



ZERO FRICTION FUTURE

Discover how improving customer experiences can deliver new growth opportunities for German businesses.

MEETING THE NEEDS OF THE CONNECTED CONSUMER

The world is changing fast. Digital connectivity has improved our lives for the better, and it has raised people's expectations, offering them every imaginable kind of choice. With mobile devices in hand, consumers have more power, voice and access to information than ever before. They're engaging with brands across multiple channels before making purchases and are less willing to suffer any inconvenience or invest extra time to get what they want. Once people make up their minds, they want products and services immediately.

In this age of instant gratification, creating a good consumer experience is essential. But many businesses are not keeping pace. 70% of German retail shoppers find at least one form of personalization valuable enough to make a future purchase.¹

Any additional effort, step or inconvenience in the purchase journey is friction.

¹"Retail/eCommerce Consumer Journey Study" by Accenture (Facebook-commissioned online study of 1,008 people). Germany data. June to July 2018



IDENTIFYING FRICTION IN YOUR BUSINESS

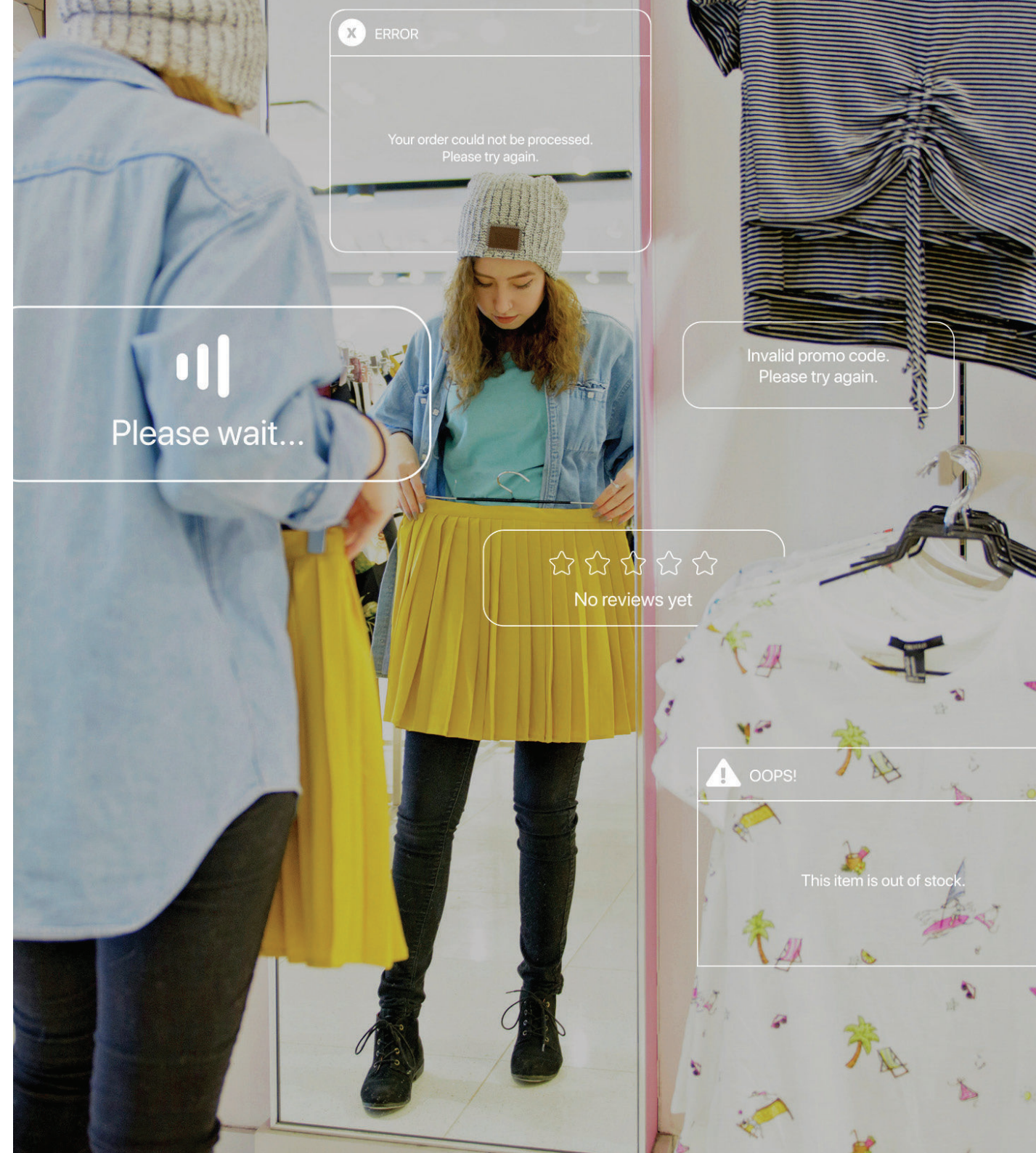
Friction can occur offline and online, and can happen at all stages of the purchase journey. It happens when people have to search for items in stores or on an app, wait in long lines, enter excessive payment information or even laboriously fill in details on physical or digital forms.

