# The Retail Customer Experience: 2021 Trends

High-Fidelity Customer Service Is a Must
Given the Complexities of the "New Normal"

Linc

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As 2021 gets underway, many retailers are eager to put the past year behind them. Thanks to the havoc set loose by the coronavirus pandemic, sellers faced temporary store closures that sent consumers to the Internet in droves -- a shift that supply chains and fulfillment networks were ill-prepared to accommodate. As a result, customer service departments were strained to the utmost, both because of the sharp increase in volume and because companies struggled to shift customer support operations to at-home workspaces or had to stagger shifts at physical call centers for social distancing.

## As eCommerce revenues grew by a decade within the space of weeks, merchants retooled their operations at breakneck speed.

By the end of the year, with stores gradually reopening and shoppers buying early and often for the holiday season, the retail industry managed a healthy 8.3% year-over-year increase in sales for November and December -- with online commerce jumping nearly 24%, according to the National Retail Federation.

But sellers can't rest on their laurels. Although they rang up significant holiday sales, retailers faced widespread delivery delays and inventory shortages, and now await a wave of returns. As January began, fully 63% of shoppers said they planned to return at least one gift, according to a survey from PYMNTS.com, guaranteeing continued customer service headaches. With consumers feeling lingering hesitation about shopping in-person and the economic forecast remaining hazy, retailers are bracing for another year of transition and change -- and resigning themselves to the reality of a "new normal" that is more complex and volatile than the pre-pandemic era.

To earn trust and sales in challenging times, high-quality customer experiences are more essential than ever. As they stabilize store, online, and fulfillment operations, retailers are bolstering

customer service to ensure they can adequately support shoppers amidst changing conditions.

In order to provide high-fidelity service at scale, retailers are increasingly turning to digital support systems that rely on self-service, automation and artificial intelligence (AI) to supplement live human help.

But success is about more than live chat. In order to harness the complexities of retail's new normal, companies need a robust end-to-end solution, available wherever consumers seek help, that delivers contextually-relevant, timely information and adapts to shoppers' needs at the speed of real-time conversation.

## This report will examine:

- **The fundamental changes underway in the retail industry.**

- **The requirements for agile digital customer support that can adapt to those changes -- and more.**

# No Turning Back: 2021 Will Bring More Complexity

While brands might yearn for a return to simplicity in 2021, indications so far are that the year ahead will be as uncertain and volatile as its predecessor. Political turmoil is set to continue beyond the inauguration, bringing with it the potential for protests, boycotts, and market instability. Hitches in COVID-19 vaccine rollouts across the U.S. and globally mean that consumers will continue to have varying degrees of comfort with in-person shopping and events.

Technology researcher Forrester found that 42% of shoppers said they wouldn't be comfortable returning to stores even when lockdowns ended,

In addition, some shoppers who bought online for the first time in 2020 may continue doing so simply because of the convenience, assortment, and cost savings eCommerce provides. eMarketer estimates that online shopping has grown more than 30% year over year, and forecasts continued growth to reach 1 in 5 retail sales by 2024.

Faced with these unprecedented conditions, it's not surprising that retailers are undertaking organization-wide changes that will outlast the uncertainties of the moment. This evolution addresses key ways consumer behaviors and expectations are changing:

## Shopping goes fully hybrid.

While online research has long been a significant influencer of offline sales, 2020 ushered in an era of deeper online/offline fluency, in which shoppers conduct transactions -- not just product discovery and consideration -- on the web before visiting stores to collect items..And for the roughly 30% of online purchases that are returned, consumers may cross the online/offline divide still more often as they seek to reduce the amount of time they spend on the process.

These changes don't just complicate the path to purchase. They also challenge brands that were investing in immersive "experiential retail" in stores to bring the same level of relevance, interactivity, and fun to the online realm.

Among the resulting changes:

- **Clienteling moves online.** With opportunities for store associate interactions limited, retailers are exploring shop-along tools that enable consumers and employee sales advisors to co-browse online and select items together. Advanced live chat and online appointments for personal shoppers are becoming must-have technologies.

- **Wide-ranging discovery is key.** Online clienteling is just one way to demonstrate the breadth and depth of retailers' product offering. Robust search tools with personalized results sets; integrated social media content, advertising, and customer support; and personalized recommendations pre- and post-purchase can introduce shoppers to new categories they hadn't considered before.

