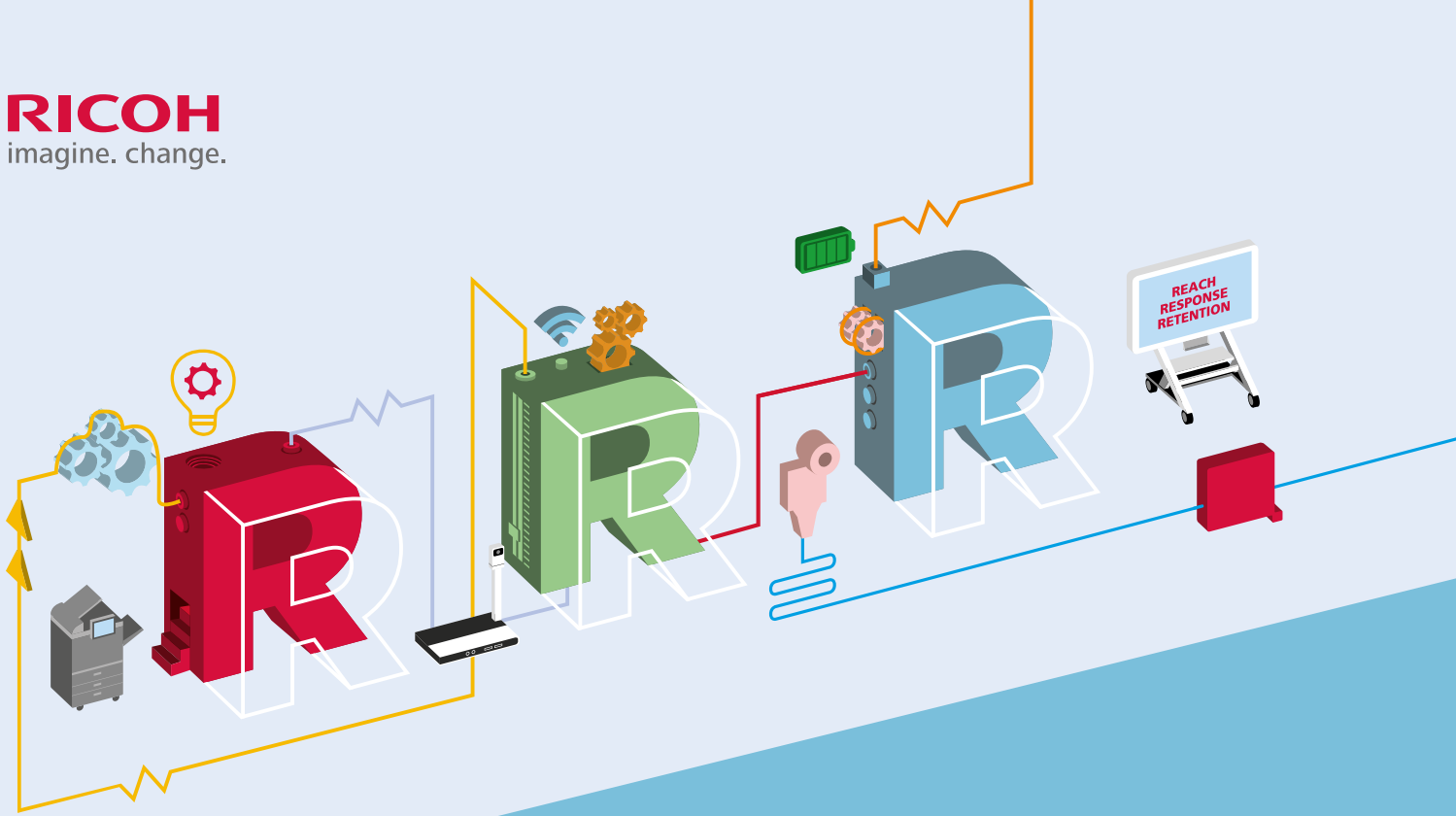


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TRIPLE R | THOUGHT LEADERSHIP
REPORT

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Becoming a
Triple R Brand

Introduction

Javier Diez-Aguirre

It's never been more important for brands to make consumers feel wanted. Consumers have more choice than ever before and increasingly expect brands to earn their custom. By building quality relationships brands can encourage valuable loyalty and repeat business. Outstanding customer service and communications naturally play a big role in building and preserving these relationships.

