



Connecting with consumers

How consumer electronics brands are shifting strategies to compete in the Engagement Economy



#EngagementEconomy

Introduction

As the global population as a whole becomes increasingly dependent on technology, consumer electronics brands are taking notice - and taking action.

A recent study by Persistence Market Research¹ predicts that the consumer electronics industry will be worth \$2.9 trillion by 2020, led in large part by:

- an expanding urban population and shift in lifestyles
- increasing purchasing power and disposable income
- rising popularity and rapid adoption of connected devices

But the demand for technologically-advanced products and burgeoning R&D activities, which lead to new product launches in a shorter span, have created a problem: **increased competition and a profusion of choice.**

Products are becoming more and more commoditized with revenues and margins declining. It's now harder for brands to stand out, differentiate from competitors, and bond with customers.

While growing competition represents a clear challenge in the industry, there are also incredible opportunities for growth.

Consumers are more aware of and comfortable with self-education and research, which gives consumer electronics brands the opportunity to directly connect with them and influence purchase decisions through better engagement.

Leading consumer electronics brands are investing heavily in enabling excellent customer engagement throughout the customer lifecycle as a way to stay competitive, attract customers and gain customer loyalty to their products.

This whitepaper explores strategies consumer electronic brands execute to better engage with today's consumers in order to drive brand preference, sales and loyalty.

Engaging with consumers on a personal level based on a deeper understanding of their needs, habits, and purchase motivations means the difference between success and failure.

¹Persistence Market Research: www.persistencemarketresearch.com/mediarelease/consumer-electronics-market.asp

Shifting landscape, shifting focus, shifting strategies

The rapid pace of innovation in the industry has resulted in an overwhelming amount of choice and choice complexity for consumers. When not addressed, this is detrimental to both brands and consumers as these conditions are often accompanied by:



lack of differentiation



declining sales



high return rates



eroding loyalty

Simply put, there are too many brands and options out there for consumers to accurately compare products at scale, so instead, they go with whatever product seems the most comfortable or most in-line with their budget.

It's not about the bells and whistles, it's about benefits and value.

According to a recent study from McKinsey², less than one-third of consumers see value in the 'bells and whistles' consumer electronics brands pack into their products. They are more interested in the benefits and value of a product than the actual specs.

To the general consumer, it's the emotional connection to a product and brand that matters and drives a buying decision. For brands trying to appeal to consumers, it's important not to lose sight of this personal connection. It's about what a product can bring to a consumer and their lifestyle rather than how it delivers this value.

A shiny new feature means nothing if a consumer doesn't know or understand what it does. The consequence is that consumer electronics brands only have one option to survive and win the battle for customers:

Shifting the focus from the product to the consumer. Instead of focusing on the newest features available, they must translate this innovation into why it should matter to the consumer.

Brands need to involve and keep consumers top-of-mind through:

- effective engagement
- meaningful personalization
- and building trusted relationships

If consumer electronics businesses ignore the importance of these three pillars, they will fail to differentiate and maximize their success.

The time to approach meaningful customer experiences and authentic engagement is now.

In order to keep up and differentiate, many consumer electronics companies are beginning to engage consumers in entirely new ways and deliver the most customer-centric experience possible.

²McKinsey and Company: www.mckinsey.com/industries/consumer-packaged-goods/our-insights/consumer-electronics-gets-back-to-basics

Delivering meaningful and authentic engagement

When it comes to engaging customer experiences, it's all about connecting with the customer on a personal level and making an effort to understand what he or she actually wants to deliver just that or more.

Consumer electronics brands have to adjust their mindset in three fundamental ways:

From product-led to customer-led



Know and understand consumers by listening to what matters most to them



Understand their motivations and respond honestly and consistently to build trust



Consumers will have higher rates of brand consideration, purchase, and the willingness to pay a premium

From products to authentic values



Become a value-adding presence in a consumer's life to create lasting customer relationships and establish loyalty



The harsh truth is that 75% of consumers wouldn't care if the brands³ they use every single day would simply disappear. This shows that most brands are not important enough in customer's lives to drive long-term brand loyalty.

From transactions to relationships



Become truly helpful and connect with consumers on a deeper level



Focus on the moments of value in the customer journey during which engaging with consumers is most valuable



Leverage new technologies, including AI and AR, to deliver meaningful engagement at scale

³Meaningful Brands: www.meaningful-brands.com/en/insights

⁴Deloitte: www2.deloitte.com/content/dam/Deloitte/au/Documents/consumer-industrial-products/deloitte-au-cip-meaningful-brands-report-2018.pdf

Evaluation: Six most successful engagement strategies

Leading consumer electronics brands have implemented the following strategies to engage consumers in meaningful ways.

1. Direct-to-Consumer Investing in the owned brand experience

With e-commerce constantly growing and a new wave of consumers ready and willing to engage online, many consumer electronics brands are now selling direct-to-consumer (DTC). In 2017, DTC sales increased by 34% and represented 13% of all retail sales made online.

