



Zebra Your Edge Podcast

Host:

- **Jim Musco, Retail Industry Principal, Zebra**

Guest:

- **Tony DiPaolo, Vice President, Retail Solutions, Manhattan**

Transcript

00:00:00:00 - 00:00:28:16

Jim

Hi. Thanks for joining this conversation with me today. I'm Jim Musco, the Retail Industry Principal for Zebra Technologies. I come to Zebra with a lot of experience in the retail space: And I'm very happy to have with me today Tony DiPaolo, who's the VP of Retail Solutions for Manhattan. Tony.

00:00:32:15 - 00:00:50:14

Tony

Yeah, Jim, thanks for having me. I really appreciate it. Like you said, I'm the Vice President of Retail Solutions at Manhattan Associates. You know, I've spent the better part of the last 15 years building and taking to market various technologies that help retailers operate a more efficient and more delightful shopping experience for the customers. Thanks again for having me and look forward to the discussion.

00:00:53:04 - 00:01:26:23

Jim

Great. So we'll dive right in. You know, "elevated" is a word that's used to describe the modern shopping experience and what we want to deliver our customers. Convenient is another. Certainly I think the two of them are tied together and maybe even one in the same thing if you think about it that way. It doesn't really matter whether you're an operations manager in a C-store or the general manager for a big-box retailer or store manager at a luxury boutique...your customers really can't rate your experience -their experience - as elevated if they don't feel like there's some level of convenience. So Tony and I are going to talk through these aspects today. I think there's a lot to dig into to the recent study that, we all, resourced together. And, so, Tonyy, you know, what do you think about removing friction from the shopping journey? And what do you think is that first few steps in delivering an elevated shopping experience?

00:01:58:05 - 00:02:15:12

Tony

Yeah, yeah. Great question. so, you know, I think about the what every retailer wants from their shopping experience is to have a happy customer that has a good experience, because they want them to come back. Right? I mean, that's ultimately the goal is you want that customer to come back and ideally keep coming back. And, when I think about friction, I almost think about it like pain. Right. And when something hurts, generally as humans, and for the most part, you don't do that thing again, right? I think we all learned that pretty early on. And so I think the same, very basic principle could be applied to shopping. As a consumer, if something hurt, you're not going to do it again. So if a retailer has a high friction experience and that causes you angst or frustration, and it hurts, you're not going to want to go back to that retailer. And so I think when we talk about friction in that shopping experience, it's absolutely critical for things to be as smooth as possible. and I think for the most part, you know, the happy path usually is in retail: Walk in, choose out an item or some merchandise, make a purchase and go on your way. It's when things get a little bit complicated. you know, when you get off that happy path, you bought something online and you want to go to a local store to have that replaced, because it didn't fit right. Or you're in the store and you can't remember the size that you bought last time, and the associate that was trying to help you. And you don't want to waste a bunch of time kind of trying things on to figure that out again. Right. Those are when you kind of get off that happy path. Those are the instances where retailers have an opportunity to shine and ultimately remove friction so that customers keep coming back. That's how at least I think about it. And most of the retailers that we spend time talking to generally think about it the same way.

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Jim

Yeah, that's a great point. Thank you for sharing those. I mean, you know, I, I come back to certainly pain is one of the things you want to avoid in the experience. You know elevated and convenient mean different things to different people. For some, and we've seen this trend in retail in the last several years, convenience means never stepping into the store. You know, they want curbside pick up. They want, BOPIS. They, you know, just don't want to set foot in the store. As retailers, we sort of don't like that. But, you know, that's what the consumer wants. And so, you know, we've all found a way to elegantly deliver that, for a lot of shoppers. Convenience is also about speed. To your point, the speed of finding what they want, the speed of adding to their cart, certainly the speed at checkout. You know, when you're in a store, you may want to know where things are ahead of time, before you even go. You may want to see a digital map on the wall. You may want in-store navigation. You may want a map on your phone that's going to take you right to the thing you're looking for. You know, there's all that aspect of the convenient experience, whether it's on the site or in the bricks and mortar. You know, some people would be ecstatic if they never talked to a colleague while they're shopping. Right. That, you know, retail therapy, as we call it...shopping bliss. You're in the middle of thinking about your wardrobe, what's in your closet. You're in the middle of shopping, and maybe you kind of cringe a little when someone comes up to you because you're not really sure what that experience is going to be. The exact opposite of

