

SAVY

How to be Nimble in Retail with Digital

Human connection through digital is
the great equalizer



Acknowledgements

Thank you to everyone who contributed to
How to be Nimble in Retail with Digital

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What have we gotten ourselves into?



How about the 2020s so far, huh? Usually the transition into a new decade is more gradient, less ultimatum at gunpoint. But, this is the world we live in now (fingers crossed 2021 doesn't ask us to "hold my beer").

"Usually the transition into a new decade is more gradient, less ultimatum at gunpoint. Fingers crossed 2021 doesn't ask us to 'hold my beer'."



We can throw everything we thought we knew about the world before the COVID-19 outbreak out the window. Retailers are among the groups most affected by the new normal, but in distinctly divergent ways. While many retailers fight to stay afloat, others struggle to meet unprecedented demand. No matter where you fall in the spectrum, your ability to cope with these newfound circumstances rides heavily on how digital-ready you were coming in or are becoming on the fly.

A small group of thought leaders and a retailer on the front line weigh in

on the situation and share how retailers can make it to the other side intact. Spoiler alert, it boils down to:

- A willingness to adapt using digital tools
- Identifying desperation versus exploration
- Moving more nimble, acting more human
- Dialing up the customer journey to an 11



"You can do this."



It's really not as difficult as it may feel. You can do this.

Dead brands walking



This is a moment unlike any other. While it makes sense to reflect on the economic beating exacted by the Great Recession and the psychological toll 9/11 left on the country, neither sets the full precedent for the speed and scope with which the COVID-19 outbreak has changed everything. The loss of human life is unfathomable, the monumental strain placed on those in health and emergency services is unconscionable, and the brick wall the global economy has slammed into is the stuff of nightmares.

The Spanish flu pandemic of 1918 teaches its lessons too, but 100 years ago there weren't any televisions to tune-in to for daily briefings, much less Zoom, Postmates, or Amazon Prime to curtail the effects of society gone sideways. In that particular regard, we enjoy a luxury that maybe isn't being fully appreciated or taken advantage of to its fullest extent.

"There are many retailers that are effectively dead brands walking,"



The most vulnerable retail businesses right now are the ones that have known digital was important but never prioritized it. Now they find themselves behind in the worst possible time.

"There are many retailers that are effectively dead brands walking," explains Steve Dennis, retail growth and innovation consultant, keynote speaker, and author of [Remarkable Retail](#). "They were barely getting by because they hadn't responded to the seismic shifts in retail over the past decade and now the impact of the pandemic is only going to exacerbate their challenges, unfortunately."

A crucible of companies

When you think about baselines in retail, there are normal cycles that markets generally follow. When demand patterns are pretty regular, businesses have the leeway to set up tracking and wait a few days, weeks, or months for data to trickle in.

"We have a lot of customers whose baselines are just completely useless now," says Lane Hart, Customer Success Team Lead at [Heap](#). "They need access to data in real time to make decisions by the hour and by the day."

In response, there's been an acceleration of focus on [leading indicators](#), factors that indicate change in advance of economic trends, rather than waiting for that good old trickle of data. By seeking predictive metrics over reactive data, retailers can start to move more quickly, more like an innovation lab

Data has never been more important. It's no longer a "nice to have" but

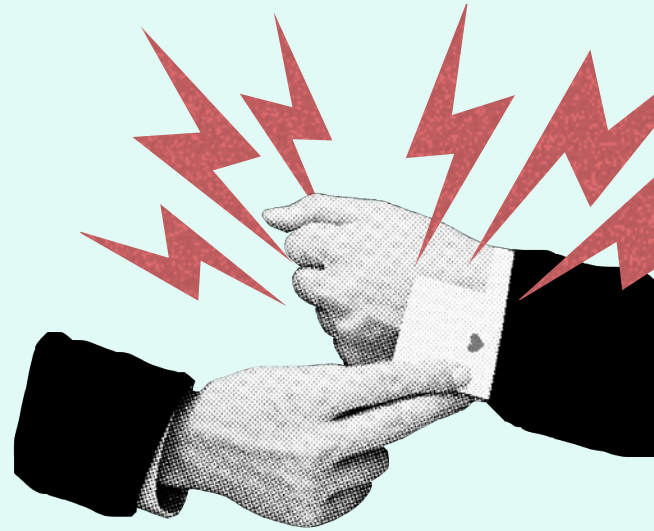
a requirement. Previously, inventory would be reconciled on a weekly basis with plenty of slack to fill all orders. Retailers that continue to find success today tightly couple supply and demand. The efficiency necessary can only be achieved with real-time feedback.

