Service Design for AEO: Process Book

Team 11

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The Team

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1: Primary Research

We managed 3 field trips in total to AE Rose Park Mall and Aerie Southside. We talked with the associates and spotted a couple of problems, like the delay in the inventory system, the gap between online and physical stores, the ambiguity of job division among all employees.

Research Questions

Preliminary research question driven from lecture:

Associate enablement

In-store process that makes customer experience better

Returns and Exchanges

Redefining the ideal return experience

In-store personalization

Creating a more personalized store experience

Omni-Channel Fulfillment

Alternative delivery and fulfillment mechanisms

Refine Research Questions

We refined our research questions to employee enablement, because:

- Research has shown that the contact with employees in-store has a **large influence on purchase decisions.**
- Employees participate in almost all processes of the service, from back-end to front-line.
- Our design solution will be easier for the company to carry out.

In-store Research Plan

- Develop interview & observation protocols.
- Visit American Eagle in Rose Park Mall and have conversations with shop associates.
- Visit American Eagle Aerie in Southside Hill and have conversations with shop associates.

Ross Park Mall AEO & Aerie

JEANS ARE

ALWAYS A

GOOD IDEA

AN EAGLE

OTTEN

EXME

Southside Aerie



Get 15% off your new bra when you bring in & donate one (any brand, any style).

acrie 62





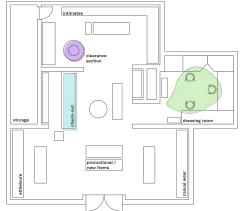
1.1 In-store Visits to AE

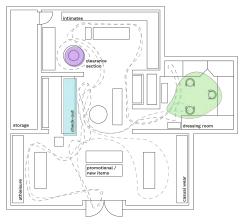
Store Analysis

As part of our research, we wanted to look into the affordances of physical space, and how the store's layout encouraged different types of users to explore its offerings. A rough model of the Aerie store in Southside was created, and we recalled some of our paths throughout the store to retroactively consider our influences.

Additionally, it was a helpful way to consider the store from the associate's perspective—some areas are cut off from the associate's view if they're behind the counter, but they get a clearer view if they're out on the floor interacting with customers or tidying up.







In-store Findings: AEO

- Friendly but inconsistent customer reception
- Linkage/disconnect between AEO and Aerie
- Weak interaction between associate and customer
- Associates were not proactive
- Associate distribution is not well-organized
 - Interaction in fitting room is inconsistent
- Inventory System
 - o Delay
 - Not user-friendly
- Lack of tech integration
- Disconnection between online store and in store merchandise

In-store Findings: Aerie

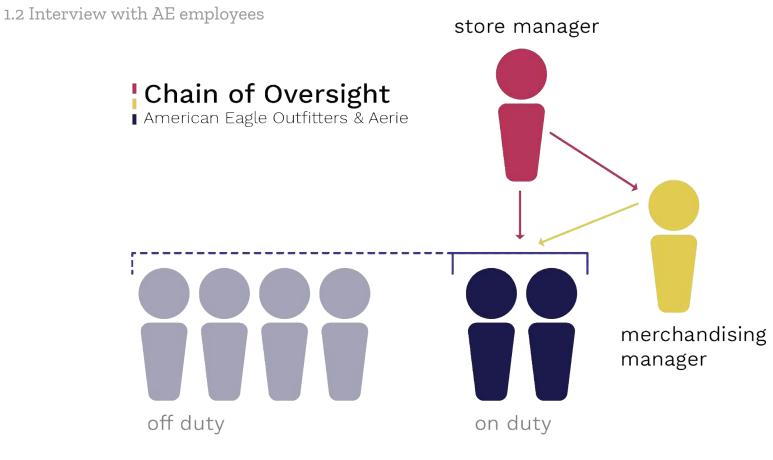
- Two associates in-store; Greeted and informed customer about current promotions
- Checking for a different size on computer was difficult to navigate and ended up being the wrong medium
 - tablet/screen to check inventory
- Sales checked the store's inventory and knew they had the item, but didn't know where it was located
- Inventory was a hassle for associates
- Returns were difficult to manage when they receive products without their tags

Interviews

Interview: Aerie Sales Associate (c. 2011-2013)

Worked there in high school, then on and off through college

- Looking back, overall had a positive experience working for Aerie
- Associates told to be "friends first, then make the sale."
 - Personal experience for some shoppers, oftentimes dealt with younger girls going for the first time
- Overnights/store setup
 - \circ ~ Favorite parts since it didn't involve working with customers
 - Requires setting up the store with new clothing to specifications of corporate's Visual Merchandiser



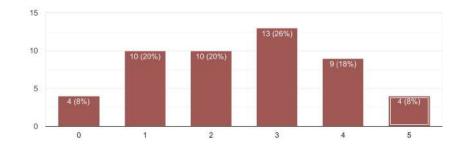
store associates

Survey AE customers

Our questionnaire targeted 50 people mainly from age 19 to 26, which is the demographics that AEO aims to target at.

- 36% are male, 60% are female (4% declined to respond)
- People rate their frequency of shopping online to be 2.5 out of 5.
- People rate their frequency of shopping in brick and mortar stores to be 2.24 out of 5.

Reasons for Buying Clothes Online



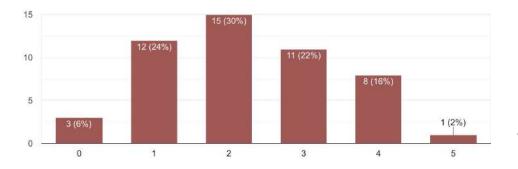
How often do you shop online for clothes?