That is, people expect, personalized service. They want a dedicated, colleague in the store to help them who's tuned in to the product and the availability and can maybe tell you a little bit about it. Certainly find a color and size as needed. So, you know, you have that truly convenient part of a shopping experience, especially an elevated one. You know one thing for sure, nobody likes to stand in a queue. When you talk about pain or think about the pain of this shopping experience, you certainly want to make sure that doesn't happen. Whether it's self-checkout or full service. The customer wants to get through that as quickly and, to your words, as painlessly as possible. Makes it tough to be a retailer these days.

I mean, we have to balance all of these considerations. We have to know the different expectations of what different types of shoppers want and when they want it, and how to deliver that. There are certain things that every retailer must do to make sure that, that convenience is met for that customer experience. So tell me what you know. Tell us what you think about some ways to approach this.

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Tony

Yeah, I think it ultimately comes down to, you know, what type of retailer you are and what type of merchandise. But when we think about it, convenience or an elevated shopping experience is really just making sure that you're delivering on whatever that consumer expectation is. I think the first step is almost always knowing that customer and their journey. So understanding who the consumer is is absolutely paramount to executing on whatever their expectation might be of your brand or your business. So, you know, you're selling, you know, high ticket luxury leather goods. That's probably a very different consumer expectation than if you're a convenience store. And so you should optimize for that for your merchandise and for your consumer expectation.

Once you know the customer, I think ultimately, creating mechanisms to continuously listen to the customer and then being flexible in trying to adopt whatever it is you need to make sure that that customer remains top of mind for your business. And so, you know, a topic we're hearing a lot about lately that plays into convenience is self-checkout, which is an interesting one, and particularly self-checkout in apparel.

Right. So we're having a lot of conversations these days about self-checkout in apparel. And it's interesting because we've spent the better part of the last five years, even 10 years, optimizing for things like attach rate of the customer to a transaction rate. We want to know who that customer is and what they bought. And so we've kind of trained our teams to ask them, "Do you have a loyalty account with us?" Can I input your email and make sure that that attach rate is kind of getting up over that 70, 80, 90% mark on every transaction? And now we're turning that transaction over to the customer to do on their own. What's going to happen to our attach rate? And is that metric still relevant. And if it is, how do we think about being flexible in that self-checkout experience?

So we can still optimize for things like that? So again, there's you know, there needs to be a decision making framework. It starts with knowing your business and your customer and ultimately being flexible as you think through adopting any sort of, new capability or workflow or technology.

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Jim

Sure. Yeah. Love those points. I mean, you know, it's personalization. What has been the the conversation, right? I want to know who you are so I can service you appropriately. Right? You know, are there deals or coupons or flash sales or something that I can offer you when you're identify yourself to me? You know, it's easy on the site, right? You know who the customer is. You know, probably from their search history or at least their shopping history on your site, what it is that they're looking for. When you walk into a bricks and mortar, you're exactly right, we turn that conversation over to the customer, and, you know, they allow you to be as personalized as they want, right?

So, you know, that experience is tough. It's hard to offer you, super surprise and delight when you walk in if I don't know who you are. Right. Because I can't offer that same surprise and delight and that level of detail and that level of personalization if I, you know, I don't know who you are. And a lot of that, you know you touch on, self-checkout and what that experience looks like, if you do that ahead of time, it makes self-checkout smoother and simple and faster for the customer if they don't identify themselves and you really want to do that and get that attach rate, you gotta somehow pass that ad at checkout.

