BRP BOSTON RETAIL PARTNERS

CUSTOMER EXPERIENCE/ UNIFIED COMMERCE SURVEY

ANNUAL SURVEY | 2016

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"Customer expectations are higher than ever and retailers have a plethora of opportunities to enhance the shopping experience – the challenge remains to overcome budgetary, resource and system constraints to meet those expectations."

- Brian Brunk, principal, Boston Retail Partners

Introduction

However difficult it may be to attain, a great customer experience is only achieved through delivered excellence across all interactions throughout the customer's chosen journey.

The customer journey is never a linear process – customers want to quickly and easily move across channels to research, shop, and interact with your brand and they expect their journey to be personalized. To complicate this further, the mobilization of retail has created a paradigm shift towards the convergence of the retail digital and physical experiences, which creates a need for real-time retail. Consumers are at the center of the retail universe, and the easiest way to meet their expectations is to create a consistent, personalized and satisfying shopping experience wherever, whenever and however they shop. Delivering on that experience requires a different approach and this sets the stage for unified commerce.

In that vein, BRP conducted the 2016 Customer Experience/Unified Commerce Benchmark Survey[1] to understand retailers' customer experience priorities and the evolution of unified commerce as a key enabler.
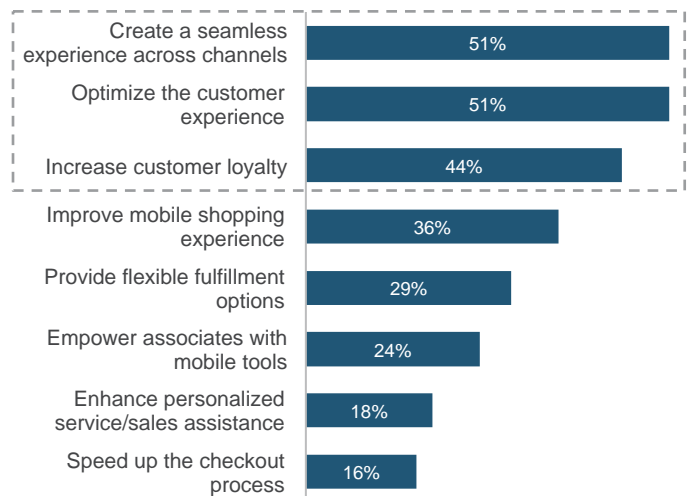
Customer Experience

The main theme to retailers' customer experience priorities is delivering a holistic experience that is not only seamless (51%), but focuses on optimization (51%) and drives customer loyalty (44%) **(Exhibit 1)**. This is a great mission statement for transforming the customer experience. By transformation, we mean a total enterprise transformation. To deliver on customer expectations means not only improving the pieces the customer sees, but also everything behind the scenes that is required. This is a tall order for retailers and one that must be carefully considered to craft a customer experience that is right for your customer and delivers on your brand values.

As we explore our survey findings, we will delve deeper into what capabilities retailers are prioritizing now and for the future. To do this, we've organized our findings around the E^5 of Customer Experience:

Educate – Today's customers have unlimited information easily available, so offering customers the right tools to evaluate and research your brand and products is key. **Key Statistic:** 73% of retailers support social media as a research option, with 61% feeling that it needs improvement.

Exhibit 1
Top 3 Customer Experience Priorities

Priority	%
Create a seamless experience across channels	51%
Optimize the customer experience	51%
Increase customer loyalty	44%
Improve mobile shopping experience	36%
Provide flexible fulfillment options	29%
Empower associates with mobile tools	24%
Enhance personalized service/sales assistance	18%
Speed up the checkout process	16%

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[1] This survey was previously titled the CRM/Unified Commerce Benchmark Survey. As customer engagement across channels has increased in importance we have broadened the survey scope to address more of the customer experience across channels than simply CRM.

Engage – The best first step in customer engagement is finding a way to identify the customer early at any touchpoint and have a plan that leverages customer information to deliver a personalized experience. **Key Statistic:** 63% of respondents plan to identify customers via their smartphone within three years.

Execute – To meet and exceed ever-increasing customer expectations, retailers must deliver unified commerce capabilities and empower associates with the right tools to optimize the experience. **Key Statistic:** More than half of retailers plan to implement 'buy anywhere, ship anywhere' capability, and nearly 60% plan to implement order visibility across channels within three years.

Enhance – Gathering customer experience feedback to understand customers' likes and dislikes allows for a continuous improvement loop. **Key Statistic:** The most utilized customer satisfaction measurements are customer reviews (60%), followed by social media comments (59%).

Enablers – Delivering on the customer experience requires the right technology to be in place and this sets the stage for a unified commerce platform. **Key Statistic:** Nearly one-quarter of the retailers surveyed have implemented a single unified commerce platform and another 52% plan to implement one within three years.

Unified Commerce

Retailers realize they need a new approach to enable a unified experience, one that supports the convergence of the digital and physical worlds. With few exceptions, our research demonstrates that retailers have embraced unified commerce as the answer and the best way to overcome and break down the traditional silos around individual channels. Unified commerce is still aspirational for many of the

> *A key element of unified commerce is leveraging a single commerce platform to eliminate individual channel silos and solve omni-channel integration challenges to offer a holistic customer experience across all customer touchpoints – in real-time.*

**Exhibit 2
Cross-Channel Capabilities**

Single channel 16%
Unified commerce 7%
Multi-channel 44%
Omni-channel 33%

retailers surveyed, with more than three-quarters indicating they operate in a multi-channel or omni-channel environment, and only 7% indicating they already operate in a unified commerce model **(Exhibit 2)**.
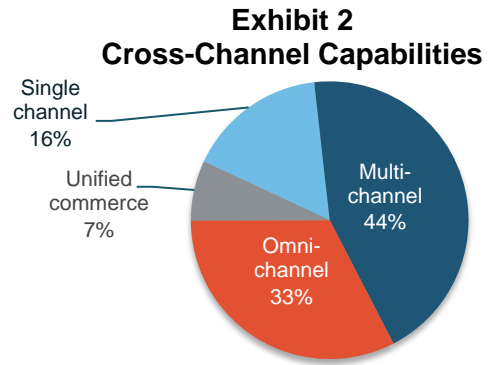
The Customer Journey

The customer journey is never a linear process – customers want to quickly and easily move across channels to research, shop, and interact with your brand.

