Retailing in the Age of the Connected Customer
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1. Executive Summary

As the volume and value of online sales continue to rise in the UK, the internet can no longer be considered a secondary retail channel. However, the story of web and mobile commerce can’t be characterised simply in terms of sales. We are now in the age of omni-channel retailing, in which the consumer journey typically involves both online and offline activity. Even when a purchase is made in store, the chances are that initial research was done online.

So with the web and mobile apps now integral to the shopping experience, retailers face the challenge of differentiating themselves online by replicating the service and quality of experience that customers expect offline. Proactive live engagement with a personalised journey whether that’s via Live Chat or targeted online content, underpinned by sophisticated analytics, is emerging as the most effective way to build in service.

Customer behaviour and expectations are evolving. In the multi-channel world, bricks and mortar stores, the web and other forms of mail order were seen as separate but complementary channels. Today the borders separating online and offline have become much more porous, with customers, as a matter of course, hopping channels as they research and ultimately buy products.

According to research by LivePerson, 78% of customers research goods online before making a purchase in an offline store. But if the road to the EPOS machine often begins at Google or Bing, the journey to the online shopping cart may well start in a High Street showroom. As the UK communications sector regulator Ofcom pointed out in its 2012 Communications Report, customers are increasingly researching offline - checking out goods in store - before buying online. But it’s not a simple journey. Consumers are also using smartphones and tablets to enhance their offline research while out on the High Street – for instance by reading or comparing prices when looking at products in store.

Meanwhile, the growth in online sales is expected to continue apace, with research organisation Forrester predicting a total value of $230bn in 2016 compared to $130bn in 2011.

Looking at these trends together, it is clear that the internet – whether accessed via PC or a mobile device – is not only an important sales channel, it is an essential element of the customer journey, regardless of where a transaction is finally completed.

And one of the key challenges facing retailers is differentiation. In the offline world retailers have built trusted brands based around the in-store environment and the quality of customer service and consumers will often go to a store they like even if it means paying a little more. This kind of premium branding is more difficult to maintain when customers are making choices driven by price comparisons.

There is also the question of complexity. The web has traditionally been a self-service medium but while that is fine for CDs and books, a customer buying an iPad, camera, or expensive suit will often have questions to ask before they make a purchase. The consequences of failing to answer those questions go straight to the bottom line. A global consumer survey carried out by LivePerson found 53% of consumers would abandon a sale if help wasn’t forthcoming.

Retailers usually offer telephone helplines to answer questions but these present a psychological barrier as they require the customer to skip from one medium to another. But there is a way to build in service to the online environment.

That’s where live engagement comes in. In the retail sector this is usually delivered through Live Chat, in which customers click through to talk to an agent. While this can be achieved by static invitations (which require the customer to make the first move), it is often more effective to target web visitors whose behaviour suggests they would benefit from help. This is achieved by tracking each journey through the site and analysing the activity of the customer. If for example, a customer appears to be indecisive after spending time looking at laptops, an invitation offering help can be served proactively.

This approach focuses help on those who need it and retailers are using it to increase sales, increase order values and upsell. The same analytics software can be used to trigger agent/customer contact via telephone callback invites, video chat and multi-media walkthrough.

In this White Paper we will be taking a closer look at how live engagement can address some of the key challenges facing retailers and the strategies used by retailers to increase conversions, order values and customer loyalty.
2. Market Overview

2.1 The rise of online retail

The short history of online retail has been characterised not only by rapid growth in volumes and revenues but also by a continuing evolution of customer behaviour and expectation, driven in part by new technologies and media channels.

According to figures published in 2012 by the European Multi-Channel and Online Trade Association, retail sales in Europe amounted to €198 billion in 2011, a rise of 19% from the previous year.

There is significant variation from one country to the next. In a survey published by price comparison website Kelkoo, sales in the UK amounted to 12.0% of the total retail market in 2011, with Germany not far behind on 9.0%. At the other end of the spectrum online sales in Italy amounted to just 1.3% of the whole.

Continued rapid growth is expected. Research organisation Forrester is predicting that online sales in the US will rise from a 2011 level of around $200bn to $327bn by 2016. Similar growth is expected in Europe, with sales rising from $130 billion to $230 billion.

2.2 Changing consumer behaviour

The expansion of online retail reflects a change in the way consumers like to shop. In the early days of online retail, the internet was very much a secondary channel. Shoppers would go there for discounted, non-tangible products such as books and CDs, or items that they couldn't buy easily in local offline stores. Today e-commerce (including mobile) is the preferred channel for increasing numbers of retail consumers.

