

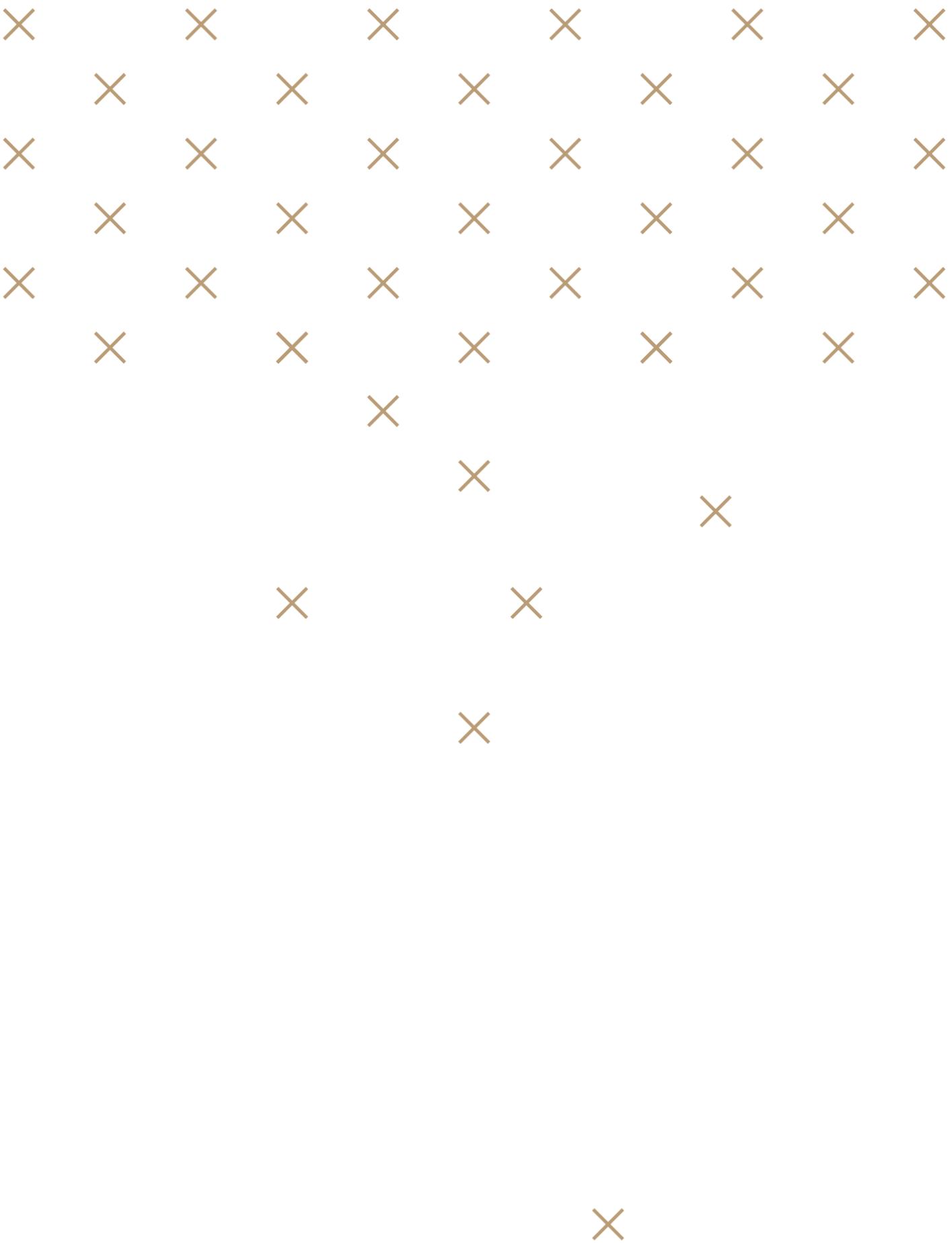
Relate

by zendesk

Relate is home to a diverse selection of expert content and deep thoughts from Zendesk.



Issue 2 January 2017



Retail has always been about relationships

Retail relationships are complicated—there’s the relationship between the brand and the customer, the employee and the customer, and the customer and the product. And intertwined through everything is customer service. Because no matter the changes in customer expectation or the evolution of technology, customer service still has the greatest impact on the customer experience—on the customer relationship.