50 responses

- 1. Better discounts.
- 2. Stores are far away.
- 3. Quicker to see which companies are having deals and less time commitment.
- 4. Buy online for its convenience once having known the size.

Reasons for Buying Clothes in Store

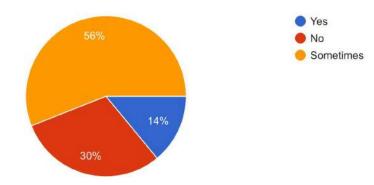
How often do you shop in brick and mortar stores for clothes? 50 responses



- 1. Cannot try clothes online.
- 2. Have to send back unfit items and wait for online purchase.
- 3. Inconsistent size online.
- 4. More of a social feel in store.

Many people don't always like to interact with associates

Do you like interacting with the sales associates in stores in general? 50 responses



2: Secondary Research

We gathered information about AEO online and searched for other general trends in the entire fashion industry, like social, economic and technological factors. AEO mainly targeted at youngsters and embraced a culture of inclusiveness, and that young people's purchase decisions become more influenced by media like Instagram and peers around them.

AEO Background Information

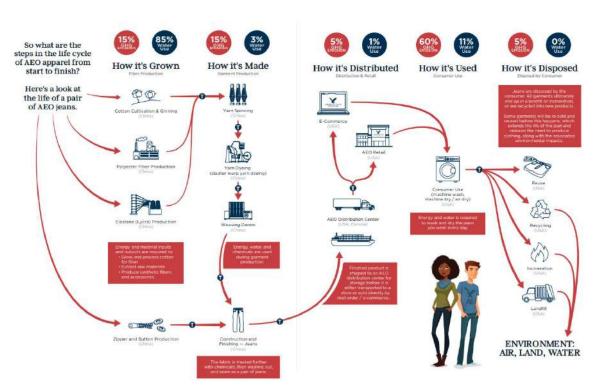
AEO

- Founded in 1977, in Novi, Michigan
- Now, AEO has approximately **1,000 stores internationally,** with the majority in the US and Canada
- More than 30,000 people worldwide work for American Eagle Outfitters, Inc
- Five core company values:
 - People, Integrity, Passion, Innovation, & Teamwork
- AEO's sub-brand: Aerie, focusing on women's intimates with an emphasis on body positivity

AEO Products

How Our Products Are Made





AEO Target Demographics

- American Eagle Outfitters customer is **between 15 and 25 years old**
 - More than half of associates are younger than 25, enabling AEO to stay more closely connected to the demographic they serve.
- American Eagle Outfitters, Inc. is now a portfolio of brands
 - American Eagle Outfitters: for girls and guys aged 15–25
 - \circ **Aerie**: for the college girl
 - **AE.COM**[®]: the online home of all of our brands, ships to 76 countries worldwide.

Features of AEO Target Demographics

AEO's Target Consumers:

- Rely more on social media like Instagram to form purchase decisions.
- Care about quality.
- Value personalized experience and service.
- Value feedback from others.



Market Environment (SET Factors)

Investigated current landscape of retail through three lenses:

social, economic and technological

Utilized excel spreadsheet to consolidate all research. Access <u>here</u>.

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Social

- Young people's purchase decisions become more influenced by media like Instagram and peers around them.
- Group, family, education level, self-identity are all important social factors in making a purchase decision.

Economic

- Retailing is the largest private employer in the United States.
- Declining foot traffic in malls.
- People have demands for more mobile-centric, and better and faster customer service.

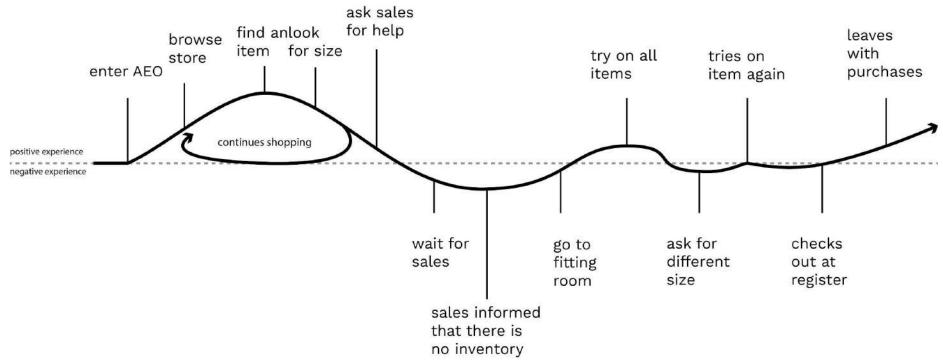
Technology

- Using app to gather customer data.
- AR & VR project virtual representation of the objects.

3. AEO Current State

We drew the customer journey map and service blueprint that a common AEO shopper may experience in person now. Two risky touch points are that shop associates could not find what customers are looking for and customers sometimes have to wait for a long time in front of the fitting room.