"It's really a crucible of companies now that will make it or not make it,"



"It's really a crucible of companies now that will make it or not make it," says Hart. "And a lot of that is predicated on how much data they have available about their consumers so they can serve them better."

Everyone's learning my tricks



Over the past month, Instacart:

- Order volume is up by 150 percent
- App downloads have skyrocketed by seven times
- Set out to hire 300,000 additional "Full-Service Shoppers" to meet demand

As the world finds itself in this desperate moment, many retailers will grasp to broad brush conclusions. Trends occurring during the pandemic may vary by business category and liquidity. You also may be finding out just how compelling your value proposition really is.

"Obviously, if you're in survival mode, you have to do what you have to do."



"Some of our clients that have a hybrid model with a 60-40 split between physical stores and e-commerce don't really have the luxury

of control. They are now losing 60 percent of their revenue in addition to paying rent on those storefronts," says Hart.

Unfortunately, these are the businesses that may need to optimize for the short term by freezing advertising spend or holding off on programs because they had to lay off staff.

On the other side of the coin are businesses that face the greatest demand they've ever seen. Those that can take this opportunity to invest in relationships and conduct more relevant, targeted testing will come out of this in a stronger position than when the crisis began.

However, no matter where you sit, you can't make too many assumptions that this is the way things will work forever. Most underlying trends are going to be distorted in the near term. Short-term thinking will hurt you on the backside. Choose investments that won't be thrown away when this moment is over.

Therein lies the beauty of digital. It comes with the power to throttle up or throttle down parts of your business in real time.



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Desperation versus exploration

If consumers need a certain product, and they're used to walking into a

store to get it and their only choice now is to buy it online, that is an act of desperation. He or she didn't intrinsically want to make that purchase online. In other cases, consumers who hadn't tried curbside delivery before may discover that they like it. This is an act of exploration that the consumer is likely to come back to even when it's not the only option available. Creating that pleasing customer experience plays a huge role in the future desirability and viability of your digital programs (more on that later).

For example, Best Buy and At Home didn't have strong curbside pickup programs before the pandemic, but [each](#) has [improvised](#) out of necessity. The same is true of many grocers that hadn't invested in curbside delivery previously but have been forced to Jerry rig it.

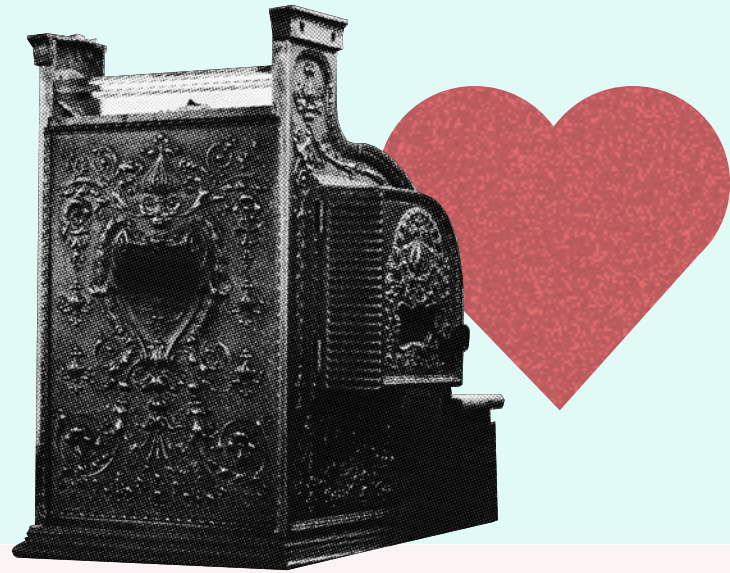
"I feel like everyone's learning my tricks now. People might realize that this is actually more convenient."



"I've always loved buying my groceries online," says Ken Yarmosh, CEO of Savvy. "I feel like everyone's learning my tricks now. People might realize that this is actually more convenient."