And that kind of slows down the speed and that kind of lengthens the line. And so, you know, how do we balance all these things when you know you're not maybe not actively scanning that loyalty card until the end of the experience at checkout, or you're not really on the app, navigating the store. You know what? I'm sure you have some thoughts from the Manhattan side on these types of things.

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Tony

Yeah, totally. Just identifying the customer and making sure that attach rate is is there so we can personalize is is certainly a topic we think quite a bit about, you know, and again, just thinking about basic human nature. A lot of it comes down to incentives, Jim. Right. So what are we using to incentivize the behavior that we want from a consumer?

And so one strategy we've seen that is pretty successful in allowing for attach rate to be kind of increased while also not burdening the experience with an additional step is a consumer-facing display at checkout. Right. And so that consumer-facing display becomes a tool that allows the customer to voluntarily opt in and identify - self identify - themselves. And when they do that - or to get the customer to do that, the consumer to do that - you think about what's the incentive, right? And so maybe that welcome screen on the consumer facing display says, "Hey, identify yourself for a loyalty discount or, some sort of promotion or coupon." And so if that makes sense for your business and that's something that's important to you,

That's that's one strategy we've certainly seen folks use. I think the other part of attach rate is really something you mentioned around personalization. What are you doing with the customer data once you've identified them? What tools are you providing your associates so that they can personalize? It should be more than just the purchase history. And this is where we get into a lot of the peripheral technologies have come a long way, like artificial intelligence that can help an associate do a little bit of the thinking so that they can focus on that human touch. And so an example might be if we have this customer profile using AI to make recommendations or generate things that might be relevant to that customer for the associate to present to them. And so it's kind of this blended experience between human and technology that ultimately executes on kind of bringing personalization to life for consumers.

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Jim

Yeah, I love the evolution of the customer facing screen at checkout. I mean, we've you know, I'll be dating myself, but you know, the very first time we ever considered anything like that, it was very simple, straightforward signature capture. We didn't really do anything else. We were just electronically capturing signatures and now, you know, that experience is elevated to a customer interactive way for the customer to engage with you and let you know who they are and what they're interested in right there at checkout.

As you know, I think about convenience, and just some of the decisions that have to get made as retailers to support, you know, that checkout experience, that site experience, inventory availability certainly ties to convenience in the accuracy of that inventory means a lot. You know, part of that experience is it's critically important to make sure that the thing they're looking for, whether it's in the store, physical bricks and mortar while they search or online when they're going through the inventory is, you know, once you commit to having it and saying, "Yes, I have this, look, yes, you can buy this or yes, there, I've got it on the sign that I have your color and size." Once they make the commitment to make that order or pick up that item, or go to that area of the store to look for it, that inventory has got to be correct. And we've got to be able to make sure that as a retailer we're delivering that solution. As solution providers, we have to make sure that the tech that we're giving helps deliver that accuracy.

You know, since we're talking about the Unified Commerce Study today in some degree. You know, if I remember correctly, in that study, there's only 29% of retailers really provide real time inventory statistics on their product detail page today, much less if you think about what's even going on at store level. You know, I feel like there's an opportunity there for for retailers to up their game and make sure that that accuracy and that visibility is spot on so that the customer convenience, that elevated experience, that painless check out, that painless shopping is all tied together. You know, I think, Tonyy, there's probably some very tangible actions that retailers can take to help in that space. What what do you think about it?