The research detailed in this report reveals what 'good' customer interactions look like. We set out to determine buyers' preferences at each stage of the customer journey. We commissioned a survey of 3,600 consumers across 23 countries to learn which factors impress them the most. To get a full picture, we broke the customer journey down into three distinct phases: before, during and after a purchase is made.

We defined success at each stage accordingly:



Reach

The ability for a brand to encourage engagement from a consumer

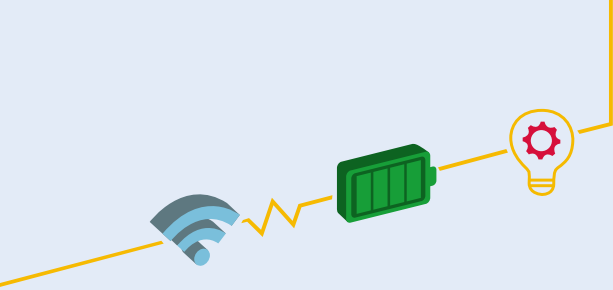
Respond

The likelihood of a customer completing their purchase for the first time

Retain

An aftersales experience that inspires loyalty and repeat purchase.

Respondents also scored Europe's largest consumer-facing brands on the experience of interacting with them at each stage. The best performing brands were awarded an 'R' for excellence across these three stages producing a list of 'Triple R' rated brands. These are the businesses that consumers see as being at the top of their game, across each stage of the journey.



So what have we learnt from Triple R? Firstly, there's a clear link between the quality of a brand's interactions with customers and its profitability. Effective interactions encourage first time and repeat purchases. Conversely, poor relations turn potential customers away. Understanding how consumers want brands to behave is crucial in enabling them to align internal processes and communications successfully.

Also, differentiation increasingly depends on the quality of every element of the customer experience. Efficient, personal interactions came out as key for many respondents. They enjoy feeling unique, for example, through personalised offers and loyalty discounts. But balance is also crucial here. The research shows customers are happiest when brands balance personalisation with a sense of privacy.

Effective digital solutions are essential for meeting and exceeding customer requirements. Brands must invest in the technology that allows them to proactively and expertly manage the customer's experience. This includes data-led communications programmes and streamlined, digital workflows allowing employees to focus on delivering the services customers need. These assets will produce the fast, consistent and personalised service that customers expect.

Brand success in a digital-first world relies on using intelligent technology to move closer to the customer. I hope that this report will give business leaders the tools to react to the new realities of customer engagement.

Javier Diez-Aguirre
Vice President, Corporate Marketing,
CSR & Environment
Ricoh Europe

The Empowered Customer Journey

The twin forces of globalisation and digitalisation have produced an incredibly competitive marketplace. Everywhere, consumers are faced with an abundance of choice. As such, effective audience engagement has never been more vital for success.

E-commerce sales in Europe grew at an astonishing rate of **14.2%** last year¹. The local high-street has become an international online marketplace. Consumers can enjoy a huge range of products from a growing choice of providers. To further compound this choice, more retail channels exist for consumers than ever before.

When consumers can connect with suppliers and purchase products from all over the world, how can brands stand out from the competition? Price is important but certainly isn't always the final decision-making factor. The research we commissioned found that instead, customer service has become a core source of differentiation.

www.ricoh-europe.com/thoughtleadership

¹ <http://www.retailresearch.org/onlineretailing.php>



57% confirm they spend more with brands that make them feel valued. Most retailers should be reassured by this as very few can profit from the slim margins and economies of scale that globally competitive prices afford.

One benefit of digital-first consumers is the greater opportunity for personalisation. Of course unique digital communications can be more easily generated than physical ones. More crucially, shoppers produce far more detailed data when they interact with brands online. Abandonment rates, repeat visits, and location data: utilising these can improve the customer experience.

It's clear how highly consumers value quality interactions with brands. Yet it's disheartening to learn that **60%** are convinced that brands only care about their money. What's more, they don't believe those brands care about customer service at all.