Some consumer electronics brands have shifted strategies on their own sites. They heavily invest in their own experience to keep customers in their own branded ecosystems. The DTC model allows brands to control every moment of engagement and learn about customer motivation and behavior at each step of the journey.

By investing in improving the customer experience on owned digital channels, brands can create deeply engaging and compelling experiences and build long-term relationships with customers. And customers reward them with brand loyalty, word-of-mouth evangelism and incredible retention rates.

But there is one caveat: The missing sensory experience on digital channels.

As it represents a risk from a customer perspective, trust and authenticity are becoming extremely important aspects for consumer electronics brands selling directly to the consumer.

It can only come from brands showing

- attentiveness to customer needs and preferences
- delivering added value through high-quality content
- enforcing quality and offering the highest convenience.



Direct-to-Consumer sales
have increased by

34%

SONOS

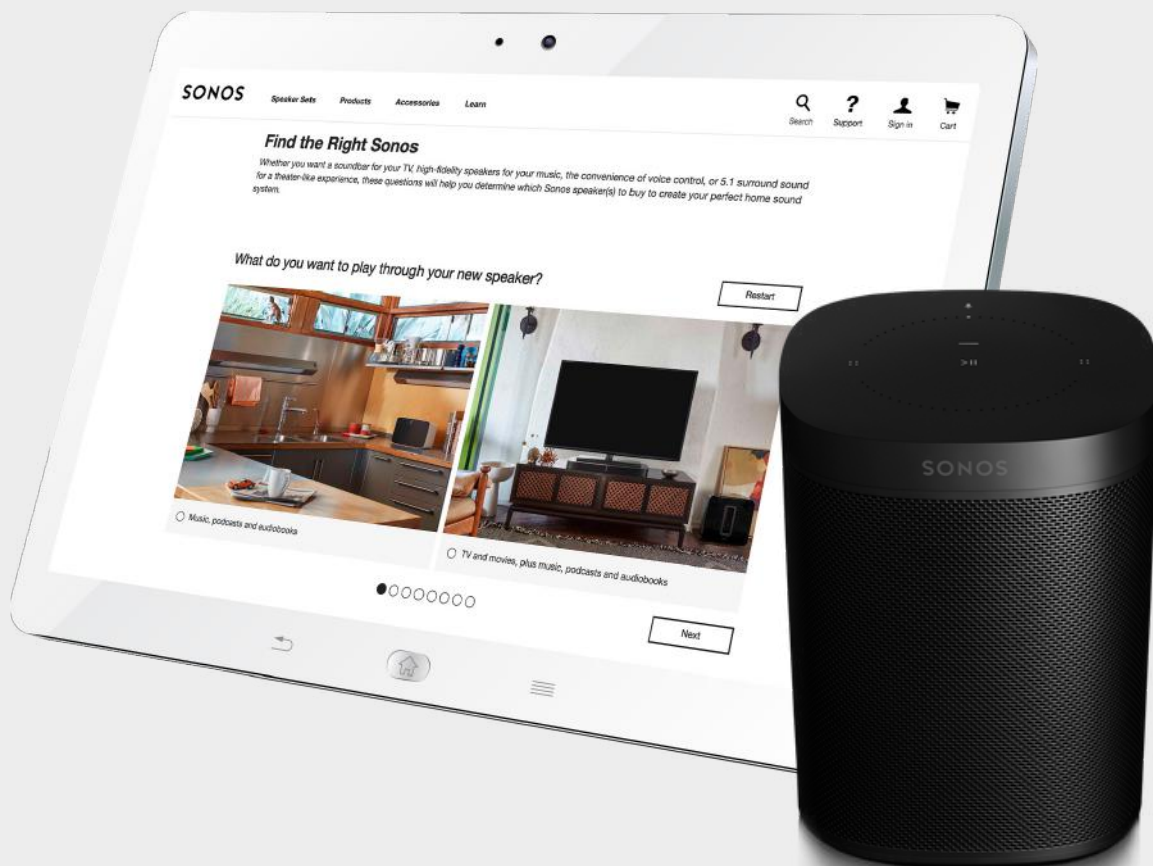
For global speaker brand Sonos, delivering an integrated DTC experience meant investing in the consumer experience on its own website. With so many alternatives on the market, Sonos needed to make sure it was able to differentiate its products from commodity products and consumers choose their brand over the competition.

By embedding a conversational digital sales assistant its website, Sonos is able to engage with consumer on a highly personal level, guide them to the right products, and reinforce the Sonos experience.

Through this personal attention and individual assistance consumers can quickly find out

more about the brand-specific benefits without feeling sold to, all while finding the right speaker for their needs without feeling overwhelmed.

For the brand it means collecting data and learning more about their customers, their needs, preferences and motivations to deepen customer relationships.



2. Retail Digital Media

Leveraging the power of online retailer dominance

As large retailers like Amazon and Best Buy continue to dominate the consumer electronics market and take over larger shares, many brands sell through these retail distributors to reach more shoppers.