- **Stores become service hubs.** Shoppers may still be wary of lingering in-store to browse and try products, but store capabilities for order fulfillment, customer service, and returns are more important than ever.
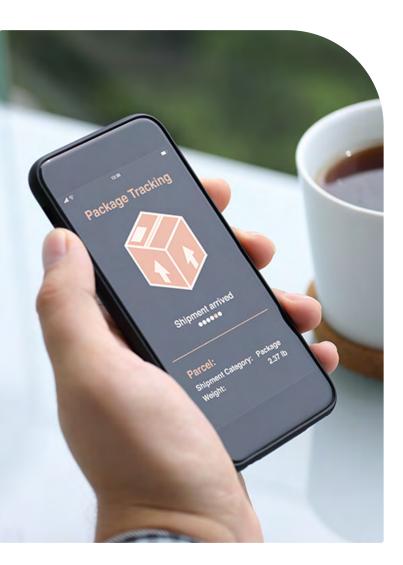
  McKinsey reported that store curbside pickup has doubled since the start of the pandemic, while pickup inside the store at a service desk or locker has grown by 50%. Retailers are enhancing their order management and inventory visibility capabilities to ensure that online shoppers have access to accurate information about nearby outlets and to optimize store-based fulfillment operations, such as ship-from-store.

## Fulfillment takes center stage.

Given the precipitous rise in online buying, it's no wonder that delivery now claims a central role in shaping customers' perceptions of the shopping experience.

A study by the Wharton Baker Retailing Center found that [late deliveries increased the potential for damage to brand loyalty by 50%](). Lack of transparency caused even more potential damage: retailers who don't provide delivery tracking double the likelihood of lost loyalty, while the lack of a guaranteed delivery date increased the likelihood by 85%.



Not only is the spotlight on late shipments increasing pressure on retailers, but the continuing crunch on carrier capacity means that brands must get creative to meet high customer expectations.

Among the capabilities they must add:

- **Diversified fulfillment.** To avoid logjams with national carriers, retail brands are boosting agility by using regional delivery networks and implementing ship- or deliver-from-store capabilities. These expanded capabilities can even be leveraged within individual orders by splitting shipments to source goods as efficiently as possible.

- **Accommodations for new products.** It's not just carriers and distribution points that are diversifying; the types of products being shipped are also more varied than ever. A number of product categories -- from grocery and pantry staples to skin care products to over-the-counter medicines -- are experiencing an uptick of at least 50% in online orders in the wake of COVID-19, McKinsey found.

  Retailers must expand their fulfillment capabilities to accommodate perishable food items, local and state regulations surrounding alcohol and medicine delivery, insurance add-on options for fine jewelry, and other new variables.

- **End-to-end transparency.** In 2020, delays at the inventory and order management level meant retailers had to field questions from shoppers about order status well before a carrier tracking number had been generated; while post-delivery, customers expect accountability as to where and when packages were dropped off, with some retailers offering picture proof that items were left on doorsteps.

  More than ever, retailers need visibility at a granular level, down to the status of individual items in a split shipment.

- **Personalized delivery service.** The heightened need for flexibility and end-to-end accountability is giving rise to innovative fulfillment methods that combine delivery and concierge-style service.

  Apple's partnership with Postmates to transport goods from Apple Stores to area addresses ushered in the practice of using courier-style services to speed and localize deliveries, while Ikea's acquisition of Taskrabbit helped bring white-glove delivery to a new level by offering furniture buyers the option of installation and assembly service.

## Brands experiment with new models.

Times of crisis can bring opportunity -- and more than 7 in 10 retail executives say that the pandemic is one of the biggest opportunities for growth their industry will ever face, according to McKinsey. As a result, once the immediate shock of the pandemic was in the rearview mirror, retailers sped up implementation of new lines of business to attract and keep customers, or at least got started.

Indeed, consumers have not only changed their buying channels due to the pandemic, but are also open to trying new brands, products and services. More than half of U.S. consumers have tried a new brand during the pandemic, Bazaarvoice found, with more than 4 in 5 saying they'd continue using the new brand even after the health crisis ends.

In order to make new offerings a seamless part of their brands, merchants must fully integrate new initiatives with other parts of the business and offer different flavors of customer support.

