cx digital

DESIGNING IMMERSIVE CUSTOMER EXPERIENCES

What Nike can teach you about what's next

CASE STUDY

Excerpt from the upcoming book: *The Digital-First Customer Experience – Seven Design Strategies from the World's Leading Brands*

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Overview

Think of a time when an experience completely overwhelmed your senses. Maybe it was your first ride through Disney's Space Mountain as a kid or seeing your beloved baseball team send a game winning home run over the right field bleachers defeating their archrival. The anticipation of the pitch, the crack of the bat, the moisture in the early evening air serving as a container for the suspense, until the ball's trajectory met the spectator's gaze – all rise and cheer - the game is won!

Moments like these are memorable not only because of the meaning they hold for us, but because so much of our mind and body are fully immersed in the experience. Digital technology creates the opportunity to shape highly immersive experiences for customers, ranging in intensity from the virtual fitting room mirror to complete virtual reality experiences that use head mounted devices (HMD) to generate digital reconstruction of physical objects and spaces through their three-dimensional representation.

Immersion can be thought of as ''the pleasurable experience of being transported to an elaborately simulated place'' and ''the sensation of being surrounded by a completely other reality that takes over all our attention and our whole perceptual apparatus.''[1]

Tim Cook, CEO of Apple believes that "Augmented reality is going to change everything."[2]

This excerpt from our upcoming book explores how you can embed immersive experiences to create empowerment in ways customers *truly* value. But it begs the question: given the level of investment you may need to undertake to provide these sorts of experiences, which of those opportunities will have the greatest impact on retention, spending and advocacy?

Social scientists use a method to measure these sorts of things: *The Stimulus–Organism–Response (S–O–R)* a model describing how perceived stimulus/stimuli evoke consumers' internal feelings which subsequently produce their actions and behavior. S-O-R is particularly useful in considering the degree to which technology-mediated immersive experiences have a positive impact on consumer behavior. A study[3] that explored this question associated with "phygital" experiences (not a typo – "phygital" has been defined as 'a retail experience combining physical features and digital features in the same point of sale'). The researchers wanted to better understand if cross-channel integration (both physical and digital) influenced consumer retention. What they discovered was consumer empowerment does play a key role, especially in retailing and it has the potential to facilitate the customers' ability to control their purchase choices and navigate the customer journey as they like. Also, a cross-channel experience will typically provide more options, giving consumers choices that are relevant,

provide progressive cues and, when informed by a social context, contribute to greater empowerment.

Their findings validated that cross-channel integration significantly affects customer retention and blending digital and physical touchpoints, while initiating communication offers multiple benefits to both retailers and customers.

NIKE, Inc.

What Nike presents in terms of an omni-channel; immersive experience is impressive. When a Nike member enters a Nike store, all their data from past interactions, purchases, app usage, events, and activities, is used to enable virtual assistants to provide a personalized, immersive product experience through recommendations and content based on their captured preferences.

Figure 1- Credit: Shutterstock

Store Formats: Today, Nike boasts several store formats which include Nike Live, Nike Rise, Nike Unite, and the Nike House of Innovation (HOI). All Nike store formats give importance to local communities by leveraging data analytics. Every week, thanks to insights into their customers' behaviors and buying patterns, the stores display new footwear and apparel assortments to answer local needs. Each of their retail formats merge digital and physical channels, including interactive displays, self-service checkout, as well as other services enabled via the Nike App, including the Nike Fit technology and access to physical and digital events.

Delivering an Immersive Experience: At the store in New York's SoHo district, customers, assisted by a personal coach, can try on shoes in several simulated sporting environments (e.g., a basketball half-court, soccer trial field, and outdoor track)[4] to determine their favorites. Training treadmills and indoor courts allow shoppers to test shoes and assess their movements, educating customers before they purchase. In addition to innovative product tests, Nike creates a retail environment that feels like an art gallery, a celebration of athletic performance, with some stores focused on very targeted customer segments. For example,

the company has opened women-dedicated stores providing services such as Bra Fit consultations, as well as female-focused consultation using data analytics and expert personnel. Another example is the running assessment technology (powered by treadmills and smart cameras) in numerous stores, allowing Nike retail athletes (how Nike describes their frontline employees) to recommend the shoes that best fit the customer, based on the results of the test.

Taking it "to the basket" - Nike's House of Innovation: To the untrained eye, entering the New York City, 68,000 square foot House of Innovation (HOI) on 5th Avenue may appear like digitally turbo-charged athletic/fashion meets high tech art gallery. But to a Nike member, this is about as immersive as a retail experience gets. Upon entering the store, the member is greeted with a "Welcome to Nike New York" screen on their mobile device to begin their curated experience. All their color preferences, favorite sports, shoe size etc., are already poised to personalize the experience for the customer.

The inside spaces are digital, agile, and able to interact with consumers delivering personalized and engaging experiences. Moreover, New York's HOI features customizable internal walls and floors that can be rearranged into new configurations, dedicated to hosting special launches and events.

Interactive Displays: A main objective of the store itself is to provide an engaging shopping experience responding as quickly and personally as its digital counterpart. For example, each dressing room showcases the career of a particular Nike athlete via digital displays shoppers can control, to access different features.