But listing products on retailer sites can have serious drawbacks.

On a site with millions of options, maximizing visibility, standing out from the competition, and becoming a preferred brand is difficult to say the least.

What's more is that the brand experience can easily get conflated with the retail experience. If the latter is overwhelming or confusing, the customer's feeling and frustration of friction can get projected on the brand itself and may even prevent a sale.

To overcome these challenges, there is a growing trend among consumer electronics brands to invest in the experience on third-party platforms to increase brand exposure, value communication, and gain back control over how their products are being sold.

Example



Microsoft is an example of a company that is strategically partnering with multiple channel retail partners to deliver a differentiated experience that helps drive conversion, brand advocacy and sell-through in a retail environment.

The engaging experiences brought to consumers are intended to leave a lasting brand impression and convert shoppers into Microsoft loyalists.

Microsoft syndicates high-quality content to retailers, which includes targeted content and digital product and sales assistants to bring personalized,

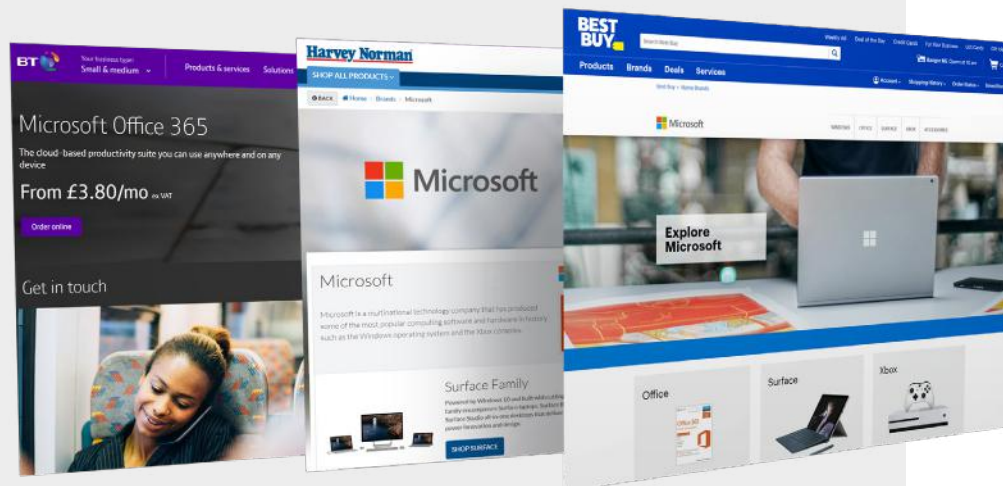
brand experiences to an otherwise overwhelming retailer site.

Some of the benefits of syndicating digital assistants to retailer websites are:

- Access to behavioral data and sales information

- Deep insights into (regional) consumer preferences on different retailer sites

- Higher engagement, purchase confidence and conversion through targeted education



3. Store-Within-a-Store: Mastering the multi-brand store experience

Since the in-store retail model generally puts more focus on varied brand inventory than specific branding, consumer electronics brands can miss out on opportunities to connect with consumers who visit a store for their next purchase. The number of products is continuously expanding while shelf space is shrinking and the fight for retail space becomes more competitive, making it difficult for brands to stand out.

Add that to the fact that 70%-80% of retail partners are failing to sufficiently explain brand USPs and provide customers with adequate recommendations. This is alarming, given that 41%⁶ of consumers say they trust companies that are able to educate them about product features and benefits.

In order to offer consumers the support they need, consumer electronics brands can't leave the customer experience solely in the hands of brand-agnostic retail partners.

Over 64% of consumers³ prefer an in-store shopping experience where associates can provide in-store service through digital technology.

Brands must work creatively to connect with consumers in new ways through relevant content and meaningful as well as helpful engagement experiences.

This is one reason why store-within-a-store pop-up retail strategies and models are growing in popularity among consumer electronics brands.

The concept is also popular with consumers because it offers them more in-depth access to brands in a familiar retail setting.

70% - 80%

of retail partners are failing to sufficiently explain brand USPs



⁶ KPMG: <https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/01/the-truth-about-online-consumers.pdf>

Many successful consumer electronics brands make use of digital displays and tablets in retail environments to educate consumers and present custom content:



Equipping in-store sales staff with tablet

By putting these devices in the hands of sales associates, brands can build brand ambassadors who are equipped with all the information they could possibly need about the product to answer questions, educate and guide consumers more effectively.

It helps brands ensure that associates in retail outlets deliver consistent messages in the brand's voice, paired with the expected high level of service.