The customer journey can be simple or complex, and is different for each customer and individual purchase. The journey may begin or end in the store or online, and along that path it often has tie-ins to social media activity. It's not important that we have specific labels for these scenarios, like webrooming or showrooming, but simply that we understand the customer journey is very dynamic. As retailers we have the opportunity to optimize and enhance this experience to drive increased customer loyalty. This is why 'start anywhere, end anywhere' cross-channel capabilities are so important, like enabling a unified or shared shopping cart across channels.

E⁵ of Customer Experience
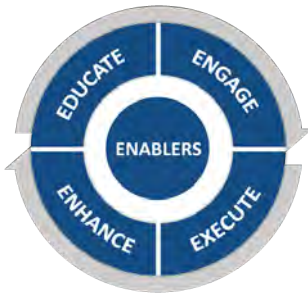
BRP introduces the E⁵ of Customer Experience:

- *Educate –* Offer customers the tools to research your brand and products
- *Engage –* Interact with the customer wherever, whenever, and however they want to shop and engage with the brand
- *Execute –* Ensure the organization offers the services and options that the customer wants and expects when they make a purchase
- *Enhance –* Understand what you are doing right and what you need to do better so you can continually improve the customer experience
- *Enablers –* Leverage the right technology, system, and tools to deliver the desired customer experience

In this report we review all of these elements, starting with the focus on education and engagement to encourage consumers to purchase your products. Retailers need to understand not only how customers are interacting with your brand, but also how you can continually execute on and enhance capabilities that support the customer journey so the customer returns again and again to purchase more. To support the customer experience we will also review unified commerce as a key enabler.

Educate

Today's customers have unlimited information available at their fingertips, so offering customers the right tools to evaluate and research your brand and products is key.

Consumers' paths to evaluate, research and purchase products are neither linear nor consistent. The individual customer journey varies not only for different customers, but also for a customer every time she researches and purchases items. She may begin her research on a mobile device and then view the item in the store to confirm sizing, but decide to wait until she gets home to purchase it online. Conversely, she may view the item in the store and quickly research it on her phone, comparing prices and customer reviews, and then decide to purchase it in the store.
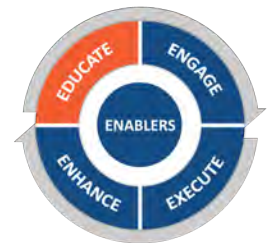
Customers expect to cross channels quickly and easily with consistent and reliable information readily available. This has to happen in real-time and there is no room for error, as customers will quickly move on to other options when disappointed or frustrated with their experience. The means available to customers for research of brands and products has never been more varied, from simple web searches, to consumer reviews, to YouTube videos. Every platform for research provides a different perspective, and retailers recognize that they must adapt to these outlets to keep up with the evolving customer journey.

Unsurprisingly, our data shows that most retailers offer product information on their website, but nearly half feel that it needs improvement **(Exhibit 3)**. Complete and accurate product information is critical, as according to a UPS survey of online shoppers,[2] the most important factor cited when customers are searching and selecting products is detailed product information (73%). There is also a correspondingly significant proportion of retailers who offer product reviews, though 33% recognize this function warrants improvement. It is concerning that a whopping 27% of the respondents have no plans to implement any form of consumer product reviews.

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[2] "UPS Pulse of the Online Shopper," June 2015, https://solvers.ups.com/assets/UPS_Pulse_of_the_Online_Shopper.pdf.

Exhibit 3
Research Options for Customers

Research Option	Utilize and works well	Utilize and needs improvement	Utilize within 3 years
Product information on website	40%	36%	13%
Consumer product reviews	22%	33%	18%
Online Q & A	13%	18%	31%
Social media	12%	61%	12%
Educational YouTube videos	11%	27%	20%
Third party app partnership (e.g. Shopkick providing product information)	7%	9%	24%
Digital signage/kiosk in the store	4%	16%	40%
QR codes in the store	2%	13%	24%

■ Utilize and works well   ■ Utilize and needs improvement   ■ Utilize within 3 years
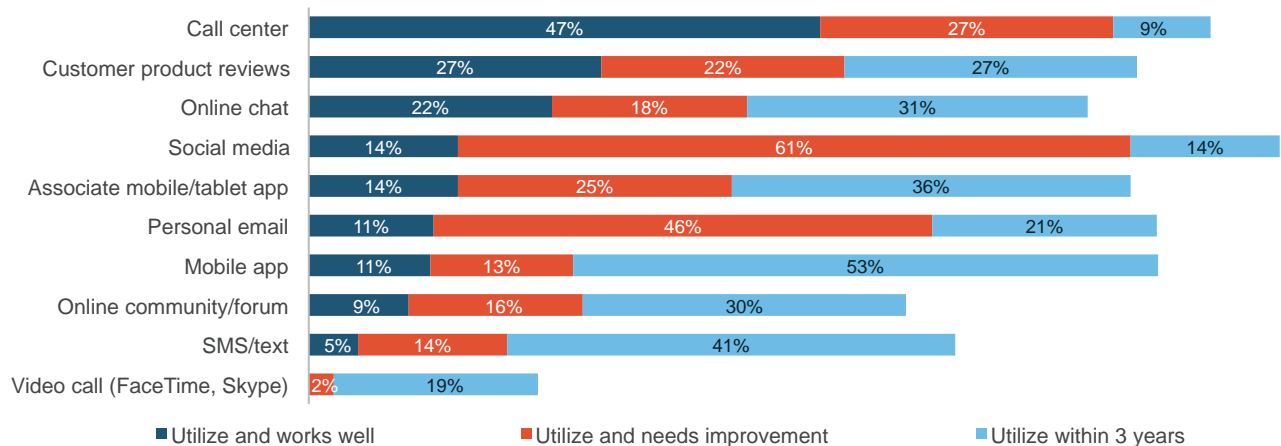
Also of note, is the importance of social media in retailers' future plans. 85% of respondents indicate they have, or plan to have, social media options available to customers, but this area also has the greatest need for improvement (61%). It is interesting to note the increasing availability and utilization of digital signage and kiosks in the store and the planned utilization by 40% more retailers, meaning 60% of retailers offer, or plan to offer, this within the next three years. The data highlights the focus on traditional and non-traditional tools for product research and the indication that retailers are embracing this element as having a strong positive correlation to the customer experience.