For instance, a survey published by US market research company LAB42 found that 66% of shoppers prefer online retail to its offline equivalent, while 73% said they did more than half their shopping online.

2.3 From multi-channel to omni-channel

But modern retailing is not about simple choices and preferences between offline and online shopping channels. In fact, the customer journey increasingly takes the consumer on a route that embraces both websites and bricks and mortar stores.

In its review of the UK communications market, the industry regulator noted the phenomenon of “robo-shopping”, with ROBO as an acronym for Research Online/Buy Offline.

It has long been the case – and a cause for frustration among retailers – that customers touch and sample a product in a bricks and mortar showroom but buy online, often from a competitor. But increasingly they are doing their offline/online research in the same physical space - thanks to smartphones, reviews, price comparisons and advice from friends. Ofcom’s survey found that 31% of shoppers have used their handsets to take pictures of products, while 21% have read product reviews online while in store. Apps are playing a part in the shopping experience too, with 25% of respondents saying they scan bar codes to access more product information.

Equally a customer may research online and go down to a local store to sample the product before buying. As the British Retail Consortium puts it, “We live in an Omni-Channel World.”
2.4 The mobile experience
And it’s a world in which mobile devices are playing an ever more important role in driving sales. Indeed, figures from Google suggest customer journeys are increasingly beginning on a smartphone or tablet. Figures published by the company in January found that in the UK retail search volumes grew 14% in the final quarter of 2012. Drilling down into the data, searches conducted on smartphones and tablets grew 73% and 273% respectively.

Transactional activity on mobiles is much smaller. Nevertheless, UK research by MobiLens found an average 5.7 million phone users made online purchases via their handsets between May and July in 2012. Nearly half spent between £21 and £100, with 13 percent spending over £250.

2.5 Social media
Social media is also playing its part in the consumer journey, with customers discussing, liking and sharing information on products. Facebook remains the biggest player in the market, but Twitter is now seen as an important channel for disseminating product information as are the blog site Tumblr and Pinterest, the online pinboard.

Equally important, retailers and other brands are now using social media as a channel to answer customer service questions.

Frequency of researching via mobile in-store

- Often (on more than 50% of occasions)
- Sometimes (on between 25% and 50% of occasions)
- Rarely (less than 25% of occasions)
- Never

Source: LivePerson Connecting with Customers Research 2013
3. Challenges Facing Online Retailers

3.1 Differentiation

With the projected growth in online sales standing in sharp contrast to a much less optimistic one for the sector as a whole, these are exciting times for online retailers and marketers. Nevertheless, merchants face some real challenges and not the least of these is differentiation.

Online retail is no longer predicated on the pile high/sell cheap that characterised much of the activity in the early days. Nevertheless a customer journey that starts with a search engine often has a price comparison site as its next stop. From books to musical instruments and from watches to computers, the potential customer is able to see at a glance exactly who is offering the best deal at any point in time.

Retailers have always competed on price, but in a High Street store or shopping centre, customers are often equally attracted by the layout, the décor, the knowledge of the sales staff, the location and, in some cases, the cachet of the retailer. Or to put it another way, when customers go out shopping they like to do so in a pleasant environment where they can engage with smart, interested sales personnel. These are the pillars on which offline retailers have built their brands and it can be hard to migrate these positive elements to a website.

For multi-channel retailers this wasn’t necessarily a problem. Positive brand values developed over years of offline had an impact on how the online offering was perceived and that’s certainly still true. Customers familiar with a Tesco or John Lewis on the High Street shop on their websites because they know the brand.

But as the web becomes a primary channel in some sectors – meaning that consumers have less contact with the offline offering – one of the challenges is to create a brand appeal in a purely digital environment.

3.2 The need for service

There is really no restriction on the type of product that can be sold online and consumers are also buying complex products such as clothing and electronics goods in large numbers.

The challenge here is that in a physical store, customers buying complex products – say, a laptop computer – will often require advice. Will it meet my requirements? Is it the best product in the price range? What are the alternatives at higher and lower price points? Are there any colour options?

Online has traditionally been a self-service medium. Fine for simple products, potentially not so good when it comes to complex high ticket items where customers may need some kind of assistance.

