

STEPPING INTO THE ERA OF CONVERSATIONAL COMMERCE

What defines exceptional in the future of home improvement online retail?

Building the new era of home improvement e-commerce with conversational automation

Where multichannel and customized retail experience permanently echoes with your customers and builds towards advocacy and increased revenue stream

The world is moving at an unprecedented rate. Digital transformation is right on its heels. To be sure, consumers gravitating towards digital is not a new tendency – for years now, we are steadfastly approaching a reality in which we are irretrievably digitally connected to brands, to companies, and even to our houses and the objects within them. However, what is new is the accelerated pace at which consumers adopt and adapt to digital options.

As 2020 began, we were already in the midst of a disruptive movement for business across the world, as consumers were becoming aware of their new preferences and building new habits. The pandemic amplified this effect multi-fold. One of the sectors dramatically altered by the pandemic was the home improvement industry. With the introduction of lockdowns and physical movement restrictions, people began to look to their houses to incorporate workstations, gyms, or better rooms for cooking and relaxing. Furthermore, because of the constraints on social life, residents had more time and disposable income to spend on long-delayed home repair projects.

As a result, it's unsurprising that the global home improvement industry increased by 13.8 percent to EUR 701 billion in the year 2020. The popularity of e-commerce and the availability of digital options for researching and ordering



home renovation products and tools was a clear catalyst for this global expansion. Although in most countries, home improvement retailers were deemed essential and allowed to stay open at all times, most people still preferred to stay home and shop online. Undoubtedly, during the pandemic, many of these engagements were transactional.

After all, contemporary consumers are digitally savvy, eager to experiment, minimally loyal, switch allegiances, and spend money rapidly and without regret. However, repeated experiences indeed created a pattern that is likely to continue beyond the end of the pandemic and certainly in the near future.

The new paradigm in home improvement retail

Digitally equipped consumers are curious, well-informed, and decided. They want everything their way, which translates into pushing for change in all the industries they interact with.

While shoppers were already utilizing digital touchpoints such as mobile apps or social media prior to the pandemic, the COVID-19 crisis served as a tipping point for digital adoption – and this shift was particularly suited to the home improvement market. Stuck inside and desiring more attractive and emotionally satisfying living spaces, social media platforms became ideal sources of inspiration and ideas, while the increased accessibility of virtual ‘how to’ guides and on-demand instructional videos instilled confidence in enthusiasts to embark on renovation projects.

The pandemic posed unprecedented operational challenges for retailers however, as buyer behavior shifted practically overnight. The retailers and brands that thrived during this period were those that were able to quickly adapt to unprecedented demand for click and

On the other side of the divide, there is a silver lining. Faced with a radically different social and economic reality, which shifted seemingly overnight, companies embraced and implemented change at an unparalleled rhythm as well.

A new vision for the future took shape – one that hinges business success on how quickly and how efficiently companies will harness technology to better serve employees and customers in the new normal. Home improvement brands and retailers have already dipped their toes into the digital ecosystem and will need to continue to drive and accelerate the switch to this operational model.

collect, home delivery, and convenience, while also accommodating the accelerated adoption of digital touchpoints. In the United States, for example, Home Depot and Lowe’s, two of the largest home improvement stores in the world, were already in the midst of multibillion-dollar supply chain changes and digital investment programs when the pandemic struck, and hence were well positioned to adapt fast. Home Depot actually reported that ecommerce accounted for 86% of those sales, with record traffic to the company’s website and other digital touchpoints. Similarly, in the United Kingdom, Kingfisher, which owns B&Q and Screwfix, reported exponential growth in sales and earnings for the fiscal 2020 year, the company stated, quickening its online success by at least two years.

In an uncertain, inconsistent environment, the shift to new digital shopping and communication ways has been a constant.

New consumer digital behavior is here to stay. What may have started as an adaptation to the limitations on their environment during the pandemic has gradually evolved into a natural part of life.



A whole range of customers who seek out digital channels as the predilect – or, in fact, the only – point of contact with brands. Forrester predicts that customers who used digital channels for the first time during the pandemic will continue to do so — and, in the process, drive a 40% increase in the volume of digital interactions.

Forecasts indicate that future growth in the home improvement category will be disproportionately driven by online. By 2025, ecommerce will account for 28% of market share in DIY and home improvement in the United States, up from 21% in 2020, with similar growth expected in Europe. In the UK, however, by 2025, ecommerce could easily account for nearly 50% of market share in the category, growing market share by 10% in five years.

