



# MEETING CUSTOMER DEMAND FOR FRICTIONLESS SHOPPING

## Key challenges of the frictionless customer experience — and how to overcome them

Speed, convenience, ease and service are important to the customer experience, and they are now expected, if not demanded, by retail consumers. Getting these attributes right means connecting people and technology to reduce friction points across the buying process — from purchase to delivery and returns.

With more options available than ever before, customers have a low tolerance for inconvenience and frustration. When your company doesn't offer the experience shoppers want, they have no problem abandoning their purchases and finding another company that suits their needs. A frictionless, multichannel buying experience that consistently meets customer demands and preferences is crucial to driving loyalty, retention and sales.

Therefore, reducing friction must be a priority. [Research](#) from Forrester shows that nearly three-quarters (72%) of businesses rank improved customer experience as their top priority. Additional data from Radial shows that 51% of retailers are investing in digital customer experience and fulfillment solutions as part of that commitment.

### DELIVERING THE GOODS WITH TECH-ENABLED FULFILLMENT

Consumers have high expectations for delivery of their orders. They expect them fast, and they have growing demands regarding the timing and location of their deliveries or pick ups, said Brad Taylor, Radial's vice president of engineering and fulfillment services.

In fact, 99% of shoppers say fast delivery is important when making online purchases, according to a [survey](#) by Dropoff. And 43% expect faster delivery times in 2018. Still, [Radial research](#) found that 35.2% of US customers experience at least occasional challenges receiving online purchases.

“Retailers and brands are tirelessly strategizing ways to innovate delivery and pick-up scenarios for the ultimate experience in speed, convenience, cost and profitability,” Taylor said.

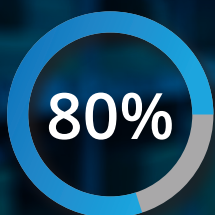
The rising costs of faster transportation and fulfillment from click to delivery make it hard for many companies to meet these expectations operationally and profitably. A [study](#) by JDA and PwC showed that a mere 19% of top retailers can profitably fulfill omnichannel demand.

“Overcoming the challenges of balancing cost, speed and experience requires a multi-pronged approach involving your network strategy, inventory management and operations across the supply chain,” Taylor said. “Distribution centers, store networks and transportation options must work together harmoniously for your network strategy to be successful. Each of these components has a role in order fulfillment, and they must be ready to play their parts at any time to provide an optimal, seamless delivery experience for consumers.”

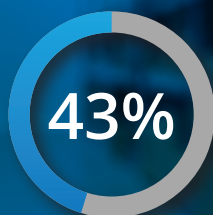
Supporting technologies and systems that manage inventory are critical to eliminating out-of-stocks, increasing speed to fulfillment and creating a better customer experience — especially when you have a complex network distributed across several nodes and stores. Additionally, innovations in robotics and automation can improve operations, increase order fulfillment times and alleviate labor challenges.

To accomplish all of this, Taylor discussed how retailers are turning to technology:

- **ARTIFICIAL INTELLIGENCE.** Inventory optimization technology allows for more profitable order fulfillment by intelligently placing inventory across fulfillment nodes. A 2018 [report](#) from Retail Delivery Connect, WBR Insights and Radial found that 80% of retailers use AI in their supply chains, and 43% believe it directly benefits the customer experience.
- **INTERNET OF THINGS.** Most retailers (83%) currently use IoT for inventory management, restocking alerts, product integrity and pick-and-pack innovation, according to the Retail Delivery Connect, WBR and Radial research. The use of sensors creates chains of record for products and, for example, ensures that temperature-sensitive products are never compromised. IoT technology can also be used in innovative shopping models, such as those that eliminate checkout or reinvent the shopping experience, as well as in innovative methods of delivering products to consumers.
- **OMNICHANNEL.** Innovation in final-mile delivery options, multi-node networks, pop-up distribution centers and store fulfillment are changing the nature of fulfillment and delivery. Smartstore fulfillment options like buy-online-pickup-in-store, ship-to-store and buy-online-return-to-store get orders into customers' hands more quickly and profitably. Omnichannel technology also improves first-time fill rate, and reduces split shipments, time in transit and transportation costs. A sophisticated order management system allows retailers to dynamically orchestrate complex sourcing and fulfillment scenarios to fulfill orders quickly, from the best and most profitable locations, using an enterprise-wide view of inventory.



of retailers use  
AI in their  
supply chains



believe AI directly  
benefits the  
customer experience





## EXCEEDING EXPECTATIONS WITH NEXT-GENERATION CUSTOMER CARE

“The changing nature of shopping is having a significant impact on the customer journey and customer expectations throughout the journey,” said Robin Gomez, Radial’s director of data and analytics.

Today’s buyers expect first-contact resolution.