At Relate by Zendesk, we understand that relationships are everything. That relationships are complicated. That relationships drive the success of our businesses. Because at the root of every purchase, transaction, and interaction, is a relationship. And so, we at Relate are here to help you uncomplicate all your important relationships (except your romantic ones, those are on you).

So welcome to Relate! Join us online, at our events, and in the community—chances are we’ll soon become one of your favorite, most uncomplicated relationships.

Here’s to better relationships,

Sarah Stealey Reed

Editor of Relate
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relate.zendesk.com

Let’s talk about cake. Once upon a time we had to put flour, butter, eggs, and sugary goodness together in a pan. By hand. Then Betty Crocker opened up shop, and we started buying premixed ingredients for a few extra dollars.

Flash-forward and we no longer had time (or inclination) to throw Betty’s packaged ingredients in the oven. We wanted top-notch, ready-made cakes, with the option of personalized frosting designs. We had become consumers willing to pay a bit more to walk out of a bakery with a completely customized confection.

Soon, it wasn’t enough to only outsource cakes. Why spend time on balloons or streamers when a birthday party could easily be contracted out to venues like karaoke lounges, bowling alleys, and bars? For a higher cost, we consumers could buy a delicious slice of time—time that could be spent drinking wine with friends and snapping party photos. Which brings us to the experience economy.

Is the experience worth it?

Unknowingly to some consumers, businesses have recently been orchestrating memorable events for us, such that the experience itself has become part of the product. Movie theaters are no longer just a place to watch a film—they’re an event space meant for wining, dining, and socializing. People have come to expect reclining seats and ginormous screens alongside their gourmet popcorn. As the definition of today’s products evolves, and each experience is better than the next, our expectations will rise just as they did with material goods and services. Soon, luxury theater experiences will be considered the norm.

Similar to how we choose the best cake mix, or birthday party venue, we turn to review sites—Amazon and Yelp—to choose the best experiences. Does the bowling alley down the street throw a better birthday party? Is the escape room downtown as fun as the one in Japantown? Does the movie theater on 7th really have the best wine list?

With the emergence of technologies like YouTube’s 360° Videos, our ability to select which experiences we want to engage in has become easier. Imagine you’re unsure if the musical Hamilton is worth shelling out \$400 per ticket. It’s easy to immerse yourself in a 360° snippet (click and drag your mouse back and forth over the video) to see if (and how much) it’s an experience worth buying.

Get up off the couch. No really.

As a society, we’ve developed selective experiencing—much like selective hearing. Consumers can save valuable time on undesired or mundane experiences (like grocery shopping) with online research and shopping. People can pick and choose how they interact in the world—no more unwanted experiences or wasted time.

Today, a large part of consumerism happens at home first. 59 percent of grocery shoppers write a list before shopping. With so many different brands available, a little bit of online research can save a lot of time at the store—gone are the days of “winging” it. Consumers have turned to online shopping as a way to help manage busy lives. What’s more, 74 percent cited convenience as their primary motivation for online shopping. Thanks to the internet, you can shop during your daily commute, at midnight when most stores are closed, or while watching Netflix. 66 percent shop from the living room, which means you could shop for underwear, eggs, and Nikes at the same exact time, all without having to physically pick items out, wait in line, or force small talk. Talk about multitasking.

There’s a new demographic emerging alongside the experience economy—the youthful shut-in. If you don’t want to leave your house (unless it’s for fun stuff like music festivals or sailing), you don’t have to. Think Seamless, or UberEats. Need some wine for a

The evolution of cake and consumerism

AMANDA ROOSA

night in? There’s an app for that. Need a movie to go with that wine? Netflix, Hulu, and HBO Go at your service. Need to run an errand? TaskRabbit sends someone to run it for you. Heck, Amazon has everything, and it can be at your door in two days (or two hours, depending on where you live).

With the ability for everyone to become a modern-day hermit, it’s not enough for businesses to just sell a product; they have to sell an experience as well. They need to get you up off the couch. Trader Joe’s has revolutionized the grocery shopping experience and paved the way for other grocers by offering both material goods and a unique, fun experience. The company has managed to combine goods and experiences to create a new definition of the word product. As David DiSalvo put it, “Instead of swallowing customers in a sea of color conformity, TJ’s hits you with a splash of color and texture—everything. There’s cedar, there’s brick, there’s bamboo. The colors are vibrant. The scripting on store signs is interesting to read, even if it’s just pointing you to a display of dark chocolate ginger cookies. The setting is comfortably stimulating.”