Consumers, now more than ever, want to be in charge of the shopping process. They want the freedom to discover, browse and purchase at the time and location that suits them. They want both limitless choices as well as personalized offers that are just right for them.

The current home improvement retail paradigm shift sees offline and online shopping converge into a single, seamless channel. With customers buying across multiple screens and media to suit their needs for convenience and flexibility, a seamless, consistent shopping experience is becoming essential.

What is CX?

Customer experience, also known as CX, is your customers' holistic perception of their experience with a business or brand. It comprises all the interactions a customer has had with said business, regardless of the channel by which they were supported.

81% of organizations cite CX as a competitive differentiator.

Keys to achieving customer experience excellence

The need for an effortless experience is crucial for retail success, with convenience now a top priority when choosing a retailer for more than three-quarters of consumers.

Nearly half of consumers say they are now more influenced by convenience than price, and a similar amount will sacrifice cost savings for comfort. The ability to connect and interact with a retailer with the utmost flexibility for the customer is, in fact, fast becoming a mandatory requirement for purchasing.

A surprising 97% of shoppers have abandoned a purchase over a lack of convenience, while 83% say that comfort is now more important to them when online shopping than five years ago.

Technology solutions that support well-rounded online presence guarantee convenience by opening up new avenues to connect with customers. However, what technology has not and cannot change is how people feel during an interaction.

Ultimately, customers want to be seen and have a partner they can entirely rely on at the other end of the transaction. Meaningful traditional customer experiences were based on two-way communication that built trust.

Home improvement retailers now need to do the same and ensure that customers can benefit from the same experience of two-way, trusted conversations as they did, in the past, in brick-and-mortar shops. The reward is worth it.

84% of companies that work to improve their customer experience report an increase in their revenue.



Improving customer experience is associated with:



What do customers expect from home improvement retailers?

REAL-TIME ENGAGEMENT

We are living as Generation Now – customers today seek instant gratification and instant access to information. Therefore, direct communication channels through which they can ask a question, receive real-time information, support and follow-up are an absolute must.

DIFFERENTIATION AND PERSONALIZATION

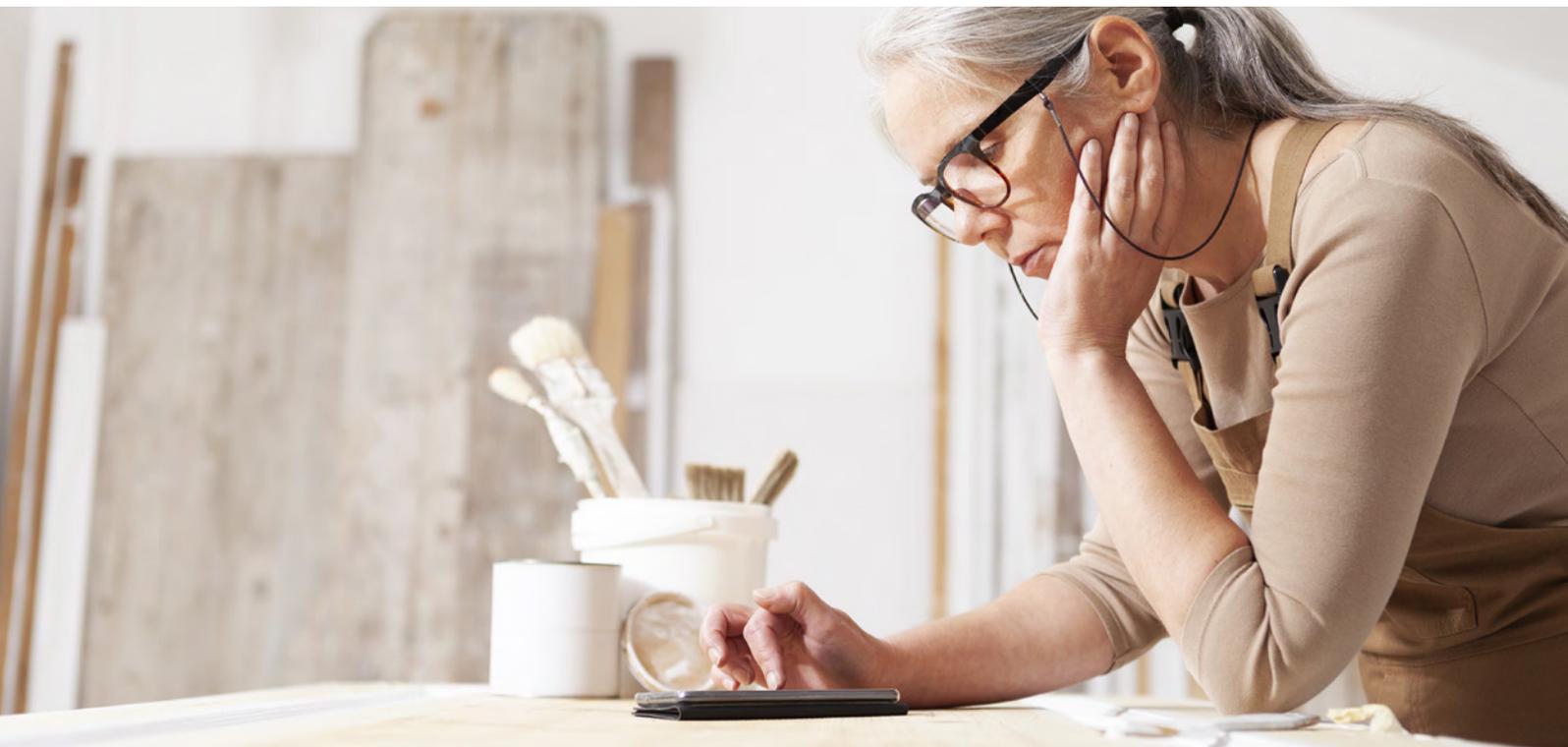
Constantly on the move, today's consumers shop where, when, and how they please. Therefore, the expectation is that retailers must keep track of their mobility and provide consistent personalization no matter where they're shopping.