As the customer experience folds in these new modes of purchase, retailers must alter their support operations to include:

- **Subscription maintenance.** Retailers are expanding loyalty programs to include paid subscriptions that award members free shipping and other perks -- including Walmart, which launched its Walmart Plus membership program in September. Others started offering recurring product shipments, a model that's attracting a growing audience. One in 10 U.S. consumers now buy goods via subscription, up 14% since the start of the pandemic, according to a study from PYMNTS.com.

  Both models require retailers to not only provide traditional customer support surrounding products and promotions, but also to help users manage subscriptions -- from placing memberships on hold to providing password resets to updating credit cards on file. Cancellations require development of a new type of re-engagement campaign, so that members downgrade to loyal buyers but don't lose touch with the brand altogether.

- **Help for sellers as well as buyers.** Since the pandemic, websites from Buzzfeed to Walmart have launched third-party marketplaces, where multiple merchants sell wares through the host's platform. Such clearinghouse-style sites have been popular with consumers since before the pandemic; in 2019, UPS found that 96% of consumers had used a marketplace, 38% did so at least once a week, and 36% predicted buying more via marketplace sellers in the coming year. When participating in a marketplace as a seller, retailers must find new ways to offer customer support through the platform of their choice, as well as encourage repeat business.

  Others may host marketplaces of their own for smaller sellers or for peer-to-peer transactions; for example, retailers may offer customers an exchange for selling used merchandise -- an increasingly popular way to promote sustainability and reuse. As marketplace hosts, brands must provide a whole new class of support for the sellers, including coverage of such topics as how to upload product feeds, respond to feedback, and process sales for shipment.

# Digital Workers: Essential Support for the New Normal

Given the harrowing year retailers just survived and the myriad of complexities they continue to face in 2021, it's no surprise that the customer experience is of chief concern for brands. Technology researcher Forrester predicts that [25% of businesses will achieve significant customer experience gains in the coming year](#) following the organizational shock of the pandemic. Teams that evaluate their crisis response and implement digital and omnichannel strategies to address gaps will recover their stride quickly, and may even find that consolidating and unifying around the right technologies will result in cost reduction.

When it comes to retail specifically, the trauma COVID wrought on companies' logistics and supply chain operations is still the leading concern. Deloitte found that [organization-wide, omnichannel digitization and supply chain resilience topped the list of priorities](#) for retail executives, with better data insights on both fronts combining to create a superior online customer experience.

Underpinning these changes is AI-powered automation. AI helps retailers process the vast amounts of data necessary to power at scale the rich online experiences customers now expect -- from eCommerce site analytics to GPS location information to real-time inventory status updates from local stores. An IBM survey found that within the year, [85% of retailers plan to use AI-powered automation for supply chain planning](#), while 79% will use it to derive customer intelligence.

AI will be especially crucial for online customer service, which Forrester predicts will see [a 40% increase in interactions in 2021](#), over and above the surge in demand retailers already experienced at the outset of the pandemic.

While high volume may prompt retailers to implement the nearest chatbot app they can find, the complexity of the times demands a comprehensive solution. Given the fluid nature of retail operations, the growing array of transaction and fulfillment options, and changing customer priorities, retailers need full-fledged digital workers that go beyond order lookups to adapt their responses to conversational cues in real time.

The components of a robust customer support solution for 2021 include:

## A knowledge base for new retail scenarios.

Whether training human customer service reps or digital assistants, retailers need a repository of updated and relevant company information to help guide responses. Not only should sellers account for new offerings such as subscription services when updating their libraries; they should also enhance content about:

- **Online/offline logistics.** Beyond store locations and hours, retailers should list information about such topics as special store services, curbside pickup and locker locations, and available payment options. Features such as directional maps for in-store navigation, and store appointment or reservation schedulers can help shoppers achieve theirin-store goals as efficiently as possible.

- **Safety protocols.** By Thanksgiving, 56% of U.S. consumers told Deloitte they still felt anxious about the safety of in-store shopping,signaling that leisurely browsing in the aisles is unlikely to be commonplace in 2021. Retailers should over-communicate their safety protocols, from mask policies to dressing room closures to reduced occupancy limits.

# Utility beyond the big screen.

Not only has the pandemic shifted the proportion of retail sales occurring online; the format and substance of those digital interactions are changing as well. Without office computers to access, digital shopping is now transient -- shifting among devices and following shoppers around their houses, into their cars, and on their forays into stores and common spaces.