And the lack of available help can be a dealbreaker. When LivePerson questioned 6,000 consumers in the US, UK, Italy, Germany, France and Australia, 83% said they needed help before making a purchase. And their expectations were high. 71% of shoppers said they expected help within five minutes while 31% required immediate assistance. Worryingly from the merchant’s point of view, more than half (53%) said they would abandon any purchase plans if assistance wasn’t forthcoming.

Customer expectations in accessing online help

<table>
<thead>
<tr>
<th></th>
<th>Immediately</th>
<th>Within 5 minutes</th>
<th>Within 10 minutes</th>
<th>Within an hour</th>
<th>Within a day</th>
<th>Within a week</th>
<th>As long as it takes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>31%</td>
<td>40%</td>
<td>11%</td>
<td>5%</td>
<td>10%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: LivePerson Connecting with Customers Research 2013
3.3 The shopping cart conundrum

And of course, in the online environment it is very easy for a frustrated customer to go elsewhere. From the moment a customer enters the site right through to the point at which they key in credit card details and press “submit” customers drop out. Aborted sales at the shopping cart/check out phase of a journey represent a perennial problem for online retailers. The figures vary from survey to survey but according to an internet research company Baymard, the average dropout rate comes in at 66%. In other words, two thirds of customers who have researched a product, navigated the site and filled up the shopping cart make a last minute decision either not to purchase or to go elsewhere.

3.4 New channels

The rapid evolution of the online marketplace is also generating challenges. At one level the increasing use of handsets and tablets to browse online content, creates a requirement for mobile-optimised sites. More perplexingly, new strategies are required to generate and retain business in the ‘omni-channel’ environment where the customer who researches in a store won’t necessarily make a purchase from the same brand, either offline or online. Similarly, new strategies are also required to engage customers on social media.

Reasons for abandonment during online purchase

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpected delivery costs</td>
<td>70%</td>
</tr>
<tr>
<td>Lack of information about product</td>
<td>56%</td>
</tr>
<tr>
<td>Do not trust website / security concerns</td>
<td>50%</td>
</tr>
<tr>
<td>Website difficult to navigate / can’t find what I’m looking for</td>
<td>46%</td>
</tr>
<tr>
<td>Complicated registration / login process</td>
<td>38%</td>
</tr>
<tr>
<td>Want to ask a question - can’t find the answer</td>
<td>37%</td>
</tr>
<tr>
<td>Checkout problems</td>
<td>35%</td>
</tr>
<tr>
<td>Decided to do more research before purchasing</td>
<td>30%</td>
</tr>
<tr>
<td>Difficulty in getting any help / customer service on the website</td>
<td>30%</td>
</tr>
<tr>
<td>Reconsidered a purchase and decided I didn’t need to the product</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: LivePerson Connecting with Customers Research 2013
4. Live Engagement and the Service Ethos

4.1 Replicating offline service

Many of these challenges can be addressed by engaging customers at key points of the customer journey using a range of live engagement tools to provide assistance for customers who need it most. Live engagement is used in the retail sector by brands as diverse as Abercrombie & Fitch, Appliances Online, Backcountry, eSpares, JML Direct, Phones4U, Snapfish by HP, Ted Baker and Thomas Pink - all of whom have seen the benefits of providing service in real time, within the online environment.

For retailers, the favoured live engagement medium is usually Live Chat, but this is underpinned by sophisticated analytics software that identifies those points of the customer journey when individuals are in most need of assistance.

4.2 Why helplines and e-mails often fail the service test

Traditionally, web stores have been self-service environments in which customers have been left to fend for themselves. It's a model that works – up to a point. Consumers are generally content to research products and prices and (if they find what they want) click through to the shopping cart and check out where they make a purchase.

But there will be times when help is required. Perhaps more product information is needed, or reassurance on delivery times. In a bricks and mortar store help is usually close at hand in the form of a sales agent. If a customer is looking frustrated, the sales agent will generally step in proactively with an offer of help. Alternatively, the customer may well call for assistance. Well-trained, knowledgeable sales agents drive sales. They know when to step in and they know when to hold back. Often they are the catalyst that makes the difference between sale and no sale.

Equally, having a good sales team is one of the key factors that differentiates one offline store from another. If staff are friendly, helpful and provide the right information at the right time, then customers are more likely to have a good experience and return to that store again and again.