We also asked about the forums available for customers to interact with brands, and here again we found retailers have room to improve and expand upon current capabilities. Again, our findings demonstrate the importance of getting social media right as part of the experience. The predominant customer communication forum, outside of direct in-store experience, is social media. Three-quarters of the retailers support customer interaction via social media, but 61% of retailers feel that the current interaction needs improvement **(Exhibit 4)**. Social media is especially important for retailers, because customers have shown that it is a preferred forum with the unique capacity to deliver information and maintain an interactive dialog. This comes with high expectations though, as customers expect responses to questions, feedback, and complaints quickly or they feel slighted. A study by Lithium Technologies[3] found that more than half of customers who ask a question of a brand on Twitter expect a

Exhibit 4
Customer Interaction with the Brand

Interaction Method	Utilize and works well	Utilize and needs improvement	Utilize within 3 years
Call center	47%	27%	9%
Customer product reviews	27%	22%	27%
Online chat	22%	18%	31%
Social media	14%	61%	14%
Associate mobile/tablet app	14%	25%	36%
Personal email	11%	46%	21%
Mobile app	11%	13%	53%
Online community/forum	9%	16%	30%
SMS/text	5%	14%	41%
Video call (FaceTime, Skype)		2%	19%

■ Utilize and works well   ■ Utilize and needs improvement   ■ Utilize within 3 years

[3] "Consumers Will Punish Brands that Fail to Respond on Twitter Quickly," October 29, 2013, http://www.lithium.com/company/news-room/press-releases/2013/consumers-will-punish-brands-that-fail-to-respond-on-twitter-quickly.

response within the hour. Having a solid social media strategy, staffing and leveraging the right technology tools are essential to getting this right.

Mobilization – and its associated capabilities – continues to be of huge importance, with at least three-quarters of retailers indicating they have, or plan to have, a mobile/tablet application for associates as well as a mobile application for customers. This is ground zero of the future of brick and mortar retailing and where the greatest impact around the convergence of the digital and physical experience will be felt. Currently only 39% of retailers have mobile applications for associates and 24% for customers, of which over half feel they need improvement.

One area that does not seem to be on retailers' radar is video calls via a service like FaceTime or Skype. Clearly, video calls can be used in a number of different ways to enhance the customer experience above and beyond a regular phone call. Imagine if you will, an associate receives a jacket in stock that she knows her customer would love so she video calls the customer to show her the item. The customer can see the jacket and easily decide that she wants it. At this point, the associate can simply charge and ship the item to the customer.

Retailers can utilize video calls, combined with an understanding of staff expertise and availability across the chain, to utilize sales associates more efficiently to interact with customers. For example, at a peak time on the east coast it may be more efficient and effective to utilize an available associate in another location, or time zone, for video calls.

The Los Angeles Times cites that "companies such as American Express, Hertz, Activision Blizzard, E-Trade, Bank of America and Target are rolling out one-click access to help via video chat." The author of the article goes on to note that, "despite technological advances, a real person, whose smiling face a customer can see, always wins."[4] These types of interactions enhance the customer experience and build customer loyalty by further personalizing the shopping experience.

RETAIL SPOTLIGHT
Social Media in Action – Lowe's
Lowe's frequently posts short videos on Facebook that provide tips on home improvement projects. The videos provide valuable and compelling content to their audience, acting as silent movies that catch your attention while you scroll through your feed. This captures the attention of their fans and keeps them engaged. The videos are viewed by more than one million shoppers and shared by more than 1,000 people, which magnifies the reach.

Engage
While education is the catalyst for successful customer experiences, customer engagement is the hook that creates an enhanced personal experience that keeps customers coming back.

Online shopping has redefined standards for the retail experience and capabilities. Combined with the growth of mobile shopping, e-commerce has made it very challenging for traditional brick-and-mortar stores to meet these new customer expectations. The online or mobile shopper is now accustomed to a plethora of convenient options available to find and research products and receive personalized offers and recommendations, but when in-store, these conveniences are generally not available. We see this as a

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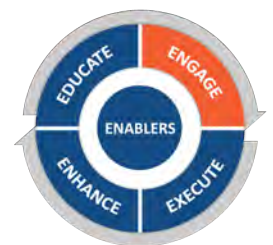
[4] Dave, Paresh. "More Companies Adding Video to Personalize Online Customer Service," *Los Angeles Times*, August 2014.

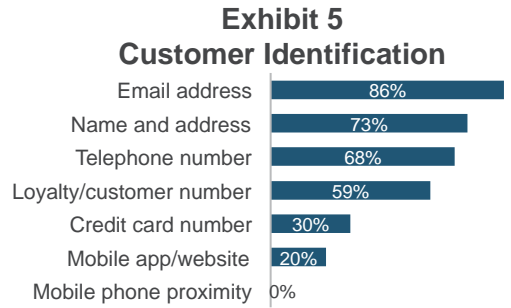major area of opportunity for retailers as the digital and physical retail worlds converge. Thankfully, the path ahead is clear – customer identification in tandem with purposeful customer relationship stewardship. This is how today's forward-thinking retailers look to provide the "Amazon" or personalized digital experience, both online and in the store. Customer identification and personalization not only improves the overall customer experience, but also provides additional engagement opportunities such as clienteling and guided selling.
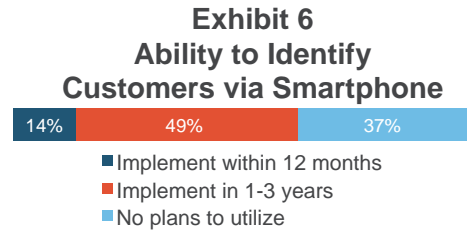
Customer Identification
Customers and their shopping behavior remain anonymous without some type of customer identification.

