It sends personalized messages to customers' smartphones together with information and promotions, and can record in-store visits in order to award customers loyalty points, for example.

CLICK & COLLECT

A shopping facility that lets a customer order a product online and pick it up from a store.

E-COMMERCE

E-commerce or electronic commerce comprises all sales transactions conducted via electronic and/or digital interfaces.

MOBILE PAYMENT

Also known as m-payment, it means paying for purchases using a mobile phone.

PHYGITAL

Phygital retail comprises a physical retail outlet that uses digital data and methods to boost sales.

Today's customers wish to be listened to and to be supported while remaining relatively autonomous throughout the shopping journey. But they want to be delighted when they come into a store. Therefore, it's no longer just about the purchase – entertainment is now part of the package as well.

Consumers expect a uniquely personal in-store experience that is in step with the information they have been able to find online (price comparisons, evaluations on social networks, etc.). They are not looking for a huge in-store selection – they can

always find that online – but for advice and empathy from well-trained and informative sales advisers who will listen carefully to what they want.

Customers travel back and forth between the digital and physical spheres and in doing so expect the brand relationship to be consistent in-store, online or when calling after-sales service. Furthermore, regardless of the interface, the customer expects this brand relationship to feel exclusive, personal, and to incorporate all previous interactions.

DISCOVERING AND DELIGHTING

Just like their e-commerce counterparts, retailers are now placing the customer, rather than the product, at the heart of their organization and its corporate culture. For example, US luxury automaker Lincoln is opening experience centers where customers can enjoy a calendar of live events as well as use table-top tablets to specify a new car, or take a selection of available models for a test drive.

French beauty and well-being chain Nocibé gives away free samples in two of its branches. Customers can open and test them on their hands, face and skin there and then. It's helping to create a little in-store sensory world for customers – and it's fun!

As part of its customer loyalty program, US big-box retailer Best Buy offers free at-home consultations with consumer technology experts for those looking to set up anything from a home cinema to an Internet-of-Things network.

French consumer electronics and home appliance chain, Boulanger, has the “Le Comptoir” concept: a space where customers are encouraged to test devices. Selling is of secondary importance. All products – from food processors to drones – can be used in real situations, meaning consumers get a genuine sense of their performance.

The idea is to provide a space completely given over to experimentation where people are completely free to touch, feel, listen and see.

Revamping bricks-and-mortar stores will involve a different type of customer relationship where digital technology is present but sales advisers have the key role. It's all about ambiance and atmosphere and those elusive moments of shopping pleasure that customers crave.

RFID

Radio Frequency Identification technology makes it possible to scan a large quantity of product labels in just a few seconds.

ROPO

“Research Online, Purchase Offline” or “Research Offline, Purchase Online” is a new way of buying. Customers do their research online and then buy

from a physical retail outlet, or vice versa. By observing what people do on the web, we can make predictions, such as what they may buy in store.

SELF CHECK-OUT

Customers use an automatic terminal to pay for their in-store purchases. This speeds up payment and cuts waiting time at check-outs.

STORE-TO-WEB AND WEB-TO-STORE

In a retail outlet, store-to-web consists of referring the customer to the retailer's website so that s/he may purchase a product that is not available in-store. Web-to-store is the opposite: customers search the website before going into the store to buy the product.

1.2 HOW PHYGITAL IS REVAMPING RETAIL

Despite its ease of use and \$455 billion in sales in 2017, US e-commerce sites still cannot offer that immersive and sensorial experience that shoppers want and need. Retailers are seizing on this fact as they reinvent their stores, turning them into emporiums of experience, sensation and emotion.

TRANSFORMING STORES INTO PLACES OF ENTERTAINMENT AND CONVIVIALITY

Stage One of the new retail era: brands are designing stores around digital innovations and add-on services. Interactive terminals, mobile apps, or free wifi, are now standard at a host of retail chains from Barnes and Noble to Target. High-end department store Neiman Marcus boasts digital “memory mirrors” that allow customers to get side-by-side 360° views of every outfit they’ve tried on, and to transfer the images to their smartphone.

Meanwhile home-improvement and appliance chain Lowe’s has an augmented reality app that lets visitors view the isles through their smartphone screens in order to quickly find the exact location of any item for which they’re searching.

Stores are now much more than mere sales outlets. They have become “emporia” dedicated to the emotions, the senses and to entertainment.

The success of pop-up stores – short-term retail spaces that give a theatrical twist to the brand universe and offer unique experiences based around a new product

or the brand itself – are further proof of this trend at work. Customers love the opportunity for a different type of contact. **Big retailers are now rounding out this strategy with a service-based approach that offers consumers unrelated but welcome additions:** free coffee, access to a photo booth, product customization facilities, etc.

At Whole Foods, customers can recharge their phones while they shop. If they go into an Adidas store, they can use a treadmill and talk to a fitness coach about which type of running shoes they should be wearing.

