
*Selling the intangible:
building trust for service brands
through the retail experience.*

A key challenge for 'service brands' is that, unlike product brands, what they sell is intangible. Because of this consumers place more emphasis on trust. This is even more important in post-recessionary times when consumers look for stability and transparency from the brands they choose. But what we are now seeing is a shortfall in trust in consumers' relationships with service brands.

We believe that the physical retail environment can play a fundamental role in making up for this 'trust shortfall'. The total retail experience – environment, staff, service model - can be designed to actively nurture the relationship between service brand and consumer as well as build confidence in the brand by encouraging consumer participation and offering greater convenience.

The result is a more powerful expression of your brand proposition, which creates a more loyal and trusting consumer.

Face-to-face even more important

Walk down any high street and it's evident that brands in some service sectors at least –banks and telecoms providers for example – still see the physical environment as an important part of their cross channel strategy. It's an accepted fact that the high street outlet is an important selling environment for service brands. Research shows, for example, that a bank's branch is still the preferred purchasing channel for the majority of its customers¹. Elsewhere, mobile network store numbers are on the increase, and brands in this sector are working hard to create stores that are a service destination, rather than a place to buy a phone. So it's clear that although consumers carry out an increasing amount of routine tasks online and via the phone, personal, face-to-face interaction is still as important as ever, especially when buying into more complex services.

So why is this? The intangible nature of what service brands sell means they are arguably at a disadvantage compared to product brands. Product brands sell something physical that consumers can see, touch and take home with them. A new pair of trainers is hard evidence that a straightforward transaction has taken place, for example, whereas a mortgage's more complex value is tied up in the highs and lows of a house purchase. So there is an immediate trust shortfall in consumers' relationships. In addition the search for stability, authenticity and transparency from brands that are now vital to how consumers' manage their everyday lives places even more emphasis on this need for trust. We know that consumer confidence in the financial services sector in particular has crashed since the banking crisis. Big banks no longer represent security, and research indicates that consumers trust online price comparison sites more than they trust financial advisors².

A physical presence via a store, outlet or branch is an important way of adding saliency to a brand that otherwise may only exist for consumers when their latest bill or statement is delivered to their inbox. Face-to-face contact on its own is not enough – service retail needs to be designed around customer needs if it is to help build trust. What typifies many service brand retail experiences, however, is an underwhelming, often frustrating experience that does little to build consumers' confidence in the brand.

Talk Talk's recently launched 'Experience Centre' in Soho has laudable ambitions as somewhere its customers can meet the brand face-to-face, and get help and advice on all things broadband. But for us it falls short of being an interactive, customer-focused environment that promotes trust, with little to make it a real destination store. For example, so far there's little evidence of any event driven calendar of activity to keep the space fresh and engaging for customers. Part of the space is let to small start-up creative and technology businesses, and although this is good for the brand's positioning, it's an inclusive strategy that's off-putting and confusing for new customers. There is also little interaction from the brand's ambassadors who staff the retail floor, other than to advise that the upper floors are reserved for Talk Talk customers only. Overall, the space feels closed off and un-inviting and there's no clear demonstration of Talk Talk's proposition.

1. Booz Allen Hamilton, Striving for Growth: Best Practices in Retail Banking Sales and Service Channels

2. Datamonitor, The Future of Distribution: Consumer-Driven Channel Management

Greater participation, increased convenience

So how can service brands better use the physical environment more effectively to build trust? The in-store experience needs to help brands participate more in their customers lives, as well as provide activities and services that get your customers involved in your brand. Service brand retail also needs to offer increased convenience, by being very consumer centric in the way it markets and sells products. For service brands it's about simplifying communication, removing barriers to understanding what's on offer and relating services back to consumers needs.

How does this work in a service retail environment? Banks, for example, are traditionally very closed institutions, with customer interaction always on the banks' terms, rather than on the customers'. When we recently developed a retail strategy for a leading brand moving into high street banking, we argued it could use design to invert some of the traditional barriers to customer interaction. A bank could position its branch as part of the community, a place that welcomes not just existing but potential customers as well. An open, transparent exterior is more inviting than a traditional façade, and will get people over the threshold. Branch design needs to show that the bank puts customers first. More informal consulting areas and dedicated learning zones, using interactive, easy to use technology can empower customers to find out about financial products at their convenience.

It's clear from our environment work with service brands that an innovative use of technology is integral to an enhanced customer experience. Digital, web-based channels and the physical environment can work together to offer customers a seamless, personalised brand experience. For example, it's now possible for customers that book an appointment with a financial advisor online to be greeted with a personalised welcome screen in-branch. Communication in the branch can exploit technology to make services more tangible and relevant by focusing on the practical or emotional end benefit – the holiday, new house or car. We created a 3d 'interactive house' for our banking client, that helped bank staff to offer customers advice around product areas in a less stilted, more human way. By exploring parts of the house, such as the roof, customers can get information on related areas from a screen positioned nearby.

Get involved

Our work for Virgin Mobile in Qatar is a great example of how a service brand can build trust through a customer-centric retail proposition. Virgin Mobile Qatar is positioned as a social enabler, helping its customers get the most out of their community – the people, places and things in their lives. The store is designed to bring this positioning to life. Communication of product benefits relates straight back to how buying into Virgin's airtime and data can support people's social network – making what Virgin Mobile sells immediately more tangible. It's an inclusive concept that features a dynamic and bold open-fronted façade that puts community-minded activities at the entrance to draw people in. A hosted 'launch' area with video wall changes frequently in line with an event calendar that showcases local festivals and activities all aimed at enabling its customers to have a good time. A Smart Surface touchscreen simplifies phone and package comparisons. By placing a catalogue of product and plan data.

Greater participation is actively encouraged via a flexible space that's dedicated to events and user-generated content. It gives customers a blank canvas in-store to express themselves. In addition, the website – also featured in-store via a 'Social Map' wall - builds links between Virgin Mobile and its local community by highlighting events and things to do for customers in Doha. It allows customers to upload feedback via photos and comments. Low level consultation desks encourage one-to-one interaction between staff and customer, giving them space to get to know each other. A post-purchase lounge at the back of the store rewards customers with exclusive access to special content and expert advice on products.

Building trust through retail

Trust underpins good relationships and service brands in particular need to take a radical look at their approach to the retail environment if they want to plug the 'trust shortfall' in their consumer relationships. To sum up, we believe that:

Service retail needs to be designed around customers needs. Giving consumers more opportunity to get involved, and making product choice and purchase more convenient can make service brands more salient and more trustworthy

The physical environment and the total experience it offers is a really important way of doing this. It's uniquely placed for face-to-face interaction, but more than this, as our work with Virgin Mobile shows, alongside digital channels it can help bring a service brand's product and proposition to life for customers.

It also demonstrates how an engaging retail environment that educates and entertains can break down traditional barriers, provide customers with additional reasons for returning to your store, and in turn provide staff with additional opportunities to engage with customers.