The more steps consumers have to take, the more opportunities there are for friction. Across an omnichannel customer journey, friction can occur at multiple touch points from discovery to purchase and even post-purchase. Online friction can include slow website loading speeds, a nonintuitive user interface and poorly designed search functionality.

Some businesses are already providing consumers with experiences that reduce or eliminate pain points causing friction. These leaders are in turn resetting consumer expectations, making them less tolerant of friction and more likely to switch to another brand or abandon their purchases entirely.² Almost half (44%) of Europeans believe they have more power compared to five years ago.³ Businesses that lag in optimizing their experiences stand to lose the trust of existing consumers, the attention of prospective consumers and billions of dollars in potential revenue.

² "Shifts for 2020: Mobile Service Economy," Facebook IQ, Aug 2017.

³ "Investigating the Forces Shaping the Customer Experience Battleground", Quadiant, 2017.

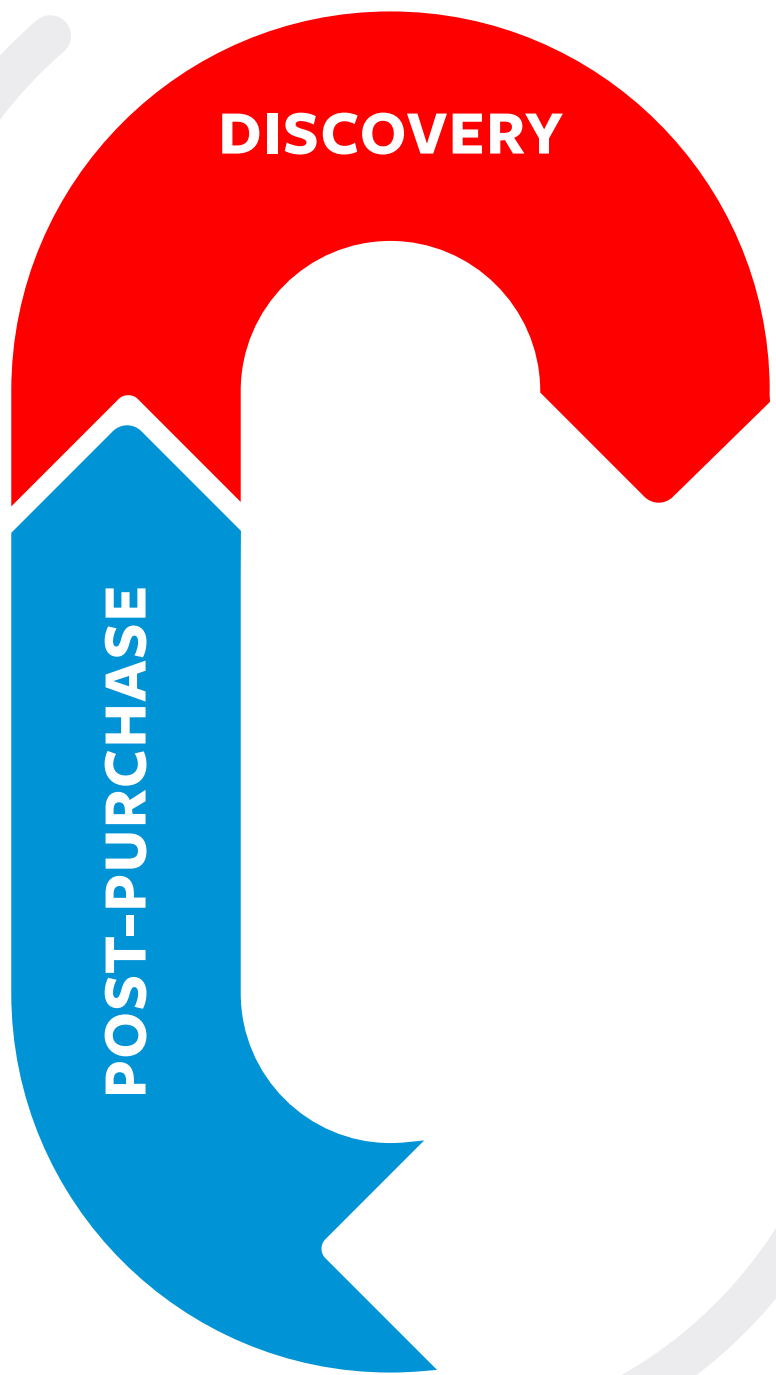


REDUCING FRICTION IS A €24 BILLION OPPORTUNITY

In 2019, the projected opportunity cost of friction for eCommerce businesses in Germany is €24 billion—and that is just for ecommerce alone. This friction will be driven by slow checkout processes and bad user experience design, according to web usability research company Baymard Institute. This represents an immense opportunity for businesses in any industry to reduce friction and grow their customer base.