RELEVANT RECOMMENDATIONS

Digital savvy customers are open to trading off some part of their personal information if what they get in return are progressively relevant experiences. Shoppers believe that home improvement retailers should offer the products they need at the moment, considering the person's preferences and previous shopping activity.

LONG-TERM BRAND RELATIONSHIPS

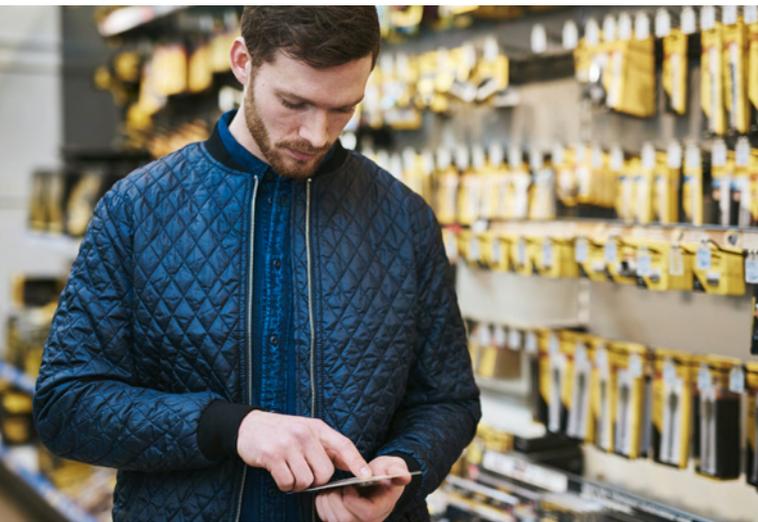
Seeking to avoid the hassle of re-engaging with a retailer or resubmitting preferences, customers expect brands to implement tools that can recognize them across channels and thus give them the same relevant experience in the long-term, regardless of location.



The advent of conversational commerce

Conversational commerce is the modern interpretation of the loyal relationship between a business and a customer that used to be built, in the physical world, by repeated interactions.

With conversational commerce, customers can chat with your company, ask questions, get advice and personalized recommendations, read reviews, and complete purchases. These experiences can be delivered through AI-powered chatbots, human agents, or a mix of the two. Since the connection is still at a premium with consumers, conversational commerce aims to replicate and automate that deep level of communication between company and customer found in traditional, face-to-face interactions.



The truth is that most home improvement retailers cannot afford the size of staff necessary to provide exceptional, immediate, one-on-one support on a 24/7 basis. Chatbots can rise to the challenge by recreating the person-to-person connection on your digital channels. The goal of a conversational solution is to ensure correct customization and convenience across the customer's lifetime.