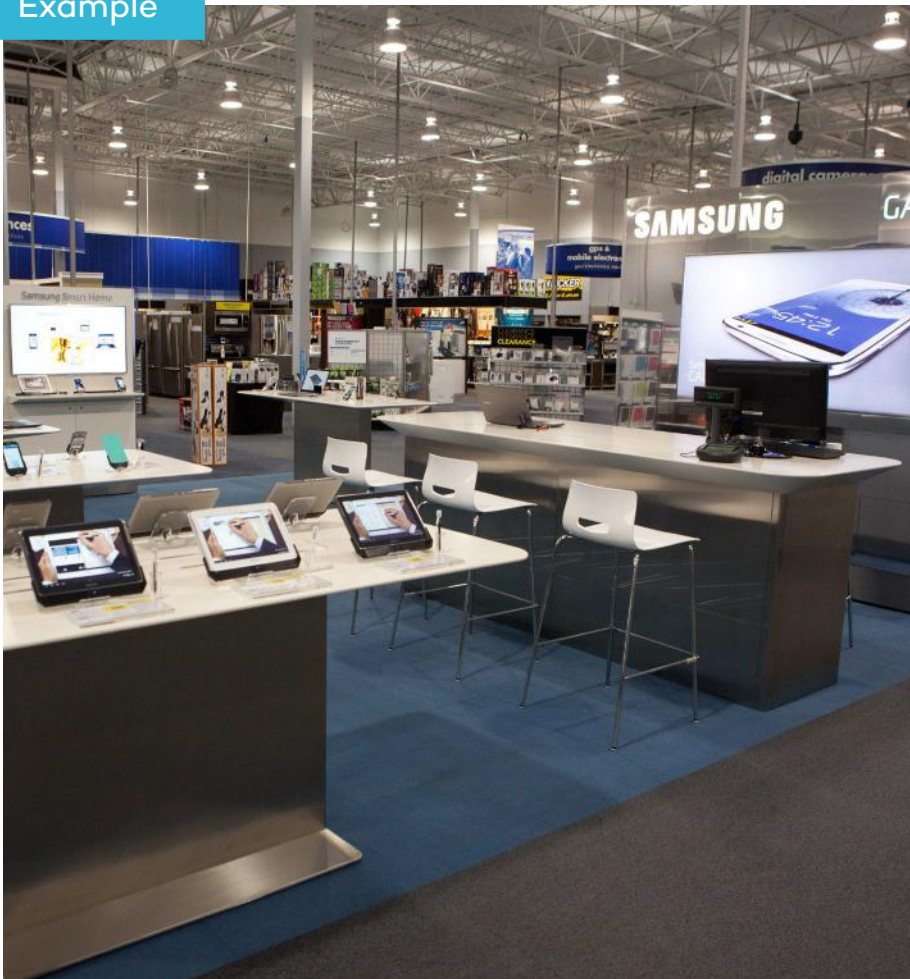


Installing self-service kiosks in brand corners

Kiosks create a multi-sensory interactive experience that allows consumers to explore the brand and its products, learn more about individual benefits and choose the right product.

In-store kiosks are supercharging the retail space and can help brands stand out, build brand awareness and loyalty.

Example



SAMSUNG

Since 2013, the Samsung Experience Shop has operated in select Best Buy locations. It's a designated part of the store that offers shoppers the opportunity to try the latest devices, consult with experts and get personalized assistance with Samsung Skills Workshops.

This way, Best Buy gains the opportunity to let consumers try out technology, while Samsung gains the ability to engage customers in real-time and prominently showcase their brand and products within the store.

4. Deep Personalization

Understanding and delighting consumers

Today's consumers do not want to feel as if they are being treated as one large mass. They now expect consumer electronics brands to offer recommendations and services faster and personalized based on their specific lifestyle, preferences and needs.

In the present Engagement Economy, every opportunity to engage with customers and build relationships is critical - whether or not it involves a purchase decision or device usage.

Many top consumer electronics brands have already recognized that better understanding the individual consumer is the key competitive differentiator and an imperative to drive brand preference and loyalty.

The good news is that brands have access to technology to amass valuable information and customize offerings for consumers.

Delivering deep personalization at scale, such as using analytics-driven insights to personalize engagement strategies, service and offers for each customer, is becoming the new norm.

Embrace digital and analytics



AI, ML & NLP,
Analytics



VR & AR



Digital Assistants,
Chatbots

Enhance user experience



Conversational
experiences



Personalized offers



Personalized
recommendations

Generate business impact



Insights &
experience as
a service!

Delivering deep personalization at scale



Canon uses digital sales assistants in multiple product categories to engage consumers in a conversation.

It allows Canon to hone in on the underlying motivation of consumers and truly understand why they are making a purchase.

