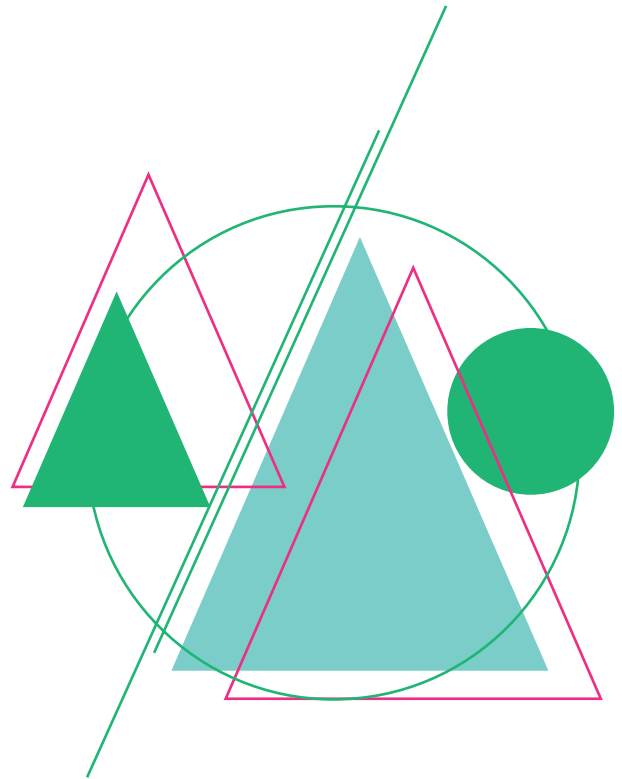


PHYSICAL EXPERIENCE STRATEGY

Platforms, CoE

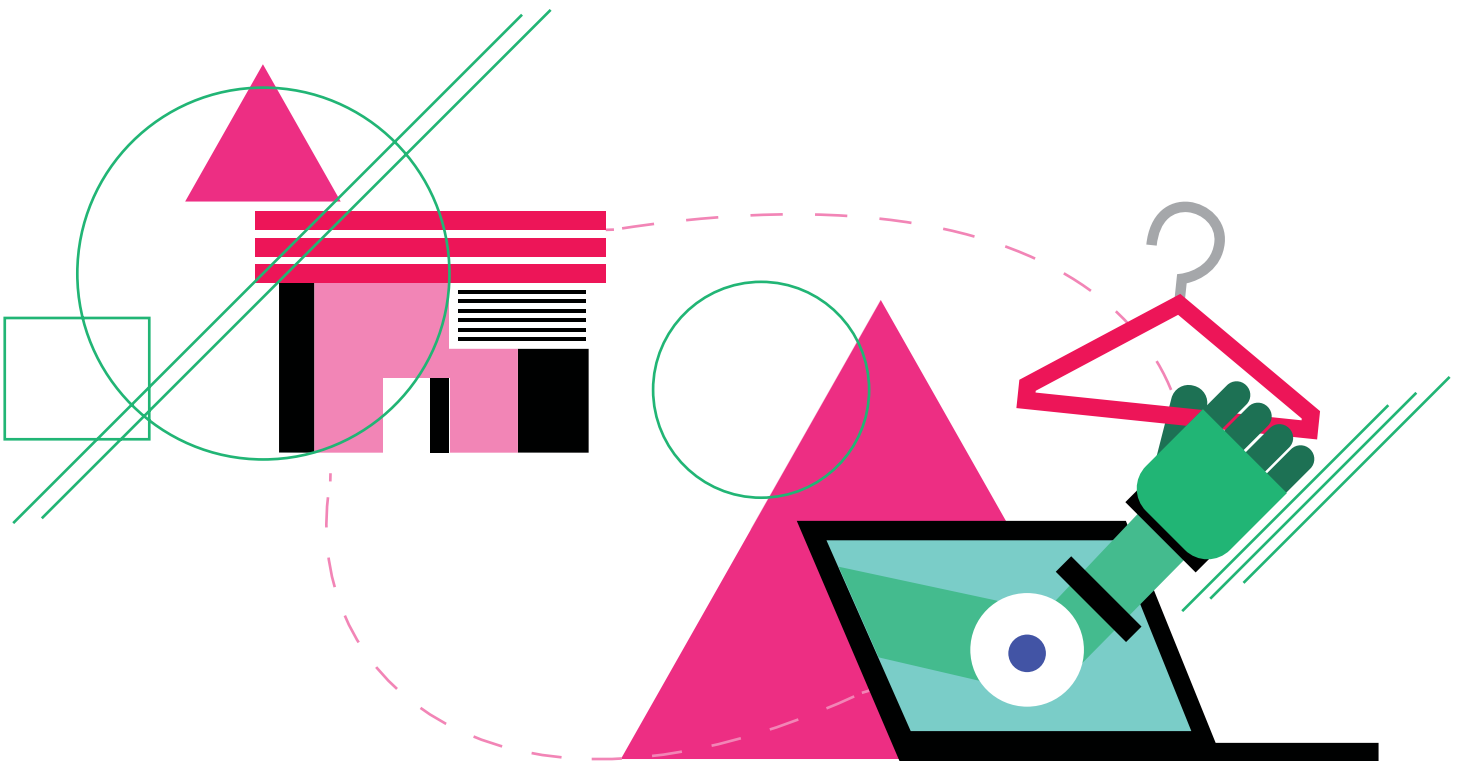
softserve

In recent years, retail has gone through an immense and intriguing transformation, with traditional brick and mortar stores needing to seamlessly integrate with their online store. This evolution of digital disruption is forcing established players in the retail industry to satisfy the demands of increasingly connected, demanding, and fickle customers. The retail industry is often divided into two separate camps: online and offline. Whilst the urge to jump on the digital revolution bandwagon is there, rushing to keep up with consumer demand, retailers also prefer to keep their brick and mortar side of the business going. 2020 is the year of the omnichannel strategy for retailers. When you merge online and offline to deliver the best possible experience for your customers.



The separation of brick and mortar and online shopping (including e-commerce, s-commerce, and m-commerce) is making customers decide whether to purchase online or offline. The key is to have a perfect blend of providing both online and offline omni-channel experiences that exceed customer expectations. According to a [2019 survey of 2,000 