Customer Journey Map



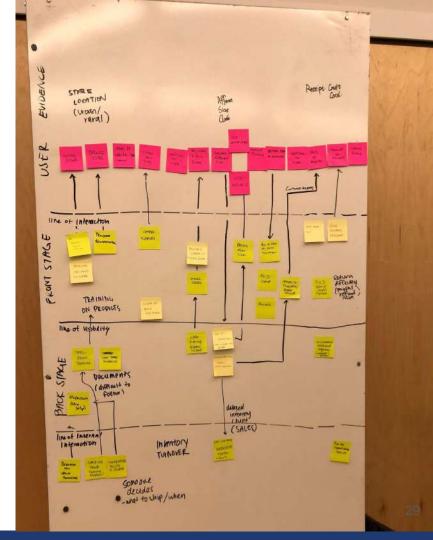
Customer Journey Map

- From our experience, the general experience of American Eagle is pretty good. The shop is clean, large and well-lit. The display of objects is well-organized.
- A touchpoint that causes negative experience in the customer journey occurs when **shop associates cannot find what the customer is looking for,** or having to wait for very long for them to search in stock.
- Another negative experience touchpoint is **having to wait for a long time in front of the fitting room** or being unable to find an associate to open the fitting room door. This could happen during peak hours (3pm-8pm).

3.2 Service Blueprint

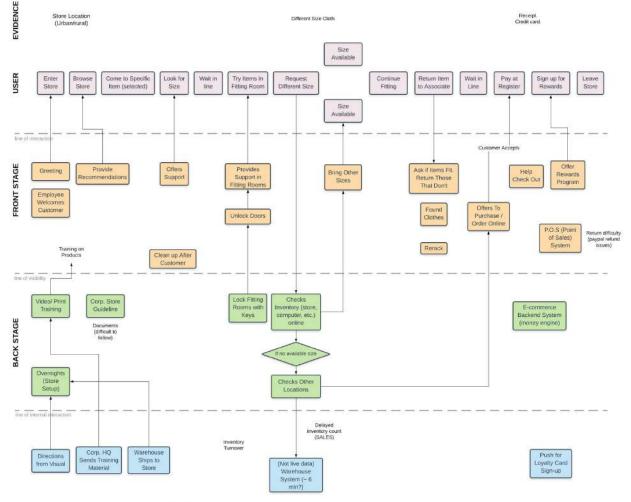
Current Service Blueprint

During the work session in class, we considered the current service blueprint of AEO and Aerie. We demonstrate the whole journey from five different aspects: end user, front stage, back stage, evidence and internal interaction. We believed this is a great way to map out the complex existing service. We also asked for critique about our blueprint from Raelin. She articulated a really good point that there's a 6-hour inventory system delay. This lead us to focus more on how associates arrange and check storage during in store observation.



3.2 Service Blueprint

Current Service Blueprint



4. Our First Problem Space

We spotted a few problems during our in-store visits and interviews. For example, **customers were constantly frustrated** by not being able to find products; there was **a inventory gap** and delay which causes issue for both employee and customers; sale associates have to be able to do multiple tasks; a sense of disconnect between physical and digital store etc.

4.1 Gaps and Frustration

Findings of In-store Visits

Pulling from our research findings and analysis, we synthesized down to a few themes that we saw as a constant with both our visits.

There was a **inventory gap and delay** which cause issues for both employee and customers. This gap could be mitigated with the use of technology or worsen with the lack of.

Getting lost within the store, **not being able to find products** was something we saw for employees and customers. There is not clear method of wayfinding to specific products.

From our observation, sale associates have to be able to **do multiple tasks.** Sometimes without clear routine. They can't predict all of the customer's needs, so they need to be flexible and be able to respond quickly to any situation.

There was a sense of **disconnect that we saw between physical and digital store**. The prices are different and items offered were different. This could be part of AEO's strategy to offer more to an bigger online market, but there was a sense of dissonance.



Insights from In-store Visits









Inventory gaps and delays Getting lost both in store and online Associate roles need to be flexible & ever changing "routine" Disconnect between physical and online shopping experiences

5. Our First Solution Space

Determined by the nature of preliminary research, we offered three possible solutions for the status quo: close the inventory gap, bridge online and offline experience, as well as streamline transformation.

5.1 Close the inventory gap

Opportunity #1

Closing the inventory gap

There is a **6-hour delay** between the actual stock and what is on display in the system. Associates are sometimes confused to find out that the items on display cannot be found in store.

Opportunity #2



Bridge online experience with brick & mortar stores Sometimes customers find that the prices or discounts offered online and in-store are quite different, which makes their experience inconsistent.

Opportunity #3



Streamline

transformation

A single associate sometimes has to take care of multiple tasks at this stage. We want to make the task division clearer among associates.

6. Our Second Problem Space

While we would have liked to focus on the **employee's perspective** when it came to **inventory**, we simply do not have access to the information we need in order to design for them effectively. Instead, we're looking at how we can make the **inventory** system more **transparent for the customer**, while also enabling the employees to serve their customers more effectively, possibly with **a personal touch.** Thus, we came up with two ideas: have in-store stylist and an app for instant inventory check at customer side.

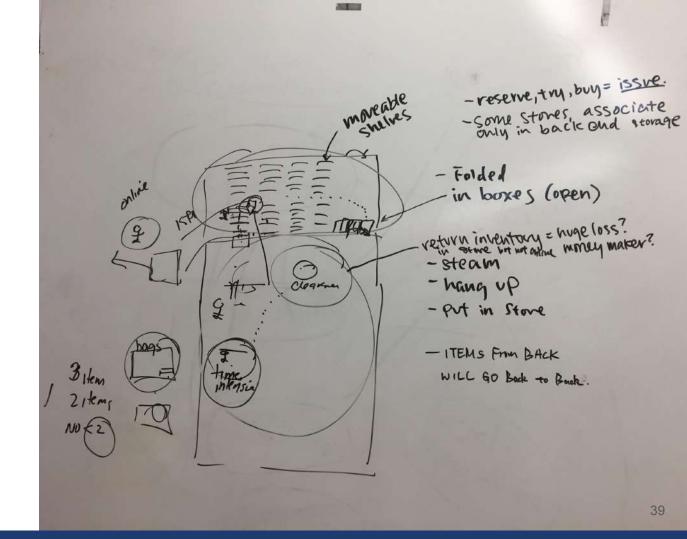
6.1 Reason for Change

Additional Research

Raelin provided us with insights and knowledge of how the backend of stores look and function.