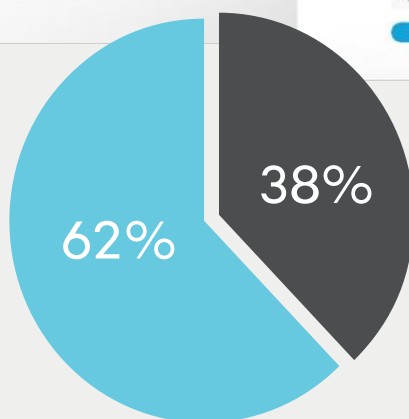
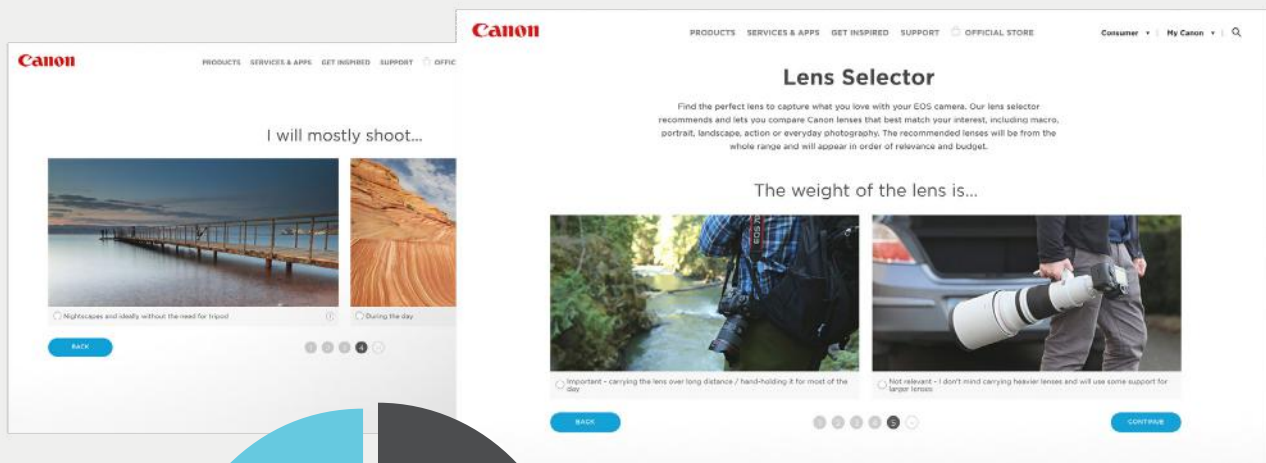
By using digital sales assistants on its website, Canon is able to directly engage with millions of consumers in a consistent brand voice.

The sentiments, preferences and desires customers express by engaging with these solutions help Canon target follow-up communications based on a customer's specific answers, not just generic marketing speak, and design a personalized buying and brand experience.

Today's consumers expect this deep level of personalization and appreciate brands that are able to deliver it in a well-designed way.

More than half of surveyed consumers⁷ (54%) indicated that using a digital sales assistant would make them very or extremely more confident when making a purchase decision. And 88% of overall shoppers expressed that it would be beneficial if websites integrated them.

Try it out ►



I want...

- A camera where I can change the lens to get the very best out of every situation
- All-in-one compact camera that I can take everywhere and that will shine my situation

5. Social Media

Building social connections

Unlike a few years ago, having a fully-formed social media strategy is now a must-have for consumer electronic brands. Today's consumers are incredible social savvy, with nearly 50% of Millennial and Gen Z shoppers reporting⁸ that they are actively using social media while they shop.

As consumer electronics is the product category most influenced by social media posts, followed by fashion and household items, brands cannot ignore this channel to connect and engage with consumers.

According to data provided by the Consumer Electronics Association⁹, approximately 24% of consumers looking to make an electronics purchase “always or almost always” refer to social media before they buy. Four in five users said reviews or comments on social media sites by someone they know influenced their CE purchase decisions.