The best first step to engage with customers on a personal level is finding a way to identify the customer early at any touchpoint. This initiates the dialog and sets the foundation for relationship building. In turn, identifying the customer as they enter the store – via smartphone, beacon, or other technology – affords the retailer the chance to personalize the customer's shopping experience. Here we see a powerful quid pro quo dynamic. The customer is matched with their favorite sales associate who is armed with the customer's preferences, purchases and browsing history. The associate is given a chance to clientele, collect more data and offer a personalized experience.

**Exhibit 5
Customer Identification**

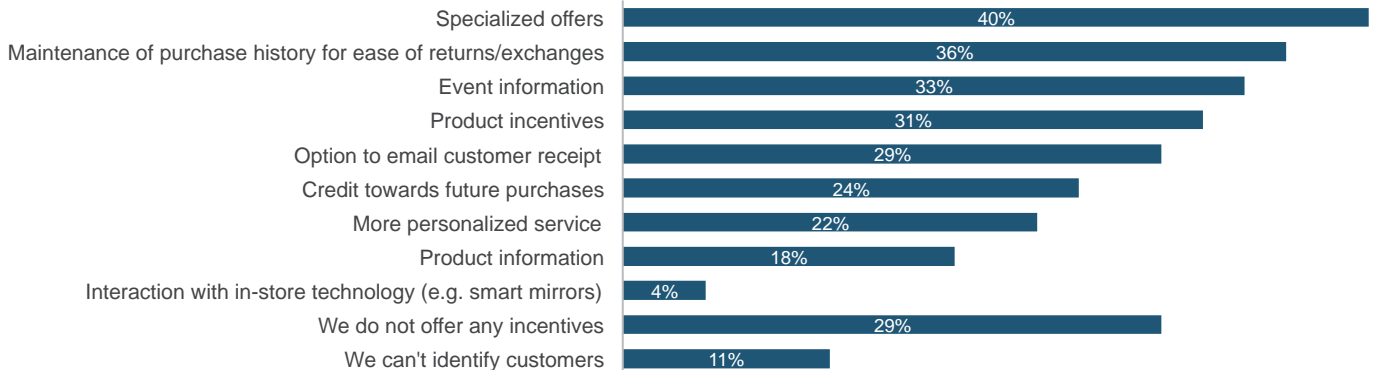|	
Email address	86%
Name and address	73%
Telephone number	68%
Loyalty/customer number	59%
Credit card number	30%
Mobile app/website	20%
Mobile phone proximity	0%

As **Exhibit 5** illustrates, most methods currently used to identify the customer in the store are utilized at the point of checkout. Unfortunately, this information is too late to influence the current purchase decision. This highlights the opportunity to identify the customer earlier via their mobile device as they enter the store. 63% of retailers plan to implement technology to identify customers via their mobile device within the next three years **(Exhibit 6)**.

**Exhibit 6
Ability to Identify
Customers via Smartphone**

14%	49%	37%

■ Implement within 12 months
■ Implement in 1-3 years
■ No plans to utilize

The key is providing customers a value proposition that makes it worth their effort to identify themselves. We asked retailers what types of incentives they offer customers to encourage identification and 40% of the respondents extend specialized offers to their customers, down slightly from last year's 47% **(Exhibit 7)**. Specialized offers could be in the form of a specific offer only available to a current customer or a personalized offer based on that customer's purchase history. Paradoxically, the number of retailers that don't offer customers any incentives to identify has increased from 14% last year to 29% this year. In practice, incentives create a strong correlation to the rate in which customers identify themselves, and identification creates opportunities to personalize the shopping experience and or offer special discounts and promotions, which typically translate into higher sales.

**Exhibit 7
Customer Incentives**

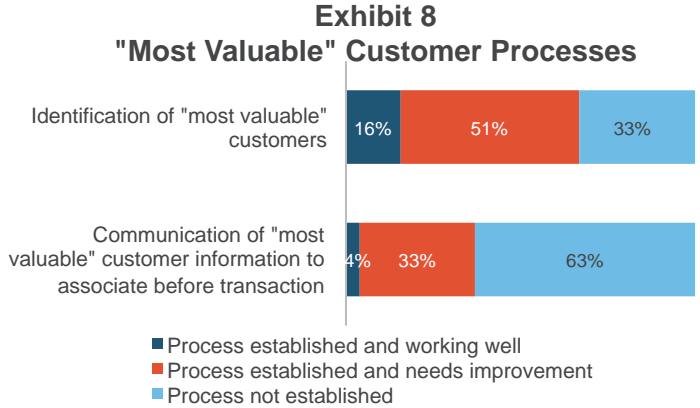|	
Specialized offers	40%
Maintenance of purchase history for ease of returns/exchanges	36%
Event information	33%
Product incentives	31%
Option to email customer receipt	29%
Credit towards future purchases	24%
More personalized service	22%
Product information	18%
Interaction with in-store technology (e.g. smart mirrors)	4%
We do not offer any incentives	29%
We can't identify customers	11%

The Most Valuable Customers

With 80% of a retailer's business typically coming from 20% of its customers, identifying those most valuable customers and understanding their shopping habits is critical to cultivating loyal, brand enthusiasts.

Intrinsically, your most valuable customers have loyalty to your brand, but to cultivate loyalty it is crucial to surpass expectations whenever and wherever possible. This niche of customers responds most favorably to a personalized experience because they want to feel recognized and rewarded for their loyalty. Again, the optimal way to achieve this is to identify the customer as soon as possible and communicate his or her information to an associate so they can facilitate information gathering, provide personalized recommendations and an excellent customer experience.

