Deloitte.

Orientation in Shopping
How to reach the consumer in 2020?

Summary Expert Group Orientation

Orientation Report Summary:
Shopping2020

This is a summary of the final report of the expert group Orientation from the research programme Shopping2020.

The expert group Orientation's report is the result of research carried out over seven months, between June and December 2013, with the aim of exploring the orientation element of the Customer Buying Journey. The report was drawn up under the direction of the sponsor and the chair, that is Lectric Group and Deloitte respectively.

Background
As part of the country-wide research programme of Shopping2020, the expert group for orientation focused on describing the Orientating Shopper and his/her environment in 2020. Based on this the group developed recommendations to organisations to prepare for this future shopper.

Orientation when shopping
Orientation is seen as the start of the Customer Buying Journey. This process consists of a continuous process of information gathering to fulfil a need of the customer.

The way consumers shop is subject to change. The consumer orientates, selects and buys at the same time and, once these steps have been completed, orientates all over again. This process happens online (webshop) and offline (physical store).

For the Consumer Buying Journey organisations need to develop cross-channel vision in which the customer – and not the organisation – is central. The customer is followed and tracked while he or she switches from one channel to the other. Listening to the customer and making contact with him or her at the right time, with the right content and through the right channel is a challenge. But, if done right, it is much more effective than sending the same message to all customers through all your channels at the same time.

Customer Buying Circle
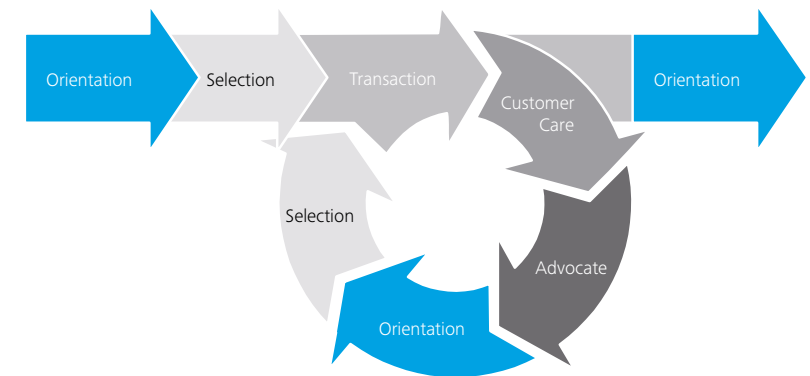
Structure of the report

The expert group has explored 'best practices' in orientation by organisations, studied important trends and has development a vision of the future. This main outcomes of the vision exercise are covered in the chapter Vision for 2020, which also describes the main dimensions of Orientation when Shopping in 2020. These dimensions are expanded upon in following three chapters: 'Consumer Being', 'Consumer Data' and 'Consumer Touch'. The collected insights and vision was examined further by the group during interviews, leading to recommendations for securing the future of marketing within organisations (Impact on Marketing).
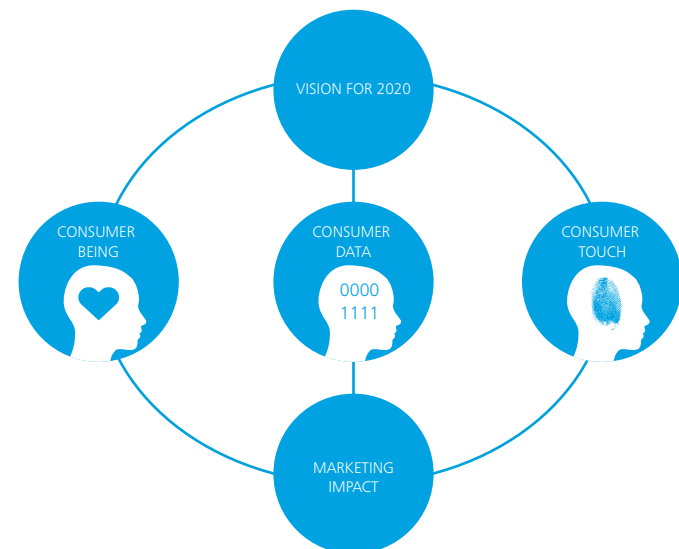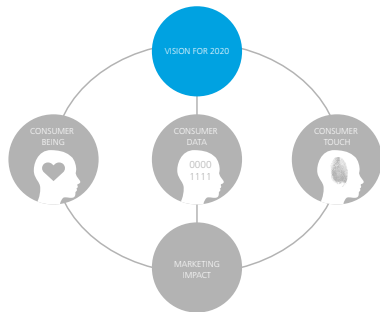
Vision for 2020