All of these services are designed to enhance the customer journey and to make it easier. Take “click-and-collect” for example, which combines the simplicity of an online purchase with the comfort and confidence of in-store pick-up. Brands are taking the concept further still. For example, in November, Walmart launched a pilot program with online services provider Handy. It allows customers to buy an item, such as a TV or a bookcase, and get it not just delivered to their home, but also assembled or installed.



Stores are now much more than mere sales outlets. They have become “emporia” dedicated to the emotions



RECASTING THE IN-STORE SALES ADVISER IN A STARRING ROLE

Stage Two of the new retail era: in-store sales advisers become fully-fledged “enhanced sellers”.

Not only do they need to be perfectly familiar with everything that customers can find on the web, in-store staff must now also be able to use this information when they are talking with in-store customers.

Digital technology is omnipresent. It means that shoppers merely have to take their smartphones out of their pockets to be able to compare prices, get additional information or read customer reviews. And this is why it has become vital to rethink the role that sales advisers play in getting to that level of hyper-personalization or “hypersonalization” that the customer now takes for granted.

This expectation is why in-store teams need to embody the brand values, make them fun, convivial and down to earth, while maintaining an “appropriately welcoming demeanor”.

As Mike Small, Chief Client Officer, Sitel Group explains: **“There is nothing worse for a sales assistant than not being able to handle a customer who is equipped with a smartphone.** There is a whole art to being able to switch from digital to physical, and then back again, when dealing with a demanding or impatient in-store customer.”

Brands are now fully aware of this and they are increasingly providing employees with connected devices, so they have as much information as consumers. These “enhanced connected sales advisers” need instant access to all company data (catalogs, inventory, deliveries, etc.) as well as each customer’s history. This will enable them to provide genuinely decisive, carefully-tailored advice; and that in turn will have a determining impact on retailer revenues.

Mike Small goes on to say: “We are partnering this retail sector root-and-branch transformation through training programs that are totally integrated into the customer journey and underpinned by all of the expertise of Learning Tribes [Sitel Group’s e-learning and training company]. **The ‘enhanced sales adviser’ must learn how to support customers throughout their experience with the brand and know how and when to give that vital bit of ‘human’ advice** in the midst of an increasingly digital universe. He or she must use dialog to create a unique, personalized relationship with the customer and also be able to present the new services and technologies offered in-store.”

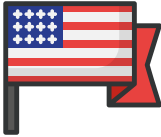
It’s official. Traditional bricks-and-mortar stores are transforming into new experience emporiums aiming to delight customers looking for advice, human warmth and simple shopping pleasure.



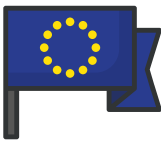
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ECOMMERCE IN FIGURES



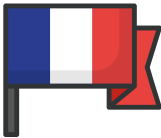
Online expenditure in the US reached \$395 billion in 2016, a jump of 15%. E-commerce now accounts for 42% of market growth in the United States. *(United States Department of Commerce)*



European e-commerce sales rose to €530 billion in 2016. In 2017 this figure is expected to rise to €602 billion, an increase of almost 14% (B2C). *(Ecommerce Europe 2017)*



The UK is Europe's biggest single ecommerce market. In 2016, sales totaled \$180 billion.



60% of traffic to ecommerce sites in France is via mobile devices. That is the highest rate in Europe. *(Altima/JDN)*



\$500 billion – the value of China's online retail sector in 2017. A \$100 billion increase on 2016 making the country by far the world's biggest single ecommerce market. *(Statista DMO; 2016-2017)*



17% of all US retail sales will be via e-commerce by 2022 *(Forrester)*



192 million retail jobs throughout the world are threatened by automation *(Eurasia Group)*



6879 shops in the US closed between January and November 2017 *(Fung Global Retail & Technology/Crédit Suisse)*

2

EXP- ERT ANA- LYSIS





RAUL NAVARRO

2.1 HELPING RETAILERS GROW

Partnering retailers on this transformational journey and helping them to grow their revenue is a crucial task. The Phygitalization of the sector and the related makeover of market strategies renders it more urgent still and means that this whole area is the key to growth and ultimately to business survival.

Although it is essential to continue unlocking synergies between point-of-sale and web-based operations, **businesses must also be able to maintain contact with customers between two in-store visits.** The

customer journey is now much richer and approaches that worked up to now may no longer be suitable.

Retailers need to rethink their business models in order to satisfy both in-store and online customers.

All previous customer relations models need to be rebuilt. For proof, look no further than the recent announcement of a strategic alliance between Alibaba, Auchan Retail and Ruentex to pool their off-and-online retail expertise in order to “develop the Chinese Phygital food retail sector” (Business Immo, November 2017).

PLANNING A DETAILED “ANNUAL MARKETING ROADMAP”

Forecasting and managing seasonality are two key elements in achieving sales targets. To help in this process, Sitel teams partner retailers in the pre-sales phase to achieve optimal team size by leveraging their annual marketing roadmap.

What is the planned frequency of the promotional campaigns being deployed by the brand marketing teams this year? Are there any planned product launches? All elements are analyzed in detail from seasonal peaks in activity to historical sales data.