Why? Excellent customer service has always been key to growth and profitability, and in today's demanding retail ecosystem, the definition of excellence is becoming ever more complex.

Customers expect to have a non-stop, live chat feature available to them when shopping because they find it so convenient. Such functionality can improve customer retention rates by 5% while also increasing profits by anywhere between 25% to 95%.

68% of the respondents indicated that they are more likely to go with a business that offers convenient communications if they can choose where to make a purchase.

The expectations around it and its convenience and speed are incredibly high: around 60% of consumers expect answers to questions within 10 minutes.

Online home improvement retailers have long struggled with the issue of speed, which results in lost revenue at the checkout: between 55% and 75% of initiated shopping carts are abandoned before the sale is finalized. Additionally, around 53% of consumers will exit a site if the mobile loading speed exceeds three seconds. Worse yet, mobile bounce rates are consistently higher than desktop bounce rates.

These numbers paint a clear picture: conversational commerce is how retail will reinvent itself in the coming period.

Conversations with chatbots – NLP

The dynamic of today's retail industry rests on the promise of responding to these increased customers expectations. But how to deliver the personalized experience that customers want, accurately checking off relevance and value, is not a straightforward question.

Conversational commerce, then, is not about choosing to replace human agents with a tech solution. Instead, it is about creating a more valuable customer experience by using technology solutions to offer that premium of convenience while replicating as closely as

possible human connection. Such systems use natural conversation instruments to engage with customers seamlessly and provide intelligent responses to carry the conversation forward.

For example, AI-powered chatbots use advanced computer learning to improve the customer experience continually. Through Natural Language Processing (NLP), virtual assistants can learn from each interaction they have, constantly refining and fine-tuning their responses.

“ Brands that create personalized experiences by integrating advanced digital technologies and proprietary data for customers are seeing revenue increase two to three times faster than those who don't. ”

Boston Consulting Group, Profiting From Personalization



Chatbot use cases and benefits

The moment is ripe for the use of conversational chatbots. Worldwide, 67% of consumers worldwide report having used a chatbot for customer support. As an Accenture report notes, the trend is also likely to accelerate, as 57% of businesses agree that chatbots deliver maximum ROI with minimal effort.

When it comes to retail specifically, by 2023, over 70% of chatbot conversations are expected to be with retail conversational AI systems. A 2019 survey showed that 40% of consumers had already used chatbots to engage with the retail industry in the US.

The reason why chatbots' integration in home improvement is so desirable and seamless is simple: **54% of shoppers go online to purchase something specific**, and what makes them choose a particular brand to shop is:

- ➔ **The ability to find what they want quickly and easily (58%)**
- ➔ **Quality customer service (44%)**
- ➔ **Speedy and straightforward checkouts (42%)**



Chatbots embed all these features and more, making them excellent tools to support digital transformation in retail and directly improve customer experience. There are different ways to add a conversational AI layer to the retail process, but the following five are the most relevant.

Use cases

1. Customer service in the form of a FAQ chatbot is by far the most common use case

In general, the three biggest frustrations customers have with online shopping experiences are:

- ➔ **being unable to get answers to simple questions (34%),**
- ➔ **dealing with websites that are difficult to navigate (30%),**
- ➔ **finding basic details like operating hours or contact details for the business they wish to engage with (25%).**

Instead of reaching out to a live agent, using a chatbot to automate consumers' access to information reduces wait times and accelerates responses, positively impacting customer

satisfaction. Chatbots easily integrate with retail core systems and enable 24/7 availability for fast problem resolution.

Chatbots link to the company's database, where all information about products, services, features, and locations exists. This is especially relevant in the context of home improvement retail, where keeping large stocks is a constant issue, and delivery times, although of the utmost importance, can vary greatly. If a customer query cannot be readily resolved, the chatbot can pass the interaction to a live agent, who can then rely on the tool to quickly look up information and later train the chatbot for improved future engagements.

2. Automate order processing through conversation flows and advanced integrations with internal systems and payment processing platforms

With digital transactions on the rise, managing orders is fast becoming a challenge for home improvement retailers. Customers expect that these steps of the customer journey, from order placement to its delivery, be accomplished with diligence, speed and transparent, constant communication. In a competitive market environment, with customers eager to be always informed, organizations cannot afford to dwindle or make mistakes.