If we picture 'a day in 2020' (see report), we see a day with seamless interplay between consumer, technology and interaction with organisations. This vision comprises four dimensions that are decisive for Orientation when Shopping:

Technology: By 2020, it is expected that technology will be able to interpret human behaviour and feelings and then act upon these. Consequently, this technology will be integrated into all the channels used by the consumer. Since technology is everywhere (noticeable and unnoticeable), large quantities of information on an individual may be collected.

Intelligent Technology is expected to not only gather data from individual consumers but also assist the consumer in real time during his or her orientation process by coming up with relevant recommendations at the right time. This technology will be transparent, non-intrusive and present in both the digital and the physical world.

Personalisation in product and experience: Consumers will have become more involved in the development of products and services. By 2020, products will be increasingly based on individual data collected by organisations. Products and services will be fully aligned with and focused on the individual needs and characteristics of the consumer. Printing in 3D is a great 'enabler' in this.

Furthermore organisations will be able to offer a unique experience across all channels, whether online or at a physical location. This brand experience will be the same to the customer across all channels. The customer will 'experience' a visit to an online or offline store in a consistent way. The channel itself will increasingly become a part of the experience.

Privacy concerning regulation and trust: Privacy regulation in 2020 will be tighter, also giving the consumer much more control over his/her data. Consumer will be able to grant or deny access to personal data on organisation level, making it easier to be much more specific in selecting what is shared and with whom. Regulation of privacy will be imposed by issuing and enforcing standards. Everyone will be able to regulate privacy settings for each company in an easy and understandable way. These settings will also include a time-related parameter (temporary opt-ins).

Being in control will encourage the consumer to share more personal data. Data on health, possessions and behaviour will be shared on condition that the consumer gets convenience in return in the form of, for example, personally relevant offers and better services. As we approach 2020, consumers will increasingly be able to place their trust in organisations, but also take it away again! Organisations that are trusted will be included in the consumer's circle of friends (inner circle), gaining even more insight into the personal information of consumers. This will be only a few brands per consumer.

Data and information: Driven by sensors and wearables, it will be easy for companies to gather information on consumers, both online and offline (in-store analytics). Because there will be so many sensors, it will be easier for the consumer to find information; that information will be available at the time the consumer needs it, without explicitly searching for it.

Main topics

What determines Orientation when Shopping in 2020? This has been developed into three main topics: Consumer Being, Consumer Data and Consumer Touch.

Leading the way

Apple's introduction of iBeacons in 2013 is a major step in enhancing the multi-channel shopping experience. To properly deliver an optimal experience, it is not merely a matter of knowing whether your customers are inside or outside your store. Knowing exactly where they are and how they behave inside your store is a necessary foundation for optimizing the experience

Nike and FC Barcelona created a unique customer experience in the FCBotiga megastore. Using digital touch screens, customers can personalise their football shirts (eg own name) and pick it up immediately in the print lab, without queues. Additionally, customers can pick their favourite Nike item and personalise it by enhancing it with self-picked FC Barcelona crests, buttons, laces etc. Of course they can share their new creation on social networks or in-store on the social wall.
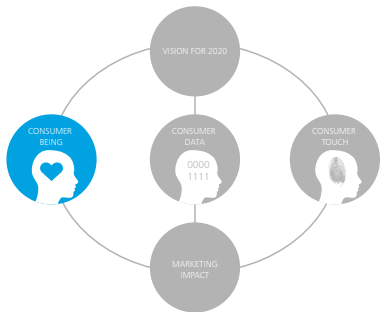
Consumer Being

When looking at Shopping in 2020, it goes without saying that the behaviour of the (future) consumer is leading.

Powerful Consumer: By 2020, the consumer will be very much aware of the value of individual data. The consumer will determine which data he or she makes available and to whom. The consumer will be driven by the value of individual data and will use it as a negotiating tool.