In a marketplace of limitless choice, brands who fail to manage customer relationships well are missing out on essential revenue.

47% of European consumers wouldn't buy from a brand if it failed to meet a certain service level.

A further **52%** would actively spend less with that brand if their expectations weren't met.

Given how hard it can be to acquire customers in the retail environment, retaining them becomes essential for survival. First interactions with customers are brands' best chance of influencing a second engagement. The stakes are high here.

68% of European consumers can recall avoiding a product or brand after a bad customer service experience.

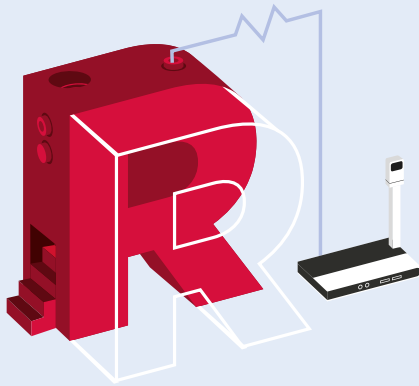
Brands should view the customer's buying experience as a journey. The most celebrated brands are those that can excel at every interaction along the way. Consistency is key. **Retail success in the digital age belongs to those who can**

Reach, Respond to, and Retain

customers effectively.

Below you can see the top performing consumer-facing brands operating across Europe. These top-performing European brands were drawn from the 2016 edition of Forbes' Global 2000² list which ranks the world's largest public companies. All of these brands were rated by consumers as excellent in **Reach, Respond** and **Retain** interactions. Over the next few pages we'll dive into the criteria behind each of these stages, revealing the keys to these brands' success.

- | | |
|------------------------|---------------------|
| 1. Paypal | 11. Walt Disney |
| 2. Yamaha Motor | 12. BMW Worldgroup |
| 3. Amazon.com | 13. H&M |
| 4. Apple | 14. Marks & Spencer |
| 5. Samsung Electronics | 15. Nokia |
| 6. Adidas | 16. Carrefour |
| 7. eBay | 17. Philips |
| 8. Microsoft | 18. Pandora |
| 9. Alphabet (Google) | 19. Siemens |
| 10. Sony | 20. Facebook |



Triple R: Making The Grade

A successful customer journey should be viewed as a single achievement. But the constituent parts of this process can also be examined and replicated. The research we commissioned shows what it takes for brands to effectually engage with consumers at every turn. We start, naturally, with **Reach: the ability of brands to encourage initial engagement from a consumer.**

Reach

The Triple R research shows that European consumers most value access to third party reviews and receiving timely recommendations for relevant products. As such they awarded an excellent **Reach** rating to brands from a variety of sectors. Automotive manufacturers such as BMW Group and Yamaha Motors scored highly. Similarly electronics providers Philips and Siemens were both awarded an 'R' for their performance in the **Reach** communications phase.

The digitally empowered shopper has changed the role of marketing. Traditionally brands were positioned as a single source of information. Customers would learn about products and eventually purchase from the brands themselves. Now customers turn to third party reviewers, customer ratings and discount websites.

41% of European consumers list immediately available information as a top priority when choosing whether to buy from a brand.

³ <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consumer-business/deloitte-uk-consumer-review-customer-experience.pdf>

In the digital age, that information does not always come directly from brands. However, they are still responsible for maintaining its quality and accuracy.

The reviews and opinions of other people have always influenced purchasing decisions.

33% of customers listed third party reviews and recommendations as a key decision making factor.

Word-of-mouth recommendation is widely thought of as one of the most powerful and cost effective forms of marketing. This is especially true in the **Reach** phases of the customer journey. Recent research from Deloitte ³ found that only **7%** of customers trust retailers. This is compared to **58%** who still trust family and friends to give honest feedback.

Potential customers use recommendations and reviews to expand and whittle down their list of potential purchases. Successful brands don't leave this stage to chance. They take responsibility for ensuring relevant information is available for consumers wherever and however they seek it.