Selective experiencing leaves more room for activities like surfing or hiking 14 miles over the weekend. People have started to choose which experiences they want to engage in based on convenience and enjoyability.

I’ll take my cake and eat it too

Unless traditional stores start delivering more enjoyable human experiences (as seen with Trader Joe’s), consumers will avoid mundane experiences that take up precious time, like going to the grocery store or doing our own laundry.

Consumers will select their experiences on the following:

1. Does it engage all 5 senses? An experience that effectively engages sight, smell, touch, hearing, and taste, is more likely to be memorable because there are more ways to leave an impression. Let’s say you go to a haunted house and all the props are visual. That’s likely to be a let-down, even if the sets are gory. But if the life-like ghoul committing heinous acts on a human (actor) is paired with the scent of rotting food, things falling from the ceiling, visceral screams, and the taste of battery acid in the air—well, that will probably get you. Together, the engagement of all five senses makes for an unforgettable Halloween experience. If that’s what you’re into.

2. Is it themed, branded, or focused? If you suddenly see a bright, colorful unicorn in the corridors of a haunted house, it’s going to feel out of place and disrupt your experience. You’re going to spend the next fifteen minutes and the entire car ride home

wondering why there was a unicorn when there should have been a masked guy with a chainsaw. The entirety of an experience should tie back into a unified story-line that a customer can get behind.

3. Does it leave an indelible impression? If the monster at the entrance of the haunted house warns, “Most people don’t make it out alive,” as they usher you through the door into darkness, you’re going to feel more immersed in the adventure versus if they say, “Your group is ready.” In the world of experiences, details matter, and they should support the theme.

We still want to eat cake. But we may not want to eat our birthday treat at the kitchen table. We may want our cake inside a spinning restaurant or a Halloween-themed bowling alley in July. We’re picking and choosing the way we engage in today’s consumerism, for better or worse. The real question is, what’s after the experience economy?

Amanda Roosa is a content marketer for Zendesk and a frequent contributor to Relate. When she’s not petting other people’s dogs, she’s exploring where technology and humanity converge. Find her on Twitter: @mandyroosa.



Gratitude’s big comeback: the business thank you note

SUZANNE BARNECUT

This holiday season I did something I rarely do: I clicked through an Instagram ad. By doing so, I discovered Artifact Uprising, a company that prints custom photo books, cards, calendars, and more. I was taken by their clean designs, by their story, and by their focus on sourcing eco-conscious materials—like their “Wood Calendar”—a perfect gift for the grandparents.

The calendars arrived, and they were great, but there was something else that made Artifact Uprising’s product delivery stand out. Included with the shipment was a simple thank you note.

Top of heart, top of mind

Even in business, a thank you note reinforces the personal relationship behind an interaction. A box that arrives solo is merely an exchange of product for money. There’s nothing wrong with that, except that it becomes easy to forget that this is a transaction between people making a choice to do business together. Were it an in-person interaction, the lack of a “thank you” would be very apparent.

Personally, the inclusion of a business thank you note is something I always notice. Brands like Joybird send a personal thank you with each shipment, signed by every person who’s had a hand in creating your piece of furniture. My first order from Modern Citizen came with a handwritten thank you from the founder, as did an order from the children’s fashion label neve/hawk. A colleague recently received personalized gratitude from an employee at Tumi. I even have one thank you, scrawled on the back of a beautiful postcard, taped above my desk. It’s from an artist on Etsy, whose work I’m now constantly reminded of.

For me, the thank you usually creates a brief, but tangible moment where I’m holding the physical note in my hand as I read. I generally stop and think, “How nice,” before sending it the way of the recycling bin. It may seem wasteful for so fleeting a moment, but it’s worth asking: Can a simple text or email get the same job done? And how much does it impact my decision to do business with that person or company again?

Reciprocity is good for business

Sending a thank you note is more than a rote act of politesse and etiquette. It’s an expression of gratitude, and gratitude is linked to all sorts of great stuff including—increased optimism and reduced stress, and better physical and psychological health. Gratitude helps build and maintain better relationships, too. Thank you notes serve to re-emphasize personal bonds. Even just a few kind words of support tells your recipient that you recognize their effort, or that you, in effect, see them.