Exhibit 8
"Most Valuable" Customer Processes

Identification of "most valuable" customers	16% / 51% / 33%	
Communication of "most valuable" customer information to associate before transaction	4% / 33% / 63%	

■ Process established and working well
■ Process established and needs improvement
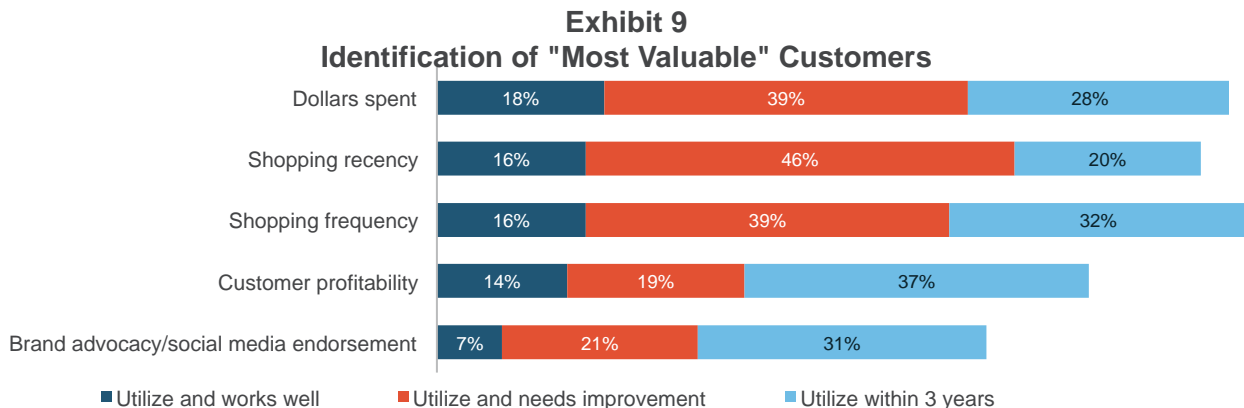■ Process not established

We asked retailers if they were able to identify their loyal customers. While two-thirds of them could identify this segment, 76% of those feel the process needs improvement **(Exhibit 8)**. Most retailers utilize RFM (recency, frequency and monetary value of customer purchases) as the method for identifying customer value, but other methods are growing in popularity like customer profitability and brand advocacy **(Exhibit 9)**. Brand advocacy is a promising means of identifying valuable customers, since these customers have a propensity to influence other potential customers and draft additional loyal customers – principally through their social media networks.

While two-thirds of retailers can identify their most valuable customers, only 37% have a process in place to communicate this information to an associate, and of that 37% almost all feel that the process needs improvement **(Exhibit 8)**. Of the respondents, 63% do not currently have any process in place to communicate most valuable customer status to their associates before the point of checkout. This is an opportunity for retailers as they can ill afford any chance of disappointing these most valuable customers.

Customer Engagement Equals Personalization

How a retailer chooses to implement customer engagement is a key differentiator in personalizing the customer experience.

In today's unified commerce world, customer engagement has to be holistic and transcend channels. Furthermore, today's well-informed consumers are not satisfied with a 'warm body' or a 'one size fits all' experience – they expect retailers to put time and effort into establishing and offering a personalized experience.

Exhibit 9
Identification of "Most Valuable" Customers

Dollars spent	18% / 39% / 28%	
Shopping recency	16% / 46% / 20%	
Shopping frequency	16% / 39% / 32%	
Customer profitability	14% / 19% / 37%	
Brand advocacy/social media endorsement	7% / 21% / 31%	

■ Utilize and works well   ■ Utilize and needs improvement   ■ Utilize within 3 years

RETAIL SPOTLIGHT
The Rise of Beacons – Macy's
Macy's has embraced beacon technology since 2014, and in doing so crafted a dynamic and engaging experience for their customers. In addition to better customer engagement, increased data collection, and in-store tracking, beacons have served as bridge between online and in-store environments. Beacons have incentivized the in-store shopping experience by providing personalization, which both endears loyalty and facilitates sales.
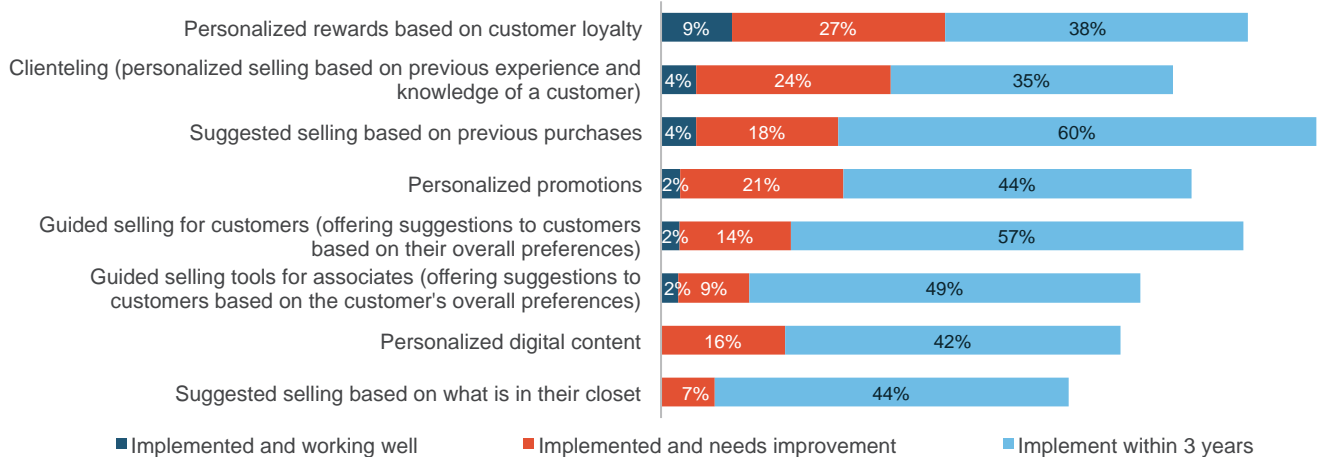
Our research shows the most prevalent customer personalization capability involves offering personalized rewards based on customer loyalty, with 36% of respondents saying they've implemented some version of it. Of that 36%, only one-fourth indicate that it is working well **(Exhibit 10)**. Over the next three years, we see significant plans for additional and more robust capabilities that are closely related like suggestive selling (60%), guided selling for customer (57%) and guided selling tools for associates (49%) that all leverage knowledge of a customer's preferences, purchases and interests to recommend products or services. Clienteling applications, typically mobile, are growing in interest, as 63% of retailers have, or plan to have, clienteling deployed over the next three years. For many retailers, a clienteling application ties together suggestive selling, personalized promotions and guided selling for their associates.