In the online environment help is usually at hand in the form of a telephone hotline or ‘click to e-mail facility’. But these facilities fall well short of replicating the offline service experience. For one thing, both are essentially ‘reactive channels’. The customer has a problem, calls a number or sends an e-mail and the retailer reacts. In reality, many customers will simply drop off the site rather than contacting sales or service agents.

That's partly because both telephone hotlines and e-mail put up a psychological barrier between the customer and the retailer. Calling a hotline takes the customer away from the site and onto another medium where he or she may encounter queues and menus before talking to a human. A customer who uses e-mail remains in the online environment but may have to wait half an hour, an hour, or even more than a day for a reply, depending on the resources allocated to the contact centre.

4.3 Live engagement online and how it works

The alternative is live, proactive engagement, with sales and service agents proactively responding to customer need within the online environment. Increasingly retailers are using Live Chat to achieve this.

Static chat buttons are now familiar to most online consumers. Typically they contain a call to action such as “click here to chat to an assistant” and provide a fast and effective way for customers to ask questions in real time.

And chat is popular with customers. When LivePerson polled 500 consumers in the run up to Christmas 2012, 45% said chat was their preferred communication mode against 27% for both e-mail and freephone telephone contact. And of those that had used chat, 94% said they were likely to use it again while shopping at Christmas. Independent statistics also indicate the increasing numbers of consumers are prepared to use chat.

But static chat buttons have their limitations. As with freephone/hotline numbers and e-mail, they are reactive and require the customer to make the first move. The alternative is proactive engagement. Or to put it another way, rather than waiting for the customer to start the conversation an online agent serves up an invitation to talk. This is usually facilitated through chat but the same principles can be applied to triggering a video chat, telephone callback or multi-media walkthrough.
4.4 Going proactive

Proactive live engagement is a highly effective way to drive conversions, increase order values, improve customer satisfaction rates and deliver service.

The key is to understand the requirements of the customer. For instance, in an offline store, a sales assistant might notice a customer flicking through jackets on a rack, apparently unable to find the right size or colour. That is the cue for the assistant to step in proactively with an offer of help.

The same principles can be applied online. The starting point is software that tracks the customer as he or she moves through the site, combined with analytics tools configured to spot behaviour that suggests a requirement for help of some kind. It might be for instance, that the customer has spent a certain amount of time on a certain page, without either moving on or adding to the shopping cart. This can be a sign that help is required. Equally, a customer who shows signs of bailing out at the shopping cart/check out stage may require assurance.

The output of the analytics is coupled with a set of rules that govern when an engagement will take place. For example, a retailer may choose to target high value customers or focus on signs that shopping cart is likely to be abandoned.

And when the information from the analytics aligns with the rules, sales agents serve an invitation to engage, usually via text-based chat. Retailers can also use the behavioural data as the basis for serving tailored content.

The common factor is that carefully targeted and selected customers will be offered help or information at those points of the customer journey when they need it most.
5. How Live Engagement Benefits Retailers

5.1 Establishing a strategy

Live engagement enables retailers to focus resources on providing help to specific groups of customers. Typical strategies include:

- Identifying customers who may be about to drop off the site. It may be that they simply can’t find what they want, but often the consumer will be seeking additional information that simply isn’t there (or is difficult to find). In a store the customer would probably seek or be offered advice before making a purchase. Online, the live engagement software identifies behaviour that suggests the customer is in danger of bailing out. Sales agents can then serve a chat invite or suggest talking through another channel.

- When contact resources are limited it often makes sense to focus on high value customers. For instance, clothing retailer Ted Baker offers help to customers buying suits worth £300 or more. It’s not simply that focusing on high value sales offers a greater return on investment for companies implementing chat. Whether it’s a suit or a laptop, high ticket items tend to be more complex than simple products such as CDs or DVDs. Customers will have more questions to ask and will often require assurance on matters such as ‘fit’ or returns policy before making a final decision.

- Live engagement software will also identify customers who are not navigating the site through one of the expected funnels. By inviting the customer to chat, agents can direct the customer to the appropriate product section. For instance, Phones4u which has a complex product offering uses live engagement to direct customers to the right part of the site. The company targets hot leads and has achieved a 9.3% conversion rate when chat is used.

5.2 Offering a helping hand

Just as in the bricks and mortar world there is really no limit on the type of advice agents can offer to customers. Certainly they’ll be required to answer a range of product and service questions, ranging from basic specification information through to alternatives (perhaps at different price points) and delivery options. In other cases the customer will be seeking assurance. Will this product do what I want it to do? If I order now, will it arrive in time for Christmas?

