CONTEXTUAL COMMUNICATIONS TECH GUIDE:

IMMEDIACY AND PERSONALIZATION EXPAND TEXT AND MESSENGER USE CASES

retail **TouchPoints**®

TECH GUIDE

INTRODUCTION

At first glance, SMS texting and messenger-based chat might not seem like ideal mediums for retailers to communicate with customers. People use text and chat primarily to communicate with friends and family, so those wanting to use them as commerce channels need to tread lightly.

It's true that the ubiquity of smartphones means an outbound message is likely to reach the consumer at virtually any time of the day or night, and it's also true that consumers tend to open texts more quickly, and more frequently, than other messages. But this also can be a double-edged sword: because consumers have become "trained" to answer texts quickly, too many messages can easily become unwelcome interruptions that carry the potential to tarnish brand equity.

The critical elements required for SMS and chat to be win-wins for both retailers and consumers are **relevance** and **context**. If a retailer uses location data and AI to proactively craft a message that helps a consumer solve a problem in the immediate moment, the "interruption" will be a welcome one. If a messenger-based chat conversation with a live human gives the consumer more confidence in a high-consideration purchase such as furniture or electronics, both shopper and seller benefit.

"SMS is a critical channel, but if you don't do it right you risk turning off your customer," said Tom Kaneshige, Chief Content Officer at the CMO Council in an interview with *Retail TouchPoints*. "The phone is the most personal thing to a person, technology-wise. When a text comes in, everybody looks at it right away, even when they're driving, which they shouldn't but they do. **The brand has to provide a valuable text**. As long as there's brand loyalty, and as long as that customer message is a service, it works. What will turn customers off is if they start getting useless texts or pitching texts on their phone."

For an increasing number of retailers, the positives of these contextual communication channels outweigh the potential for future negative reactions. Key benefits include:

- **Immediacy and access to location data:** The COVID-fueled rise of BOPIS and curbside pickup has increased the value of, for example, sending a welcome message to shoppers when they enter a store's parking lot, with instructions on which space to pull into and a real-time update on whether their order is ready;

- **Personalization opportunities:** Retailers using their own first-party data about customers' buying habits and current orders can craft one-to-one messages that can be delivered by their own employees, opening up opportunities for a conversation rather than a one-way blast; and

- **Relatively low implementation costs:** Because the technology infrastructures to support these solutions are light, even smaller retailers can leverage their first-party customer data to create relevant messaging programs.

MAXIMIZING THE CONVENIENCE FACTOR

The near-real-time nature of text and chat communications lends itself to proactive customer service applications, particularly since COVID limited in-person communications that might have taken place in a store. "Convenience is a huge plus that people are looking for today," said Katherine Black, a Partner in the consumer practice of **Kearney** in an interview with *Retail TouchPoints*. "**For curbside delivery, or any place that needs to manage crowds, communications about when a customer's order is ready, or that you're next in line, are incredibly helpful**. They create loyalty because they make your life easier.

"I got a furniture delivery recently and received a text message that morning, with a link that not only reminded me of my appointment but told me exactly when the driver would be at my house," Black added. "It showed me on a map where the driver was — and it was accurate! When it said the driver would be there in **10 minutes**, I was able to step away from my computer and get the dog away in plenty of time."

Judicious use of location data and the integration of actions such as payment also can maximize convenience. Retailers can use texts "to ask you to do things that wouldn't make sense in any other [communications] channel," said Flora Delaney, President of **Delaney Consulting** in an interview with *Retail TouchPoints*. If a shopper's phone activates the geofencing surrounding a retailer's parking lot, for example, "the retailer can send a message saying 'Let me know where you've parked so I can bring out your order, and you can click here to pay.' Retailers can make all that simple for the customer in a text, and it makes life a lot easier for the retailer as well."

PERSONALIZATION POWERED BY AI AND CUSTOMER DATA

One of the best ways to reduce the chance that a message will be considered annoying is to make it personal for the recipient. Both SMS text and messenger-based chat are proving to be ideal vehicles for these types of **conversational commerce**.

"The next generation of marketing involves understanding who you are by asking you questions and having real conversations," said Mehdi Samadi, CEO of **Intellipse**, which offers a human-directed conversational commerce solution that draws on retailers' first-party data. For a consumer visiting a mattress retailer's website, for example, rather than immediately offering a discount, "We could ask a question like 'Do you currently own a mattress, and what don't you like about it?'" said Samadi. "Now that [the retailer] has learned that, the solution helps them position further information in a personalized way."

The Intellipse solution uses data from multiple sources, including a brand's website, blogs and social media presence, to create a collection of usable conversational snippets. The conversations themselves are conducted by humans, "but AI is guiding them," Samadi explained. "With the advances that have happened in AI, and with customers becoming more comfortable with asynchronous communication channels, this allows retailers to communicate with them via a channel that they prefer."