Along with the benefits of customer identification and personalized services is always the risk of sour relationships through oversaturation or invasiveness. The relationship between customer and retailer is one of equivalent exchange. Shoppers want personalized attention from retailers, but every interaction needs to be viewed through the customer-centric perspective. There is a fine line between influence and intrusion. Generally, most customers do appreciate receiving direct personalized offers when they enter the store, or within a certain radius of the store. A recent Infosys survey indicated that 93% of consumers would provide retailers with detailed information if they received meaningful and customized offers in return.[5]

How the organization selects, implements, and incentivizes a given engagement model should be aligned with the end goal to support a customer experience matching or exceeding expectations, with the underlying intent to deepen the customer's relationship with the organization.

Exhibit 10
Customer Engagement Services Offered

Service	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Personalized rewards based on customer loyalty	9%	27%	38%
Clienteling (personalized selling based on previous experience and knowledge of a customer)	4%	24%	35%
Suggested selling based on previous purchases	4%	18%	60%
Personalized promotions	2%	21%	44%
Guided selling for customers (offering suggestions to customers based on their overall preferences)	2%	14%	57%
Guided selling tools for associates (offering suggestions to customers based on the customer's overall preferences)	2%	9%	49%
Personalized digital content		16%	42%
Suggested selling based on what is in their closet		7%	44%

- Implemented and working well
- Implemented and needs improvement
- Implement within 3 years

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[5] "Engaging With Digital Consumers, " June 2013, http://www.retailtouchpoints.com/shopper-engagement/2769-93-of-consumers-would-share-personal-data-in-exchange-for-customized-offers.

Execute

Once a customer is engaged, often the ultimate success or disappointment in the customer experience comes down to the successful execution of cross-channel capabilities.
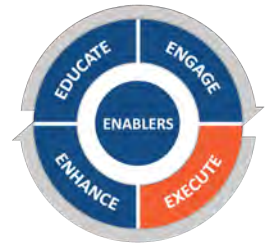
Today's average consumer thinks in terms of a brand – not channels. Trends in mobile and online commerce have rendered traditional business models – operating from within channel silos – overly cumbersome and disjointed. In response, retailers are now scrambling to adopt a sustainable model that will meet consumers' buying patterns and satisfy their expectations. This evolution of higher customer expectations has expedited the transformation to adopt a unified commerce model.

Unified Commerce Capabilities

Unified commerce transcends channels and enables the anywhere, anytime, anyhow expectations of today's customer.
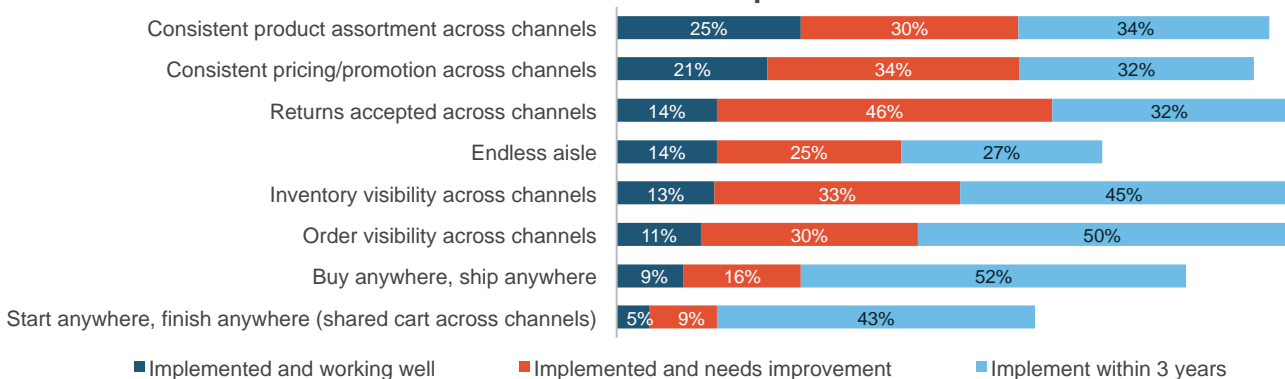
This year's survey substantiates retailers' growing interest in implementing a number of enhanced unified commerce capabilities. Over the next three years, many retailers plan to implement capabilities like 'buy anywhere, ship anywhere' (52%), order visibility across channels (50%), and inventory visibility across channels (45%) **(Exhibit 11)**. Of particular interest is the more than half of the respondents that have or plan to have implemented 'start anywhere, finish anywhere' capabilities (57%). This is one of the key elements involved in implementing a complete unified commerce model and supporting a single shared shopping cart that travels anywhere with the customer.