Equally chat is a very good medium for post-sale customer service. Issues can often be resolved very quickly, without the queues and menus associated with call centres.
5.3 Boosting sales
Live engagement is a proven means for retailers to raise revenues through enhanced customer service.

Typically businesses deploying chat will see a rise in conversion rates. By proactively addressing customer concerns, businesses improve the chances of a customer completing a transaction. Often this is seen in terms of improved incremental sales or transactions that wouldn’t have happened unless there had been a chat intervention. Our own figures suggest that chat-assisted conversion rates are 25-35% higher than is the case when there is no intervention.

But it’s not simply the quantity of transactions that increases. Retailers using the LivePerson platform also see an improvement in the average value of orders. For example, the average order value at Snapfish by HP rose by 33% after implementing LivePerson and Backcountry saw an increase of 60%! There are several reasons for this. Just as in a physical store, engagement opens up opportunities for cross-selling or upselling. For instance, if the customer is buying a camera, the agent can recommend a bag to go with it. Or if the customer is in the market for a £350 laptop, advice from the agent may prompt a decision that it’s worth spending £50 more to get a more robust or better specified machine.

The ROI on live engagement is totally transparent, with comprehensive reports detailing conversion rates and sales figures, enabling retailers to make a direct comparison with sales that are not engagement assisted. At Ted Baker for instance, since deploying Live Chat the Ted team have seen that visitors are four times more likely to make a purchase than if they simply self-served.

5.4 Cost efficiency
The ROI on live engagement isn’t limited to improved sales. For large retailers in particular, telephone call centres are resource hungry as each engagement will require a one-to-one conversation between agent and customer until the query is resolved. The engagement could be relatively short or it could tie the agent up for five minutes or more. During that time, other customers will be calling and perhaps waiting in a queue, their frustrations mounting. No retailer wants to keep customers on hold for longer than is strictly necessary but adding more call centre staff piles on costs, with expense perhaps outweighing the benefits. Some businesses prefer to answer queries by e-mail but providing prompt replies can also be resource hungry.

Live engagement via chat provides a much more cost-efficient alternative. Typically agents can deal with several chats simultaneously rather than being tied up with a single customer at any one time. In effect this means that businesses can deal with more customer queries while keeping a check on payroll costs.

5.5 The return path
Equally important, live engagement is also proven to have a positive impact on the number of goods returned to retailers. According to research by Lab42, 62% of online consumers prefer to return goods directly to online stores while the remaining 38% would rather have the option of dropping the goods off at an offline shop. Returns policies are important, with 87% of the Lab42 respondents saying they are more likely to buy online if the merchant offers free returns.

From the retailers point of view it is clearly important to keep the return rate as low as possible and there is evidence that chat-assisted sales generate a lower return rate than those that are non-assisted. The reason is simple. If a customer has received expert help to choose the right product then there is a smaller likelihood that he or she will want to send it back.

5.6 Keep the customer satisfied
Most chat sessions end with a questionnaire/survey and typically the first question will be: “How satisfied were you with the help you received?” as the first question. Aggregating the answers ‘satisfied’ and ‘very satisfied’ gives you the CSAT rate and in the UK this currently comes in at about 90% when the customer engagement is via chat. This compares to rates of 40-50% and 60% for self-service phone and e-mail respectively.

A good experience means that customers will be more receptive to chat invites in the future. When LivePerson polled 6000 consumers in the run up to Christmas 94% of those who had been assisted by proactive chat said they would use it again.

And in the longer term, high satisfaction rates don’t simply drive sales, they enhance customer loyalty.
5.7 The mobile consumer

Live engagement is not restricted to PCs and laptops and nor should it be. Our own figures suggest that 25-30% of retail traffic is now coming from mobile devices, including smartphones and tablets. That figure is projected to rise as more advanced devices and faster connection speeds improve the consumer experience still further.

And mobile shouldn’t be seen as a secondary online channel - something that consumers use when they don’t have access to a laptop. In the case of tablets – in many respects the ultimate in browsing convenience – we’re seeing that average order values are higher than on a PC or laptop. Meanwhile, smartphones are establishing their own market niche, with consumers actively using them when out of the home to research products and prices. That research might take place on a train or in a café, but increasingly, smartphones are being used by consumers in store.