You may discover that some of the things you should have been doing all along may persist as well.

The human side of retail



Meet Misfits Market

- Based in Philadelphia, Pa.
- Brings fresh and affordable “misfits” produce to people everywhere.
- Reduces food waste at scale.
- Assists small – to medium-sized organic farms find direct channels to consumers.

Ecommerce retailers such as [Misfits Market](#) are connecting demand in real time. By achieving the aforementioned tight coupling of supply and demand, more people get boxes of food without having put themselves at risk by setting foot in a grocery store. Misfits Market relies on Heap to see the shifts in demand in real time.

“Heap has been really powerful for us,” says Janet Kim, Lead Product Manager at Misfits Market. “We could see the shift in traffic — the increase in direct and organic in particular — in mid March when things really started changing.”

That change has taken the form of eight times typical demand. It's been so profound, Misfits Market turned its paid marketing off to keep backend operations such as fulfillment viable. By pulling those digital levers and staying dialed-in operationally, it's been able to create an experience in which customers can see exactly what's available in certain areas on certain days.

Misfits Market shows remarkable agility for a startup that has only been around for a year and a half, but perhaps it shouldn't be surprising for a brand that refers to itself as intrinsically nimble.

“Misfits has had to behave like a bigger retailer from an operations standpoint by thinking through its infrastructure.”



“If another business looks at Misfits but writes off its success as nothing more than a side-effect of being in the service industry or having already been fully digital, they're missing the point,” posits Yarmosh. “Misfits has had to behave like a bigger retailer from an operations standpoint by thinking through its infrastructure.”

Indeed, Misfits Market has led its decision-making by paying particular attention to the human side of its business. It has [provided its employees](#) with protective equipment to maintain hygiene standards, added more lunch tables so staff can practice social distancing, and increased wages to help cover childcare costs and other essentials.

“There's always a human side to it, whether it's backend warehouse fulfillment or how with Instacart, there is a person going to the store and shopping on the customer's behalf,” adds Kim.

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Speed and agility doesn't happen overnight

Websites and digital properties are critical right now, not just for operational efficiencies and purchasing, but to create strong one-on-one connections with the humans on the other side of the computer. But, this kind of connection doesn't happen overnight. You have to start by adopting that mindset immediately.

At [Savvy](#), we talk a lot about fighting for the user and making decisions knowing there are people at the center of technology. When Misfits Market halted its paid acquisition strategy, it made the bold choice not to overload its operations despite the natural inclination to always generate new business. It's now reaping the rewards of being ahead on safety, backend systems, and the supply chain, while avoiding alienating new customers with a less-than-optimal experience.

Even then, sub-optimal experiences don't always lead to binary good-bad outcomes.

"Adding something as simple as live chat can lead to more graceful failures," suggests Yarmosh. "Considering everything all of us are dealing with right now — app crashes, being stuck in a queue, not being able to get a hold of anyone at unemployment, being classified as 'essential' for the first time — this is a great opportunity to think

to think these things through and allow the people that you're trying to serve to avoid yet another frustrating moment."

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Another way to communicate in a more human way is to look for opportunities to go beyond the red error message above the quantity box. You can add more empathy and a soulfulness to the experience by presenting substitute items or recipe suggestions, for example.

"Go beyond the red error message above the quantity box. Add more empathy and a soulfulness to the experience "



"Traditionally, Amazon incentivizes consumers to delay shipping in exchange for savings. Now, however, it's asking customers to delay their savings so critical supplies can be delivered to those in need. It's quite an interesting shift," observes Kim.

Looking at the why behind your brand is a meaningful exercise. To move with the speed and agility of Misfits Market, you have to see the human customer, not just how he or she fits into your segmentation schema. When you start making business decisions based not just on the savvy business move, but also on what's good for society, you're on the right track.

"Your product has to have some enduring quality," says Dennis. "It's about human-centric retail and what I hope will be a return to empathy. I think a reaction to the homogenization of 'over technology' was already coming; this crisis could be the catalyst for it."



"It's about human-centric retail and what I hope will be a return to empathy."



Learn how to surf these waves



It took landline telephone **75 years** to achieve what Angry Birds accomplished in 35 days on the market: reach 50 million users.