global consumers by the Chief Marketing Officer \(CMO\) Council, in partnership with Pitney Bowes](#), revealed more than 85 percent consumers prefer a blend of both digital and physical channel experiences as the preferred way of interfacing with brands. However, only 13 percent believe brands are fully meeting this expectation.

Thus, the idea of merging the digital with the physical worlds through technological innovation is increasingly becoming a necessity for brands worldwide. The concept of 'phygital' bridges the gap between the online and offline consumer journeys and ensures unique interactive experiences for each individual customer. Phygital is depictive of how physical and online retail channels are merging, blurring, and influencing each other in innovative ways.

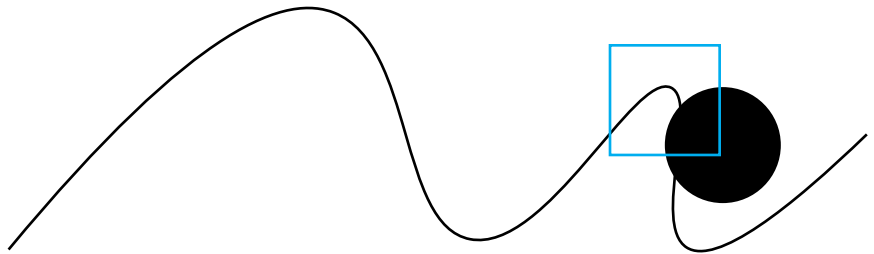


To excel in this new environment, digital and physical touchpoints must be blended in a manner that provides richer and more targeted customer experiences. Consumers and shoppers now have in-store, online e-commerce, m-commerce, and s-commerce networks. As consumers move from reading/writing reviews to voice search to virtual reality (VR) “before-you-buy” experiences, it would be fascinating to witness how Phygital evolves over time.