She drew out a diagram of how products are organized in stores and how stores function as distribution centers as well.

She mentioned inventory issues with loss in returns and "reserve, try, buy."



6.1 Reason for Change

Additional Research

When trying to get more information about inventory practices, we visited Aerie at SouthSide again. We interviewed their merchandise manager and had a tour in their in-store storage. Our findings are as follows:

- In the in-storage inventory of each franchise, they classify all the items according to their categories in different movable shelves.
- AEO office takes care of the shipping and reimbursement of inventory of each franchise in the district.
- Whenever AEO office sends the inventory to AE store, they need to scan everything to get the AEO office updated of their progress.

almost to the ceiling the storage takes up the gr from the ceiling to half height of the boxes and har of I'm here rolls and trails the Ostock Stock in shelf まう aisle O @ means hite Lower layer of the spice Door

6.2 Scenario and Persona

Building our Persona

Jessica, age 20 CMU Student

She is always busy with her course load and social activities, wants to find her best fit with the least amount of time and effort. However, when she shops online, she often **gets unfit clothes with wrong sizes, colors or styles** which will make her frustrated.

She likes to be stylish but also likes to feel comfortable in what she wears. She prefers to go to a store to try clothes on, but even then she sometimes can't find the right size or what she wants.



6.2 Scenario and Persona

Current Problem Scenario



How might we help customers receive a more <u>informative and</u> <u>efficient</u> shopping experience?

How can we <u>foster a better</u> <u>connection</u> between customers and associates?

7. Our Second Solution Space

We came up with two possible solutions: have an **in-store stylist**, or have multiple channels that could allow customers to **instantly check inventory** at their side.

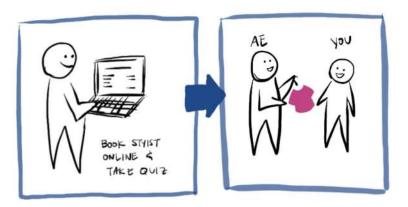
In-store Stylist

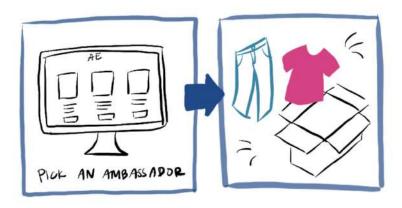
Styling would come in two channels:

either a customer could book an in-store appointment where they're measured and styled, informed by feedback on items;

or, select a style of an AEO Ambassador that they resonate with, and receive a box curated by that Ambassador

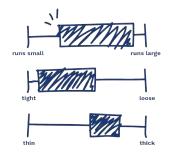
(AEO already has a strong set of influencers for both American Eagle and Aerie, and this could be an additional method of gaining value from existing sources)

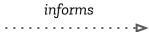




7.1 In-store Stylist

In-store Stylist





Backend

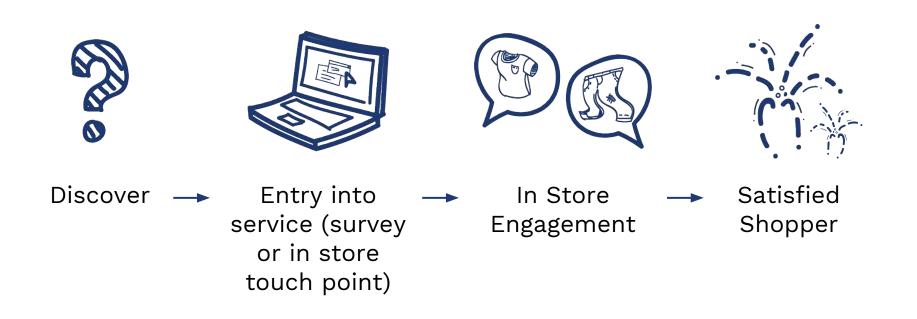
Collecting customer style and fit preferences



In-Store & Online

Provide stylist service for personalized help in style and fit

Personal Stylist

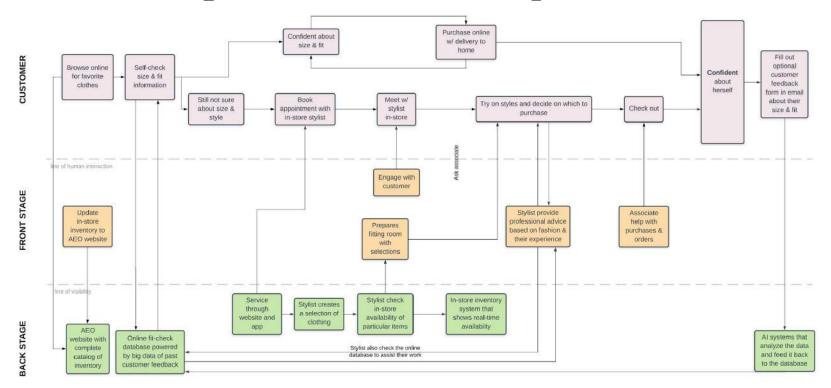


Ideal Future Scenario for In-store Stylist

American Eagle has become known for incredible customer service, and customers feel a **personal connection** with both the brand and its associates. Those who don't know much about fashion feel comfortable walking into an American Eagle store, and walk out as long-term customers, and dedicated AEO fans are able to interact with the brand even more through their Ambassador-curated boxes.