As Mike Small points out: “For retailers to be fully satisfied, it is essential to be familiar with each of their big events during the year as well as their sales forecasts in order to anticipate requirements in terms of trained operational personnel, ready and able to respond to consumer queries.”

Aside from events specific to each client, certain key dates require additional sales advisers to handle the corresponding spike in orders. Black Friday, Cyber Monday, or the end-of-year sales are all determining periods for sales.



The customer journey is now much richer and approaches that worked up to now may no longer be suitable



"When a major international brand launches a new blend of coffee or wishes to run promotions, we need to be ready to deal with the potential increase in orders and to have enough trained sales advisers on hand to meet additional flows," says Mike Small.

For example, in the case of one European beauty products brand, we provide an average of 20 Sitel advisers that handle all customer online requests from a site in France throughout the year. But this number seamlessly ramps up to 80 during the holiday season. These extra advisers are divided into specialized "pools" to deal with the most common reasons

for customer contact, such as tracking deliveries or exchanging products during the sales.

"Instead of training sales advisers to handle all possible situations, we target a small number of specific-type requests that generate a considerable volume of contact. This greatly reduces the training time needed and boosts efficiency," explains Mike Small. "Thanks to detailed planning and the use of statistics, we help grow the retailer's sales. We leverage all of our expertise to track seasonal changes in volume and we actively contribute to customer satisfaction and provide ongoing sales support."



Instead of training sales advisers to handle all possible situations, we target a small number of specific-type requests that generate a considerable volume of contact



TRAINING SALES ADVISERS KEY TO UNLOCKING PERFORMANCE

Retailers are now faced with the challenge of offering outstanding customer service both at a distant, digital and at a human, face-to-face level. To achieve this, they are putting their faith in retraining their in-store personnel who have become key to the brand's success. These personnel help the brand to project an efficient, stable image while faced with a customer base in a constant state of flux.

Sales advisers have always needed to be familiar with product features, but now they also need to know about the new technologies available in-store. Nils Romier, Head of Development, Learning Tribes explains that: "Instead of just being sellers, they are turning into genuine 'connected brand ambassadors'."

Training involves learning about these latest technologies, understanding how these digital processes

can be applied and how they can enhance customer contact (see Leroy Merlin Business Case).

In addition to basic customer service training, employees need to have constant exposure, throughout their careers, to the best practices and service approaches that the business wishes to incorporate into its Customer Relations strategy.

The changing role of the sales adviser is also changing the basis for team reward and recognition. It is no longer the number of customers served per hour that matters, but their level of satisfaction, the average spend, data collected or customer loyalty. Performance measurement systems need to be tweaked to reflect this new more service-oriented approach.



MIKE SMALL

2.2 CREATING DIFFERENTIATED CUSTOMER EXPERIENCES

Customer Experience is punctuated by unexpected moments triggered by events that could not have been covered in the business's carefully planned marketing roadmap. These unforeseen circumstances can be real "moments of truth" during the customer journey that will have a direct impact on whether the consumer falls in or out of love with the brand.

EXPECTING THE UNEXPECTED AND DEPLOYING CUSTOMIZED SOLUTIONS IN A VERY SHORT TIME

Even with the best forecasting and planning, retailers are still frequently faced with unexpected situations due to a sudden external crisis such as problems with suppliers or delivery firms. Or there could be internal system failures; for instance a website going down or a delivery tracking system going offline.

Likewise, sales could simply fall short of initial expectations, meaning the company may decide to run special promotional campaigns that were not covered in the annual roadmap.

Any one of these situations would lead to a significant increase in customer calls and interactions.

This in turn would mean immediate demand for extra customer advisers, regardless of the contact channel.

Whether dealing with crisis management or an unplanned product promotional campaign, for retailers, the related impact on business is huge and they must be ready and able to "scale up" quickly.

As Mike Small points out: "We are flexible enough to be able to provide customers with an unplanned number of sales advisers. What's more, with over 15 years of 'firefighting' experience, we can offer customized contracts and can leverage our pool of customer advisers – specially trained in emergency response techniques – to help our clients meet their own immediate short-term needs."



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DATA, THE ESSENTIAL COMPONENT OF A DIFFERENTIATED CUSTOMER EXPERIENCE

As Raul Navarro, COO Americas, Sitel Group, says: “Strategies that differentiate based on the quality of customer care can really set businesses apart from their competition, thanks to highly motivated teams who are familiar with all aspects of the brand.”

However, to optimize this customer experience, the retailer needs to know its customers better and help its own sales force to become more involved. Survival is now contingent on the smartest use of data. Just like websites, stores are now major sources of traffic that can be turned into precious, actionable data, thanks to different forms of in-store technology such as RFID tags, wifi sensors and Bluetooth beacons.

Yet to be genuinely useful to retailers, this data needs to be gathered, reconciled, properly processed and shared in order to enhance the customer’s experience both in-store and online. Data that is carefully shared can be used to target consumers in the subtlest of ways. For example, by harnessing the notion of ROPO (Research Online, Purchase Offline), retailers can analyze data gathered online to predict what customers will buy in-store and even “nudge” those that have researched an item to actually buy the product

by sending them personalized messages via whatever communication interface they use.