The business thank you, in particular, is something the modern maker community and smaller, newer e-commerce retailers do well. You might say they have more time, lower volume, or that they need buyer loyalty more than their bigger fish competitors. It can also be argued the other way—that these folks have fewer hands and less time, and still they make the effort. One might ask whether the companies who make the effort are helping to bring gratitude back.

Consciously or not, businesses who send thank you notes recognize that gratitude inspires reciprocity. This idea that one kind act inspires another, or that generosity of time and spirit can actually help one get ahead, has been proven scientifically. In fact, studies reported in The Role of Customer Gratitude in Relationship Marketing, revealed that investments in customer gratitude, or gratitude-based reciprocal behaviors, led to increased customer trust and commitment—and ultimately to longer-term, quantifiable benefits.

You used to text me on your cell phone

Margaret Sheperd, in The Art of the Handwritten Note, makes a particular case for the handwritten note. If the most important thing is to express gratitude, there are, of course, many ways to do so. An email or text message is immediate. It wastes no paper and also creates a moment of pause.

In contrast to a phone call or text message, a handwritten note, Sheperd says, “doesn’t arrive demanding to be read when you’ve just sat down to dinner.” It won’t get lost in the sea of other

texts or emails that are formatted in the same way. In her book she taps into the romanticism and physicality of a note, showing that it is more beautiful and more personal than an email or text. It is also technology-agnostic.

That aside, Sheperd states plainly, “Adapting to the needs of every fresh generation, [the handwritten note] continues to connect people. In fact, the handwritten note is even more vital now than it was a few years ago because it’s less routinely used.” Today, when a handwritten note arrives in the mail, you pay attention. She writes, “It announces beyond a doubt that the reader really matters to you.”

Thank you notes turn up the heat

Sheperd’s probably right. One thank you note I received this season was from a business partner I’d exchanged a handful of emails with and met only once. She wrote me—in her own hand—a personal note, which now keeps proud company with holiday cards from family and friends. Maybe it’s because so few people send handwritten thank you’s that hers stands out. Arguably her note adds another line to the story of our specific relationship, creating an emotional connection more memorable than a soon-to-be-eaten (and forgotten) fruit basket.

And while the thank you note from Artifact Uprising wasn’t handwritten, it still felt sincere. It didn’t include a coupon, or a lure for more business. Certainly a handwritten note would have been more personal, but as a new customer, I found the simplicity of the company’s note appealing.

There are always a variety of factors at play when customers are making a purchase decision, but these anecdotes reveal something tangible. Thank you notes can make a difference in the way your customers feel about your business. And, in a word, your customers will probably feel: warmer.

Suzanne Barnecut is a content marketer for Zendesk and a frequent contributor to Relate. She is fascinated by technology, but a diehard reader of paper-made books and sender of snail mail. Find her on Twitter: @elisesuz.



At Zendesk, we help businesses that want to provide better customer support. That’s why we’ve written this thank you email template for your (real or fictional) business.

Three retail secrets from the “Queen of Shops”

CHELSEALARSSON

All hail the queen, the “Queen of Shops.” The queen here, of course, is Mary Portas, the woman who rules the British retail industry with her sharp wit, creative ideas, and impeccable service standards. In 2005, Mary started her column Shop! in the Telegraph Magazine, then starred in her own BBC television series, Mary Queen of Shops, and in 2011 was commissioned by her government to write the Portas Review—a tough commentary about Britain’s high streets. In 2016, she was interviewed by Relate Editor, Sarah Reed about how to recapture spectacular customer experiences in retail. From embracing Millennials to hiring for empathy, here’s what the queen recommends to her subjects.

Make empathy part of your cultural DNA

Real empathy makes a difference in customer service—especially when the business has made a mistake. In a customer crisis, Mary points out the power of honoring a customer’s frustration, “When someone takes the time to say, ‘I am generally sorry, how can I help you?’ it does something to improve the interaction.”

By her mark, one business is nailing customer empathy—Pret a Manger, a British coffee and sandwich chain. Mary says, “There is this joy there. It’s a busy period, people want to be in and out—the place has the right level of music playing, it greets you like a great Irish bar in Dublin. At Pret, it’s all about putting the customer first.” When Mary noticed Pret’s consistently empathetic customer service, she asked a Pret manager about

“If you don’t have empathy and care in your brick and mortar, how do you expect it to come out in the service?”