This approach lends itself to personalisation. Consumers will naturally pull relevant information to them, removing some of the guesswork of push-marketing. However, the most successful brands take this a step further. Personalisation is a crucial differentiator, valued throughout the customer journey. In the **Reach** stage this is manifested by brands providing relevant and enticing purchasing information.





50%

of European customers value personalised offers and discounts above all other factors when making a purchasing decision.

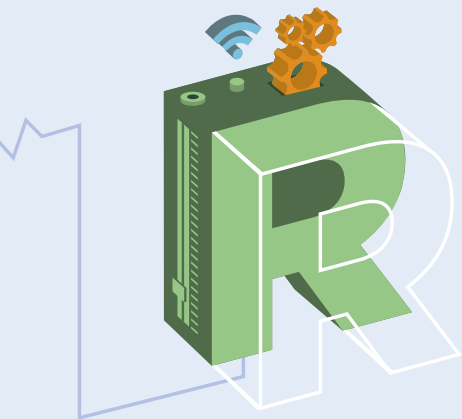
46%

Similarly, 46% are most interested to learn how and where they can purchase a product.

Success here depends on brands investing in systems that collate and maintain accurate data on potential customers. This technology will make sure a brand's approach to any given customer is relevant to their channel and location.

We have detailed how brands can successfully **Reach** out to customers, capturing interest and attention. Next, brands must **Respond** to this interest, encouraging and facilitating a purchase.





Respond

The results of the research reveals that shoppers care deeply about price and value for money, in addition to transparency around costs, terms & conditions and an efficient buying process. With this in mind, fashion brands including Pandora and Christian Dior stood out as excellent at this stage. Along with H&M and Adidas, many retailers were awarded 'R' status for excellence in **Responding** to customer enquiries.

Given the fiercely competitive nature of modern commerce, getting customers through the door or onto your site is a natural priority. But to focus only on this segment of the customer journey is short sighted. Brand awareness and sales are not directly correlated. If brands neglect the purchasing experience, the money they spend on bringing shoppers in will be wasted. **Respond** addresses the factors that determine whether a customer will complete their purchase for the first time.

The research suggests this is a problem for many brands. Consumers are starting to notice a disparity between the pre-, during and post-purchase experience.

50% of European consumers believe brands currently care most about prospective customers. Many think brands should instead prioritise customers' needs during (**39%**) and after (**31%**) a purchase.

There's clearly room for brands to stand out by, and profit from, investing in a seamless purchasing experience.

Consumers across Europe are increasingly making purchases online. Reliance on the traditional in-store experience is dwindling. But the research shows definitively that customer experience is still a priority for online shoppers.

91%

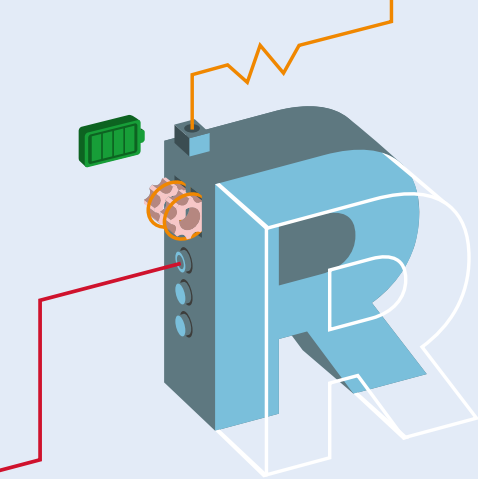
An incredible **91%** suggest that difficulty during a transaction would stop them from buying a service or product.

That represents vitally important revenue left on the table by brands with poor **Response** infrastructure. Filling in online forms and identifying the right product should be simple. Delivery should be efficient and flexible enough to suit customer needs.

Despite its benefits, online shopping significantly complicates the management of customer experiences. Brands must invest in a variety of online channels to guarantee a seamless purchasing experience. If a customer encounters friction when moving between channels the likelihood of them completing a purchase drops significantly. It's useful to consider this within the wider challenge of personalisation. To maximise profit, brands must offer a purchasing experience

that suits the individual. Consistency across channels is essential, as is contextual information which shows the brand understands where a customer is in their journey. This avoids confusion around pricing and helps customers keep track of products and orders. Optimised technology is essential for guaranteeing this standard of service. Given the variety of channels available to shoppers, automated pricing and communications technology offer the fastest and most consistent method for managing this process.