00:15:56:04 - 00:16:21:24

Tony

Yeah, absolutely. So starting from the digital experience standpoint, I mean, there's a direct correlation between conversion and affirming to the customer that you have that inventory or providing it at a nearby location, or promising when they can receive that inventory. So it's a lot better to be able to say, "Yes, we have this and you can get it on Wednesday," then "Yes, we have this." And it's even better to say, "Yes, we have this. You can get it on Wednesday or you can come and pick it up in store today." I mean, there's a direct correlation and then that correlation carries over or - excuse me, that conversion then carries over - f that information is accurate. We'll get to that in a second... to customer satisfaction. Right. And ultimately, we talk about surprise and delight. If there's an opportunity to have your technology trying to optimize so that you can deliver those items to a customer before they're expecting it, that's the biggest win in digital commerce from a fulfillment standpoint. There is, again, direct correlation to customer satisfaction. Now when we think about what's in the store, you know, and broadly speaking, you know, kind of like call it "inventory accuracy," there's a few ways to go about that. But at Manhattan, you know, not to plug our approach too hard but, you know, we believe that when applicable, RFID solves a lot of the problems that we've seen, right? The technology has matured. The price has come down substantially in the last years. It's a native capability set that we provide, and for our retailers that leverage RFID tags on their products, inventory accuracy, immediately goes towards the high 90s, if not 100% accurate.

And that's all for so much of this, the potential challenges that arise when you don't have accurate inventory. You had mentioned mispicks or a customer coming to a store expecting to get something and it's not there at all. That kind of goes away. And you solve what could be really a very challenging issue. And one that creates a lot of pain or friction for your customer.

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Jim

Yeah. I love the RFID reference, for sure. I'm a big believer in it. From my previous life, I spent a lot of time, energy, and investment in making sure that RFID was part of the equation. I think, you know, if you think about that experience that we're describing, bopis, out of store fulfillment all matters. And it RFID certainly plays, a part in that fulfillment experience and getting that order to the customer. Then there, you know, there's the the flip side of that, you can execute that as well as you can, with the right staff and the right tech and the right combination of that to fulfill out of the store. But then the reverse of that is how do you deal with returns or when you're doing picking in-store and in-store fulfillment and shipping? How quickly are you doing that so you can adjust to changing that order?

Right. You know, we see that in the study. Some retailers, you know, don't even provide you the option to change the order after you placed it, you know, and to some degree, I think that that's a confidence level of how quickly you're picking or how accurately you're picking out of the store versus items that are coming out of a fulfillment center. And I, I think there's a balance in there that we need to consider as retailers. And how do we balance picks out of the store and returns in completing that experience with the customer in store? There's a blend there. You know, I'm sure we're all chasing that one on how to solve it. Any thoughts from you in in Manhattan on what we could tackle in that space?

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Tony

Yeah, totally. So that period after you've placed an order as a consumer and, you know, you may want to make a change to that order. You know, traditionally it's called the remorse period. Right? That's an industry term. It would be called the remorse period. And the remorse period. you know. And you can hack it, right? You can totally hack it as a retailer. You can basically put all orders on hold 30 minutes and have a 30 minute remorse period. And and nothing in your downstream supply chain from a fulfillment standpoint is triggered until after that 30 minutes. But that's suboptimal. That's not really... you're working around the issue instead of addressing it. Really, what you want in your supply chain, in your fulfillment operation is the ability to augment that order much later in the process, effectively until it's been shipped or handed over to the customer.

That transaction should be dynamic enough to be augmented. And with solutions like Manhattan, we certainly provide those capabilities. But when you think about, you know, in-store fulfillment as a broader topic, you know, we think a lot about automation, right? And your transitioning a little bit from kind of customer experience - although it's an extension of - to operational efficiency...labor efficiency. So how do you create workflows for associates that are guided and provide a little bit of automation and, again, do some of the thinking for them so that they can pick, pack and fulfill or pick, pack and ship from a store in a way that is as efficient as possible? Especially if your labor model doesn't allow for you to have dedicated folks doing that. It's more of a blended function within the store for you. You really got to be conscious of that labor impact when you start fulfilling from store.

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Jim

Yeah.