The retail industry is learning to evolve digitally at the pace required by demand or face extinction. How digital influences occur at home and in store has an immediate impact on customer experience. Many retail stores are now “clicks and mortar”, and hence customer-centric. But what does it mean to be customer-centric in the Phygital era? Phygital strategies aim at making the following terms a reality: immediacy, immersion, and interaction.

- Immediacy: making sure messaging happens at the exact moment in time in response to real-time customer interactions
- Immersion: making sure users are actively involved in the experience regardless of the preferred channel
- Interaction: making sure communication activates the physical/emotional part of the purchasing process

In theory, unifying a customer’s physical and digital behavior should be implemented by every customer-centric business. However that is only plausible by making sure the correct technology is set in place. That includes capturing, processing, and ingesting a large amount of customer data to acquire enough contextual queues—for personalized customer experiences across channels and multiple interactive devices.



CAPTURING THE DATA

A [2019 retail by BCG](#) revealed customers were 110 percent more likely to purchase from a brand offering personalized services based on their preferences, and 40 percent more likely to spend more than they had planned. However, only 20 percent of them are satisfied with the level of personalization they receive from companies.

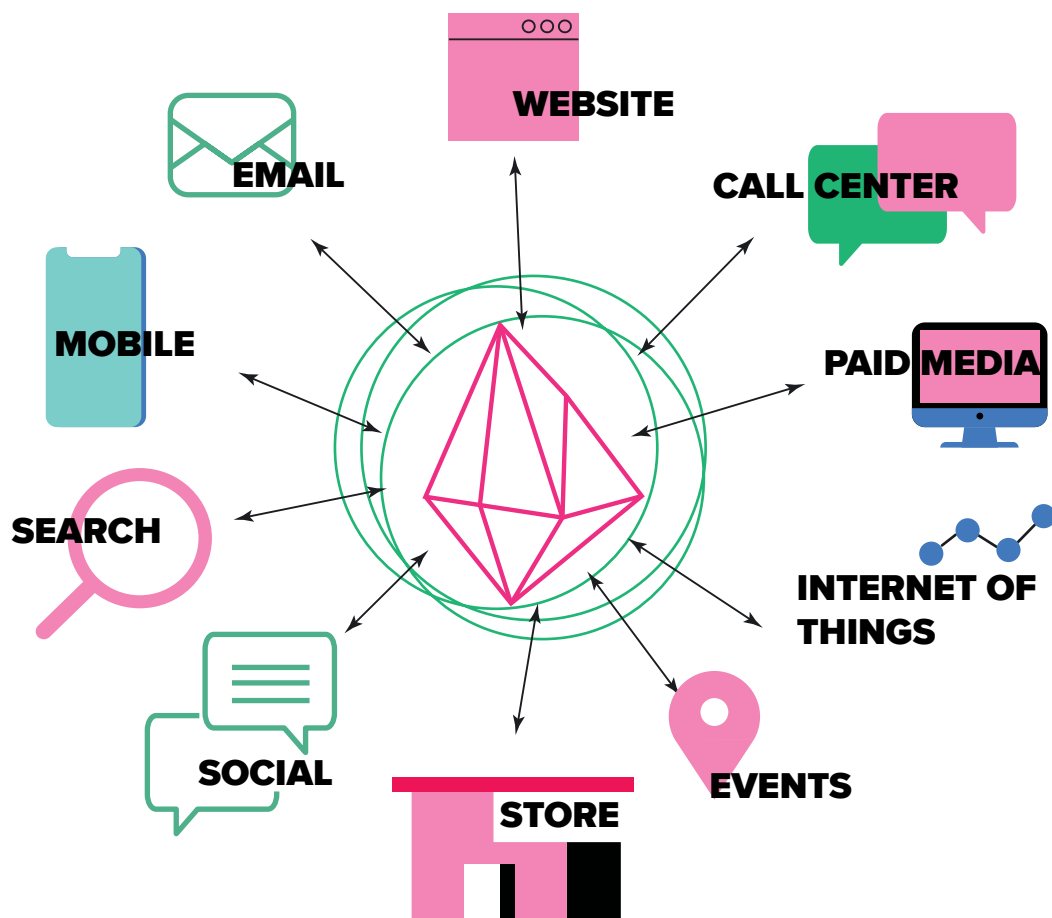
Bridging the gap between the physical and the digital world not only enriches the customer experience and strengthens the emotional bond with a brand but also generates additional contextual data about the customers shopping behavior. This allows for brands to reach out to customers with hyper-personalized messages at the correct moment and place, whilst taking into consideration the customer’s preferred purchase location, payment method, social media activity, and more.