There is a lot coming at us right now. If you have the good fortune of volume, start conducting tests. Split your traffic two ways:

- **Low-touch:** Send some customers through a streamlined experience showing only options that are available
- **High-touch:** Give other customers access to greater human connection and live chat

If you don't have traffic to play with, take this opportunity to double-down on personalization at scale. That way, when your traffic does return, you can direct it to brand-new experiences.

Either way, you should be preparing to scale, whether that's meeting immediate demand or using data from the past to get ready for what's next. In the bleak chance that a second wave of the coronavirus returns next winter, you want to be positioned with the digital tools and not

repeat the same mistakes many of us just got done making.

"I have seen a lot of folks asking questions they've never asked before because they have more time to step back and think about their business very critically," says Hart. "Some realize they're not collecting enough data or context about points of interaction."

Use this time to go back and make sure you have the right context for every customer interaction. That context is extremely critical to make informed decisions. If life in 2020 has taught us anything, it's that we're kidding ourselves if we think we have a real sense of what the future holds. In the absence of predictability, we need to become fundamentally more agile.

Another correction Misfits Market had to make was to its content strategy. As the pandemic hit, it realized it needed to scrap its entire March content plan centered around recipes users could pack for lunch to eat at work. With the influx of new users who were not their usual cohorts, the company [pivoted to more basic topics](#) such as simple meals to make at home, how to stretch food longer, and recipes for kids. It has also used surveys to learn more about its new customers, such as their budget and cooking skills. Now it can respond much more quickly with highly relevant content.

Another way that the people at Misfits Market color their data is through customer stories and anecdotes shared on organic Facebook groups. There, they can tap into the most relevant discussions occurring in their community. Customers talk about the latest food they received and share tips on how to disinfect their box. In fact, these groups work together faster than Misfits Market could communicate

directly back to them. It's community that leads to culture, and the company embraces it all.

How do you build community and culture?

Being able to hear your community, preferably unmoderated, is what you're looking for. This is an ongoing commitment, not something you can change overnight. Oftentimes, the larger your business, the more removed you can become from that connection, so beware.

To start with:

- Set out to gain a deep understanding of the different types of people you serve and their customer journey.
- Eliminate the friction points that really annoy your customers and prevent you from serving them in the best way possible.
- "What gives you the biggest competitive advantage and helps you be truly remarkable is that 'wow,'" says Dennis. That wow can be a product feature, an interaction, extraordinary effort on live chat — anything that resonates and fulfills a functional or emotional need.
- Rather than being risk-averse, lead with a spirit of innovation. Try new ideas. You might surprise yourself and yield better conversions or grow basket size. During this crisis, brands are innovating, changing their supply chain and offering different products like critical medical supplies, and realizing it's not as hard as they thought.
- Vet your customer touch-points. What aren't you capturing? Should you add live chat, make more phone calls, leave a note in the box, capture Instagram posts?

- Finding and adding a few more pieces of context about users or events can unlock exponential possibilities for new testing.
- Put it all together and dial up the customer journey to an 11.

“Retailers better show up in a remarkable way early in the customer journey. If they don't — or worse yet, don't demonstrate competence — they may not even realize they really never had a chance to begin with.”

Traditional retailers can miss the mark on how the customer journey has changed. Don't make the mistake of seeing it as a linear progression that takes time. The funnel tends to be very volatile. Things change in nanoseconds. Under these circumstances, retailers better show up in a remarkable way early in the customer journey. If they don't — or worse yet, don't demonstrate competence — they may not even realize they really never had a chance to begin with.

Ultimately, your guiding light shouldn't depend on whether something achieves good ROI, but rather just doing the right thing by the consumer. Human connection is a great equalizer. Especially during this time when we're going through many of the same challenges at the same time all around the world, any surge of innovation can benefit many of us, not just the smaller groups.

“The waves are going to keep coming,” says Dennis. “They're going to come at us faster, sometimes higher, sometimes in unexpected ways. We have to learn how to surf these waves.”

In closing

Don't be a dead brand walking. You can be more nimble.

We can help.

Wax up your surfboard and let's get started.

Visit savvyapps.com or tell us how we can help at:
hello@savvyapps.com.