MARY PORTAS

his customer service policy. His answer was, “I don’t really have a CS policy. I only have one rule, ‘I only employ happy people.’”

This resonates with Mary who believes that personality and relationships are what most people buy into. “If you don’t have empathy and care in your brick and mortar, how do you expect it to come out in the service?” We’re picking

and choosing the way we engage in today’s consumerism, for better or worse. The real question is, what’s after the experience economy?

The goal is a relationship with your customers

In today’s economy, the sale is just the beginning of the customer relationship. Real value comes from repeat customers—and that is accomplished by delivering consistently pleasant customer experiences. Work on giving joy to customers even if the action doesn’t lead to an immediate sale. For example, Mary points to Virgin Atlantic’s delightful reaction to customer theft. For a decade, Virgin outfitted their planes with plane-shaped salt and pepper shakers. They were so cute that many people nicked—“accidentally” took the shakers home. Instead of halting the production of said shakers, Virgin started inscribing “Pinched from Virgin Atlantic” on the bottoms. A simple move that shows they really understand their customers, and they want to create a joyful experience.

Mary believes that everything about the customer experience should beat with the heart of the brand. And that it should speak to the individual customer. In her work culture, Mary employs a policy she refers to as “Freedom of Responsibility.” As she explains, “We need to be responsible to our customers, but you are free to do that in the way that you want.” She empowers her staff to take the extra step to personalize a situation or make a customer’s day special. Similarly, at Pret a Manger, every manager has 50 GBP (about 60 USD) to give away daily. It’s a special amount of responsibility that allows them to create unexpected moments of joy for customers.

Focus on your future customers too

Millennials do things differently—from working to shopping. Businesses need to understand the next generation in order to provide them with the right experience. As Mary puts it, “If you don’t understand Millennials you won’t be successful. Millennials are thinking about stuff that feeds their soul instead of just stuff. They are not going to be able to accumulate wealth in the same ways as past generations so they are collecting experiences.” Brands must provide retail experiences that feel valuable and feed the social connection that Millennials crave.

This is actually good for business, as Mary has found that people will spend more money if they’ve social engaged with a person during their purchasing journey. She points to Zappos which has a policy where the customer service agent is encouraged to speak to people for as long as necessary. Their record for a customer service phone call is 10 hours and 43 minutes!

Millennials also like to socialize with brands

via Twitter and Facebook. 52 percent of 18–34-year old consumers have used social media to ask a customer service question (compared to 31 percent of consumers overall and 13 percent of age 55+ consumers). Understanding how to talk to customers on social media is key to embracing future generations of consumers.

Royal bonus: the most important piece of advice

If there is one thing a retailer should do to improve their customer relationships, Mary suggests, “Find out what you can give as a business, and you’ll get a lot of return.” She says that retailers must remember their true value—hint, it’s not your product. Your value is providing an experience that lasts much longer than the thrill of a purchase. That is what keeps people shopping with your brand.

People love to have a story about where they

“Find out what you can give as a business, and you’ll get a lot of return.”

bought what they bought. But, Mary warns, you have to be careful as a brand to make sure that the story is real, that you aren’t just jumping on a buzzword bandwagon. For example, she talks about a major British grocer, who as a brand, says they are ‘Serving Britain’s shoppers a little better every day’. However, the customer experience doesn’t line up. The food, customer service, and store design doesn’t feel like it’s better than other stores. In sharp contrast, is Whole Foods, as she says “You go into a Whole Foods and the staff is practically singing, you walk into our option and they are apt to walk out with you.”

Retailers are starting to realize that it’s all about building branded customer experiences for the people who shop with them. The biggest worry that Mary has is that the businesses will be lead by efficiency instead of by a culture of customer care. When asked to consult on an ailing retail brand, the first thing she does is to see how it can provide a more caring and emotional experience. Fix that and everything else will fall into place, says the queen. All hail the queen.

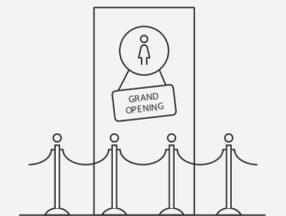
Chelsea Larsson is a content marketer for Zendesk and a frequent contributor to Relate. She believes any problem can be solved with a pen, paper, and Pimm’s cup. Find her on Twitter: @ChelseaLarsson.