Another situation could be when a customer spends time window shopping for headphones but leaves without purchase. Why not respond to this behavior through a targeted e-mail campaign providing a personal discount? Such a data-driven campaign would prove to be much more effective than just a personalized e-mail subject line because the customer's needs are well-understood.

By continuing their focus on being data-driven, retailers can access, collect, and ingest existing data into a centralized system to drive decision-making; train a model to accurately interpret masses of data; and produce an outcome that will provide customers with a personalized shopping experience. Insights can help to gain an accurate and deep understanding of the data.

At SoftServe, we have developed a [Demand Prediction](#) solution that considers customers different patterns and purchasing habits over time, location, and channel to answer their needs and effectively manage the stock.

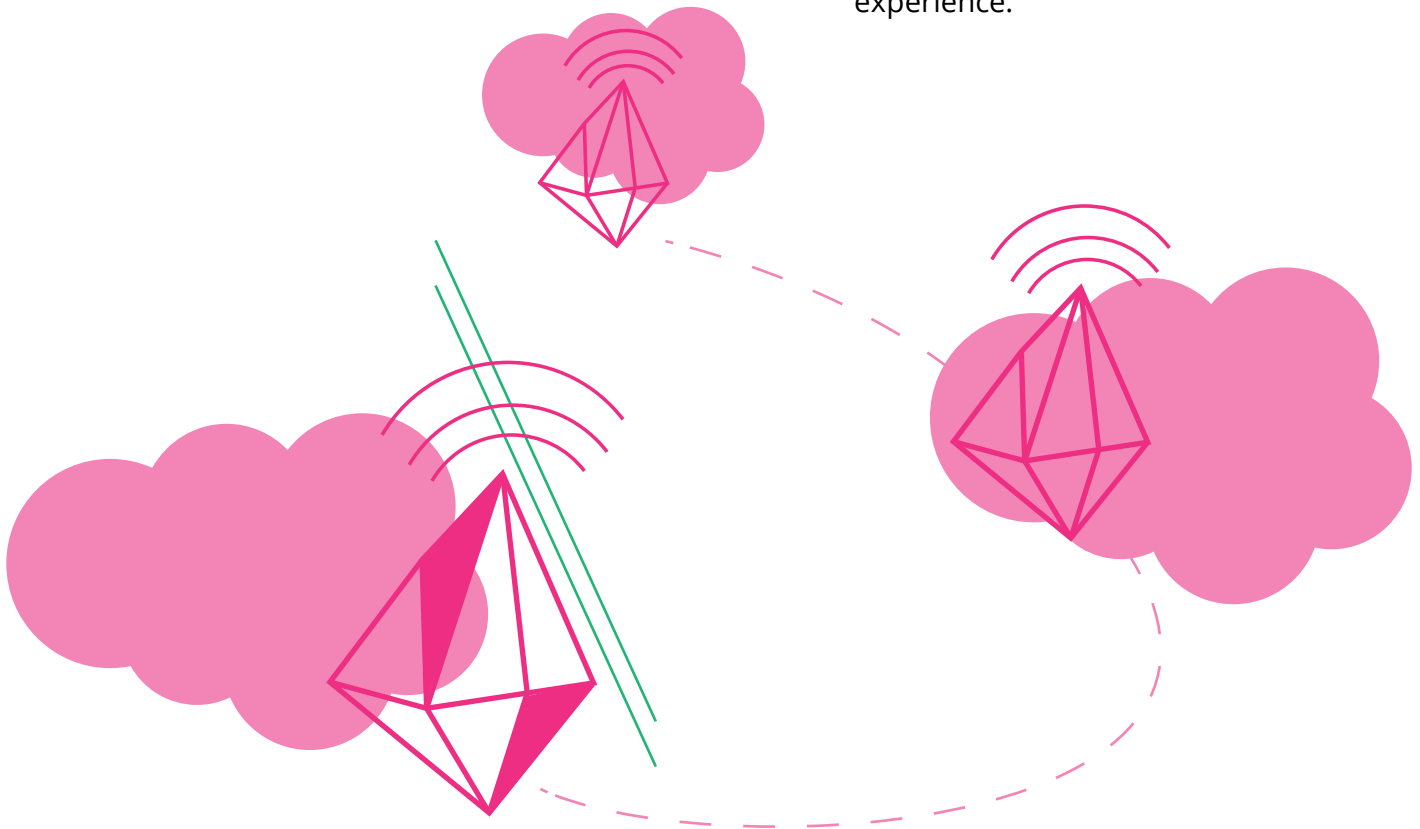
In order to incorporate insights from customers' physical interactions, we have listed below key technologies that can help extract the context for each individual to serve a highly personalized and connected omni-channel experience.