“Sources: “40 Cart Abandonment Rate Statistics,” Baymard Institute, Jun 2018. “Retail Ecommerce Sales in Germany,” eMarketer, Dec 2018. Exchange rate of USD 1 = EUR 0.87, Oanda.com, Mar 1, 2019.





THE JOURNEY TO A ZERO FRICTION FUTURE

Friction occurs during 3 distinct phases of the consumer journey.

DISCOVERY

Inspiration | Browsing

Consideration | Checkout

POST-PURCHASE

Fulfillment | Post-delivery



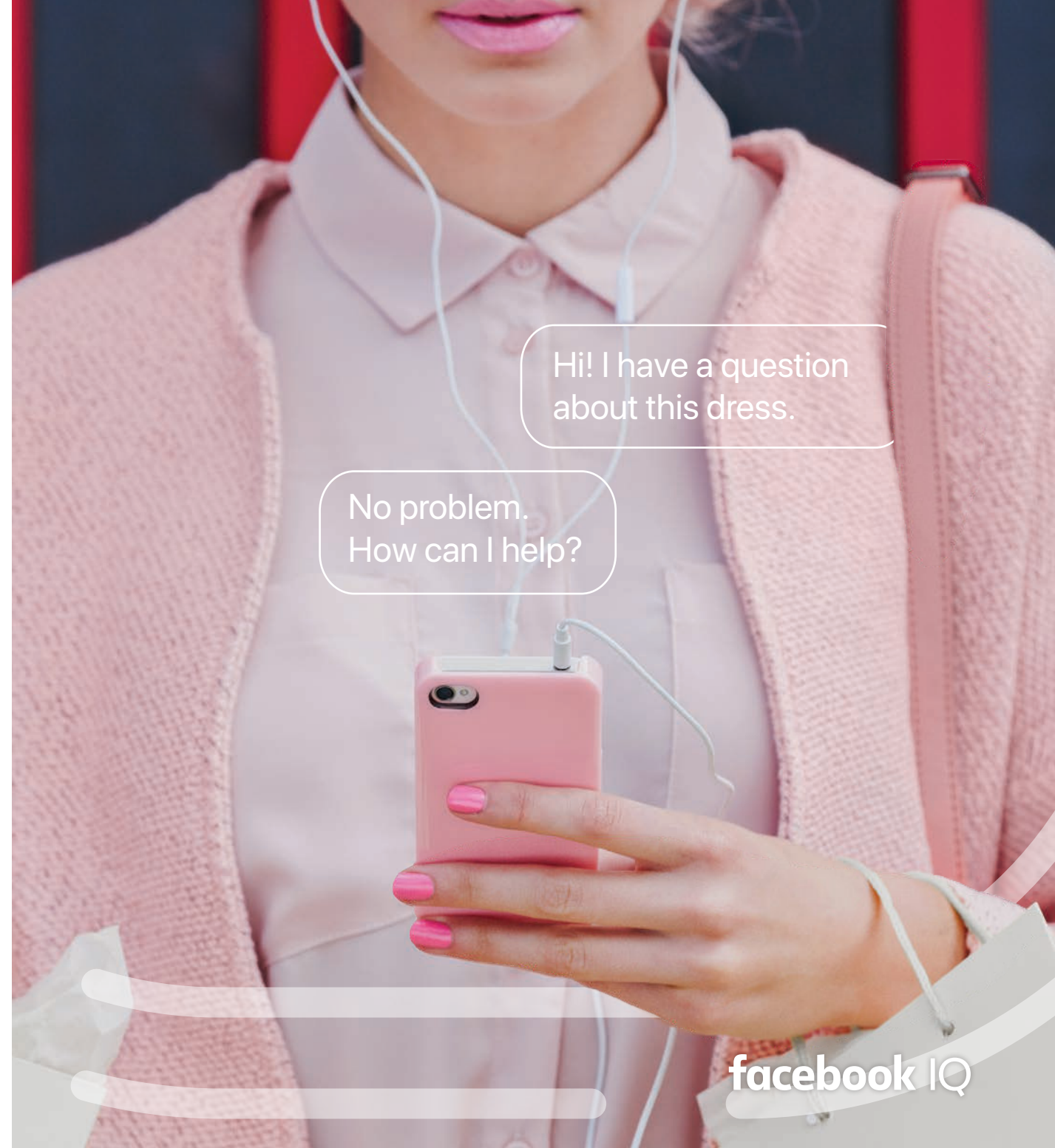
DISCOVERY

FRICION

Consumers expect a smooth experience and well-rounded support across every stage of the purchase journey. It begins with them first finding out about the brand, business, product or service. At this discovery stage, consumers want to find clear, concise, relevant information easily across channels. Any pain point that prevents a prospective consumer from doing so is a cause of **discovery friction**.

Businesses should adequately raise brand awareness through online and offline channels and provide comprehensive information that is easily accessible, localized and relevant to each individual market. This can help prevent customers from losing interest and dropping off before completing purchases. 67% of German fashion shoppers would like to receive some type of info/offers from fashion retailers or brands after purchasing.⁴