When combined with transactional data (social data), customer data is a fantastic resource for enhancing the relationship and for targeting offers in a much more refined way. The brand is able to tie a customer’s offline behavior (e.g., purchasing in-store with their loyalty card) back to their online behavior (browsing using cookies) so that the customer is known and recognized in-store and online. All of which will make the brand relationship with that customer unique.

Laurent Letourmy, CEO of technology consultants and cloud-based marketing software publishers, Ysance, reminds us that although this “mix of digital and physical data” has existed for years, it is only now that it can be merged and transformed into insights easily: “We are able to capture and analyze the customer journey and put exact figures on the contribution of ‘Phygital’.”

This analytics breakthrough arrives as customers are increasingly moving back and forward across sales and contact channels in the process of purchasing. “Our ability to reconcile data and accompany omni-channel

HARNESSING DATA TO RETAILER NEEDS

As they deal with increasingly omni-channel customers, retailers have more potential data flowing into their business. This is a huge boon for understanding consumers, their habits and purchasing patterns.

But Laurent Letourmy points out: “Retailers already have the data in the form of sales receipts, CRM or customer website and smartphone browsing history, but this data is not being used properly!”

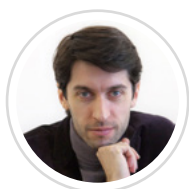
If it were, it could have huge benefits for retailers. Data makes it much easier to track each individual

browsing online or in-store, and then deploy a strategy to encourage them to transform this research into an online or in-store purchase.

The stakes are high: omni-channel customers spend 50% more on average each year than other customers. Laurent Letourmy adds that: “The nub of the challenge is to ‘activate’ the individual at the right time in a smart and calculated manner. And this is where data comes in handy. Thanks to data reconciliation, or deterministic identification, when an individual logs onto a digital device or visit a store, retailers can boost their sales by effectively target-

customers is a complete game-changer,” explains Laurent Letourmy. “We are able to track them and know when they visit the website or a store. This gives us a real digital connection to the customer. Once we have their digital identity [email, smartphone], we know when they visit the website, when they use their loyalty card and where it will be easiest to ‘activate’ them. We no longer consider them as a potential customer but as a customer per se.”

Data means that hypersonalization is within reach and the loyalty program can be managed in a much more subtle manner. “Customer activation can now be performed in a much smarter way. We know how to identify the customer’s interests, we know how they prefer to communicate, so we treat them and communicate with them as committed customers,” Laurent Letourmy says.



LAURENT LETOURMY
Ysance

“

We are able to capture and analyze the customer journey and put exact figures on the contribution of ‘Phygital’

”

ting the moment of contact and ‘nudging’ the customer to buy.”

Ysance’s platform makes it possible to gather data and then to calculate a purchase probability for each individual and for each product on a daily basis. It sends messages to the retailer’s customers at the best possible time in a concise form and via the most appropriate communication channel.

For example, in the early part of the customer journey, the platform will send the customer a reassuring message containing information on the

product range. Then, if the platform sees that the customer is interested in an article, it will refine both the message and the channel and mention the store opening hours and product availability to encourage the customer to complete the purchase quickly.

Given the arrival of the online behemoths (known as “GAFA”) in the Phygital market, using data effectively and managing customer experience via algorithms will be one of the key challenges in the retail sector in 2018 and beyond.

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DIS- COVER- ING...



3.1 CUSTOMER EXPERIENCE RULES

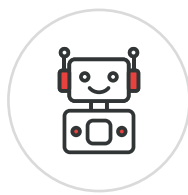
The rivalry between bricks-and-mortar and online stores is history: what matters now is enhancing and personalizing the customer relationship.

To achieve this aim, retailers need to change the perception of customers and of stores – which are being

turned into living, breathing experience emporiums – while also embracing the new role of in-store assistant as “enhanced” seller.

Retailers are innovating and putting their faith in “hypersonalization” and in enhanced human relations.

DISCOVER FOUR PHYGITAL RETAIL BUSINESS TRANSFORMATIONS



A Customer Experience chatbot



Connected and enhanced sales advisers



Adding experience stores to the marketing mix



Scaling up service but keeping the brand connection



Retailers are innovating and putting their faith in “hypersonalization” and in enhanced human relations



3.2 PHYGITAL INNOVATIONS



A SERVICE-BASED CHATBOT

CHALLENGE: ATTRACT CONNECTED SHOPPERS

French prêt-à-porter label Gémo was formed in 1991 and today boasts 460 outlets across the country. Its customer base is aged between 35 and 45, but Gémo also wished to start targeting Generation Y – who intensively use social messaging apps – by deploying its first bots on Facebook Messenger.

As Julien Hervé, Head of Innovation at Gémo, Eram Group, explains: “The use of chatbots sends out a message of modernity and helps us to expand our customer base. But it also allows us to get closer to our customers’ practices and needs by constantly providing them with a quick and straightforward service.”