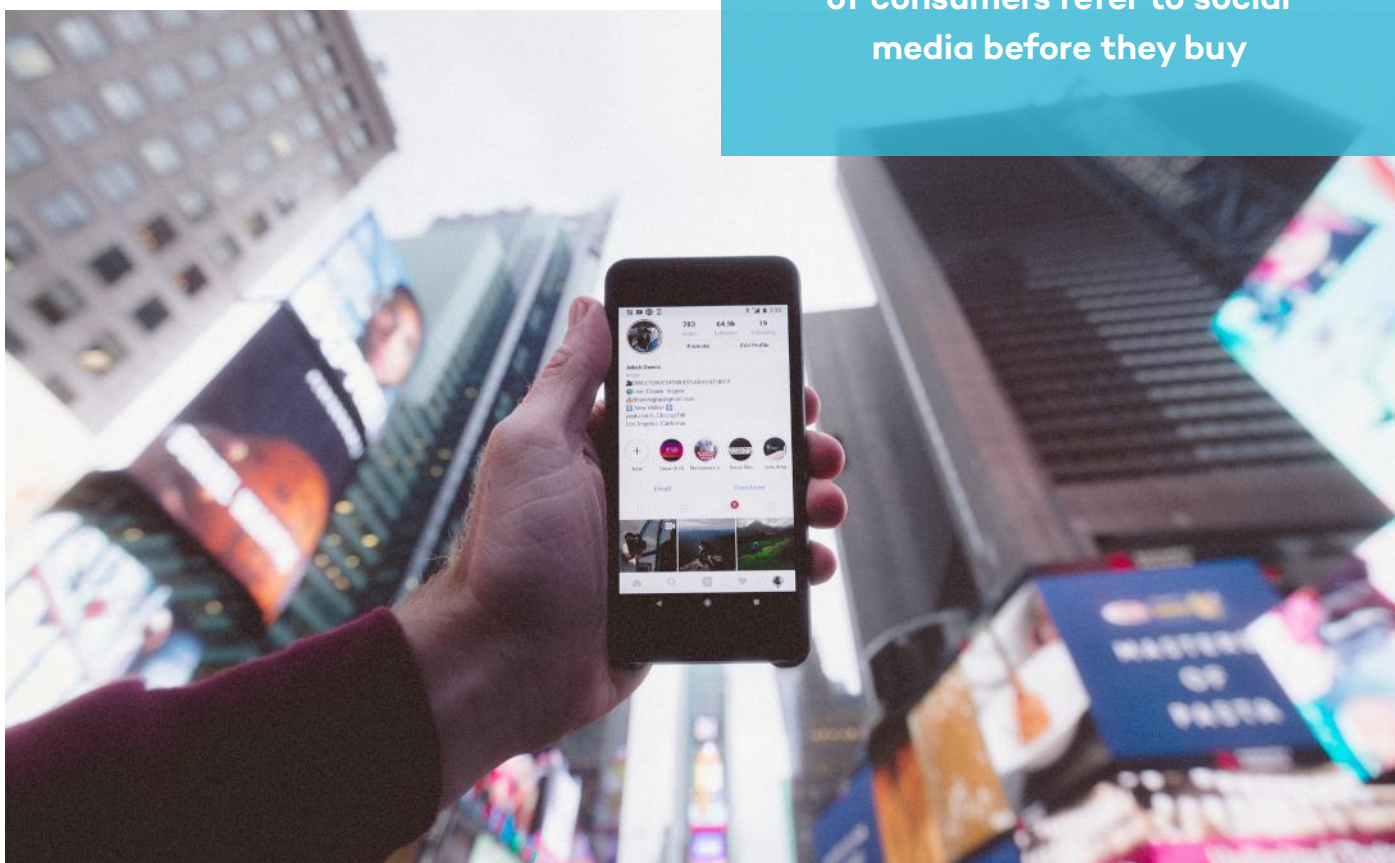
With this in mind, it's crucial for consumer electronics brand to have a strategy that helps them attracts new consumers, sets them apart from their competition, and makes their customers happy.

Brands can leverage social channels like Instagram and Pinterest to actively engage these social customers in a fun, casual way and build brand loyalty.

More than 78% of consumer electronics brands' social interactions in the US in 2017 were on Instagram¹⁰, making the channel a force of nature in the modern marketing space.

24%

of consumers refer to social media before they buy



⁸ Retail Dive: www.retaildive.com/ex/mobilecommercedaily/50pc-of-millennial-and-generation-z-shoppers-use-social-media-while-they-shop-report

⁹ CEA: <https://www.businesswire.com/news/home/20120222006076/en/CEA-Study-Examines-Social-Media-Influence-CE>