“Customers now view self-service as the ‘first contact,’ so when an agent interacts with a customer it’s only for a complex or critical matter,” Gomez said.

Most (80%) of customers go to self-service help first, but only 54% of them feel the method they choose is helpful, according to a [Radial and CFI survey](#).

According to Gomez, technology-supported customer care makes resolution easier by integrating the order journey with the customer journey to support:

- **IN-TRANSIT NOTIFICATIONS.** “Where is my order” inquiries can make up as much as 30% of retailers’ contacts. Emails or SMS messages on status and issues are a proactive approach to letting customers know where their orders are. Alleviating these inquiries lets agents focus on more complicated, high-touch customer interactions.
- **VISUAL IVR.** Today’s mobile-first customers don’t want to wade through voice prompts. Visual interactive voice response technology displays menus on screens, allowing users to skip irrelevant information and quickly find what they need. The Radial-CFI survey found that 55% of customers are likely to use visual IVR when given the option.
- **EMPOWERED AGENTS.** Smart technology mines information from across the enterprise to produce a 360-degree view of the customer — and delivers sentiment training for smooth, personal and friendly conversations, as well as faster access to customer information. Agents use data to be proactive with tailored offers and targeted upselling.

Customer care — whether self-service or agent-assisted — is critical for business. More than half of US consumers have abandoned purchases due to bad service, according to [research](#) from American Express.

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## PREVENTING FRAUD WITH TECH-SUPPORTED DETECTION AND MANAGEMENT

Juniper Research [expects](#) online transaction fraud to exceed \$25 billion by 2020, and LexisNexis [reported](#) that the cost for each dollar of retail fraud losses is up 6% from last year, at \$2.94, which includes increased expenses related to chargebacks, fees, merchandise redistribution, labor, investigation, legal prosecution and IT and software security.

Fraudsters exploit technology to launch attacks quickly and with precision, often before retailers can react. Smart retailers don't want to leave risk and fraud decision-making solely to machine learning because even though it's fast, it's not foolproof. Machines may erroneously reject some legitimate transactions.

“Rejecting legitimate transactions from good customers is definitely not good for business,” Radial's Senior Director of Payments and Fraud Protection Steven Gray said. “These false declines or false positives are a huge problem for retailers, as they have no idea that a good customer was rejected in error until that customer complains — if they complain at all. In addition, that good customer may slow down his spending or stop shopping with that retailer due to the false rejection.”

According to Gray, intelligent fraud decision making and risk management require a multi-layered approach using data, machine learning, AI, advanced fraud risk screening tools and human intuition for the riskiest orders:

- **AI AND MACHINE LEARNING.** AI and machine learning technology that is properly tuned and optimized can proactively find and detect patterns that indicate high risk or highly suspicious transactions to enable fast and accurate decisions. And it can scale and evolve over time to prepare for the next attack. This technology enables retailers to make the right decision in real time on every order to approve more good orders and decline the bad or fraudulent orders. The current machine learning models also include an automated feedback loop in which the models can learn and adapt to the most recent fraud trends.

## ■ **ROUND-THE-CLOCK, REAL-TIME COVERAGE.**

Technology-assisted fraud management enables 24x7x365 real-time coverage without creating an order-processing bottleneck. Anything less increases risk and order processing time, creating friction for the customer.

- **TECH-ENABLED ACCURACY.** Retailers can minimize false positives when software and technology do the heavy lifting, and top-level fraud detection tools and human reviewers apply reasoning to the results. The difference can be seen in revenue. Radial's fraud management team found that customers who haven't had orders rejected place, on average, an additional six orders per year and spend \$202 per order. With an incremental average annual spend of \$1,212 per customer at stake, reducing false positives is a game changer.

"When the data, people and technology are doing their jobs correctly, we are able to minimize the fraud losses

and the percentage of orders that require human intervention is minimal," Gray concluded.

## REDUCING CUSTOMER EFFORT

Nearly one-quarter (22%) of customers who have a bad experience with a brand spend less money with that brand, and almost one-fifth (19%) stop shopping with the company altogether, according to [data](#) from Temken Group.

Coupling technology and a well-informed staff reduces the time and effort shoppers have to spend to get answers and solve problems, lowers customer service costs, decreases customer turnover and more than doubles customer spend 2.5 times, Radial and CFI found.

Retailers can deploy a careful blend of automation, AI and live interaction to make it easier and frictionless for customers to shop with them, spend more and recommend them to others. ■

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## ABOUT RADIAL INC.

Radial Inc, a bpost group company, is the leader in omnichannel commerce technology and operations, integrating commerce so brands and retailers can profitably exceed customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through intelligent order management, efficient fulfillment and transportation options, intelligent fraud detection, payments, and tax systems, and personalized customer care services.

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