

## London Tech Week 2017, Part 1: Introducing Translucent Payments and Conversational Commerce



- 1) In-store video cameras and beacon technology can enable shoppers to skip checkout lines, just as the Amazon Go checkout-free store does.
- 2) In the future, we will see machine-to-machine commerce, whereby intelligent machines will negotiate and agree to payments with other machines.
- 3) Conversational commerce helps retailers provide better customer service and leads to increases in key performance indicators such as conversion rate, average basket value and customer satisfaction.

Fung Global Retail & Technology is attending various events at London Tech Week 2017 this week. This report features our top takeaways from events we attended at the conference on Tuesday, June 13, and Wednesday, June 14.

### Translucent Payments and Machine-to-Machine Commerce

We heard from Daren Pickering, Innovation Architect at payments firm Worldpay, on the rise of robots across industries. He noted that technology for authenticating payments now ranges from biometrics to computer vision (i.e., facial recognition). Pickering's other main points included:

- The Amazon Go grocery format that is being trialed in the US relies on technology such as facial recognition to attribute purchases to customers automatically, without the need for them to go through physical checkout lines. Worldpay terms this an **invisible payment** process.
- Worldpay is developing an alternative to Amazon Go that includes a payment-consent stage. The company refers to this process as **translucent payment**. The process relies on in-store beacons to detect users of a retailers' app and on in-store cameras to recognize customers at the point of sale. These technologies in combination will enable shoppers to buy products without going through a



checkout line: Worldpay's system simply asks shoppers for approval for the payment as they leave the store.

- In the future, we will see **machine-to-machine commerce**, whereby intelligent machines will negotiate payment terms and agree to payments with other machines. Pickering noted that this could, for example, include self-driving cars paying other intelligent machines for parking.

### Conversational Commerce

Conversational commerce refers to messaging applications that enable shopping, customer service or inquiries. Steve Turner, Enterprise Business Manager at social platforms provider iAdvize, showcased how conversational commerce can help retailers provide better customer service. Turner noted that it can lead to increases in performance indicators such as conversion rate, average basket value and customer satisfaction.

Digital channels record persistently lower conversion rates than physical stores do: digital conversion averages about 2%, while physical stores see average conversion rates of about 15%. Turner said this is mainly because customers' interactions with retailers online are of lower quality than their interactions with human associates in stores. When conversational commerce solutions are implemented, retailers see an increase in conversion rates.

Turner said that retailers implementing these solutions must find the right balance between cost and quality of the assistance provided, and that they need to consider the following:

- **Which customers to focus on:** Retailers should give priority to customers who are more likely to buy. This group can be identified by analyzing customers' browsing behavior and shopping history.
- **What channel to use for the interaction:** The choice of the channel depends largely on the customer segment the retailer is targeting. Channel choices include desktop or mobile and specific messaging app, such as Facebook Messenger, WhatsApp, Instagram or WeChat.
- **How to connect the customer with the right contact:** In-house agents deliver the best customer service, but their scalability is limited. Chatbots are widely scalable, but deliver lower-quality assistance. So, chatbots are often best used for introductory and repetitive conversations with customers and to help with basic questions. When more sophisticated assistance is needed, customers can be referred to human agents.

Turner highlighted House of Fraser as an example of a UK retailer that is successfully implementing conversational commerce. House of Fraser previously interacted with online customers only via email. More recently, the company turned to conversational commerce through live chats and Facebook Messenger. Among the group of customers who used conversational commerce, House of Fraser upped its e-commerce conversion rate to 28%, increased its average basket value by 23% and brought its average customer satisfaction rate to 86%.

- Keep an eye out for our second report on London Tech Week.



FLASH REPORT

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