¹⁰ Gartner L2: www.l2inc.com/research/consumer-electronics-us-2017

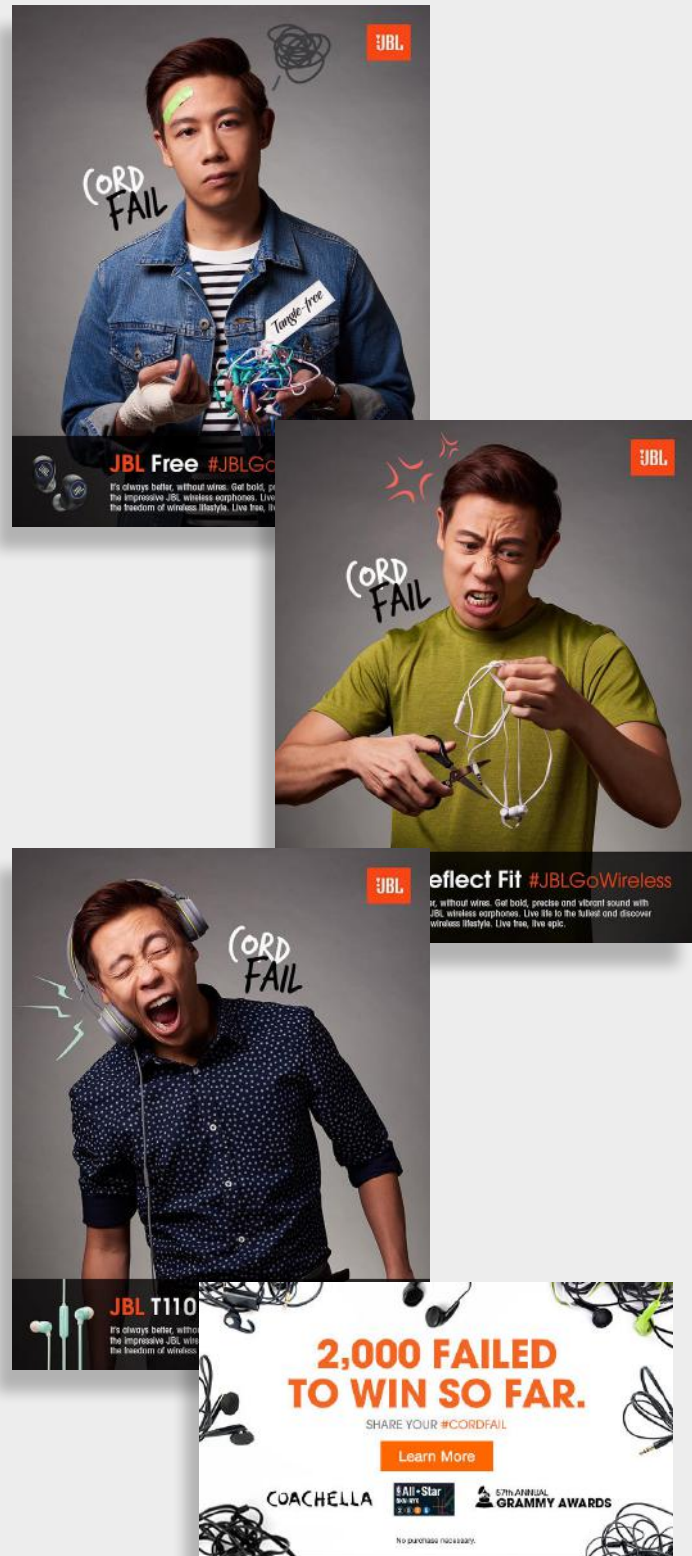
Example



JBL wanted to raise brand awareness¹¹ around its Bluetooth-enabled wireless headphones by engaging consumers through both traditional methods and socially to humorously develop a conversation with consumers around the potentially devastating chain reaction effect of corded headphones.

The 33-day #CordFail campaign helped drive JBL headphone sales in US markets.

In total, the campaign drove more than 24.5 million social impressions (2.5X greater than 2014 daily average) and 3.3 million social engagements (2.75X greater than 2014).



¹¹ Shorty Awards: <https://shortyawards.com/7th/jbl-cordfail>

6. After-Sales Strategy

Solving customer queries faster

Consumer electronics brands have become increasingly dependent on consumer loyalty, online reviews, and long-term support in such a competitive marketplace, which makes a brand's after-sales strategy incredibly important.

After a purchase, the online support, troubleshooting, and follow-up process should be well-planned and seamless for consumers. However, providing a great, consistent customer experience is often complicated by the wide range of products that consumer electronics brands offer.

Leading brands see the potential for artificial intelligence (AI) to support both its customers and its support agents, thus providing better self-service for its customers and significantly boosting the effectiveness of its support agents.

They are leveraging chatbots and intelligent digital service assistants to provide carefully guided troubleshooting support around the clock.

Engaging customers after a sale turns good brand experiences into great brand advocates.

Example

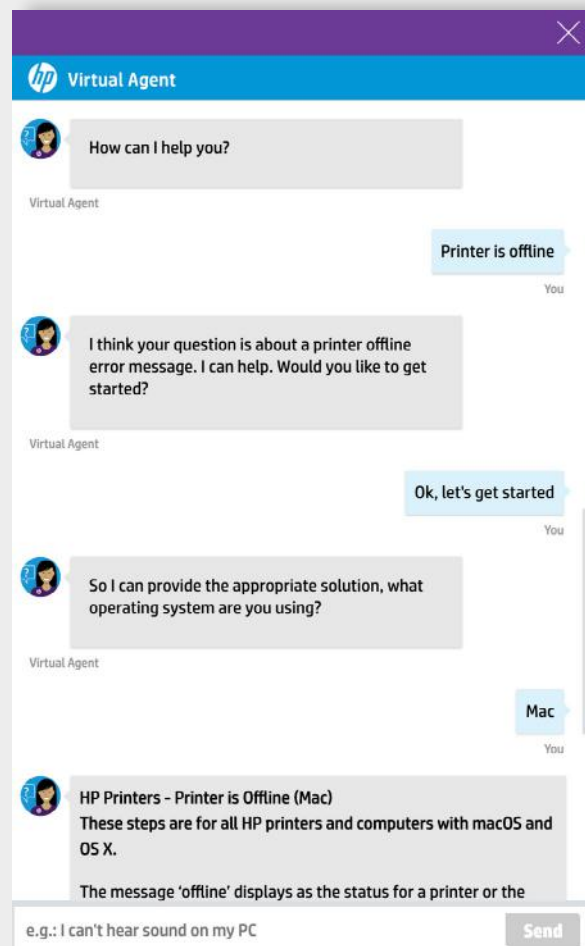


HP launched an AI-powered virtual agent¹² that is guiding HP customers to faster fixes on its customer support site.

It's continually learning new ways to help and is meant to provide customers with a faster self-service alternative to waiting for a human support employee to become available.