AI is useful for creating contextual communications and marketing and doing so at scale, according to Kearney's Black. "Bringing in AI allows a marketer to deliver a rich 'offer bank' to the right customer by **incorporating elements like the weather and the time of day**," she said. "It can also help determine **the right cadence and volume of messaging for each particular consumer**."

FILLING THE GAP BETWEEN IN-PERSON AND VIRTUAL SHOPPING

Ashlee Robinson, Head of Content and Thought Leadership, Intellipse

While virtual shopping has many benefits to both customers and brands, the channel falls short of building a connection. Customers miss out on the personal interaction with employees that happens when visiting a brick-and-mortar store. Because they don't build a relationship with sales associates, who are the face of the brand to customers, they often buy fewer products and have less brand loyalty. Without a concerted effort, online sales become solely transactional instead of being based in a long-term mutual relationship.

With the traditional virtual shopping experience, brands also do not have the ability to get to know their customer's needs and challenges as typically happens during in-person shopping, DTC brands miss out on potential increased sales and loyalty from customers, as well as opportunities to gain greater understanding of their customer.

During the pandemic online sales **significantly increased** — 44%. Experts predict that online sales after the pandemic ends are likely to be higher than pre-pandemic, which also means more competition. To retain customers and revenue, brands must focus on creating a relationship with each customer, but this can be challenging in a virtual space.
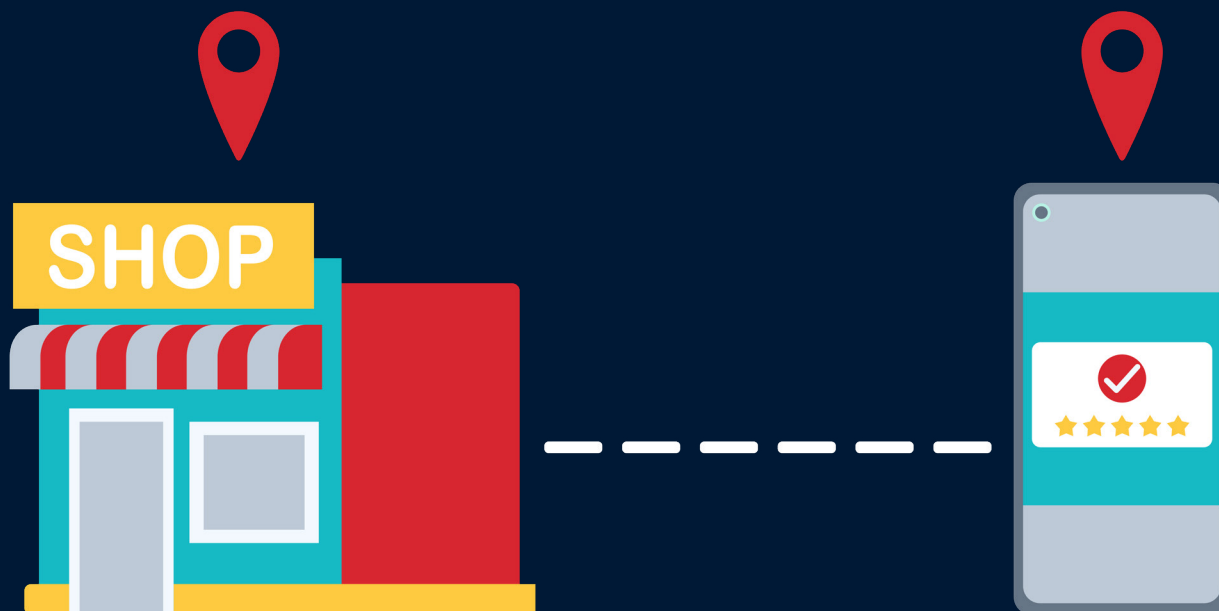
Building Relationships with Technology

By using technology such as artificial intelligence, machine learning and more intimate communication channels like SMS, retailers can now give their customers what they've been missing during online transactions. However, many brands simply use technology for broad segmentation and mass texts, which makes customers feel less important and not seen as an individual.

Customers want to feel like their personal needs are being addressed and that they have a way to communicate with brands. Having your Customer Service team reach out to every customer isn't realistic though, and brands are increasingly turning to technology to be able to communicate at a large scale. Bots are one way to scale, but do not deliver smooth and accurate conversations. They often lead to frustrations that can impact brand equity and revenue.

Intellipse is a solution that provides a better experience by powering 1:1 real, human conversations at scale. By addressing the specific challenges or barriers to entry of individual customers through conversational messaging, value is provided, resulting in an increased Conversion Rate and higher Average Order Value. The results are clear and prove the importance of building impactful relationships.

Brands have seen a 30% increase in revenue directly through the Conversational Messaging product from Intellipse.