Gémo’s long-term strategy is to smooth the customer journey using omni-channel-based processes and deploying an interactive and personalized approach while optimizing its familiarity with its own consumers.

SOLUTION: THE CONVERSATIONAL CHATBOT

‘Lookbot’, Gémo’s service-based chatbot, was developed by Sitel’s consulting and creative technology business TSC. It launched on Messenger on June 23 2017. As Geoffrey Boulakia, General Manager EMEA, TSC, explains: “We came up with this particular chatbot as a means of providing users with customized online recommendations and customer-specific advice. This personal shopping assistant lets people experiment and to find the style that suits them best.”

Using responses to a series of questions, the bot gets an idea of the customer’s tastes and sends him or her its initial product suggestions. Once they have worked their way through the suggestions, all users then have to do is order with just one click.

As the bot develops and new features go live, it will also be able to link these suggestions to the customer’s physical build and features to come up with ideas that are genuinely made-to-measure.

The chatbot also informs users that they can speak to a sales adviser any time they like – the adviser will have access to all of the exchange history – or to log onto the brand’s Customer Service web page.

Julien Hervé stresses: “We chose TSC to work on the bot content because, as well as being a distribution channel, it is primarily a social channel. **The chatbot helps us refocus on the customer who actively contributes to the answers the bot provides.** Every customer has unique search criteria – budget-based, style, morphology, etc. – and the chatbot enables us to cater to these in a straightforward and discrete manner. But the search filters belong to the customer. We are not looking to push any particular product, but to listen to customers and understand exactly what they want and then offer them what suits them best. We are leveraging our role as customer sales adviser.”

RESULTS

At the end of the chatbot exchange, users receive an evaluation request to rate satisfaction. This process measures the number of users and the duration of the session as well as the rate of carryover to the website, and the subsequent rate of conversion, bounce or log out, and ultimately ascertains whether the bot actually boosts the transformation rate.

Julien Hervé concludes: **“You really need to ask yourself the right questions before deciding to deploy a bot to avoid simply falling for more fancy gimmicks that will ultimately get on the customers’ nerves and distort the brand image** which has been carefully crafted around values of transparency and simplicity. The bot needs to uphold these values in a specific, useful way that the customer actually wants, without interfering in the customer journey. Customer trust is

based around exchanges that smooth and enhance their experience and renew faith in the brand identity.”

In addition to generating traffic on Géo’s website, this bot is aimed at transcending the basic in-store retail experience in favor of a new type of Customer Relationship that combines the off-and-online experience.

Géo’s chatbot is effective, reliable and fun and it makes the customer brand experience part of an innovation-centric approach firmly focused on the post-millennial future, underpinned by a relationship of empathy, transparency and trust.

For Géo, digital has become a much more powerful growth driver: the brand generated €20 million in online sales in 2016 and is aiming to reach €60 million by 2020 in France.



The use of chatbots sends out a message of modernity and helps us to expand our customer base





CONNECTED AND ENHANCED SALES ADVISERS

CHALLENGE: TRAIN AS MANY SALES ADVISERS AS POSSIBLE TO BE CONNECTED TO NEW PRODUCTS

With the advent of Phygital and the development of ROPO-type consumer behavior (Research Online, Purchase Offline), customers are increasingly well-informed when they arrive in store. They haven't come just to look for a product, they also want advice and to be able to experiment a little. French Home Improvement retailer, Leroy Merlin, has been quick to take this on board and has opted to make its sales advisers more connected and more focused on giving advice.

Every year, the Group launches a plethora of new products across all categories, forcing sales advisers to keep up to speed on all in-store products. They must know as much as the customer, who will have keenly studied the features of each product online before coming into the shop.

Nils Romier, Head of Development, Learning Tribes, points out: "With the digitalization of the customer journey, we are providing more and more support to sales advisers to help them acquire new sales techniques. **The expertise required is changing. What was a product-centric approach is now customer-centric.** One that demands major input in terms of advice. Companies are now asking for different types of team training modules."

SOLUTION: MIX COLLECTION MOOC, SPECIALLY DESIGNED BY LEARNING TRIBES

Leroy Merlin's challenge was to provide standardized training in a very short time to sales advisers in all stores throughout France, but without having to free up its employees for training days. Before opting for Mix Collection MOOC, the brand had tested classroom- and distance-type learning via its intranet,

but was convinced neither by the number of people trained nor by the results.

This was when it turned to Learning Tribes. Sitel Group's education technology and training company partnered Leroy Merlin by coming up with customized MOOC-type training modules that are taken "on the job" via PCs, tablets or smartphones.

To devise the solution, Learning Tribes liaised with a point person from Leroy Merlin for each product and was also supported by experts in each area of the client's business. In just two months, our Group was able to design tailored training solutions that were underpinned by Leroy Merlin's expertise.

Employees could go through the module each week in just 20-to-30 minutes, at times when their store was less busy. This online module comprised learning videos and quizzes that test the salesperson's knowledge of all types of new products and their specific features. The modules were hosted on Learning Tribes' open source learning platform Triboo, which complies with Leroy Merlin's own house style. Each MOOC lasted between four and seven weeks, depending on what department was being targeted.