HP said the agent's already cutting down customer waiting times. HP receives over 600 million technical support requests each year, equivalent to 1,000 every minute.

With the bot able to takeover handling of basic queries, staff is freed up to focus on more complex issues.



¹² HP: <https://news.microsoft.com/transform/how-can-i-help-you-an-ai-powered-virtual-agent-is-guiding-hp-customers-to-faster-fixes/>

The Road Ahead

Today's consumer electronic brands are uniquely positioned to capitalize on emerging opportunities to profitably engage and stay connected with consumers.

In order to compete and win on the road ahead, consumer electronics brands must be able to:

- 1** Become fully 'retail-format agnostic' and leverage multiple channels successfully to stay connected and engaged with customers.
- 2** Optimize customer engagement and the brand experience across all digital, mobile, and in-store channels to create a seamless, holistic consumer experience.
- 3** Provide amazing, engaging physical and digital experience pre-sale, during the buying process, and post-sale to create lasting consumer relationships.

Optimizing and enhancing customer engagement is the key to success in the modern consumer electronics landscape. Consumers want to have a personal relationship with brands and they expect value and advantages that are customized to their interests.

Consumer-focused engagement strategies aren't going anywhere soon as they are proven to increase conversion, sales and retention.

By implementing proactive strategies for success and building a consumer-focused engagement model, consumer electronic brands can hope to be successful in years to come.



Why zoovu?

The digital world has enabled businesses to deliver products and services at a scale, providing unparalleled choice to consumers. However, many consumers are left struggling to know how to navigate the choices in front of them. This symptom is known as ‘choice paralysis,’ which leads to poor brand experience, poor conversion rates, high returns and loss of consumer trust.

zoovu’s digital assistants – driven by artificial intelligence – guide customers through the decision-making process as if they were having an insightful conversation with a member of staff. Enabling human-level engagement across all digital channels helps brands differentiate, significantly improve brand experience, increases conversion rates and reduce returns.

zoovu is partnered with premium Fortune 100 brands, serving over 60 million consumers a year, across more than 300 categories including consumer electronics, healthcare, banking and telecommunications.

For more information about Zoovu, please visit: www.zoovu.com



Increase conversion rate

Proactively assist and guide prospects to suitable products, solutions and services.



Grow revenues

Identify revenue opportunities in every interaction and proactively suggest products that meet prospects’ needs.



Engage and delight prospects

Delight prospects by providing the best customer experience in the industry.



Reduce operational costs

Reduce maintenance and support costs thanks to AI and machine learning-based automation.

“

Delivering a great customer experience starts with understanding what your customers want and taking action to deliver it. We needed a solution which presented the entire range Canon produced within a category but could accurately lead a customer to the right choice.

”

Rob Thomas

EMEA Marketing Strategy Director at Canon Europe Ltd.

Leading companies trust zoovu

HOLLAND & BARRETT

Wilson

Nikon

C O T Y

M MONOPRICE

amazon

Media Markt

Miele

ΚΩΤΣΟΒΟΛΟΣ

TREK

Canon

SONOS

CLAIROL

Purell

CALIFORNIA
COAST CREDIT
UNION

LUNA
SANDALS

MOROCCANOIL®

Microsoft

GRAVIS

IR

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See zoovu in action

About zoovu

We ask questions.

zoovu is the ultimate conversational marketing platform. We help brands and retailers ask questions to grow sales and increase conversion across chatbots, website and in-store. Our AI-driven digital assistants interact with millions of consumers every day to help find the perfect product.

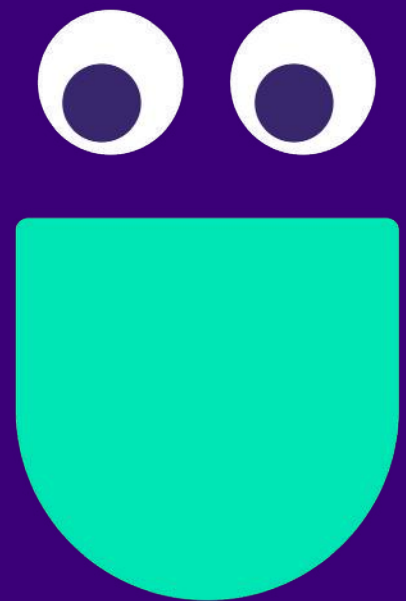
Our technology leverages complex behavioral data sets and learns from consumer interaction patterns with the goal of solving the 'I want' moment – the point in time when a consumer makes a purchase decision.

On average, zoovu clients see a 107% uplift in conversion and a 9.7% average order value uplift. Our commitment to combining the human touch with tangible ROI is at the core of who we are - without it, we'd be just another SaaS company.

More than 200 brands use zoovu digital assistants today, including Amazon, Coty, Whirlpool and Canon. Headquartered in New York and London, zoovu operates worldwide in 300+ categories and all languages.

To find out more visit www.zoovu.com

Want to get your own digital assistants? **Contact me**



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