⁴Source: "Fashion Consumer Journey Study" by Accenture (Facebook-commissioned online study of 1,390 people). Germany data. November 2018





DISCOVERY FRICTION AND PAIN POINTS OCCUR IN 2 MAIN CATEGORIES:

INSPIRATION

People need relevant information about products and services—and how they can address their needs. If ads are lacking, irrelevant or fail to target the right audience across online and offline platforms, customers can't discover what they don't come across or remain wholly unaware of.

BROWSING

Consumers can't buy what they can't find, and that includes if they encounter difficulty accessing store locations, long website load times and online or offline stock shortages that make it difficult to learn more about the product.

HOW RALPH LAUREN REDUCED DISCOVERY FRICTION TO REACH NEW CUSTOMERS

Luxury apparel and lifestyle company Ralph Lauren wanted to provide frictionless shopping experiences that help people easily locate and purchase the right items.

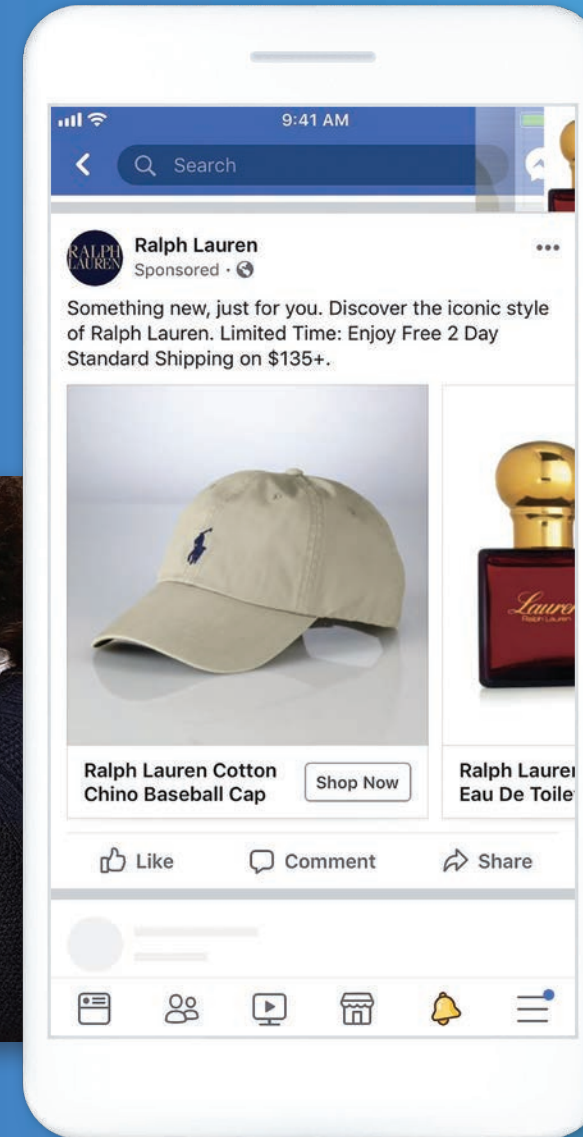
To find and attract new customers, the marketing team used Facebook's dynamic ads for broad audiences to reach people who may be interested in the brand's retail offerings, showing them ads for products relevant to their activities and interests.