Leading the way

KLM has made a noticeable effort to use social media in order to get intimate with their passengers. Not only do they provide 24/7 customer care through social media, with expected response times published constantly on twitter, in a great way. They clearly understand the value of consumer power and advocacy, by using social media for things such as randomly surprising customers with personal gifts on board (based on social profile of the customer) and identifying new needs, such as adding new flights to its roster.

Starbucks understands the importance of consumer relationships. Their loyalty program rewards customers in a truly generous, fun, and unique way, which makes their loyalty program one of the most popular programs in existence. Each part of the experience is easy for the consumer to understand (including using their mobile application, collecting stars for online and offline actions, ao). Furthermore, Starbucks innovates in many ways, such as linking their coffee machines to the cloud , mobile payments, ao.

Technology and data will enable communication of the right message to specific customer segments in the correct phase but also to exclude it from irrelevant marketing communication. By getting permission from consumers, companies can save a lot of money, establish communication that is more relevant and grow goodwill. The power will lie with consumers, and brands must be able to operate quickly and proactively.

Loyal Consumer: If the consumer 'enters into a relationship' with a brand by providing this brand with insights into the consumer's data, then he/she will expect to receive information or a relevantoffer from the brand at the right time. The brand must continue to exceed expectations and earn the trust of the consumer. Consumers will be continuously orientating themselves both consciously and unconsciously and will expect direct reward. Adding value to the consumer is the brand's reference point.

Social Consumer: The shopping orientation phase of the consumer will be influenced more by the opinions of his/her social circle than by the brand's communication. As long as a brand can add value to the consumer, he/she will remain loyal to the brand or even act as an ambassador. The loyal consumer becomes attached to the brand through trust. Both the consumer and the brand has the (digital) feeling of 'being in control', something that creates an ultimate win-win situation for both parties.
In conclusion, the consumer will expect an individual response to his/her needs. There will be a strong emphasis on technology in the form of personalisation and performance marketing.
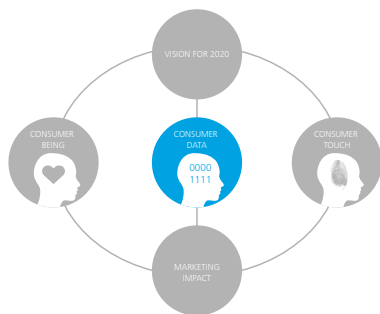
Consumer Data

Technological development and the way in which it *connects* consumers will result in even more data being available to organisations in the future.

Consumer Transparency: Traditionally, the (individual) consumer's orientation path along physical and digital channels has been difficult to follow. New technological developments will make it increasingly possible to follow the fickle orientation path of a consumer, even down to the detail level of the individual consumer. The question is: what can/will companies do with this transparency?

Privacy & Control: Although the consumer in 2020 will still be sensitive about the use of personal data, he/she will be much more concerned about the degree of control in the use of personal details. By 2020, it is expected that privacy and the potential use of consumer data will not present a problem for brands and companies that have gained the trust of the consumer.

Consumer Insights: The increase in the number of connected *devices* of a consumer, the prevalence of social platforms and the openness in the ability to link data will present great opportunities to understand the consumer. It will be a huge challenge for organisations to interpret this large amount of data and to translate these insights into better and more specific services.
The availability and use of data as we approach 2020 will become even more important to organisations. It is expected that the consumer will be 'ready' to allow/make use of data much earlier than governments (regulation) and companies will be.

Leading the way

Amazon is considered one of the pioneers when it comes to using consumer insight and highly personalized, pro-active recommendations to enhance the ecommerce experience for the consumers. Not only by simply delivering product recommendations to consumers, but also to sellers in their marketplace so they can optimize selections, inventory ao.

Pose, a fashion-oriented mobile photo-sharing platform that lets people share snapshots of their outfits and tag them with brand and designer details, has taken the unique approach to share the money they make (linking the shown content to ecommerce sites that sell them) with the actual content creators, i.e. the consumers.
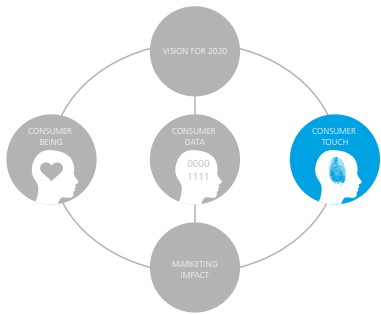
Consumer Touch

Consumer Touch is about the channels for communication and transactions (data, products) between organisations (companies, retailers) and consumers on the one hand and about how companies can 'target' the consumer with the right message at the right time on the other hand. Channels are the *touchpoints* of contact and interaction between brand and consumer.