Obviously there remains a lot of room for improvement. Of the capabilities currently implemented, the majority of respondents indicated that they need improvement. Much of this stems from the incongruent systems and processes that are currently employed, which sets the stage for the adoption of a single commerce platform.
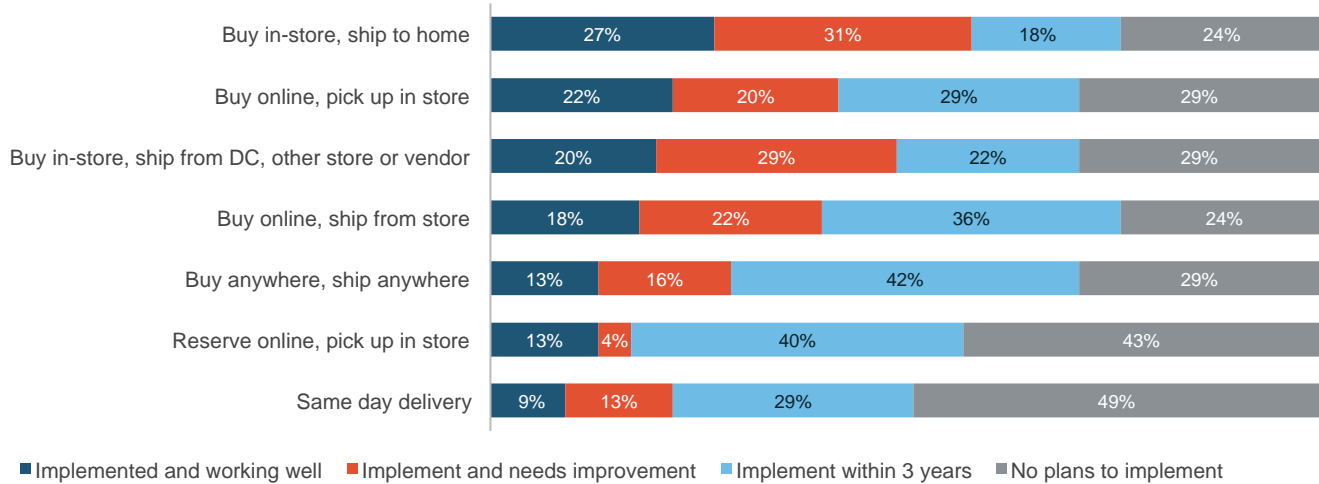
When asked about fulfillment options the same issues arise. For example, 58% of retailers surveyed have implemented the ability for customers to buy in-store and ship the product to their home, but more than half of them indicate the process needs improvement **(Exhibit 12)**. Again, in these instances business processes are likely manually cobbled together and cannot effectively support this capability.

Within fulfillment, there are many opportunities for improvement, as nearly one-quarter of respondents indicating they do not have plans to offer advanced fulfillment options. Customers have grown to expect the ability to research, shop, purchase and ship across channels. Furthermore, if customers have an unsatisfactory experience due to over-promised or disappointing services, retailers will often suffer from lost sales, diminished customer loyalty, and quite often, brand degradation on social media and other forums.

Exhibit 11
Unified Commerce Capabilities

Capability	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Consistent product assortment across channels	25%	30%	34%
Consistent pricing/promotion across channels	21%	34%	32%
Returns accepted across channels	14%	46%	32%
Endless aisle	14%	25%	27%
Inventory visibility across channels	13%	33%	45%
Order visibility across channels	11%	30%	50%
Buy anywhere, ship anywhere	9%	16%	52%
Start anywhere, finish anywhere (shared cart across channels)	5%	9%	43%

■ Implemented and working well   ■ Implemented and needs improvement   ■ Implement within 3 years

Exhibit 12
Fulfillment Options

Option	Implemented and working well	Implement and needs improvement	Implement within 3 years	No plans to implement
Buy in-store, ship to home	27%	31%	18%	24%
Buy online, pick up in store	22%	20%	29%	29%
Buy in-store, ship from DC, other store or vendor	20%	29%	22%	29%
Buy online, ship from store	18%	22%	36%	24%
Buy anywhere, ship anywhere	13%	16%	42%	29%
Reserve online, pick up in store	13%	4%	40%	43%
Same day delivery	9%	13%	29%	49%

■ Implemented and working well ■ Implement and needs improvement ■ Implement within 3 years ■ No plans to implement
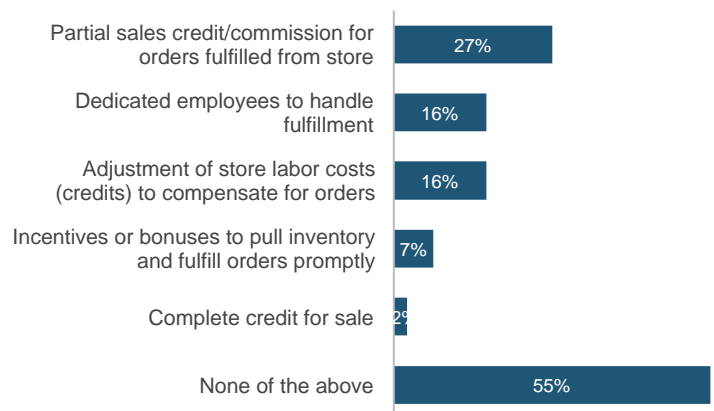
Empowering the Organization

To succeed in offering a unified commerce experience, the entire organization has to be encouraged, motivated, and rewarded to enhance each customer's shopping experience across all channels.