LivePerson’s live engagement platform can be applied seamlessly to mobile customers as they browse the web. The same analytics can be applied to identify points on the journey when engagement would be appropriate and chat invitations are then served accordingly.

Text based communication is a way of life for most mobile users, but there are some differences between sessions conducted on a full sized PC and those on a smartphone. Most importantly, mobile sessions tend to be shorter, reflecting both the circumstances – the customer is probably on the move – and keyboard size. Agents should be trained for this medium.

But it’s also worth remembering that in the case of tablets, customers spend longer browsing and tend to spend more. For that reason, business seeking to target high value consumers may want to prioritise tablet users.

5.8 Social media

Social media has emerged as a major customer service medium, with businesses of kinds using Facebook fan pages or Twitter feeds to communicate product news and to answer questions. LivePerson allows brands to serve chat invites from their social media pages and this facility is already being used by a number of companies who identify when a conversation should be taken away from a public forum and into the privacy of a chat session. This approach could be applied in the retail space, but as things stand most live engagement activity remains focused around transactional website.
6. Implementation

6.1 From the ‘cloud’

Live engagement is delivered from the ‘cloud’ under a Software-as-a-Service model, meaning that retailers can buy in the functionality, without the need to install the software on their own IT systems.

This has huge advantages. For instance, a small retailer might begin with a system that puts just a few contact centre staff on chat and scale the operation up as the volume – and thus the number of customer enquiries – grows. Equally, we’re seeing companies scale up their chat operation when it becomes clear that proactive engagement is driving sales. One of our clients – Caravan Club – has doubled its chat headcount because of a clear correlation between rising sales and live engagement through chat.

The same benefits apply to larger concerns as well. There will be more contact centre staff at work, of course, and the range of functionality may be more complex, but because the functionality is bought on from the cloud on the basis of specific requirements, large merchants can easily experiment with a range of engagement strategies and tools. Some of the more complex functions will require technical support and can’t simply be switched on, but at heart the cloud delivery model offers huge flexibility. Advice is always on hand - LivePerson works closely with retail clients to advise on strategies.

LivePerson charges per user with functionality factored in. Again there are discounts according to the number of users and the company will also – where volumes permit – charge on a pay-for-performance model.

Live engagement can be set up within a matter of hours, although enhanced functionality, such as the deployment of third party data feeds will require more work.

6.2 Engagement options

The LivePerson live engagement platform is based around analytics software linked to business rules, stipulated by the retailer and determining when, where and why live engagement with customers will take place. Chat is the most common engagement tool, but there are a number of other engagement channels.

- **Chat** Selected customers are served invitations to talk to an agent. If they click the button, a chat starts instantly.

- **Voice** In some circumstances a telephone consultation may be a more effective way of meeting the customer’s needs. Using the same analytics/rules, the customer is served a telephone callback invitation.

- **Tailored content** Using LivePerson content targeting software customers are served tailored content, specific to their behaviour and requirements. This could take the form of additional product information or special offers.

- **Multi-media** Chat sessions can have a video element. This allows retailers to offer customers full product walkthroughs. As with the callback option, it is more resource hungry than chat as agents can only handle one engagement at a time. It is, therefore, most useful in the case of high value items.

6.3 Data is the key

Targeting by customer behaviour is at the heart of the LivePerson offering, this can be enhanced by deploying data from other sources. LivePerson enables retailers to serve content or launch engagement sessions based on the specific keywords used by the customer when linking to the site from a search engine.

When a particular keyword (or combination of words) is working, it will also tell you quite a lot about your incoming customers. Put simply, the keywords that a customer uses on Google reveal not only what he or she is looking for (laptop, bracelet, sofa, etc) but also the price point. That might be revealed by the words ‘designer’ or ‘bespoke’, but equally it might be the brand name that provides the clue. For instance, if someone is looking for a Stella McCartney dress, you know you’re at the designer end of the fashion market. There’s other vital information too. The customer’s location (has he or she specified a location when looking for a product?) or favoured brand (is the customer looking for an Android or iPad tablet?). All very useful intelligence which can be used to trigger engagement invitations.

In addition, retailers can integrate LivePerson-generated data with their own sources, such as third party demographic information and recent transaction history to get a 360 degree view of the customer.
6.4 Outsourcing

Because it is delivered from the cloud, live engagement functionality can be implemented quickly both in-house and in outsourced contact centres, either in the home market or overseas.