Effortless shopping has been the goal of retailers for centuries. Things we use everyday—the receipt (3000 BC), shopping carts (1937), and subscription boxes (2010)—are only a fraction of the ways retailers make it easier for customers to spend money. Follow this infographic for surprising facts about retail inventions you already depend on and to discover what’s in store for the future of shopping.

Past (1880s-mid 1900s)

1900s WOMEN’S RESTROOMS



It’s hard to believe but women’s restrooms were missing from many department stores. That all changed in the late 1800s and early 1900s when inventive retailers like Harry Selfridge in the U.K. created women’s lounges inside the store.

1937 SHOPPING CARTS



Every time you pile a shopping cart high, thank Sylvan Goldman, an Oklahoma native who gave us a way to buy more than we can carry.

Turn complainers into brand advocates. Find the love.

JAY BAER

Sometimes you have to hug your haters. A consumer study I conducted with Edison Research found that answering customer complaints increases customer advocacy, regardless of complaint channel or type. Conversely, not answering customer complaints decreases customer advocacy across the board. Hugging your haters makes business sense. Hugging your haters creates brand advocates. But what does that really mean, and why does it matter?

Bigger impact

Customer recovery is part of why it matters. But it goes beyond that. Hugging your haters can enhance short and long-term affinity for your business, create expressions of public support, and yield real financial impacts along the way. In spawning positive word of mouth, a successful service recovery can have 20 times the impact of regular advertising.

When people have a problem and that problem is solved, they love you for it. It's the business version of the axiom, "The best measure of a man isn't when things are going well, but rather when things are going poorly."

Solving problems earns loyalty

This dynamic—the ability to actually create customer advocacy using complaints and problems as a springboard—has been documented for decades. In his book, *The Squeaky Wheel*, Guy Winch, Ph.D., recounts how in 1978, John Goodman and his fledgling company, the Technical Assistance Research Program (TARP), was tapped by the RAND Corporation to oversee studies on customer service in the U.S. government.

This and a second set of studies found that when complaints are handled to our satisfaction, we actually become more loyal than we were before we had the problem.

Customer advocates are worth more than detractors

That loyalty produces not just happy, talkative customers – but real revenue. You probably believe in your heart that customer satisfaction matters, and it matters in your wallet, too. Remarkable research from Bain & Company found that in the U.S banking industry, customer advocates are each worth \$9,500 more than detractors.

And this impact isn't solely limited to restaurant patrons and retail banking customers.

Spiceworks is a large website where software and hardware companies interact with their customers through ratings, reviews, and robust discussion forums.

Tabrez Syed, vice president of community products for Spiceworks, says businesses that consistently interact, answer questions, and field complaints create vocal fans. "When you've historically done a good job of showing up and being part of the community, your advocates will show up for you," he says.

Syed provides an example of how advocates speak out on behalf of companies participating in this business-to-business (B2B) platform. He cites an example where a question is posed in the Spiceworks community about Unitrends [an enterprise data backup company].

"One of the people in the community who sees it might write, 'I've just pinged Katie from Unitrends. She'll be here to answer the question. I think they're a great product. This is how I use them.' If you have a good reputation, especially if the person who represents your company on Spiceworks has a good reputation, advocates will show up and often correspond on your behalf."

One of the best-known examples of a business using customer service to create advocates is Zappos, the apparel retailer now owned by Amazon. Zappos is legendary for its commitment to customer experience, especially when consumers call the company with a question or problem.

Steve Curtin, customer service expert and author of *Delight Your Customers*, describes it this way: "Look at Tony Hsieh, Zappos' founder, who's quoted as saying, 'We don't look at customer service as an expense, we look at it as an extension of our marketing budget. We've created this legion of promoters, which saves us dollars in terms of having to market to people because we just let our delighted customers do it for us.'"

Especially in today's hyperconnected, social media-fueled world, successfully creating an economic impact through happy customers can occur with breathtaking speed. How you blow their minds and win their hearts is ultimately up to you, but employing the concepts of increasing advocacy will surely put you in a leading position.

Jay Baer is a renowned business strategist, keynote speaker, and the New York Times best-selling author of five books. Jay helps business people get and keep more customers. His new book is Hug Your Haters: How to Embrace Complaints and Keep Your Customers. Jay is on Twitter: @jaybaer.