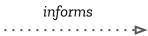
American Eagle's image as a whole has maintained its essence of **inclusivity**, and customers of all backgrounds and sizes know that they will feel welcome inside of an AEO store. **Styling bookings are a daily occurrence**, either by people who need fashion help, or by customers who are getting ready for a big personal event (first date, a night out, etc.). They feel comfortable in the store and trust the brand enough that they're willing to let American Eagle have a place in their personal lives.

Service Blueprint for In-store Stylist



Instant Inventory Check







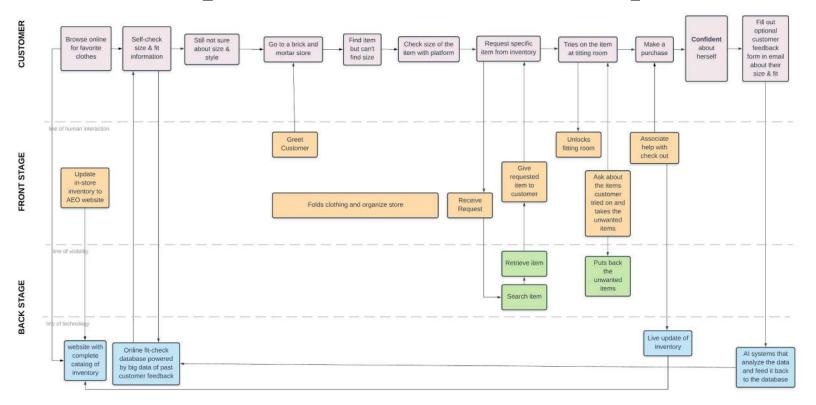
Backend

Live inventory data for each individual store

In-Store

Provide customers a platform to instantly check inventory

Service Blueprint for Instant Inventory Check



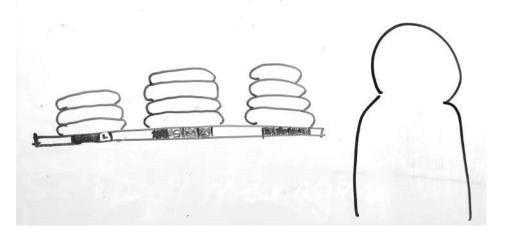
Ideal Future Scenario for Inventory Check

While American Eagle associates still have a strong connection with their customers, customers now have a **new sense of freedom and empowerment** within the store space as they're able to more easily navigate the shelves, as well as figure out if desired items are available in different variations (color, size, etc.).

Having this availability of information, **associates no longer have to run back and forth** between the front of the store and storage in order to help customers, and can now spend more time on providing more meaningful customer service. **Associates are more available to better know their customers, and provide style and product recommendations** that are relevant to the individual, building an even stronger connection for the client to the brand.

Smart Shelves

- RFID tags could be attached to each piece of clothing with information about their size, fit, etc.
- Each shelf could be **equipped with a digital display** that shows which sizes are on stock, so that customers and sales associates don't need to go through great pains to search for clothing of different sizes.



7.2 Instant Inventory Check

In-Store Kiosks

- AEO could place kiosks in store to help customer check inventory details.
- The kiosks provide inventory information for specific store and if the items are not available, they will provide other store location info or other items available in this store.
- Kiosk placement should be aligned with the major traffic flow of the store.
- The kiosk system also enables customers to call sales associates for help.





8. Potential Risks

Several potential risks that our service innovation may face are that 1) people don't want to get styled 2) employees don't feel comfortable enough to give styling advice 3) AEO does not have enough credibility to style people. We will later test them out through speed dating and user enactment.

Risk #1: Do people interested in getting styled?

- Not sure if there would be actual interest among customers
- Online quiz as a barrier to entry
- Would people show up for appointments?

Risk #2: Do employees feel confident enough to style customers?

- Employees may need additional training to become stylists
- Training & scheduling costs for AEO may increase
- How to distribute styling responsibilities among employees so that they are not overwhelmed?

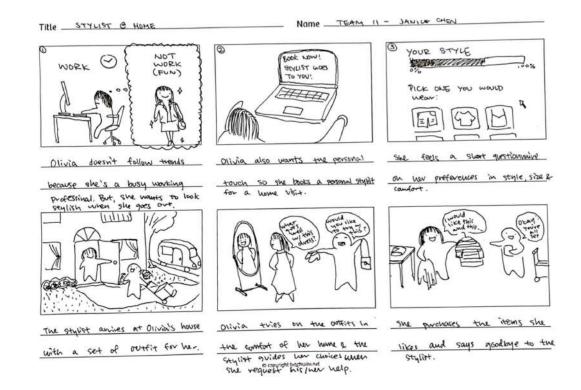
Risk #3: Does AEO have enough credibility to style customers?