European customers highlight a number of key frustrations around the **Respond** stage of their purchasing journey. These include slow responses to product and service enquiries and forcing customers to repeat the buying process multiple times. The research cements the importance of getting the purchasing experience right. **68%** of consumers state they have avoided buying a product after a bad customer service experience. To counter this, brands should develop a purchasing process which is transparent on costs throughout and crucially quick. Leaving the customer satisfied at this juncture creates the perfect environment for fostering loyalty. This is the long term goal of all brands, **Retain** customers and inspire repeat business.



Retain

According to consumers, easy-to-use loyalty programmes, incentives to buy again and rapid responses to queries are the key indicators of successful **Retain** communications. The multinational retailers Marks & Spencer and Carrefour were awarded an 'R' for excellence in this portion of the customer journey. Similarly, global tech brands Sony and Microsoft were lauded for the quality of their customer aftercare.

Competition is fierce between brands in the international online marketplace and brands must stand out to succeed. The quality of your product or service will determine customer satisfaction to a point. But the quality of a customer's purchasing experience from your brand also offers a fantastic opportunity for differentiation. It's a chance to demonstrate how you, as a brand, care for your customers before, during and crucially after their purchase. Within the framework of the Triple R, **Retain** is the phase where brands strive to leave customers with a great impression. By doing this well, brands can nurture a loyal pool of repeat customers. This reduces their dependency on new prospects who can be costly to acquire.

The research reveals that **57%** of consumers spend more with the brands that make them feel valued.

Despite often distrusting brands before purchasing from them, consumers strongly value a brands' aftersales experience. This is the perfect opportunity for brands to earn consumer trust.

70%

think that the best brands are those that pay close attention to their needs.

Using optimised internal process to record and analyse customer data lets brands effectively anticipate these customer needs. Paying attention to customer issues after a purchase in this way shows concern for more than just sales. This bucks a key trend from the research that we mentioned earlier: **60%** are convinced that brands only care about their money.

Personalisation is a key element for building trust with existing customers. **42%** of European consumers are more inclined to trust brands that personalise their customer communications over those that don't.

Making repeat purchases easier is an effective opportunity for personalisation. Brands can save customers the hassle of re-entering personal details

into online forms by offering to record basic data. Embedding business intelligence within digital services allows brands to make smart recommendations of complementary products, further demonstrating respect for customers' time.

Dialogue is also a crucial element of consumer trust. It's important to give customers the chance to speak out and demonstrate that you listen to what they have to say. Doing so dramatically improves a brand's chance to **Retain** their business.

41%

of consumers admit to communicating with brands by email after making a purchase.

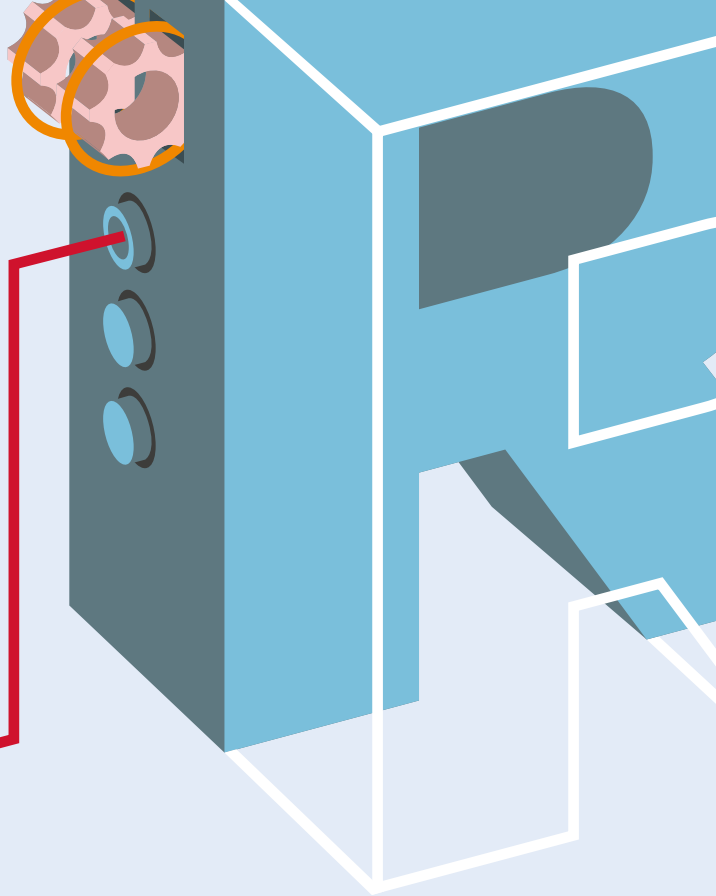
When handled well, this interaction can yield profitable returns. However **50%** spend less with brands that fail to make their customer service capabilities clear.