BEACONS

Beacons are small, wireless transmitters that use low-energy Bluetooth technology to connect and transmit information to multiple interactive devices making location-based searching and interaction easier and more accurate. They can be used in some of the following scenarios:

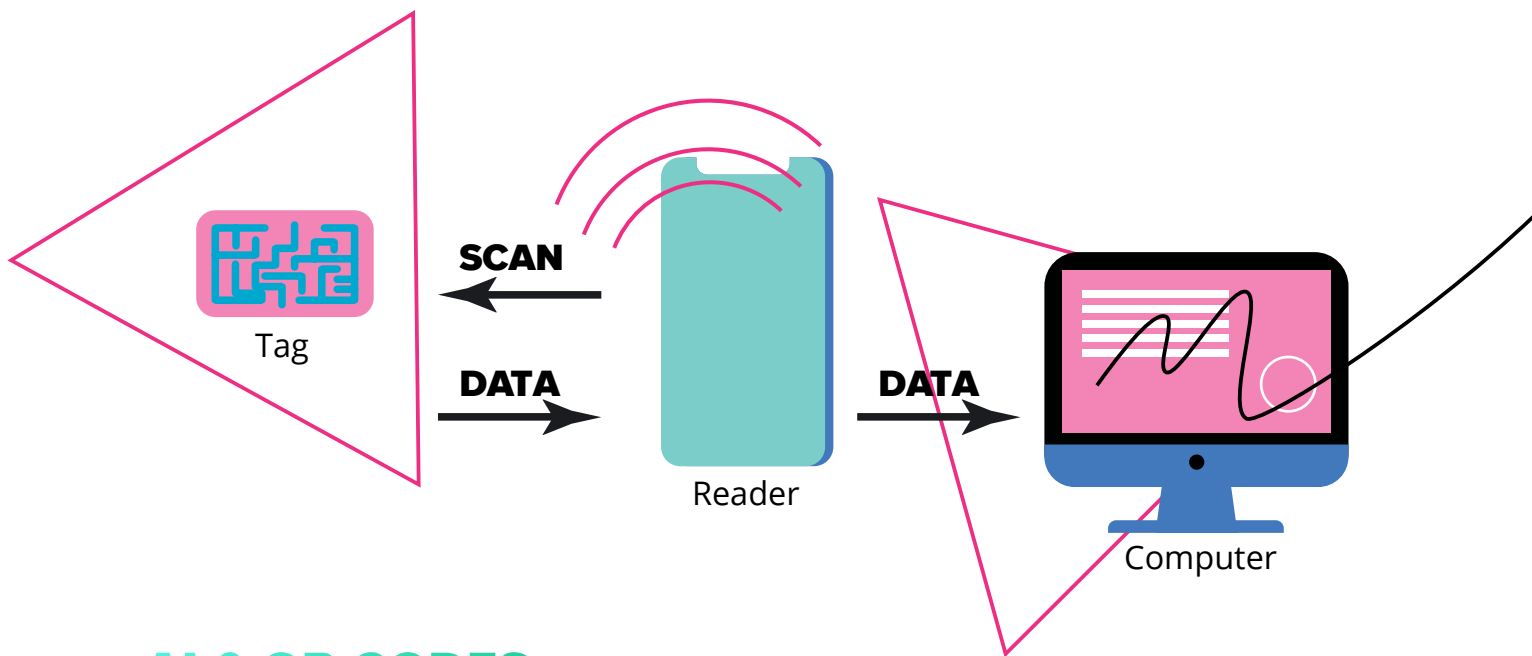
- A mobile app can be programmed to automatically provide targeted content (info, ads, or promos) whenever a customer's interactive device comes within a certain range of a beacon. This means each user can be provided with relevant content through a push notification whenever they get close to a certain geolocation, such as a physical store.
- Beacons can also assist brands by providing a customers' location within the store itself, analyze their behavior when shopping (i.e. what they browsed, how much time they spent browsing, what they bought, and more), and save this information within their profile to offer better, more personalized offers in the future, thus improving the customer experience.



RFID & NFC