- Research shows that customers often feel like being sold to when given styling advice from associates
- People feel more comfortable **when advice comes from their friends**, rather than a sales associate

9. Speed Dating

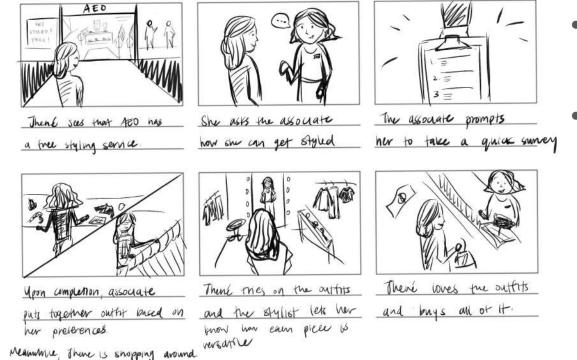
Each of us presented 7 storyboards to different potential AEO customers and asked for their feedbacks. The 7 storyboards are smart shelves, accessories wall, style boxes, in-store personal stylist, online styling survey, stylists at home, casual shoppers.

Styling at Home



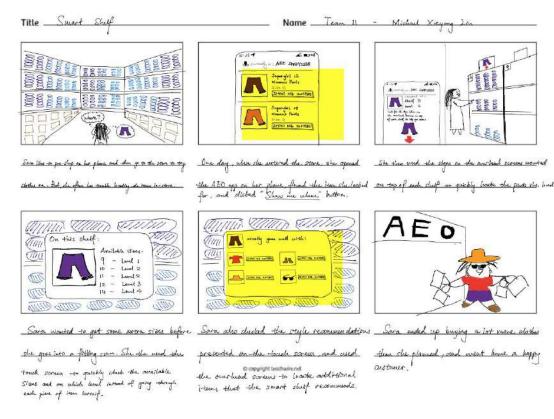
- Most people felt this service was too fancy and thought it would be costly to implement
- The only positive feedback was that it would be great for the elderly or disabled

In-Store Stylist



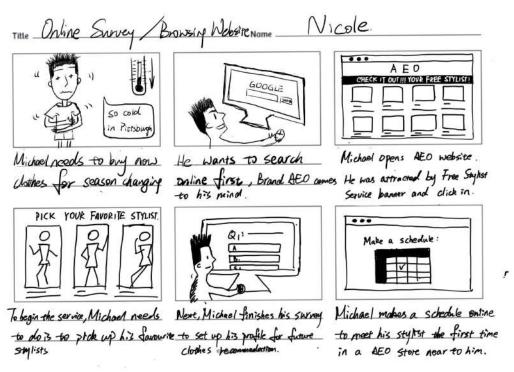
- People liked the idea of styling, but they were unsure about the associate's ability to style them
- People also were concerned about the length of the survey- this might be a barrier to entry

Smart Shelf



- This was one of our hesitated ideas, but we decided to test anyway. Most people felt this was not great since they can easily ask the associate.
- Smart shelves that indicated size was also unconventional and does not solve the problem of fitting.

Online Survey & Book Appointments



- The use of a survey seemed like a barrier to entry, people responded with statements like: "might use if there was an incentive (coupon, discount), might need some additional push".
- Others appreciated having personalization, while some were concerned with the credibility of the associate/ambassador to style.

In Store Personal Stylist



Nellie likes to shop in store

but usually have trouble finding items that fit her style. It doesn't help that sine waters looking for her size too.



<u>A personal stylist comes and chats</u> <u>w/ Nellie to discuss what style</u>, Size, budget she wants.



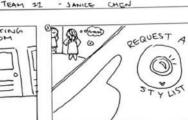
Name

one day, when she's stopped &

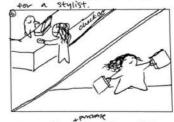
found one piece she loved, she took into the fitting room.



- Nellie's stylists brings cauple of different pieces for lear to try on.
 - et copyright teachwire.net



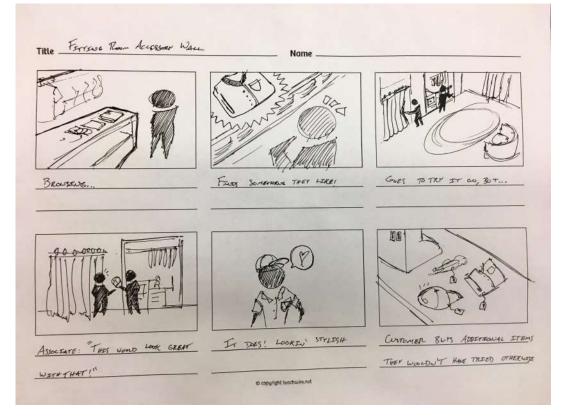
- she lad it but meded suggestion
- on what other pieces could make an whole artfit. So she pressed request



- Nelse chose the pieces that
- she liked and went home
- a happy curromer.

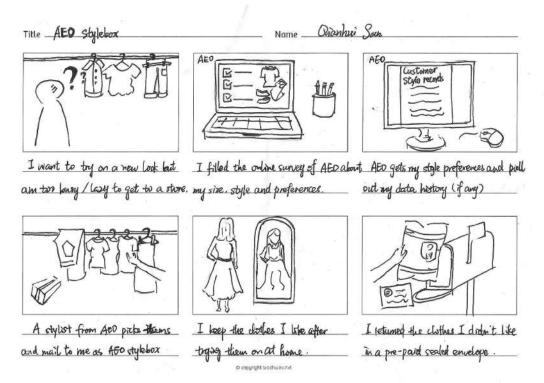
- People liked the idea of styling, but they were unsure about the associate's ability to style them
- People also were concerned about the length of the survey this might be a barrier to entry

Fitting Room Accessory Wall



- People liked this idea because they don't think of buying accessories or complimentary items a lot.
- However, some were unsure how it could be tried on.