9.6x

higher lift in
incremental online
purchases

88%

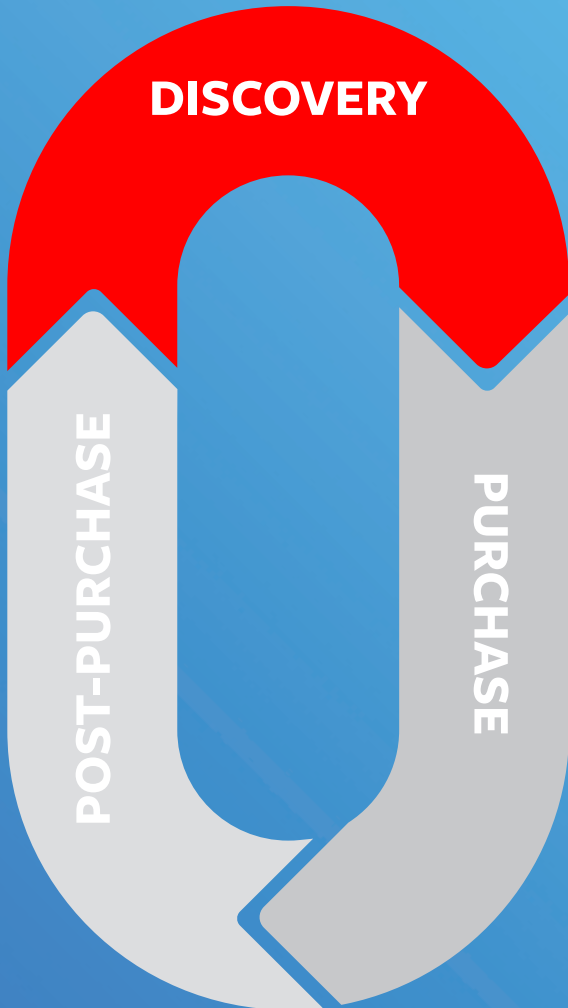
decrease in cost per
incremental purchase





DISCOVERY

PAIN POINTS



INSPIRATION

BROWSING

 =Top friction points

Online and in-store

- Prospect unaware product / service exists
- Lack of detailed product information
- Irrelevant ads/offers
- New products not easy to spot/locate
- Products appear too perfect / fresh / authentic in ads vs. reality
- Ad content (e.g. language, price, sizes) not tailored by country
- No product reviews/ratings
- Can't chat or ask for help
- Lack of product usage advice

- **Items out of stock**
- **Unclear proposition for customers** (e.g. stock up, fill in)
- **Lack or excess of assortment** (e.g. too few / many SKUs, high share of pvt. label, lack of color/size/fit)

- In-store promotion does not match online promotion & vice-versa
- Provision to customise products not available or promoted

Online only

- **Ads link to wrong page/product**
- **Prospect can't touch or try products**

- **Too much personal information asked**
- **Website doesn't show in-store stock availability**

- Website lacks trust/legitimacy
- Long load time due to bad design
- Website not mobile optimised
- No clear call to action online
- Retailer doesn't validate seller's legitimacy
- Bad search functionality (e.g. non-intuitive design of search options, irrelevant results)
- Product filters difficult to use (e.g. hard to locate filter on UI, too many options per filter, appear more like a sorting tool)
- Website doesn't show which store carries products

In-store only

- **Lack of parking spaces / inconvenient store location**

- Inconvenience due to stores' hours of opening
- Hard to navigate store
- Bad product shelving
- Short product shelf life



BUY NOW

“When you look at shopping and retail, one of the top issues people have is with checkout. Consumers are walking around with a computer in their pocket, so let them use that computer to complete the transaction.”

— JAMIE IANNONE, CEO OF SAMSCLUB.COM⁵

⁵ Jennifer King, “The Future of Checkout Lies with AI, Scan and Go,” *eMarketer Retail*, Mar 2018.

PURCHASE FRICTION

Long wait times, clunky or inefficient point-of-sale systems, multiple forms, limited payment options and transaction failures can all make the online and offline path to purchase unnecessarily cumbersome. 39% of respondents (including those from Germany) abandoned their cart because they faced problems in entering personal details.⁶

These pain points create **purchase friction**, and it is equally prevalent in stores and in digital journeys when consumers experience unexpected steps and processes, even after selecting a desired product or service. Requiring consumers to travel long distances to reach outlets or even navigate through complicated interfaces or complex directories are common pain points.

⁶"Fixed failing deliveries: Improving data quality in retail"Addressy, December 2017





ORDER NOW

59%

of German holiday shoppers experienced at least one problem while holiday shopping on a mobile device, most commonly “font size too small” (22%)⁷

⁷“Facebook 2019 Holiday Study” by Ipsos Marketing (Facebook-commissioned online study of 43,877 people ages 18+ across 29 markets (AE, AU, AR, BR, CA, DE, ES, FR, GB, HK, IT, JP, KR, MX, PH, PL, TH, CL, CO, CZ, DK, ID, IN, NL, RU, SE, TR, US and VN)), Jan 2019. Germany-only data.