As Patricia Duret, COO, Learning Tribes, explains: "Leroy Merlin used internal mass mailing, in-store posters or teasers to inform its teams about the new modules beforehand. Managers reminded teams whenever there was a new MOOC to be taken and then subsequently on a weekly basis."

The brand wished to use this initiative to forge a relationship of empathy between employees and their stores. Learning Tribes designed weekly challenges with prizes for the teams that came up with the best descriptions of the new products highlighted in that week's module.

RESULTS

After piloting the modules in three different product sections (lawnmowers, laminate flooring and garden products) in stores nationwide, Leroy Merlin validated both the learning process and the module content. The Group then rolled out the learning experience to all in-store product categories. Philippe Riveron, CEO and Founder of Learning Tribes reveals that: "The brand's long-term objective is to use this learning approach on an as-needed basis for new products and according to the needs of its business model."

In all, over 70% of learners logged onto the different modules and 50% of them completed the modules right to the end. Nils Romier insists that: "The client got

a very good return on its investment: **those who took the modules were more effective in selling the products highlighted in the different MOOCs than they were in selling other products because they were more familiar with these and much better able to deal with customer queries."**

MOOCs have been a big help to Leroy Merlin. They have cut its training bill and are able to reach many more people in a shorter time while boosting social interaction within teams.



Over 70% of learners logged onto the different modules and 50% of them completed the modules right to the end





ADDING BOUTIQUES AS A COMPLEMENTARY SALES CHANNEL

CHALLENGE: TO COURT AND CONQUER THE URBAN CONSUMER

Valued client Vorwerk is a German firm that can trace its roots back to 1883. Today it is best known as the company behind the Thermomix food processor and Kobold vacuum cleaner brands, now on sale in 80 countries and that, in recent years, have become must-have devices in modern homes around the globe.

For over half a century, the firm's main sales channel has been direct sales - agents offering at-home demonstrations. A strategy that allows customers to get a genuine feel for the product, and therefore make an informed purchasing decision.

In 2018, this approach is still Vorwerk's main sales channel and growth engine. However, while it continues to pay dividends in the suburbs, the company realized a different approach would be needed to target potential city center customers - research found that they only had a 2% conversion rate in urban areas for its flagship brands.

To remedy this, **the company decided to diversify sales and distribution channels by opening boutiques that reflect the needs and expectations of different customer types and their changing consumption patterns.**

"In urban areas, customers are more active, have less time, and buy more quickly," said Bruno Romuald, Vorwerk's Group Development Director. "Far from competing, in-store sales are complementary to our existing channels. Omni-channel means allowing the customer to buy when and where he or she wants and it's up to brands to adapt."

SOLUTION

Vorwerk's first French store opened in Paris in September. Based in the fashionable Opera district, it perfectly reflects the products' premium positioning.

"Our goal is to offer a new sales and distribution channel without competing with our existing sales network," said Bruno Romuald. "After penetration studies, we considered the project's vision with individual teams within a specially created group called Synergie, made up of regional and head office employees."

Following discussions with Synergie, the company defined a set of rules by which the new and existing sales channels would abide.

To avoid any competition delivery times, promotions, pricing, and finance deals would remain identical regardless of channel; as would loyalty programs and after-sales support.

Even though the boutiques represent a new approach, Vorwerk kept one important tradition, the ability to really test the products thanks to its "Experience Bar". It gives visitors the chance to prepare meals with the Thermomix and take part in culinary workshops.

RESULTS

Once the Paris store is fully optimized and adapted to urban customer needs, Vorwerk will roll out further boutiques based on lessons learned.

Still, the group is already optimistic about the Parisian shop's performance. It is proving complementary to existing sales channels in France and the follow-up support provided by its network of sales advisors is working well.

"Whether in-store or at home, the support we offer must allow customers to get exactly what they need," said Bruno Romuald. "This complementary approach allows us to keep channels of communication with sales advisers and customers open, and to continually adapt our strategy to the needs of consumers."

While a new approach for the French market, Vorwerk is by no means a stranger to the physical retail environment. Since 2009 it has opened over 50 stores in urban areas throughout Germany and Austria.

Its stores now represent 13.3% of sales but have not negatively impacted on its existing channels.

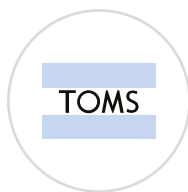
At the end of 2016, direct sales still represented a massive 75.8% of total sales.

Vorwerk currently employs in excess of 649,000 people around the world. Its Kobold division generates €836 million in annual revenues while the Thermomix brand generates €1.3 billion.

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Our goal is to offer a new sales and distribution channel without competing with our existing sales network

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KEEPING A CONNECTION WITH CUSTOMERS

CHALLENGE: SCALING TO MEET THE DEMAND WHILE MAINTAINING THE MESSAGE

TOMS is a US footwear, eyewear and apparel company with a difference. It has grown from a socially responsible business idea and into a brand whose products are available in over 500 outlets and concessions around the world.