00:21:55:08 - 00:22:19:17

Tony

The last bit you brought up there was around in-store returns or exchanges. And we believe in this concept of, kind of, the universal scan. And so the universal scan, effectively, you know, our software allows for the associate to scan an item, a customer identifier, whatever, with the scanner. And the software is able to read, decipher and respond accordingly.

So if that's an item that's been purchased and it's scanned, our platform knows that that item is an item that's been purchased and presents the relevant actions to the associate, which in that instance are going to be return or exchange and kind of starts that workflow for the customer or, excuse me, for the associate. Again, just doing a little bit of the thinking so that they can kind of follow along and make sure that they're engaging with the customer that's standing in front of them.

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Jim

Yeah. Yeah, certainly sounds like an elevated and convenient customer experience. Like, you just describe it that way for sure. So, you know, thinking about all the things we've talked about in this just short time together, but what would a retailer need to do to really objectively assess their convenience rating or factor? Today, you know, do we start with the feedback that we see on our sites?

Do we listen to the phone calls, that, you know, customer service has to contend with? Right. You've got compliments. We certainly all love to see them as they come, if they come in. But most of the time, you know, realistically, when a customer calls it's because something didn't go well and we don't feel that that experience necessarily represents the brand. But it's the reality.

So, you know, what's what's the answer, right. We've done secret shoppers. Some people still, you know, leverage that. should we shop our own brand and, you know, be honest about, you know, what we experience when we're undercover shopping, you know, certainly listening to, the selling colleagues that are out there on the front lines, talking to customers day in and day out and seeing the realities of what happens when someone calls out, it doesn't, you know, isn't there today, help with the shift or pick up the task that has to get done. So, you know...some thoughts on just how to tie all that together so we have a way to really follow through with that elevated experience.

00:24:42:10 - 00:25:02:02

Tony

Yeah. I mean, I think you hit on a few of the strategies we would certainly recommend. I mean, first and foremost, one of the best parts about working in retail is we get to shop for work. And, you know, that can be kind of fun. So we absolutely suggest folks spend time in the store, spend time in the store.

First of all, absolutely secret shopping, right? Experiencing your own business through the lens of the consumer can be insightful. Although a bit anecdotal, right? It may not represent the broader, especially if you get you have some scale, the broader experience that you have out in market and you don't want to overindex, based on your own experience, although that should be one of your inputs.

Absolutely. I think, you know, one great strategy and you touched on it, but it's kind of how do you action it, is asking your associates. The associates will tell you, just like your customers. But to your point, customers are prone to negative feedback. You know, it is kind of a little bit of the world we live in, right?

You go on any review site or, you know, basically what you find mostly is if people are more, more prone to, to kind of give negative feedback, your associates are a little bit different. They work for the brand. They want their experience to be easier. It's constructive criticism. And so one of the things we enable, our clients to do through, through our point of sale is to push out a, actually a net promoter score to associates. And we allow for that as well as freeform feedback. And you can kind of do some pretty quick semantic analysis on that freeform feedback to figure out kind of what are some of the common words or language or things that are being mentioned across our thousands of the thousands of associates. And now it's not anecdotal, now it's data.

Now it's something that's actionable. We understand exactly what our Net Promoter Score is. We've aggregated the freeform feedback. It's coming from people we know that want to be successful because of the way they're incentivized, and the fact that this could make their day easier. And so we love associate feedback. And we think that every brand should be using that as a mechanism to improve and better serve the customer. And we actually also like that associate feedback for our solution as we continue to develop and iterate and look for areas of innovation within the store. We're constantly using the associates as one of those feedback mechanisms or inputs for us in our product roadmap.

00:27:09:08 - 00:27:38:28

Jim

Yeah, that great. I mean, they are the best voice of customer if you take it in that regard. And of course, I guarantee you there's not a retailer out there that doesn't react in one way, shape or form to the Net Promoter score. Right? There's plenty of data, there's plenty of visuals that everybody looks at every day about where their Net Promoter score is and how to improve it.