PURCHASE FRICTION AND PAIN POINTS HAVE 2 MAIN CATEGORIES:

CONSIDERATION

As consumers consider which products they want, problems can steer them away from purchasing. These include missing prices, unclear delivery options and costs, shopping carts that don't save items and even a lack of click-and-collect options that allow shoppers to pick up pre-purchased items in-store.

CHECKOUT

Consumers may experience pain points that make it difficult to buy their selected products or services, including a lack of cross-device or channel functionality, hidden charges, difficulty completing payment information fields or extra steps to complete a purchase.

HOW CARREFOUR ITALY ATTRACTED DINERS TO STORES WITH LOCATION-RELEVANT ADS

Carrefour Italy wanted to encourage more people to visit their physical stores and take part in their temporary promotion. They used the Facebook store traffic objective to reach people on mobile who were near store locations with personalized ads.

The French supermarket giant boosted in-store sales, lowered its ad costs and attracted 285,000 people to its stores nationwide.

The ad's call-to-action provided directions to the closest Carrefour, so grocery shoppers could easily get to the closest store.

people visited a Carrefour after seeing an ad on Facebook

lower ad costs compared to paper flyer advertising

of people reached visited at least one of 235 stores





PURCHASE PAIN POINTS



	CONSIDERATION	CHECKOUT	=Top friction points
Online and in-store	<ul style="list-style-type: none"> • In store experience not as personalised as online (e.g. highly personalised content & promos online don't translate in-store) • Lack relevant product suggestions • Product not appropriately priced (e.g. affordability within Fashion, price difference for same SKU across grocery chains or same store of a chain) • Prospect found cheaper options at other sites before checking out • Can't order out-of-stock items • No option to buy online and pick up in store 	<ul style="list-style-type: none"> • Loyalty programs & discounts not intergrated (e.g. loyalty card needed on-hand to avail discounts) • Preffered payment method not available (e.g. credit card, wireless, bank transfer) • Coupon or promotion date windows are too short or not convenient • Multi-device journey not smooth • Transaction delay / failure • Credit card declined on shopping in too many nations 	
Online only	<ul style="list-style-type: none"> • Shopping cart doesn't save items for return sessions • Hard to update shopping cart items • Unclear delivery options and costs (e.g. shipping cost, availability of overseas delivery) 	<ul style="list-style-type: none"> • Late or no notification of items out of stock after checkout • Transaction/browsing history not saved 	
In-store only	<ul style="list-style-type: none"> • Lack of services to ease shopping (e.g. Gifting, weighing fresh items) • No auxiliary services (e.g. concierge, dry clean) 	<ul style="list-style-type: none"> • No additional checkout lanes for "specific needs" (e.g. weighting, cash payments, self checkout) 	

68%

of German consumers would switch to an alternative retailer as a result of a poor returns experience. 69% of them would do so if the problem resolution system is poor. 24% of German consumers have had a poor problem resolution experience.⁸



POST-PURCHASE **FRICTION**

Once payment is completed, consumers expect rapid fulfillment, status updates—including purchase confirmation emails and delivery timeslots—and support for their product or service. **Post-purchase** friction occurs when consumers experience impediments to receiving products or services, or are unable to easily access guidance needed to use or repurchase the product.





35%

of German fashion shoppers say past experience with a brand's customer service is influential when deciding which fashion items to buy⁹

⁹ "Source: "Fashion Consumer Journey Study" by Accenture (Facebook-commissioned online study of 1,390 people). Germany data. November 2018

POST-PURCHASE FRICTION AND PAIN POINTS HAVE 2 MAIN CATEGORIES:

FULFILLMENT

No matter the industry, fulfillment, customer support and service are essential to any successful business. Consumers might face difficulties with a newly purchased product or service, such as struggling with delivery tracking, missing packages or even damaged items. A bad customer service experience increases the likelihood of customers switching to a competitor. 35% of German fashion shoppers say past experience with a brand's customer service is influential when deciding which fashion items to buy.¹⁰

POST-DELIVERY

Just as it is important for consumers to shop and browse on their own terms, it is equally vital for consumers to be able to return their purchases easily and be rewarded for their loyalty. Returns not accepted in stores, delayed or slow reimbursements and a lack of a loyalty rewards program disrupt their overall experience.



HOW KLM MADE CUSTOMER SERVICE SOAR WITH MESSAGING

The airline wanted to improve its customer service by making it easy for customers and agents to have meaningful conversations on social media.