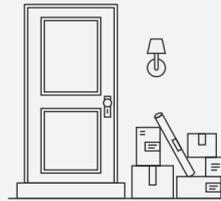
RETAIL INNOVATION

a quest for the effortless shopping experience

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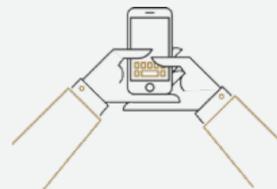
Present (1990s-2016)

2010
SUBSCRIPTION BOXES



Getting regular home deliveries of high-use products—soap, toilet paper, razors, and tampons—makes life so much easier. So, it's no surprise that subscription boxes have grown in popularity since 2010, beginning with the launch of Birchbox.

2015
MESSAGING APPS FOR BUSINESSES



Innovative companies like Everlane are using Facebook Messenger and Zendesk to communicate with their customers, track orders, and provide live help all in the app that customers use to talk with friends and family.

2016
AI SHOPPERS



Remember when you actually had to go to the grocery store, mall, or car dealership? Now you can outsource the shopping altogether. AI personal shoppers like Mona and Watson are happy to do your bidding.

MISSED CONNECTIONS

LOVE IS IN THE AIR

We bonded over collecting buyer information, but I didn't get your info! You - 6'4, blue shirt, at the retail data and customer experience keynote. Me, 4'5, also blue shirt (great minds!) sitting next to you. We both had "I Love Richard Branson" stickers on our laptop. I think we might be a match. Meet me by the Relate booth tonight if you think so too.

SMALL BUSINESS SATURDAY ON THE STREETS, BLACK FRIDAY IN THE SHEETS

I met you by the coffee station and felt an instant attraction. You complimented me on my support of small retail owners, and said I must be a "good person." Sure, I am. But I'm not "good" all the time. Call me on my cell phone.

OVERHEARD AND OVERHEATED

You said, "Have a good day." I said, "Hold my butt." Sorry, I was talking to my new jeans. But you seemed into it. Wanna meet for coffee?

I SHOPPED, YOU DROPPED

I was trying free lotion samples when one got away from me—right under your foot. Is your tailbone okay? Let's battle the shopping mall together. Marble floors are a disgrace.

THEY TOLD ME YOU WERE A MANNEQUIN

But I appreciate how still and steady you are. I could use someone like you in my life—a model citizen. If you ever move your hand off your hip, call me.

READY FOR MY CLOSE-UP

You: Head of security at the mall. Me: Waving at the security camera. Like what you see? Meet me near the perfume section and I'll let you take a closer look.

RETAIL INNOVATION

a quest for the effortless shopping experience

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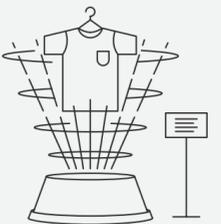
Future (2017 and beyond)

2017+
MAGNETIC MAPPING



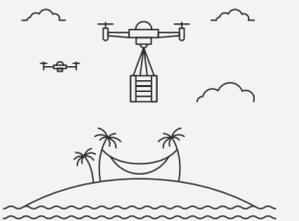
Using the magnetic signature of a building, a smartphone's native compass sensors, and new software from companies like IndoorAtlas, shoppers are steered to the exact item they're looking for. Goodbye, "You are Here" mall maps.

2017+
VIRTUAL SHOPPING/ HOLOGRAMS

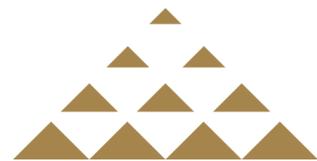


Using technology like Oculus Rift and Microsoft HoloLens, augmented reality and immersive, 3D environments may make future shopping both literally and virtually effortless.

2017+
DRONE DELIVERY



What's that buzzing? Just your friendly drone delivery service. Commercial drone delivery has not been approved for businesses by the Federal Aviation Administration...yet. But the technology exists, so be prepared.



77%

of consumers prefer to purchase from businesses that demonstrate community responsibility

5-10%

Consumers are willing to pay more to purchase from companies that demonstrate community responsibility

63%

of Conscious Consumers who make purchases for personal use are Social Activators (people who are likely to talk about you online)





Software for better customer relationships.