Chat in particular lends itself to ‘offshored’ contact centres as differences of accent are irrelevant in a text based medium. This means that retailers can benefit from the lower costs associated with offshored services while avoiding any of the negative reactions that often arise when customers talk on the telephone to agents based outside their own country.

In addition, retailers can use offshore centres to provide 24/7 customer contact, without the expense of running out of hours shifts.

6.5 Conclusion

Live engagement is about much more than facilitating real time chat (or other forms of communication) between the retailer and the customer. At the heart of LivePerson’s offering is the belief that online and offline, it is vital to establishing meaningful contact with customers, particularly at times when they need help. The key to this in the online space is to understand the customer using analytics and other data sources. By using this data to provide help where it is needed retailers can boost sales, increase conversion rates, reduce returns and enhance customer loyalty, while the customer enjoys a much higher level of service. It’s a win/win.
7. Case Study

7.1 Phones 4u improves customer journey and online sales conversion

Mobile phone retailer Phones4u has expanded rapidly across the UK since launching in 1996, resulting in a network of more than 585 stores offering market leading choice and value.

The brand is instantly recognisable for its unique, edgy advertising and well known for its success in engaging with the youth market. Phones4u prides itself in being the first mobile retailer to have made staff accountable for the way they sell and invests significantly in training and development.

The Phones4u team possesses expert knowledge of the mobile sector and has always been passionate about delivering award-winning customer excellence.

New products come to market so fast in the high-velocity mobile market that the challenge for Phones4u is to react quickly enough to meet customer demand, particularly with high-profile launches such as the latest iPhone.

While the Phones4u website had been doing its job well, a review revealed great potential for it to generate more revenue, so the company initiated a fresh focus on online sales.

Two clear areas for website optimisation were identified:

1) Competitors offer similar online deals across the mobile communications sector, so the challenge was to differentiate on customer interaction.

2) Some customers were not proceeding through the website’s sales funnel as expected. Phones4u needed to establish why and implement a solution to improve conversion.

The Solution

Phones4u needed a speedy and flexible solution to suit its dynamic business model and high-energy culture. LivePerson’s online engagement was identified as an ideal way to offer a superior level of service.

Based on the recommendation of LivePerson professional services, Phones4u implemented online engagement for visitors who needed help with the online shopping process. LivePerson’s rule-by-rule analysis ensured that only hot leads were invited for Live Chat, in order to maximise efficiency and order conversion.

With online engagement, shoppers are guided through the online journey, their questions about products and services are answered in real time, offering a richer and more productive online shopping experience. Having researched their purchase with the help of Live Chat, customers are then guided to either transact online, or to visit a Phones4u store.

Already renowned for their sales ability, Phones4u telephone agents were trained in Live Chat enabling them to move seamlessly across telesales and chat as necessary, offering flexibility as volumes fluctuate.

As Phones4u chat agents became more skilled, they gradually increased the number of customers that its Live Chat agents could concurrently interact with at any one time, beyond the norm of two to three, so as to drive more incremental revenue per hour.

“Our goal is to ensure that those customers who know what they want, when they want it and the way that they want it, get exactly that. Live Chat is about making sure that we deliver this in the most cost-effective way for the customer and the business, whilst ensuring that the customer wants to return to Phones4u for all of their future mobile communication needs.”

– Nikki Powell, Customer Experience Manager, Phones4u
The Results

**Improved Sales Conversion Rates:** Intelligently targeted chat invitations with LivePerson rules analysis has delivered a chat-assisted sales conversion rate of 9.3%, a 500% increase in the self-service conversion rate for hot leads.

**Improved Agent Efficiency:** High rates of chat concurrency, with some agents handling up to six concurrent chats, has improved engagement levels to an average of more than 13 chats per agent, per hour.

**Increased Average Order Values:** In a very competitive handset and call plan market, LivePerson has enabled agents to exceed expectations and deliver an AOV increase of 3%.

**Customer Excellence:** Phones4u achieves Customer Satisfaction (CSAT) scores of >80% using Live Chat.

**Award-Winning Team:** A Phones4u’s chat team member won the 2011 LivePerson Sales Agent of the Year award for regularly converting visitors at over 10%, and demonstrating customer excellence levels in excess of 80%.

**Improved Website Management:** The real-time feedback from LivePerson engagements has created an unexpected advantage, assisting Phones4u to better manage the transactional journey on its website. Being able to see where customers are not proceeding through the sales funnel as expected has enabled Phones4u to make the necessary changes to the checkout process.

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