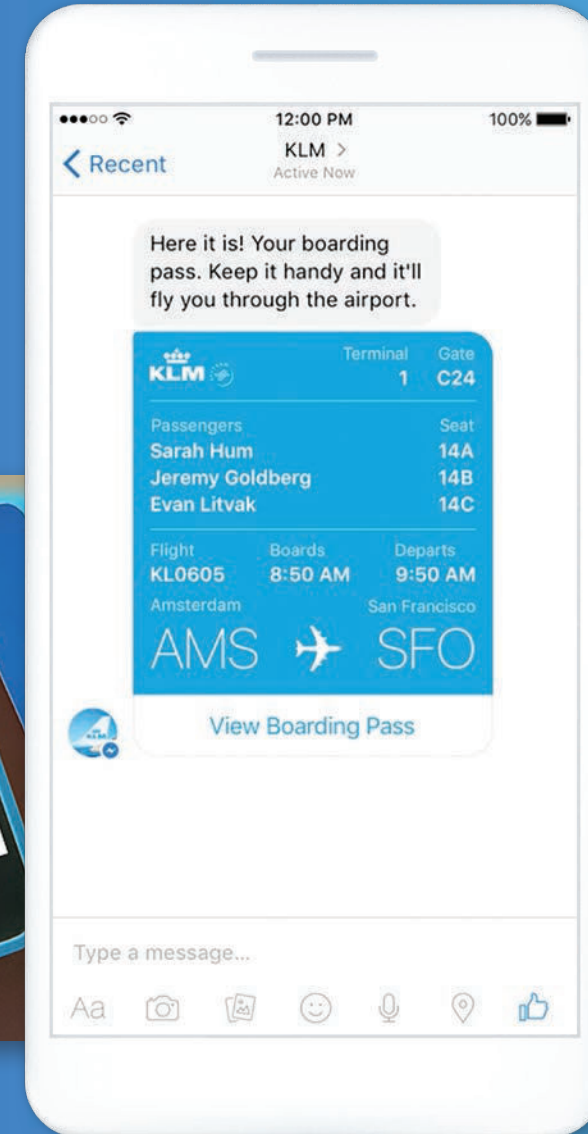
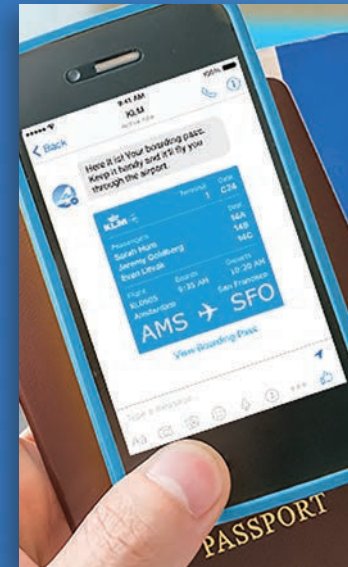
KLM implemented artificial intelligence for its social media channels to respond to messages. On Messenger, KLM engaged with customers post-purchase, sharing flight information such as booking confirmations, check-in notifications, boarding passes and flight status updates.