Radio-frequency identification (RFID) is a remote sensing technique allowing microchip data to be read over a radio path between 50 centimeters and 10 meters, depending on the type of the RFID tag. These cards are mounted on a product and can communicate with the customer's mobile phone, providing product information, how it was manufactured, or how to use it. Similarly, Near-field communication (NFC) technology is also used to send information to customers by enabling two electronic devices by bringing them within 4 cm of each other.

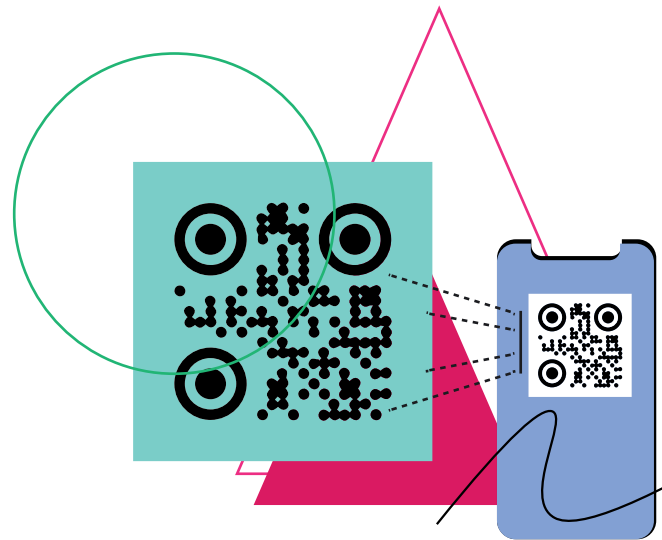
- As RFID technology allows products to be tagged within a physical environment, one way to utilize them for improving the customer experience is by connecting chips to smart mirrors/touch screens or tablets. This allows customers to find more information about a specific item. In some industries, it is also possible for customers to virtually 'try on' a product.
- RFID chips automatically scans tagged products, allow customers to quicken the checkout process. This results in customer data being stored for future usage, enabling retailers to provide a personalized experience, creating happy customers!