So, you know, taking us down the homestretch here. There's a lot of things that a retailer could take on to figure out how to elevate that experience, how to offer a new level of convenience, how to add speed to the process. But it could come at a huge cost. You know, a simple, you know, let's repaint the kitchen versus let's gut the kitchen and remodel it. So there's something for everyone in that space. How do you think that retailers can take on that kind of task to improve the experience, add the level of convenience that we want, ultimately offering a very elevated experience for the customer, regardless of your space? You know, how do you think we could go at that?

00:28:33:13 - 00:28:51:26

Tony

Yeah, I think it's test and learn, right? I think it's figuring out ways for you to test and learn without having to do the full kitchen remodel until you know exactly what tile you want and where you want your appliances to be, and how you want everything to kind of flow together in this future kitchen, Zen kitchen, of your

00:28:51:26 - 00:28:52:27

Jim

dreams. (I love that.)

00:28:52:28 - 00:29:15:21

Tony

And so I would say you definitely want to figure out ways to test and learn and find partners - you know, whether that's your technology partners, your strategy partners - that are willing to go on that journey with you, that can bring ideas to the table, that have experience with other brands and retailers around the world and that are willing to to kind of, sherpa you on that journey through test and learn. And so I think, you know, we're seeing more and more kind of concept stores the same way the automotive companies have concept cars. I think that's a great way for retailers and brands around the world to kind of start that process of testing and learning and figuring out what makes sense for them, what makes sense to their customers, what's going to drive results and ultimately help to improve their business.

00:29:36:12 - 00:30:04:10

Jim

Yeah, yeah. Great point, excellent point. So wrapping up, I've got one last - well, it's not intended to be a loaded question - but one last question. When we think about the Unified Commerce Study and some of the feedback and some of the points that are in there, one big, big footnote is "convenience is a commodity." And so, you know, you think about this experience in the shopping journey. What, you know, is convenience really table stakes now or is there something that we could do to differentiate ourselves as retailers to elevate that experience and, you know, get that return shopping visit and get that wallet share and get that loyalty? So your thoughts on that?

00:30:28:03 - 00:30:54:04

Tony

Yeah. I mean, I think if your business model calls for convenience and your consumer requires it, it's absolutely table stakes. I think that doesn't necessarily apply to every business. I think that there's, almost like micro moments where convenience is critical, like the transaction, like the inventory accuracy. But yeah, but if you're a luxury retailer, you want to provide an experience where a customer's spending time in your store and.

00:30:54:10 - 00:30:57:04

Jim

It's a macro moment in a luxury retailer.

00:30:57:06 - 00:30:57:27

Tony

Exactly.

00:30:57:27 - 00:31:00:07

Jim

And a micro moment in a convenience store.

00:31:00:14 - 00:31:24:01

Tony

Correct. And so it's just kind of thinking about like what's that right blend for us that's going to drive, again, the results that we want. And making sure that you, as long as you understand that you keep your eye on the prize and kind of work with the right partners, I think that you can absolutely execute, whether that's convenience or elevated or some combination of the two, which is, which is usually the case for most folks out there.

00:31:24:04 - 00:32:05:23

Jim

Yeah. Well, Tonyy, thank you for joining me today. I know we kind of went, across the entire retail landscape in this discussion, but, you know, really, I think the what you and I were intending to draw out today is there is clear definitions that we can take away as technology providers, as partners and as retailers. If you think about it from that perspective on how to provide a great elevated shopping experience, how to add speed to the equation when appropriate, the types of things that you need to consider to deliver all that.

00:32:05:26 - 00:32:22:04

Jim

And so I hope our viewers take a chance to read that Unified Commerce Study in detail. There's a lot of great content in there. I appreciate your time with me today and really enjoyed this chat and look forward to talking to you again soon.

00:32:22:06 - 00:32:24:21

Tony

Yeah sure thing Jim. Thank you. Appreciate it as well.



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