The speed of response again has a major role to play in consumers' judgement. Automated technology can flag and react to customer enquiries incredibly fast and consistently.



This is increasingly important when **47%** consider speed to be a key determining factor for their future loyalty.

Intelligent **Retain** communications can also foster an incredibly profitable feedback loop as customers become advocates of your brand. Prompting satisfied consumers to leave reviews or recommendations encourages new prospects to start their own customer journeys. These reviews and ratings become the crucial third party validation that proved so useful for customers in the **Reach** stage.



Building a rounded view of consumers improves the quality of communications at every interaction, making the customer feel valued and securing long-term loyalty. Small and mid-sized businesses have a great opportunity to use the quality of their customer service as a differentiator from their larger rivals.

The results of the Triple R yield interesting trends. The high number of players in the retail and financial sectors increases the need for differentiation. Yet at each step of the customer journey, consumers feel retailers and travel brands are most likely to meet their expectations. Brands from the energy and utility industry, as well as banks, are much more likely to be rated poorly.

20%

Only 20% believe banks are forward thinking in their approach to customer relations.

On the other hand **39%** feel that retailers lead the way on this topic. Many brands in the energy and finance sectors could profitably learn from the customer relationship strategies of the Triple R rated companies above.

The research underpinning the results of the Triple R shows that substantial revenue rests on quality customer journeys. Intelligent communications are vital at every stage of this journey. However, traditional processes were not designed with today's digital environment in mind. The customer journey is incredibly varied by nature and this challenge includes making the right resources available to customer services agents, and ensuring communications are tailored and consistent across all channels.



Ambitious brands need to invest in the supporting processes and digital technology underpinning a modern, quality customer experience. We've identified three key steps for succeeding in this process:

- 1 Simplify and streamline processes.** This is essential for achieving the agility required to react to customers' demands. Brands should transition to digital workflows, freeing up employees to focus on delivering the services customers need.

- 2 Invest in business intelligence.** Having the tools to collect, manage and deploy business intelligence gives brands the ability to create smart, targeted customer insight. This in turn will measurably improve the quality of a brands' targeted communications by enabling brands to turn data into actionable insight, regardless of its initial format.

- 3 Build accurate, detailed pictures of customers.** Throughout this report, personalisation has come out as a key differentiator. Brands must be able to connect disparate data sources to perfect their understanding of individual customers. Without a complete picture, personalisation efforts will always fall short.

As we've learned, customers have different priorities at each stage of the buying process.

Communications must be tailored to individual needs to be effective. However, brands must be careful to balance customer experience with privacy. Naturally, businesses need to act responsibly with the data they collect. **89%** of European consumers would drop out of the buying process if they felt a brand was too intrusive. Businesses must bear this in mind when using customer data. Transparency around data usage can help brands avoid over-stepping the mark with their consumers. Indeed, **61%** believe brands should be more transparent about the customer data they collect and how they use it to provide personalised communications. Without clarity on data polices, consumers are much less likely to develop trusting relationships with brands.



The Triple R research results show that a consistent experience across individual interactions is vital for European consumers. Rethinking the customer experience from a series of touchpoints to a single journey is the first step to commercial success in the digital age. In a competitive global marketplace, profitability is directly linked to brand-trust. Without providing a consistently enjoyable customer experience, brands will struggle to build profitable, trusting relationships with their audience.

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