Digitally Connected Mannequins: Nike learned that consumers really like mannequins, but they get frustrated when they can't find the product that's on display. In the HOI, the Nike member simply scans the QR code, and all the products displayed are listed on their smartphone and can be selected for the customer to try on a few options , in their size, queued to be delivered in a few minutes to an assigned fitting room.

A Digital-enabled Fitting Room Experience: Speaking of fitting rooms, this part of the experience has traditionally been a chronic problem for most retailers. The HOI seems to have solved this problem. Once your selected products have been delivered, you can view them in different lighting modes including "yoga studio" or "indoor gym"[5] etc. Better lighting makes them more conducive to taking selfies, which Nike discovered their customers like to do.

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Reserve, Pick-Up, and Instant Checkout: A store this popular can get quite busy. For the customer who knows what they want, they can purchase their product of choice online, and have it ready to be picked up at a locker when they arrive. They go to the Instant Checkout station, scan the product QR code and off they go.

Speed Shop: The Nike Speed Shop, located on the ground floor stocks its shelves, using data based on the community's buying patterns and local SKU sales., Ensuring frictionless access to city favorites, without local customers having to visit the whole store to find them.

Sneaker Lab: The Sneaker Lab is a place dedicated to the brand's newest shoe models and provides a museum-like experience to sneaker enthusiasts. It includes exclusive launches, limited colorways, a women's zone, and the Sneakers Lounge, an area devoted to "sneakerheads" where the most popular products are released.[6]

Product Testing Experience: HOI and other Nike retail concepts have implemented numerous trial zones, such as the Kids Pod in Paris, treadmills, and a temporary basketball half-court in NYC to get live feedback from customers on products.[7]

Community: One key aspect that emerges from every activity of the brand is its commitment to creating an inclusive community based on respect and people empowerment. The messages that Nike is spreading through its campaigns are reflected inside the stores. An example of this is the range in mannequin sizes, heights, and body types.

Sustainability: As a part of its Move-to-Zero program, Nike stores use recycled materials. For example, the staircase in NYC is made entirely out of recycled shoes. Moreover, the stores are actively promoting Nike's sustainable technologies and collections, such as Next Nature footwear, and the Nike Refurbished Program. The Nike Reuse-A-Shoe Program collects end-of-life Nike shoes to create Nike Grind, a product that comes from manufacturing waste, unused materials, and end-of-life product that Nike has been incorporating back into product, retail spaces, workplace environments, athletic facilities, skateboards and more for nearly 30 years.

Heidi O'Neill, President, Consumer and Marketplace, had this to say about Nike's approach to reinventing retail and the House of Innovation:

> I can serve you better at Nike House of Innovation in New York because I know what you prefer through your experience on the Nike app. If I know you're training for a marathon, I can better serve you…. But it starts with the consumer. The ecosystem is working to be your personal shopper, but also to be your personal trainer, your running coach. People want more from Nike than buying stuff.[8]

Nike By You: For those Nike members who wish to create their own pair of Nike sneakers, the Nike By You website provides a variety of styles to customize a pair of lifestyle or performance shoes to their own personal preferences, including a personal ID in some cases. The shoes take two to five weeks to arrive depending on the style selections chosen.[9]

Data Analytics, Computer Vision, AI and Personalization: The company has been strategic at acquiring technology firms to extend their personalization capabilities. For example, two of these, Zodiac[10] and Celect both provide predictive analytics capabilities, but the former is a market-focused platform that aligns the right marketing offers to the right individual customer, while the latter, Celect, represents the other side of the same coin,

allowing Nike to optimize inventory based on hyper-local demand predictions. Both 'onstage' and 'offstage' activities are synchronized to ensure supply can be fulfilled as demand is generated.

Two other acquisitions; Invertex[11] (computer vision innovator) and Datalogue extended the firms abilities to exploit the data collected from mobile apps, websites and retail stores to understand customer habits and predict purchase behaviors to create cutting-edge technology, such as Nike Fit.

The Nike Fit app uses augmented reality-infused technology to take a picture of your feet (stand back to a wall wearing plain socks that contrast with your floor) and measures them to determine your exact shoe size. It takes just a few seconds but achieves a better result than the standard sizing tools we have all experienced in a shoe store because it considers the entire morphology and anatomy of your feet, rather than just length and width.

Figure 2 - Credit: Nike

To accomplish this, the app taps your smartphone camera and applies computer vision, machine learning and recommendation algorithms. Once scanned, Nike provides "best fit for you" suggestions: A product personalization program so once you search for shoes to buy, you will only see a selection of shoes in your size for any given pair of sneakers they carry.

Summary
The combination of these linked digital assets represents the way digital and physical come together to generate a deep level of immersion into the customer experience. The adoption of any one of their mobile apps makes it possible for Nike to engage and sell directly to customers, offering a fully customizable, personalized buying experience based on both stated preferences as well as actual customer behaviors.

Order your copy of *The Digital-First Customer Experience: Seven Design Strategies from the World's Leading Brands* today.

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