This switch to ambient shopping means that customer support, too, must travel wherever shoppers roam. Flexible design and functionality are only the first requirement. Retailers must also take full advantage of the unique characteristics of different screen sizes -- and even prepare to go without screens altogether. Automated solutions that take into account the device type, location, and shoppers' personal preferences and proactively offer the right support options can win points for brands. To position themselves to accommodate shoppers everywhere, retailers need to reimagine customer support for:

- **Smartphones.** Fully [45% of consumers report shopping more on their phones since the onset of the pandemic](#), according to PwC -- and more than 9 in 10 of those consumers predict they'll continue their increased usage once store closures and social distancing measures end. That means going well beyond "mobile-first" as a buzzword to take full advantage of smartphone capabilities, from GPS positioning to built-in camera tools to social apps.

  Retailers should investigate:

  - *SMS messaging.* In 2020, demand for SMS updates on order fulfillment jumped to 35% of all customers of retailers on the Linc platform -- a 40% increase. With nearly-universal open rates and a high degree of immediacy, SMS messages have high potential for re-engagement once orders have been delivered, making personalized replenishment and promotional offers a must.

- *Video chat integration.* With stores of auto dealers instituting virtual ride-along test drives and personal shoppers browsing the aisles with clients on Zoom, the moment has clearly arrived for retailers to leverage in-house product and style experts to deliver VIP consultations.

- *Social chat messaging.* Given that [upwards of 95% of social media usage occurs on mobile devices](#), retail brands would do well to use popular messaging apps to reach shoppers where they gather.

Using Linc's customer service platform, RFID-blocking wallet maker [The Ridge achieved an opt-in rate of more than 20% for post-purchase SMS alerts](#). A third of those customers then agreed to receive SMS promotions, setting the stage for future re-engagement and repeat business.

- **In-store digital.** Just because shoppers visit stores doesn't mean they switch off their phones at the threshold -- and given safety doubts, mobile tools that help get shoppers in and out of retail outlets quickly are in high demand.

  Online/store hybrid support mechanisms to offer:

  - *Beacon alerts for curbside and store pickup services.* Retailers can send automated messages as shoppers enter store parking lots to help them navigate to curbside pickup zones or entrances closest to indoor lockers or service counters.

  - *Contactless payment support.* Payments using touchless cards or digital wallets that can be tapped or scanned at the point of sale have grown 69% since the pandemic started, according to Forrester and the National Retail Federation, and 94% of merchants expect that growth to be sustained in the future. Merchants should connect these services to loyalty programs to ensure customers can access points, rewards, and promo codes at checkout as well, boosting loyalty club engagement.

- **Screenless interactions.** As technology speeds toward an always-connected future, shoppers will rely less and less on screens and keyboards to navigate through shopping experiences -- which means that retailers must prepare to offer new modes of customer support that are unmediated by traditional devices.

  Among the new form factors to consider:

  - *Voice.* Shopping-related interactions with Siri, Alexa, et al have grown by 23% since the pandemic started, according to PwC. Retailers should seek customer support solutions that can deliver voice responses based on the same AI-driven engine that powers screen-based interactions.

- *Wearables.* Shopping via smartwatches and other wearable devices rose 23% since the onset of COVID-19, PwC found, making way for potential delivery of customer support via SMS and voice command.

- *Heads-up augmented displays.* While most augmented-reality shopping tools are designed for smartphone use right now, AR glasses and heads-up displays in cars are on the horizon, making the ability to connect to automated and live chat through mixed-reality environments an imminent need.

## High-fidelity conversational capabilities.

Given the growing complexity of the path-to-purchase, expanded possibilities for order fulfillment, and uncertainty over store reopenings, it's no surprise that customer service inquiries have grown more complex since the pandemic began. The Harvard Business Review found that in the first two weeks of the pandemic alone, in March of 2020, the percentage of inquiries rated "difficult" doubled to 1 in 5 of the overall total.

Simultaneously, the volume of online customer service interactions for retail has jumped significantly, and is likely to stabilize at higher levels than the pre-pandemic era. Accenture found that 42% of consumers have increased usage of live chat services, whether with live agents or a virtual assistant; 43% have increased usage of online consultations surrounding home electronics purchases, and 35% have done so for personal styling. More than three-quarters of these consumers say they'll continue these new habits in the future.

