The Frictionless Journey
Tuesday October 1, 2019 2:30pm
Inspirational, forward thinking thought leadership

This is working! How do we take it to the next level?

Transformers

You are thinking big picture, looking to connect more strategically with the rest of your organization.
Presenters

Nick Peters
IT Director
Holmes Oil Company, Inc.

Steven Rodgers
VP Sales
HAVI Global Solutions
After This Session You Can…

1. Outline what retail friction is and why it needs to be addressed
2. Compare how different companies are starting innovation projects focused on reducing friction
3. List the considerations that go into developing a new customer experience roadmap
“Frictionless" when first embraced by retailers it meant ease and less hassle — quite literally, a "lack of friction."

Source: Alliance Data's recent study, The Rules of NextGen Loyalty
Today, a "frictionless experience" means greater speed, personalization, wow experiences and anticipation — not just meeting — consumers’ needs through innovations like mobile wallets, digital receipts, kiosks, free and fast shipping, and one-click purchasing.

Source: Alliance Data’s recent study, The Rules of NextGen Loyalty
Customers' definition of a frictionless experience has evolved

• Expect **greater service** and an ideal shopping experience
• **76%** only give brands **no more than 3 chances** before they stop shopping them
• **43%** cite a **poor experience as their top reason to leave a brand** behind for good

Source: Alliance Data’s recent study, The Rules of NextGen Loyalty
What is the market saying?

73% of consumers think checking out is the biggest retail pain point.

41% of consumers will change their minds about a purchase if there is a long checkout line, while 20% will abandon their carts altogether.

48% US internet users believe scan-and-go technology would ease the shopping experience.

40% of UK retailers received complaints about items being unavailable, 37% about queue wait times and 32% about store congestion.

*Sources: NCR; Plexure; CSN Hughes*
<table>
<thead>
<tr>
<th>Frictionless Experience Framework</th>
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<tr>
<td><strong>Ease of Access</strong></td>
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<td>Elapsed time from first contact to payment</td>
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<td><strong>Fulfillment</strong></td>
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<td>Reliability and competitiveness of customer deliveries</td>
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<td><strong>Multichannel Alignment</strong></td>
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<td>Readiness to offer consistent multichannel experiences and interactions</td>
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<td><strong>Payment Options</strong></td>
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<td>Ability and competence to offer multiple payment options</td>
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<td><strong>Personalization</strong></td>
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<td>Effectiveness to tailor the shopping journey to individual customers</td>
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<td><strong>Positive Friction</strong></td>
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<td>Purposeful “pauses” in shopping journey to build customer relationships</td>
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<td><strong>Security</strong></td>
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<td>Transparency and security housing and use customer data</td>
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Source: Global Data Frictionless Shopping In Retail – April 2019
Positive Friction...

Adds to the experience with a positive moment of friction or ‘pause’ to fit the right experience. Retailers need to ensure the process is right for their product, price range and customer base.

Source: Global Data Frictionless Shopping In Retail – April 2019
Positive Friction…

- **Intervention**: provides helpful information, recommends complementary products or recalls previous preferences.
- **Verification**: avoids having purchases to go through without consideration, offering responsible customer service to buyers who have trusted retailers with details.
- **Enhancement**: big ticket/luxury purchases, consumers don’t necessarily want a completely frictionless transaction, beneficial for the process of buying to feel like more of experience.

Source: Global Data Frictionless Shopping In Retail – April 2019
Positive Friction...

- **Impulse**: suggest **complimentary products**, and items consumers may not have been considering enhances the shopping experience.
- **Functional**: intended pause may be welcomed in an offline environment includes giving shoppers time to pack products away for example in a grocery store where smart scanners can drive fast payment.
Frictionless Experience

Ease of Access
Fulfillment
Multichannel Alignment
Payment Options
Personalization
Positive Friction
Security

Leaders

Fulfillment
Multichannel Alignment
Payment Options
Personalization
Positive Friction
Security

Laggards

Source: Global Data Frictionless Shopping In Retail – April 2019
Who’s Out There?

• Amazon Go
• Skip: check-out—mobile app check out service
• Zippin
• Starbucks
• McDonald’s
Frictionless in Practice

McDonald’s

• Focused on simplification – allow time for employees to concentrate on customer experience

• “McDonald’s To Go”:
  • UK test store “grab-and go” store
  • Small format location that tests speed of service with
    • No seating
    • Bank of kiosks
    • Reduced menu

Source: Nations Restaurant News
The tech you don’t see, network, data, supply chain

Connectivity across the supply chain can be accomplished by addressing 8 essential components
Sense and respond – Demand sensing capabilities. Sensors, smart-shelves, video monitoring
2  Data synchronization –
Sync and correlate your data. Make right decisions about products from an end-to-end perspective.
Visualization – Use AI and machine learning capabilities to sit behind the data to provide visually-based recommendations
Logistics – Use data to improve shipment planning and routing of goods, then implement cost optimization to maximize the value of goods that reach retail shelves.
Campaign Optimization –
Take real-time action to shape demand, such as offering coupons, recommendations, or in-store promotions.
Digitization — Use electronic checkpoints to allow you to see how fast the process is moving and if friction exists. Need to know what is on store shelves and how fast products are moving.
Mass Customization – Provide customized products for anyone. Consumers are asking for the same type of capability for mass produced products such as made to order foodservice.
User Experience – Make sure that the quality is good for every product and experience and track user behavior to get constant feedback and make it better.
Cruizers Journey...
Who is Cruizers?

Setting The Stage

• 26 Locations Based In Chapel Hill, NC
• 2 Fuel Brands
• Stores Located In Rural and Urban Markets
Key Takeaways

Evaluating Solutions

Implementation Process

Go to Market Strategies

Challenges / Opportunities
Frictionless Solutions

Questions To Answer

✓ Help to differentiate from competitors?
✓ Is there a market need?
✓ Adoption of cutting edge technology?
✓ Does it fit our branding initiatives?
Considerations

✓ Environment Adoption Requirements
✓ Converging Technologies / Mobile and Loyalty
✓ Security Implications
✓ Standards Adoption (Conexxus)
✓ Scalability
IT’S TIME TO SKIP THE LINE.
AND GET BACK ON THE ROAD.

1. Download the app
2. Set up your account
3. Skip the line

let's go.

go.com

CHECKOUT ON YOUR PHONE

Go to Market...
Employees

I keep telling him that the $0.99 fill up special is for ‘CUPS’, NOT ‘TRUCKS’

Nothing is so contagious as enthusiasm.

-Samuel Taylor Coleridge
Go to Market Continued…

➢ Employees are your biggest advocates.

➢ Took a “friends and family” deployment approach.

➢ Quick and concise messages to communicate the program. (Consumer education.)

➢ The solution is “sticky” once used.

➢ Building the unique experience.
The Headwinds...
Challenges...

❖ Customer /Employee Reluctance (Security Concerns Example: PII, CCs, Banking Info)

❖ “Awkward” feeling with new shopping experience.

❖ Unbanked consumers

❖ Tech is not a “One Size Fits All” approach
Challenges Continued…

❖ Loss prevention

❖ Cutting edge means no industry benchmarks

❖ Supporting company initiatives along with major oils

❖ Training, training, training…
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