Based in Santa Monica, California, and known as the One-for-One company, TOMS aims to help reduce poverty and disease by donating a pair of shoes to a person in need for every pair it sells to a consumer.

Since its creation 2006, this founding principle has proven so popular that TOMS has been able to move beyond footwear.

It now sells glasses, bags, sweatshirts and coffee, proceeds from which are used to provide clean drinking water, pay for eye operations or improve training for skilled birth attendants in some of the world's more impoverished regions.

TOMS had been experiencing a huge surge in demand for its products and as a result needed to strengthen and potentially expand its customer experience beyond its existing internal center in California.

Any potential solution would require adaptability to meet seasonal peaks and troughs, in a manner that was efficient and cost effective. And, **most crucially, any solution had to continue to transmit the company's unique philosophy and brand values: the key to its customer engagement and success.**

"We initially worked internally within the TOMS operation in California to help implement sound operating processes, enabling more efficient operations, effective measurement and overall improvement of TOMS'

business results and customer satisfaction," explains Pete Weakland, SVP for Operations and Solution Planning. "This included training, quality and performance management."

SOLUTION: BRANDING ON-THE-JOB TRAINING

Sitel's initial work within TOMS' internal operations, resulted in a very clear understanding of the business, including types of customer contact, the most common types of call or email requests, existing processes, and opportunities for improvement.

The positive impact of these improvements gave TOMS the confidence to invest further and to work with Sitel in a business partnership where Sitel would deliver an outsourced solution in line with TOMS' growing needs.

Sitel provided the capacity to quickly ramp up to 200 ready-trained contact center agents to meet peak seasonal demand, handling customer calls, chat interactions and emails in a way that advanced the company's guiding philanthropic brand message.

"To fully engage every agent in the One-for-One philosophy, we created training programs built around all of TOMS' branding materials, including video," said Pete Weakland. "To further reinforce the message, TOMS video messages play on a loop on large screens on the production floor and there's even a shoe wall that displays each of the company's products."

RESULTS

The partnership has resulted in First Call Resolutions averaging 93% year-on-year. TOMS has been able to lower its support costs by around 30%, while maintaining a strong Net Promoter Score of 70+.

Keeping those figures consistently high, even during ramp up periods is due to an innovative approach to training for new hire agents that swaps theoretical classroom time for hands-on learning. Starting on their second day of training, new hire agents spend a portion of each day shadowing tenured agents taking live calls, chats and emails.

"Being exposed in this manner on a daily basis allows agents to become accustomed to each common call scenario much, much sooner than is typically possible with a traditional onboarding approach," says Lorenzo Barela, the Site Operations director that manages the TOMS team.

"This exposure leads to active discussion and questioning in the classroom around these primary scenarios. This shortens the learning curve in achieving a first call resolution when new hires officially join the team."

The strength of the partnership has enabled Sitel to truly act as an integrated part of the TOMS business, and provide a strong and agile platform to meet new business objectives and achieve new goals.

"With this client, it's never been a question of its relative size. It's always been, 'if we can make it happen, we will make it happen,'" explains Lorenzo Barela. "The relationship is what's key, not a company's size – how can we help the client meet its business needs and how can we continue to add value?"

Since the two companies began their relationship in 2012, **Sitel has taken full responsibility for TOMS' customer email, chat and call channels for the Americas, giving it the same strength and depth of customer relations as a larger competitor**, while simultaneously freeing the company up to focus on its core business.

With this level of ownership - everything from order and sales support; customer services; the generation, distribution and validation of promotional codes; to the product returns process - Sitel has become the customer-facing embodiment of TOMS' One-for-One movement.

"Our people embrace this opportunity and responsibility every day," says Pete Weakland.

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With this client, it's never been a question of its relative size. It's always been, 'if we can make it happen, we will make it happen'

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RAUL NAVARRO

REINVENTING CUSTOMER CARE IN THE PHYGITAL ERA

The barrier between e-tail and retail is gradually breaking down beneath the weight of technological innovation and changing consumer behavior. As a result, each player is trying to strike the right balance between physical contact, emotional experience and online presence.

This blurring of off-and-online worlds is leading businesses to revisit the customer journey and to ask new questions: How can we restructure customer service against a backdrop of increasing interaction and data? How can we make best use of data and optimize our customers' experience in order to win over consumers and increase loyalty? How can we partner in the transformation of the sales adviser's role?

Customers have taken power through new online purchasing practices. They want to be able to contact brands however, whenever, wherever and for whatever they want. They also expect timely answers in a language they understand.

The customer's expectations are straightforward enough, however organizing a company's customer service in line with said expectations is a little less so. There is an art to setting up an efficient, effective and flexible customer service and it is based on experience that can only be gained by working in the field.

