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CIRCUIT CITY, LOWES EASE MULTICHANNEL WOES

By Jeremy Nedelka, Contributing Writer

Retailers lack consistency when it comes to multichannel customer experiences. That's according to a Forrester Research report that gave the industry a C- for mediocre performance. While that "may have been OK in the past, consumers will push retailers to improve their multichannel capabilities," the report states.

In its report, "Best Practices in Multichannel Retailing," Forrester graded 10 multichannel retailers based on four criteria: selling, servicing, organization/culture, and measurement. The retailers scored best in multichannel selling (earning a B-), followed by C for service, and D for organization/culture. Worst of all, retailers received an F for measuring customer satisfaction across channels.

Most companies "aren't familiar with the measurements and metrics involved to find out what the multichannel satisfaction among customers is," says Tamara Mendelsohn, Forrester Senior Analyst and author of the report.

The report found that almost half of cross-channel consumers bought a product from a different retailer than the one they used to do research. One of the reasons is lack of training for employees and inconsistency between online locations and stores.

"People often go into a store for an item that's out of stock and the salesperson can't tell them where to get it online or in a different location," Mendelsohn says. "It's because they just aren't trained, and it's a simple reason for having lost sales."

To improve the consistency in service, the report suggests giving employees the ability to check availability at other locations and channels immediately. Mendelsohn also says online and store locations should work together, not compete against each other. One way to achieve that is to accept returns in-store of items purchased online. "Online locations have given customers bigger expectations," she says. "Customers see that change, but retailers don't."

Mendelsohn also suggests that companies improve their cross-channel metrics by surveying customers and asking questions such as "did you research this product online before buying it in the store?" Loyalty programs can also gather data about each customer in order to interact

with customers through their preferred channel. Whatever service is offered, it's important to keep the customer experience consistent across each channel, Mendelsohn says.

-- Lowe's, Circuit City provide best practices --
The news isn't all bleak. Mendelsohn points to Lowe's.com's "kitchen visualizer," which is designed to allow users to create custom kitchen designs that can be accessed at in-store kiosks.

She also praised Circuit City for its multichannel initiatives. The company began offering an in-store pickup option for online and phone orders in 1999. But when customers were surveyed in 2005, they wanted to see more integration among the channels.

To increase the visibility of the service, Circuit City created the 24/24 Pickup Guarantee in 2005, promising customers their orders placed online or by phone will be ready for pickup at local stores within 24 minutes of confirmation. If not, they get a \$24 gift card.

To ensure the effectiveness of the campaign, Circuit City focused on clear leadership, empowering stores, employee training, and measuring success. The company assigned a vice president to be responsible for the execution and oversight of the program to achieve defined accountability. And each location was given latitude when deciding how to implement the new procedures to encourage willing participation at all stores.

Circuit City trained employees by providing gift cards and asking them to use the program and provide feedback on its ease of use. The company also promoted multichannel cooperation by recognizing that some failures in the 24-minute guarantee are the fault of the system, not the store.

-- What's next? --

Forrester predicts mobile commerce will continue to grow, and encourages companies not to push customers to channels that are less expensive to maintain, like the Web. Mendelsohn expects that more retailers will start to get it right. "They watch each other closely, and if one has a success the others will copy that," she says. She stresses that the best advice is to be prepared for what customers expect. According to Forrester, poor execution can be worse than no multichannel service at all.

*Links:

Forrester Research

<http://www.forrester.com>