Customers then can have the ability to select the products they wish to purchase, give their contact information, and place their order directly via the conversational chatbot.



An additional benefit in this use case is that the chatbot can deduce the customer's intent from his selection and offer suggestions or recommendations about products that would help satisfy similar needs.

3. Enable real-time product suggestions, proactively or on request

Personalization is an ever-evolving movement in home improvement online retail, aiming to close the gap between digital and traditional, in-person shopping experiences. Thus, intelligent chatbots can engage customers throughout their conversation with product recommendations that are most likely to drive conversation, cross-selling, up-selling, and revenues given the advances in analytics.



4. Support live order and delivery tracking directly in customer conversations

Once an order is placed, the customer can naturally ask where their package is, date and time of delivery, get delivery information, and get their contact information from the chatbot.

5. Use multi-channel chatbots to collect and process customer feedback automatically

Instead of using traditional and somewhat outdated forms of getting feedback on customer satisfaction following the purchase of an item, a chatbot can engage the customer directly and secure a sober sentiment of their acquisition experience.

They do so by asking customers to rank the product and several aspects surrounding delivery and service to analyze consumer behavioral patterns and enhance the shopping experience. In this exact use case, the chatbot can register online complaints by asking about the incident details. The data and insights gathered through the chatbot can be further used for oversight and policy development purposes.

Benefits

A Juniper Research study says that retail sales from chatbots will nearly double annually, reaching \$112 billion by 2023 which means that retailers will see an increase in savings, thanks to the automation of customer sales and support processes. Yet this is not by far the single benefit of using chatbots.

With conversational chatbots, your customers can:

- ➔ **Reach your company at their convenience**
- ➔ **Enjoy an enhanced customer experience, with fast and to-the-point assistance when they need**
- ➔ **Answer the growing need for personalization**
- ➔ **Respond to customer needs with empathy and connection**
- ➔ **Build trust and longer-term relationships**
- ➔ **Improve customer experience**
- ➔ **Receive the same level of exceptional customer service, regardless of whether they receive an answer from the automated system or a live agent**
- ➔ **Trust the resolutions they receive through your system**

These high-value transactions result in greater customer retention and a better brand reputation.

The next level

Increased chatbot interactions also generate higher volumes of data that home improvement retailers can use to understand customer behaviors better and determine future trends on a market that is forecast to grow by an average 4.3 percent until 2027.

Using the power of these technology forces in the right way can help such retailers move seamlessly into the future. By connecting data streams from the digital and physical worlds, home improvement retailers can receive real-time information about various aspects of their customers' journeys. These insights can enable them to make better operational decisions, streamline supply and orders, improve customer service, and be vastly more efficient.

AI can process all that additional data being generated in a matter of seconds and deliver clear, actionable insights to enable retailers to work more efficiently.

How can AI help?

- ➔ **Know more about customers**
- ➔ **Win new customers and keep existing ones**
- ➔ **Provide more and better services**
- ➔ **Reduce costs**
- ➔ **Increase costs efficiencies and margins**

Conclusion

Regardless of where they operate, home improvement retailers are encountering difficulties in keeping pace with the ever-changing, increasingly digitalized demands of their customers.

Customer experience has positioned itself as one of the crucial factors in determining the duration of a customer's relationship to the brand, depending mainly on how quickly and easily issues are resolved and how valued a customer feels.

Clients are evolving, and the technologies such retailers use to support their needs must evolve along with them. Traditional channels of engagement, while still widely practiced, are being supplanted by requests for more modern forms of engagement, which means that retail digital touch-points are an increasingly important channel for winning customer loyalty.

As we advance, investing in the correct technology is going to be vital. Emerging technologies, like AI-powered chatbots, are already helping companies provide quicker resolutions and simplifying the customer service experience.

It must be noted yet again, though, that while speed is critical, it is equally important not to lose the human touch that many customers still want. Being able to balance speed and personalization will lead to increased customer satisfaction levels and the reputational benefits that follow.

Things move fast in the digital era. By 2025, over 95% of customer interactions will be managed by AI. The time is now for organizations to get ahead of the CX challenge before they get left behind.

DRUID Enterprise Digital Assistant.

The Digital Future of Retail. Delivered Today.

About DRUID

DRUID is an AI conversational technology company that develops intelligent virtual assistants for Enterprise organizations.

Through its native integration with UiPath, DRUID enables complex process automation in which computer systems exchange information with human users in natural language through any digital communication channel.



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