Customer service is no longer just a marketing relationship: brands now need to be able to talk to

that person hiding behind each customer. The act of buying now comprises emotion, ultra-personalization, surprise and entertainment, and these changes need to be reflected in the business's customer relations service. Humans – supported by technology – bring an additional sensitivity and contact that change customer perception so that he or she feels they're being listened to and taken seriously.

Our teams place the human experience at the heart of Customer Care and work day-in, day-out to enhance two-way communication and mutual reassurance. Our employees are able to adapt to brands' constraints and demands, while remaining focused on innovation to optimize brand performance and deliver a Customer Experience that stands out from the competition.

For big retail, placing customer service at the heart of business development strategy is a guaranteed way of adding value for the brand, its customers and employees. Put simply, a customer service capable of anticipating, restructuring and evolving on an ongoing basis, is one capable of becoming a pioneer in the Customer Relations and Experience of the future.

And this is what our business is all about: creating a real human relationship and then nurturing this relationship and helping it to grow.

CALL TO ACTION : WHAT CAN SITEL DO FOR YOU?

Sitel Group is a leading expert in all areas of Customer Relations. It helps clients that have a national or international footprint to prepare and deploy customer experience solutions that enable them to stand out from the competition.

OUR TEAMS AND EXPERTISE HELP YOU TO UNLOCK VALUE:

- + Digital and multi-channel CRM
- + Product launches and managing seasonal peaks in demand
- + Winning customers and maintaining their loyalty
- + Crisis management
- + Achieving sales objectives, converting inbound calls into sales
- + Training with our education and training company Learning Tribes
- + Chatbots and digital innovation with our digital CX agency, TSC
- + Customer Advocacy Programs
- + Enhancing data and using it in a more refined way
- + Customer Satisfaction, customer effort, NPS



With 75,000 employees - including 25,000 in Europe – across 150 sites in 25 countries, Sitel Group Contact Centers are populated by multilingual teams that strive every day for operational excellence. Our global presence, combined with our local knowledge and flexibility, plus our 48 working languages, allows us to respond quickly to local needs and market changes across multiple business sectors – wherever and whenever they occur.



Novagile's ultimate aim is to constantly improve customer and employee experience through innovative software solutions. Its next-generation omni-channel platform is designed to deliver an agile, optimized, constantly refined Customer Experience. Combining the management of omni-channel customer interactions with customer satisfaction data, quality monitoring and analytics, it promises a 360° real-time view.



Learning Tribes exists to meet the challenges of customer relationship. It creates comprehensive, made-to-measure learning solutions to support each individual develop his or her skills and each organization in its strategic evolution. Learning Tribe's experts use a blend of methods including face-to-face, digital, mobile, MOOC, COOC, SPOC and even VR in order to meet each client's objectives.



TSC is a Digital CX agency specializing in bringing innovation to Customer Relationship Management. It supports brands in the development of customer commitment ecosystems. It creates digital communities, builds social marketing campaigns and is already a leader in the field of chatbot development and deployment via all of the major platforms including Facebook Messenger and Telegram.

CONTRIBUTORS TO THIS WHITE PAPER:



ARNAUD DE LACOSTE

**CMO and co-founder,
Sitel Group**

A graduate of the Skema Business School, Arnaud de Lacoste co-founded Sitel Group over 30 years ago. Today the Group is a world leader in Customer Experience and the number-three firm globally in its sector, with 75,000 employees and 150 sites across 25 countries around the world.

Responsible for leading the development of transformation and digitization strategies, Arnaud de Lacoste is a curious and passionate entrepreneur whose vision is informed through extensive travel and extensive encounters with startups from around the globe.

In October 2017, he wrote "What if Artificial Intelligence could make us more Human?" Published by Débats Publics, the book details an optimistic economic and human value-creating view of the technological revolution, currently underway.



RAUL NAVARRO

**COO Americas
Sitel Group**

Raul Navarro manages all financial and operational functions for Sitel in North and Latin America, including oversight for 29 contact centers and more than 21,000 associates.

As well as over 30 years' BPO experience gained at companies including Teleperformance International and Convergys, Raul holds an MBA (University of Miami) plus a post-graduate business certificate.

Before moving to his current role in Miami, Raul worked in Sao Paulo, Brazil where as GM and COO of Sitel Group's Latin American operations from 2011 to 2016, he increased profitability threefold. A transformation achieved by selecting strong country leadership focused on driving high Net Promoter Scores (NPS) and contribution margin from their customer base and presiding over record-setting employee satisfaction and eNPS.



MIKE SMALL

**Chief Client Officer
Sitel Group, US**

Mike Small leads Sitel Group's Americas Account Management team and governs the relationships with the group's major Americas clients.

In partnership with the group's COOs and Account Managers, he is also responsible for executing strategies to retain and maximize growth with our clients serviced in North America, Latin America and the Philippines; and for building strategic relationships with clients which includes adding value through the group's ventures.

An award-winning services executive, Mike Small is a University of Toronto graduate who holds an MBA in corporate finance and certifications in Project Management and Portfolio Management. Before joining the Sitel Group he worked in delivering BPO and ITO solutions for a number of Fortune 500 companies and held senior positions at HP and IBM.



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