Speed in technology: By 2020, we will see an increasingly *automated* society in which orientation processes are transparent and mor predictable through the available data and technologies (sensors, wearables) that consumers will be using and wearing. Channels will merge and offer the consumer a wide, growing range of

touchpoints: physical (shops) and digital (*virtual assistant*).

No-Channel: Channels will be working together to simplify the orientation processes with each other (from omni-channel to no-channel). This means channels will lead directly to specific solutions. The 'Consumer Touch' is literally a contact point where everything comes together: consumer need and consumer preference on the one hand and information and solutions (products and services) of organisations and retailers on the other. The consumer will in fact become a channel (social shopping).

Consumers will be using different channels simultaneously for orientation. Brands will need to respond by offering extreme service and (brand) experience through each channel, in real time and differentiated according to consumer profile, place, time and present need. Brands must stick to their brand values in any communication in each channel. Touchpoints will enhance branding and customer loyalty.

By 2020, the distinction between channels, consumer touchpoints, will have largely disappeared. This will be due partly to the far-reaching digitisation and automation around the consumer. Consumer devices will be communicating with each other and measuring what will be the consumer needs. More and more processes will be *automated* and taking place virtually, with mobile devices playing an important role. Consumer behaviour and preferences will be largely recorded in easy-to-access data. Consumers will still be erratic, but technology and data enrichment will make the steps in orientation processes transparent and more predictable.
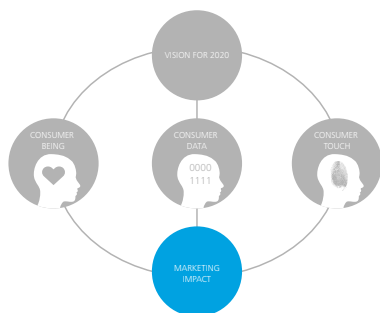
Impact on marketing

In view of the expected developments in the run up to 2020, are today's marketing departments ready for the future in terms of the competences and organisation required to reach (orientating) consumers? This chapter gives some recommendations that may help marketing organisations prepare for 2020. These recommendations originated from, among other things, a variety of interviews with people who work in a marketing organisation and with people providing a service to the marketing organisations of other companies.

Competences: The trend in marketing departments is the sharp increase in the quantity of competences. This is linked to the emergence of new media. Looking towards the future, the marketing department should focus on developing competences such as 'Data Driven' (analyse and develop actionable insights based on big data), 'Share & Collaborate' (no silos of Digital Marketing, Social Marketing, Customer Care and eCommerce) and 'Authentic & Transparent' (be a *storyteller* that breathes *brand purpose* to join the consumer's *inner circle*).

Marketing Organisation: The marketing organisation must be in a position to learn quickly and change direction. To this end, it is important to organise marketing into small and multidisciplinary teams (digital, analytical, content and social). Ensure flexibility in the composition of the marketing team so it can be extended or reduced depending on the work required for a theme at a certain moment (project or scrum approach). Experiment, analyse and learn from different activities and ensure that the budget is allocated in appropriate time lines (not per year but, for example, per theme or event).

Marketing Technology: Technology will also play an increasingly important role for marketing. Therefore, it is essential that marketing focuses on the better use of technology to increase the understanding and knowledge of consumers.

In doing so, marketing needs to embrace technology and take 'ownership' to remain efficient. This means not only shifting money from the IT budget to the marketing budget when possible/necessary but also having the right competencies in marketing to deploy technology correctly and enable the use of technology to evolve over time.

Measure of success: The use of digital resources in today's marketing activities has already made it possible to measure better the effects of marketing. In addition to the widely used Net Promoter Score (NPS), additional KPIs (Key Performance Indicators) should be used to make marketing truly measurable. KPIs in loyalty (engagement scores), satisfaction and customer experience must form part of marketing success reporting. KPIs are certainly important when measuring success. However, in line with the growing importance of data analytics, predictive indicators will also become progressively more important. From Key Performance Indicators (KPIs) to Key Performance Predictors (KPPs).

For more information, please visit and register on **www.deloitte.nl/shopping2020**