Nuts, Bolts and Apps

The Home Depot's digital strategy to exceed customer expectations

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by M.V. GREENE

Picture the dusty, hard-working professional contractor at the end of a long day, tapping out the next day's job orders — a new supply of nails, screws and bolts, or perhaps additional two-by-fours — from a laptop, smartphone or tablet into The Home Depot's app.

Come the next morning, the "pro," the home improvement chain's branded reference for its professional-contractor customers, shows up at a nearby store to grab the needed supplies ahead of the day's work.

This is an image relished by The Home Depot as it focuses on ensuring its customers have an array of digital tools on hand during their engagement with the retail leader, whether those customers are pros, do-it-yourselfers seeking expert help on projects or casual shoppers. Going all out to connect its more than 2,200 stores across North America with customer-facing digital applications has been an aggressive priority for the company — one that shows no signs of letting up.

"We're very passionate about thinking customer-first and customer centricity," says Matt Jones, The Home Depot's senior director of digital strategy and mobile applications. "It was very apparent to us a number of years ago that customer shopping habits were changing. They were looking for convenience, and they were looking for frictionless shopping experiences."

FRICTIONLESS SHOPPING

At its core, the concept of frictionless shopping puts the customer at the head of the retail table and in control of the shopping experience — primarily through the shrewd use of technology, such as with smartphones to buy, comparison-shop or communicate. To be seriously

frictionless, it is incumbent on retailers to remove impediments to the customer shopping experience.

To attract pros to The Home Depot, those picking up in the store get inviting inducements such as reserved parking, dedicated checkout and order loading, as well as special project pricing and volume discounts. "Everything is picked and positioned at the front of the store," Jones says. "It's a very quick in-and-out experience for them."

Nearly half of online orders are picked up in the store, Jones says — letting company executives know the digital strategy is headed in the right direction and giving The Home Depot a healthy stake in the best of both physical and digital.

Jones says a customer-first approach can be a complex process to meet the imperative to deliver both convenience and a frictionless experience, but it is central to the company's "One Home Depot" blended store/supply chain/digital strategy, established as a strategic priority in 2015.

"They are absolutely key to the interconnected retail strategy that we've had, and they are absolutely key to the One Home Depot strategy that we've had," Jones says.

At the heart of the strategy is The Home Depot app, which invites customers to access an array of digital features. Pros "will amaze you in terms of their digital savviness," Jones says. "Some of them are running their entire business off an iPad or iPhone."

The app is designed to support all the types of channels and behaviors that a customer might want to engage with The Home Depot on. Features run the gamut, including accessing account history, product searching via bar codes, images, voice or text, shopping lists, recently viewed items and augmented reality. For users accessing the app in the store, a location tracker will even point out items trending in certain aisles or offers and rewards.

"We're not trying to steer the customer in one direction or another. We're trying to allow them to shop with us the way they choose to shop," Jones says.

IMAGINING AND IDEATING

Retail digital application development increasingly is coming to the market with much pre-testing and foresight to provide the best user experiences. In the past, companies might have released apps directly into the market without the testing; today they want to understand the potential effectiveness of features in advance.

The Home Depot works with various partners along the spectrum of its digital footprint, including InVision, a digital design company whose platform offers development-stage tools to retailers for ideation, design, prototyping and design management.

"It helps us imagine what the customer is going to see before we have to write any code, and it allows us to collaborate in a positive fashion," Jones says. "The number one thing is we want to make [the app] easy to use. We want to make it fast. We want to make it personal."

Stephen Gates, head of design transformation at InVision, says its approach is to stitch together components of an experience so retailer partners can see what the tool looks like to the customer.

That process should begin, Gates says, with a research phase to understand the specific strategy the retailer is seeking to accomplish, such as to build an app to drive online activity only, one that drives customer traffic to stores or a hybrid model that includes both. Value, customer service and loyalty figure into the equation as well.

"You want to understand why people are doing the things they are doing," Gates says. "Especially in retail, it is a really interesting time right now because you start to see how you can affect behavior."

PUSHING PERSONALIZATION

Designing apps to enhance the retail customer experience brings a host of challenges. Today, more than ever, app design must be tied inherently to sales metrics, strategic research and data collection and analysis, Gates says. In earlier iterations of app design, the focus was largely on "making things look

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pretty," through things like color and animation.

"Design has to answer for more. What we're seeing is an era where design and creativity can affect business in ways that we haven't seen honestly since the last industrial revolution," Gates says.

He says retail consumers are one-dimensional, with the sale depending on what the product is and what are they shopping for.

"The challenge of retail is you can have a consumer walk in one time and want a $3 item and the next time walk in and want a $3,000 item. The mindset is going to be different. A lot of it really is how retailers do applications and how do retailers start to look at some of those behaviors, so that they can try to be a little more predictive and be able to offer more of a broader experience," Gates says.

Jones says The Home Depot will continue to push further to understand the best way to link digital with customers for greater personalized experiences, particularly in various product categories, such as the pro who buys drywall or another customer who comes in to buy a refrigerator.

"We are pretty manically focused on listening to customers and understanding what the unmet needs are and trying to solve them," Jones says. **STORES**

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