AI & QR CODES

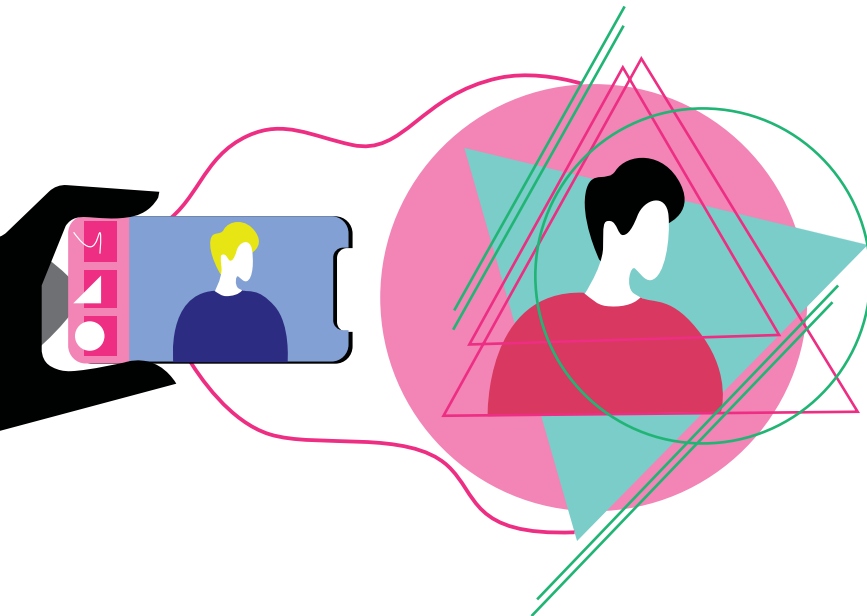
- Through a blend of facial recognition, motion capture, sensors, QR codes, and artificial intelligence (AI), customers can now select items they want, scan the code using multiple interactive devices, and leave without passing through a traditional checkout line to save time.
- It is also possible to display a company's products outside the physical stores, where potential customers can browse through and select the products of their choice by scanning and paying via a QR code. The scanned items will be put in an online shopping cart and automatically shipped to the buyer's address during the day.

- AI can also be harnessed by implementing chatbots that not only answer consumers questions, but also engage consumers online and provide an instant and personalized service. Chatbots can provide product suggestions, based on a customer's digital profile, interests, and preferences from various channels and touchpoints. SoftServe has developed a [Smart Fitness](#) solution that combines the Internet of Things (IoT) and AI to bring a vision over the gym of the future. This is achieved by providing a personalized experience to every user, including real-time tracking and smart voice assistant for guidance and support depending on the level of proficiency.



AR/VR

- Augmented reality (AR) can be used to enhance the physical part of the customer journey through techniques such as scanning or photographing products to automatically allow for redirection to the respective product page on the brand website for additional information or purchasing online.
- More complex cases include customers enjoying a shopping experience without having to go to the physical store by wearing a virtual reality (VR) headset. [In 2018, Amazon opened VR kiosks in shopping malls](#) to promote Prime Day shopping event, allowing customers to see what the products look like before they can purchase them. The VR technology can also be integrated with a payment platform, enabling customers to make transactions online seamlessly.
- [SoftServe have developed an AR card app](#) allowing customers to securely perform core financial operations without the need of carrying cash, a credit card, or even an interactive device—customers just need to wear smart glasses. That includes getting an instant virtual description, including price, payment options, and return policy when a customer views an item on storefront shelves.



ABOUT US

SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across health-care, retail, media, financial services, software, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation—from generating compelling new ideas, to developing and implementing transformational products and services.

Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy. No matter where you are in your journey.

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