The rising degree of difficulty for customer service interactions requires organization-wide responsiveness and flexibility. Interactions must be swift and consistent wherever shoppers choose to engage with the brand, and deliver complete resolution -- regardless of how many touchpoints

customers are using. Automated online solutions must solve problems, not just deliver rote information; otherwise, they can be perceived as time wasters that merely stall customers until a human customer service agent can take over.

To meet the customer service challenges of 2021, digital interactions must be:

- **Swift.** Retailers must be able to deliver apt responses quickly. [Nine in 10 consumers seek an immediate response](#) when contacting customer service, HubSpot found, and 60% reported that 10 minutes was the maximum time they'd allow for receiving a response. Automation is all but essential to nimbly provide support at scale, especially for retailers whose human customer support staff has been downsized or hours reduced due to COVID remote working constraints.



- **Adaptive.** Gone are the days when scripted answers or simple shipping status lookups sufficed to resolve inquiries. Now, live chat solutions -- whether staffed by digital workers or customer service reps -- must adapt responses to reflect the context of the conversation and the information provided by the shopper.

Moreover, customer service interactions must take into account not just the input explicitly provided within the chat, but also factor in such implicit data as location (based on smartphone GPS information) and past purchases. Integrating contextual knowledge into chat interactions enables:

- *In-chat recommendations and clienteling.* Past interactions with the brand, current browsing session data, and access to real-time inventory and location information can help live chat agents proactively guide shoppers to relevant product picks.

- *Fulfillment efficiencies.* Access to shoppers' fulfillment preferences as well as organization-wide inventory transparency enable chat agents to pick the least costly method that fits the customer's timeframe and budget. Integration with delivery appointment and in-store reservation schedulers help bring chat sessions to full resolution.

- **Empowered.** When dispensing relevant information doesn't suffice, digital workers and customer service agents must be empowered to make offers and execute transactions. Using detailed business rules as guardrails, AI-powered virtual agents can resolve mid-tier customer service inquiries, freeing human workers for the most complex cases.

A combination of AI-powered automation and human staff can support at scale:

- **Promotional code and loyalty rewards redemption.** Machine intelligence can help shoppers apply promo codes, coupons, and loyalty rewards to the right merchandise categories, answer questions about in-store redemption policies, and help loyalty club members make the most of their rewards offers. AI-powered digital workers can even offer new promo codes for customers whose basket size is above a threshold and who've tried claiming an expired discount.

- **Make-goods and exchanges.** Intelligent agents can send customers new sizes, initiate a new shipment for items that were broken in transit, and even offer discounts on future purchases or free shipping to resolve complaints.

- **Returns for refund or credit.** The COVID-era surge in online commerce has also served to boost returns, which account for as much as 30% of online sales. The problem has become so extreme that in some instances, [mass merchants are crediting customers and letting them keep the rejected items](#) rather than deal with the headache of reverse logistics. [Discounts on future purchases](#) can persuade shoppers to skip returning merchandise as well, a PYMNTS.com study found. Retailers can establish thresholds below which customer service agents can allow shoppers to keep items and set discounting rules for closing out refund requests.

By using Linc's automated customer care platform, online health supplement provider Pure Formulas is able to serve shoppers across touchpoints, address product questions, and proactively issue replenishment reminders as well as make relevant recommendations based on past purchases. Thanks to Pure Formulas' fully-enabled digital workers, just [6% of inquiries now need human agents to resolve](#), helping the company streamline operations.

## Conclusion.

The 2020 pandemic forced retailers to innovate at an unprecedented pace, and 2021 promises another year of transition and change. Companies that rise to the challenge and institute organization-wide changes will gain the agility and intelligence to help their brands outlast the uncertainties of the moment.

By combining the power of AI with human insights, retailers can guide customers through increasing complexity, fostering strong customer relationships and winning lasting loyalty.

Linc is a CX Automation platform delivering automated experiences at scale across webchat, email, SMS, Facebook, Google's Business Messages, and Voice connected platforms. Linc's platform empowers leading brands like Kimberly Clark, Carter's | Oshkosh, Levi's, Vineyard Vines and Thrive Market to deliver anywhere-engagement and real-time services across the entire customer journey.

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