

Executive Insights

potential to turn the cumbersome online checkout process on its head. Forget one-click ordering — Alexa could be at the vanguard of no-click voice-ordering, radically streamlining the online purchase process.

Elevating customer service

The second lever is to use digital technology to materially improve customer service. How this is applied will vary by retailer. In the end, however, the introduction of technology should enable better delivery of the core components of your brand promise.

Kroger has aligned its entire business around a “Customer 1st” brand strategy. Successfully delivering on this involves many things, one of which is the core experience of checking out. To improve this mundane, often time-consuming and potentially frustrating aspect of the shopping experience, Kroger rolled out sensor technology to track store traffic. Over time, this capability has allowed the company to anticipate high-traffic times and allocate more staff to the registers when necessary. The result? Average wait times at checkout have fallen from four minutes to 30 seconds. Furthermore, labor can now be more efficiently allocated to other value-added activities throughout the store. In the end, the customer experience is materially enhanced and a competitive advantage is created.

Another take is how Rite Aid and Lord & Taylor use beacon technology to deploy relevant promotions and other information directly to customers’ phones based on where they are in the store. In all these cases, the digital differentiator creates a unique customer experience likely to drive higher satisfaction, additional sales and repeat trips.

Creating a differentiated, personalized customer experience

The third lever is to use digital technology to create a purchase experience that’s entirely unique to each customer, delivering true value to the customer as a result.

Fabletics is a case in point. The retailer offers a monthly subscription service for fitness and “athleisure” apparel and accessories. Each month, subscribers receive an assortment of items selected according to their individual preferences. The products are shipped directly to customers’ homes, where they can browse and purchase what they like. If nothing appeals to them, customers can skip a month at no cost.

Due in part to this innovative approach, Fabletics drew more monthly unique website visitors on average in both 2014 and 2015 than competitors Lululemon and Athleta. Ultimately, a key ingredient to long-term success will be appropriately mining data and matching it to products and services that meet each consumer’s specific needs in a way that other competitors are unable to do.

Ask yourself: “How can I use digital tools in my business to enhance the fundamental value equation for the customer and build competitive differentiation?”

But retail subscription programs aren’t the only place you’ll find digital-enabled personalization. There’s also the virtual try-on feature at online eyeglasses retailer Warby Parker and design-your-own footwear from Australian startup Shoes of Prey, which puts the consumer in control of designing the perfect shoe for themselves and received a multimillion-dollar investment from Nordstrom.

Stay focused on what matters

An endless parade of ever-evolving digital technologies will likely continue to emerge in the future. For many of these technologies, such as artificial intelligence, virtual reality and biometrics, the potential to truly impact the customer experience remains far from clear.

While such buzzworthy technologies merit consideration, keep the levers identified above in mind when deciding where and when to invest. Ask yourself: “How can I use digital tools in my business to enhance the fundamental value equation for the customer and build competitive differentiation?” And let the competition chase the shiny objects — you’ll be focused on the innovations that matter.

About the Authors



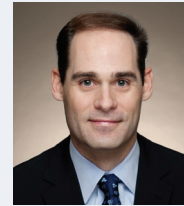
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