Stylebox



- This got some good feedbackit could help AE understand customers better with data
- People had the same concern with the accuracy of style and fit.

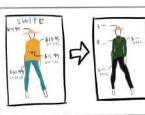
Speed Dating Findings

- People want to have better style
- Customers may interpret associate help as intrusion
- Satisfactory suggestions for styles could build credibility
- Returning is annoying for customers

Because of our findings, we felt compelled to change direction.

Accessory Wall & Digital Display

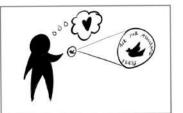




She can view different out fits mix and match pieces.

6h.





sends the suffit to the associate to bring to her in fifting room.



- This was the final storyboard we tested after getting feedback from speed dating
 - This idea is the combination of the accessory wall and digital display that could help customers mix and match outfits
 - Most people responded positively, saying this was new and exciting!

10. Final Problem Space: Exposing Social Shoppers to Accessories

Exposing Social Shoppers to Accessories

From speed dating findings, **customers don't think associates have credibility to style customers.** We don't consider associates styling for customer anymore both in-store and out-store. Since people love to be styled but not with associates, which made us shift our focus from associate-customer styling into **customer styling for themselves.**

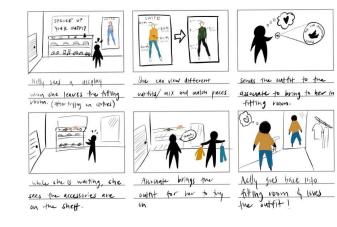
Also, findings of speed dating show people really like the idea that AEO provide an accessories wall around fitting room area, which is a convenient path for customer styling themselves after trying new clothes on.

To combine these two insights, our final problem space is exposing social shoppers to accessories. Customers could get a good use of accessory provided by AEO around fitting room area to have a instant and effective styling on their own or inside the group.

10.2 Research Findings Support

Understand the Audience

Our focus is on more casual, social shoppers in a mall context. American Eagle is part of a series of stores they enter in a shopping session, and they often go with friends or family either to socialize or to provide counsel. As such, **they aren't necessarily loyal to the AEO brand**, **but they are more willing to listen to their friends and provide styling suggestions when shopping**.



Proof that More Purchase in Group Shopping

A research from Journal of Retailing shows that **teens'** enjoyment of shopping with friends will be positively associated with teens' tendencies to spend more when shopping with friends, and that teens' tendency to shop often with friends will be positively associated with the tendency to spend more money when shopping with friends.

Reference:

Mangleburg, T. F., Doney, P. M., & Bristol, T. (2004). Shopping with friends and teens' susceptibility to peer influence. *Journal of retailing*, 80(2), 101-116.



Statistical Research

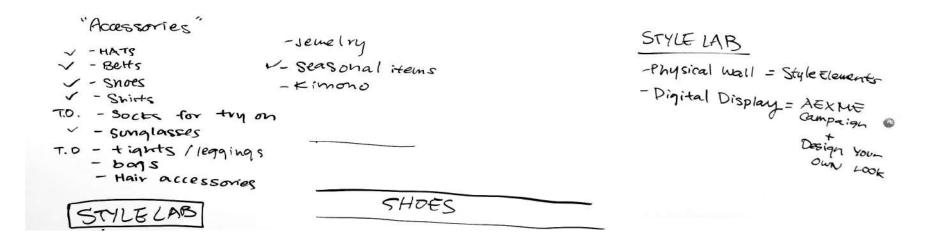
The choice of accessories could be an important part of styling. According to Statistical Portal, revenue in the Accessories market amounts to **US\$57,909m** in 2018. The market is **expected to still grow annually by 1.6%** (CAGR 2018-2021). Currently, AEO has been a market lead in selling jeans, but perhaps not doing as well in selling accessories and styling, and there is a huge, untapped resource, which is the social shopper. Therefore, our vision is to facilitate those co-shoppers as a styling guide for their friends.

Accessories Data Categories

Category Group	Class
Bags	Handbags, Totes, Backpacks, Duffle Bags, Sport Equipment Bags, Messenger Bags, Briefcases/Attaches, Laptop Bags, Fanny/Waist Packs, Diaper Bags
Luggage	Suitcases, Garment Bags, Luggage Sets, Travel Toiletry Cases
Jewelry	Earrings, Rings, Bracelets/Anklets, Chains/Necklaces, Pins/Brooches, Jewelry Sets, Cufflinks/Tie Tacks/Tie Bars, Body Jewelry
Watches	Casual Watches, Dress Watches, Sport Watches, Other Watches
Sunglasses	Fashion/Everyday Sunglasses, Sport Sunglasses, Sport Goggles, Other Sunglasses
Small leather goods	Wallets, Change Purses, Wristlets, Credit/Business Card Cases, Money Clips, Checkbool Holders, Cosmetic Bags, Lipstick Cases, Mobile Phone Cases, PDA Cases, MP3 Player Cases, Passport Cases, Key Cases/Chains, Planners/Organizers, Eyeglass Cases
Other accessories	Knit Gloves/Mittens, Leather Gloves, Belts (Leather, Non Leather), Umbrellas

