



CHAPTER 1

Retail Business Challenge and Solution Overview

Lost Revenue: Inadequate Expertise and Missed Opportunity

Retailers are losing revenue due to inadequate customer service around product expertise and lost opportunities to provide differentiated services. Traditionally, retailers have high employee turnover. According to Gartner, a 2006 study showed that “33% of specialty and 30% of apparel retailers churn more than 100% of their part-time nonmanagement staff annually”. Retailers that want to be perceived as delivering value that go well beyond low prices, such as product expertise or specialized services, are challenged to maintain quality, well trained specialists in every store across their enterprise. In addition, retailers strive to differentiate themselves from the competition by delivering value beyond simple product availability within their shelves. This value can be described as follows:

- **Product Expertise**—Retailers are losing revenue due to a shortage of subject-matter experts within their stores. Retail trends, such as increased online sales, have diminished in-store traffic. The macroeconomic environment has caused consumers to become increasingly thrifty. These factors have forced retailers to reduce margins to remain competitive. As a result, payroll and operational expenses have decreased. This, in turn, diminishes the retailer’s ability to hire and retain qualified personnel, especially for complex or specialized products. Often, employees are asked to do more and more tasks, reducing the capacity for consultative selling of specialized products. Customers, on the other hand, are doing more online research and are better prepared to ask specific questions when entering the retail store location. Store employees cannot become experts in every product and often do not have the research tools available to them on the sales floor; 33% of customers report they had been unable to find a salesperson to help them on their most recent retail experience (Accenture 2007).
- **Expert Services**—Retailers have the opportunity to increase revenue by offering specialized services beyond those currently available within their stores (e.g., home design or remodeling specialists for areas such as cabinetry, electrical, plumbing. Other specialized areas might include nutrition specialists, wedding gift consultants, etc.). Due to payroll constraints, not every store can afford to staff a permanent service area with the appropriate specialist. If they can afford the luxury of staffing highly trained expertise at every location, there is no guarantee that their time will be fully used. Utilization of these experts fluctuates throughout the day, depending on the needs of that stores customer patterns.
- **Specialized Customer Service**—Clear communication between retail employees and their customers is the key to addressing customer needs and offering superior service. However, most stores cannot fully-assist customers that have foreign language or hearing impaired needs since they do not have employees staffed with these language skills. The results are lost sales and a poor customer experience.

The Solution: Cisco's Virtual Expert Management

Cisco's Virtual Expert Management solution enables retailers to directly address the business problems of providing expertise for specialized products, services, or consultative selling by enabling face-to-face consultation through video, voice, and content sharing in the store with the most appropriate subject-matter expert. It locates and seamlessly connects the customer with an expert using skill-based routing and presence availability tracking, enabling all stores to capture the same business opportunity without deploying subject-matter experts at every store. Business principles include the following:

- **Relevance**—Customer interests are automatically matched against qualified and available specialists, regardless of location.
- **Intimacy**—Video-enabled, immersive face-to-face interaction with product specialists becomes a reality and increases sales conversion rate. This personal touch improves customer confidence with the retailer and drives brand loyalty.
- **Efficiency**—Retailers are able to “rationalize” pools of specialists to provide multi-channel coverage throughout the enterprise.
- **Environmental Friendly**—Expenses related to specialist travel and individual store/branch training reduced dramatically. This reduced carbon footprint contributes to “green-initiatives”

The Cisco Virtual Expert Management solution not only addresses the specific business challenges stated above, it also provides a powerful collaboration foundation that allows the retailer to derive other benefits outside of the scope of the main aim of the solution.

Solution Benefits

The Cisco Virtual Expert Management solution provides benefits to the customer, retailer, and suppliers that include the following:

- **Overall benefits**
 - Reduces customer revenue leakage by up to 70 percent, doubles conversion rate over audio alone, and almost doubles the number of new products per customer
- **Customer benefits**
 - Ability to communicate face-to-face with a service expert when and where needed in the store.
 - Ability to make purchase decisions with increased understanding of product's functional benefits, tradeoffs, integration complexity, and post-sale usage expectations.
 - Ability to make a complete purchase and leave the store with essential complementary products and services.
 - Ability to receive service assistance in preferred language (including sign language).
- **Employee benefits**
 - Employees can speak with an expert for training purposes when not in use by the customer.
- **Retailer benefits**
 - Demand-based workforce management provides better service and lower overall operations costs-dynamically repositioned customer service agents across multiple stores/time zones to provide more support resources where they are needed based on actual, real-time demand.
 - Increase customer satisfaction by lowering product return rates (e.g., getting the correct product on the first visit).

- Higher revenues due to better-quality up sell, cross-sell, and complete sell activities.
- Higher shopper satisfaction with shopping experience (better informed, promptly available customer service agents).
- Higher shopper loyalty (use retailer's existing customer profile to personalize today's shopping experience).
- Identify most valued customers (loyalty, spend) and offer them premium service, special value or add-on purchase opportunities before they are standing in the checkout line.
- Manufacturer/supplier benefits
 - Able to deliver consistent, accurate, and more in-depth product information, configuration, options, product reviews from manufacturers own marketing systems while they are in the store.
 - Ability to market targeted product messages to customer when they are making their purchase decisions
 - Ability to present incentives directly to customers when they are making their purchase decisions
 - Higher shopper satisfaction due to multi-language expert assistance and in-depth product information in the store
 - More completed sales, less returns with the ability to guide customer through purchase process.
 - Increased incremental revenue through up-selling/cross-selling shoppers, and supplier advertising

The Cisco Virtual Expert Management solution helps retailers differentiate themselves by redefining superior customer service expertise. In addition, many of the solution components may be reused by the retailer to help facilitate a larger communication fabric, greatly enhancing employee productivity and the customer's cross channel experience.

Target Audience

The Cisco Virtual Expert Management solution is designed for visionary retail executives that want to redefine their relationships with their customer-base by providing a superior consultative experience around complicated products or services. This audience includes CXO, VP of Store Operations, voice and data architects, and any position within the business interested in innovative selling methods. This document is intended for the aforementioned audience, as well as, engineers involved the voice or data projects or sales engineers that are interested in how the Cisco Virtual Expert Management solution can be deployed.