Traditional SMS Marketing
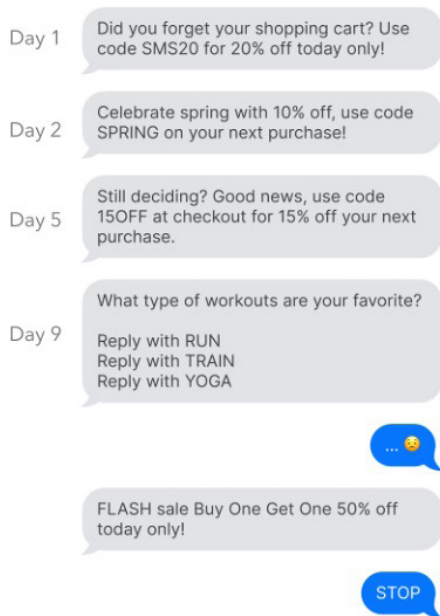
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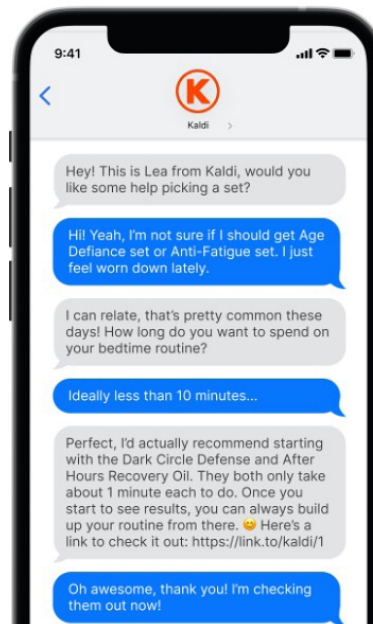
Moving Toward Individualization

In the near future true personalization will be the norm for brands of all sizes and in all industries. By implementing individualized messaging today, your company starts building loyal customer relationships, giving you a better edge against competitors and ultimately resulting in higher Lifetime Value.

NEW MESSAGE

CASE STUDY:
FURNITURE RETAILER USES MESSAGING PLATFORM TO SCALE UP ASSOCIATE-CUSTOMER CONVERSATIONS

Living Spaces initiated a messenger-based solution in April 2020, seeking to "provide our customers with the same personalized experience online as they've always gotten with us in person," said Pete Franco, VP of E-Commerce at the retailer in an interview with *Retail TouchPoints*. The solution, from **Intercom**, allows the retailer's store employees to split their time between helping in-store shoppers and communicating with online customers via chat. Since its implementation, Living Spaces has scaled the program to handle **8,000** customer conversations per week.

"When customers visit the website, they can initiate a chat with our sales and customer support teams to get the answers they need in real time," said Franco, adding that for inbound messages, "our team's average first response time to customers is under **one minute** — something that was not previously possible through our phone and email support."

The staff members have access to contact and order information as well as the customer's order history and conversation history. "This is really important in helping them understand or even predict a customer's needs," said Franco.

The solution uses a combination of automation and human interaction: "If a customer needs assistance updating their order information, the system will gather the needed details and route their request to the right team member to ensure their questions are addressed with the right context needed and in a timely manner," said Franco. "It's the perfect mix of automation with a human touch that mirrors the in-store experience in a virtual setting."

AVOID THE SATURATION TEMPTATION AND CAREFULLY MONITOR SECURITY

Texting and messaging platforms are primed for significant growth, not least because entry costs remain fairly low. "It's within the grasp of even small retailers to do quite well," said Delaney. "This isn't the kind of thing where you need to implement some million-dollar infrastructure and do a big tech upgrade; it can be done really well and affordably with a small team. And small retailers may have an advantage in that they presumably know more about their customers, and the customers trust and know them."

As with any marketing and communications solution, there's a danger that overuse will kill the goose laying the golden eggs. With texting, "consumers are primed to immediately take an action, and it features good open rates, responsiveness and quick reads," said Black. "The drawbacks are that I can see this becoming an oversaturated channel very quickly, but it's still early days."

John Harmon, Senior Analyst at **Coresight Research**, agreed that "SMS communication is still in its early stages, but so far it seems to offer an easy, efficient way to interact with consumers. People always have their phones with them, so it's a quick way to get information or a response, and consumers don't have to log on to a PC, download an app or register on a website."

That same ease of use contributes to what could be a major risk of this technology: security. "We tend to trust everything on our phones once we have unlocked it," said Harmon. "We are normally cautious about clicking on links in email, but we are not as cautions about SMS messages. One colleague told me that he receives several SMS phishing messages per day. **A person's mobile number has become a de facto form of identification; this will encourage criminals to exploit it**."

Solution providers will need to keep a watchful eye on security issues, and retail marketers must make sure the messages they're sending are timely, relevant, and focused both on solving immediate customer problems and building longer-term relationships. Keeping communications contextual will help retailers mitigate the risk of oversaturation and get the most out of these powerful vehicles.

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Intellipse

Intellipse is a conversational sales assistant for people and brands. Powered by AI, we're changing the way businesses understand and engage consumers. Stop Spamming! Start interacting in real, two-way customer conversations. We empower human conversations at scale to build customer relationships and increase revenue by 34%. We're backed by Google and other top investors, and we're searching for amazing people who are eager to redefine what it means to really interact with a brand.

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