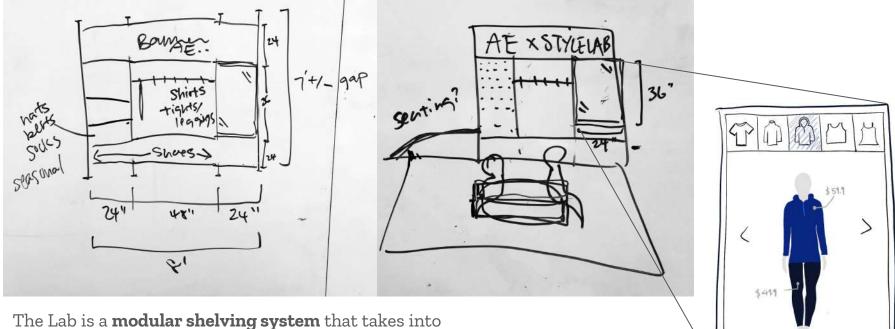
11. Final Proposed Solution: AEO CO-LAB

Defining elements of AEO CO-LAB



Taking AEO's list of accessories and narrowing down to those that fit the concept and were most relevant to the fitting room. We decided the key components that would go into the Lab and digital display.

Coming up with AEO CO-LAB



The Lab is a **modular shelving system** that takes into consideration AEO stores' current industrial/warm interior style.

Need Help



11.2 How it works



Imagine you and your friends come into the store, you will do some shopping together, and head over to the fitting room to try on your clothes. Your friends goes into the fitting room while you just wait for them outside.

With CO-LAB, instead of waiting, your friends can scan the clothes before going into the fitting room. You could swipe through and pick out accessories that go well with the clothes and jeans that they are trying on. When your friend comes out of the fitting room, you can recommend the accessories for them to directly try on. If they like it, they'll buy it along with their new outfit.

11.2 How it works

CO-LAB

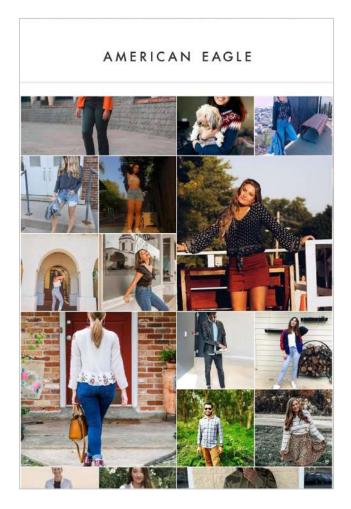
- Modular shelf
- Flexible to change according to each store's needs and layout
- Incorporate AE x ME campaign
- Only need basic upkeep by sales associates





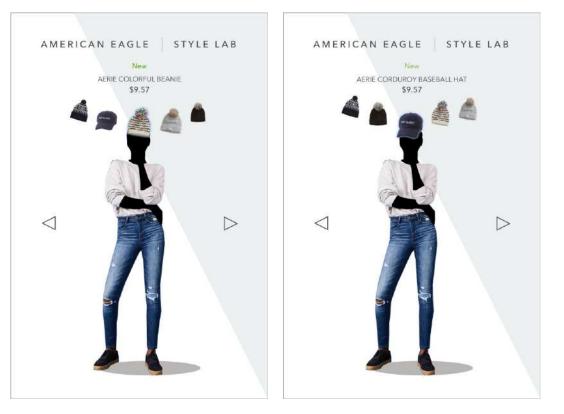
Interactive Digital Display

- AE x ME campaign integration, images featured are pulled from posts using the #AE x ME hashtag
- Digital lookbook with social media influencers
- Let customers find inspiration from others
- Allow customers to participate with hashtag as well

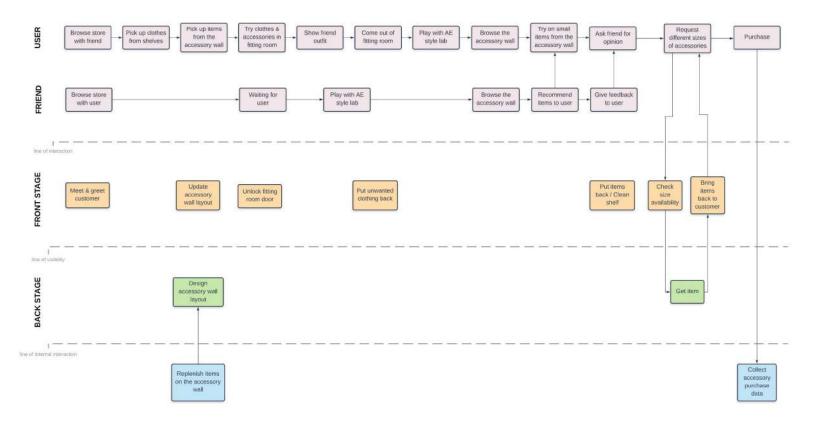


Interactive Digital Display

- Scan product to see how it will look with other accessories
- Simple swipe motion to look through different AEO products
- Contains both online and in store products
- Sales Associate can help with finding products in store or ordering online



AEO CO-LAB Service Blueprint



Value for Customers

Style you trust

• Those who know you best can help you style and build your outfit

Experiment with style

- Try new things without feeling like you are being sold to by an associate
- Explore without limitation
- Get inspiration from others like you on the display

Value for AEO

Increased sales

- More products like accessories sold means more revenue for AEO
- Help Sales Associates meet their sale quota

Customer acquisition

• Let loyal AEO customers bring their friends and family into the stores, convert them into loyal customers as well