40%

increase in customer interactions with Messenger

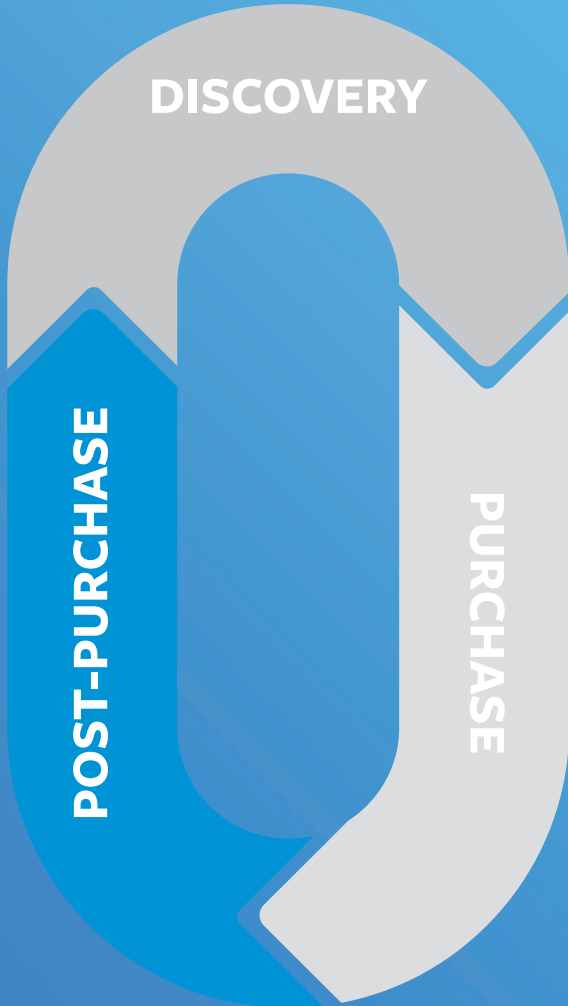
5-point

higher average Net Promoter Score on Messenger than goal





POST-PURCHASE PAIN POINTS



	FULFILLMENT	POST-DELIVERY
Online and in-store	<ul style="list-style-type: none"> • Slow, inflexible delivery arrangements (e.g. long delivery time, no provision to deliver when customer requests) • Products delivered are incorrect, damaged or not complete (e.g. don't match the description / picture on website, broken, fake, part of a partially delivered order) • Customer service attendance not adequate (e.g. inconvenient hours, long wait time) • Limited customer support channels (e.g. email only, no real time chat option) 	<ul style="list-style-type: none"> • Aggressive upselling/cross-selling (e.g. unwanted support service, accessories) • Poor returns redressal process (e.g. no updates on return status) • Return not free of charge • Returns not easy to make (e.g. too many steps to initiate, slow to process, opaque on reimbursement)
Online only	<ul style="list-style-type: none"> • Helpline numbers for call centers causing customers to pay for service • Call center staff not fluent in the language (e.g. poor communication on calls) 	<ul style="list-style-type: none"> • No subscription option for repeated purchases • No suggestion on frequently purchased items • Constant retargeting of products already bought • No loyalty programs or rewards • Subscriptions to unwanted automated email programs • Loyalty offers/gifts not personalised • In-store returns not accepted • Lack returns policy/process information • Slow reimbursement post-return
In-store only	<ul style="list-style-type: none"> • Poor order / delivery tracking (e.e delayed / cancelled orders with or without a touchpoint or notification) 	<ul style="list-style-type: none"> • Difficult to leave reviews/feedback

=Top friction points

STEPS FOR REDUCING FRICTION

While the opportunities, pitfalls and solutions around friction are clear, the question remains—where to begin?

We recommend 3 simple steps to reduce friction in your business.



1

MAP

Your top priority should be to know your consumers. Understand who your consumers are and what has brought them to your business. Identify what steps they had to take to complete their purchase journey and most importantly, what pain points they encountered at each phase.

Conduct a thorough review of your website and mobile data to identify inefficiencies and where the biggest customer drop-offs in your existing process occur. Consider customer surveys, ethnographic research and stakeholder interviews to supplement those findings. When you understand what potential consumers need and any obstacles they might encounter with your brand, you can remove friction and make their experiences better.

2

ANALYZE

Once the results are in, examine the data and evaluate how these friction points affect your business. Dig deeper into the findings to evaluate which friction point caused the biggest missed opportunity, most likely when most consumers dropped off. After determining which friction point caused the biggest revenue loss, calculate the projected business growth if that were removed. Hold ideation sessions and workshops, and then prioritize areas that would have the most impact on your business.

3

IMPLEMENT

Following the analysis, formulate a strategy that alleviates friction and improves the consumer experience. Find partners and experts who can work with you on this. While the process can seem challenging, continually testing and learning will help you create better customer experiences.

CONCLUSION: A ZERO FRICTION FUTURE

Now, more than ever before, businesses must take the necessary steps to reduce and eliminate friction.

Consumers who experience pain points are more likely to abandon the purchase journey at every phase, or switch to a competitor that promises a smoother, hassle-free experience. Simply put, multiple sources of friction will negatively impact your bottom line. Ignoring these pain points can lead to higher marketing costs, loss of customer loyalty and trust and a lower market share.

Where are the bottlenecks in your business? What obstacles are your consumers facing?

Removing friction is no longer a nice-to-have option—it's a must for every business that wants to remain relevant to the mobile-first, demanding shoppers who value speed and ease. Businesses that successfully identify friction and remove it will gain a competitive edge and create a Zero Friction Future for their customers.

HERE IS A CHECKLIST TO ASSESS FRICTION IN YOUR BUSINESS:

- ✓ Do you observe a high percentage of drop-offs before purchase, but are unable to identify the reasons?
- ✓ Do you have a strong brand, but the market share or sales numbers do not often reflect this?
- ✓ Do you see increasing complaints or negative feedback from your customers?
- ✓ Are significant portions of your business processes manually driven?
- ✓ Do you see your competitors offering more omni-channel and streamlined services?





ABOUT FACEBOOK IQ

Facebook IQ delivers the insights you need to understand consumer behavior, drive more effective marketing and transform how your business reaches people. Learning from the billions of people on our platforms and the millions of businesses that advertise with us, we provide insights into behaviors both on and off our platforms across generations, markets, devices and time. Our original research and interactive tools help you find insights to inspire and inform your own campaigns.

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