The inherent challenge to retailers is providing the right tools to associates and customers to enhance the customer experience. Maybe it involves freeing the associate from a traditional cash wrap station to be able to interact with customers on the sales floor; or it may involve educating and empowering customers to attain service through their own mobile devices. Regardless of the path, enhancing the customer's shopping experience involves all parts of the organization, not just the store associates. The processes, technology, organizational structure, and compensation need to be in alignment to ensure customers' expectations are met.
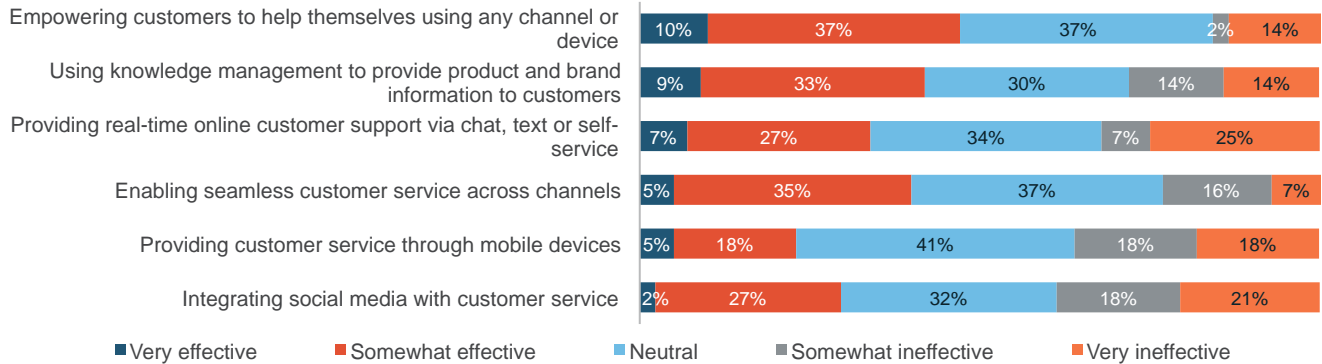
When we asked retailers how they motivate store associates to fulfill cross-channel orders, we found gaps in organizational incentives that may limit the effectiveness of efficiently executing non-traditional fulfillment processes. More than half of the retailers (55%) surveyed do not offer

Exhibit 13
Ways to Encourage Store Employees to Effectively Fulfill Cross-Channel Orders

Partial sales credit/commission for orders fulfilled from store	27%
Dedicated employees to handle fulfillment	16%
Adjustment of store labor costs (credits) to compensate for orders	16%
Incentives or bonuses to pull inventory and fulfill orders promptly	7%
Complete credit for sale	2%
None of the above	55%

their store employees any incentives or encouragement to fulfill cross-channel orders **(Exhibit 13)**. When retailers fail to motivate and compensate sales associates, they risk lackluster adoption of processes at the floor level, and subpar customer experiences.

We also noted that there are varying levels of confidence with regard to the effectiveness of the customer services provided. Our study revealed that retailers feel confident about their ability to empower customers to help themselves, with near half indicating this as very or somewhat effective. In contrast, integrating social media with customer service or providing customer service through mobile devices, is more often ineffective than effective. **(Exhibit 14)**.

Exhibit 14
Organization Effectiveness

	Very effective	Somewhat effective	Neutral	Somewhat ineffective	Very ineffective
Empowering customers to help themselves using any channel or device	10%	37%	37%	2%	14%
Using knowledge management to provide product and brand information to customers	9%	33%	30%	14%	14%
Providing real-time online customer support via chat, text or self-service	7%	27%	34%	7%	25%
Enabling seamless customer service across channels	5%	35%	37%	16%	7%
Providing customer service through mobile devices	5%	18%	41%	18%	18%
Integrating social media with customer service	2%	27%	32%	18%	21%

■ Very effective ■ Somewhat effective ■ Neutral ■ Somewhat ineffective ■ Very ineffective

Enhance

Gathering customer experience feedback to understand customers' likes and dislikes allows for a continuous improvement loop.

According to a study by Livework, 96% of unhappy customers don't complain, however 91% will instead leave and never return.[6] This underlines the importance of retailers understanding customer expectations and satisfaction levels. Layering this fact within a world of infinite forums and platforms to air grievances, the need becomes critical to strive for customer satisfaction with every interaction and transaction.
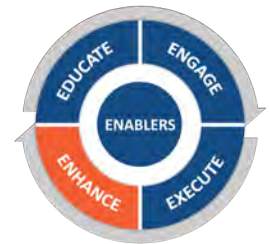
It's clear that retailers must continuously listen, enhance and evolve the customer experience. This is essential to course correct the customer experience and look for opportunities to increase brand loyalty. Today, the most utilized customer satisfaction measurements are customer reviews (60%), followed by social media comments (59%). Although between these two forums we found most retailers recognize the need for improvement, especially with social media. Looking ahead, retailers are looking to increase utilization of online customer surveys (32%) and social media (30%). Within three years, social media feedback looks to be the dominant vehicle, with nearly 90% of retailers planning to utilize this channel for measuring customer satisfaction **(Exhibit 15)**. As customers shop across channels, it is important to measure customer satisfaction in all channels. Yet, there are still a significant number of retailers who do not have plans to utilize some of these satisfaction measurement methods in the next three years.

Exhibit 15
Customer Satisfaction Measurement

	Utilize and works well	Utilize and needs improvement	Plan to utilize in 3 years
Online customer surveys	25%	27%	32%
Customer reviews	22%	38%	16%
Mystery shoppers	22%	29%	20%
Custom research	18%	31%	13%
Social media comments	11%	48%	30%
In-store customer surveys	11%	24%	24%

■ Utilize and works well
■ Utilize and needs improvement
■ Plan to utilize in 3 years

The measuring of customer satisfaction is an essential piece to ensuring retailers are enhancing the customer experience and increasing brand loyalty. When broaching the subject of enhancing the customer's experience, it is important for retailers to understand and appreciate:

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[6] "Customer experience, the key to future business," liveworkstudio, http://liveworkstudio.com/perspectives/financial-services/.

RETAIL SPOTLIGHT
Omni-channel Customer Service – Zipcar
Zipcar offers a holistic approach to providing customer service. Zipcar is able to communicate a clear, consistent message tailored to a customer it knows well. This customer knowledge stems from: constantly monitoring the pulse of customer experience across all touchpoints, ethnographic research used to shape future services, and propagating an understanding of how each channel's function impacts a Zipcar customer.

1. What are your customers' expectations, and are they being met?
2. Do your systems allow for and encourage organic customer recommendations and sharing?
3. When customers encounter an issue, are you able to quickly resolve it to their satisfaction?
4. Is your organization able to incorporate feedback from customers in order to facilitate future interactions?

Frequently asking these questions will strengthen your organization's understanding of customers' expectations and progressively lead to better overall service.
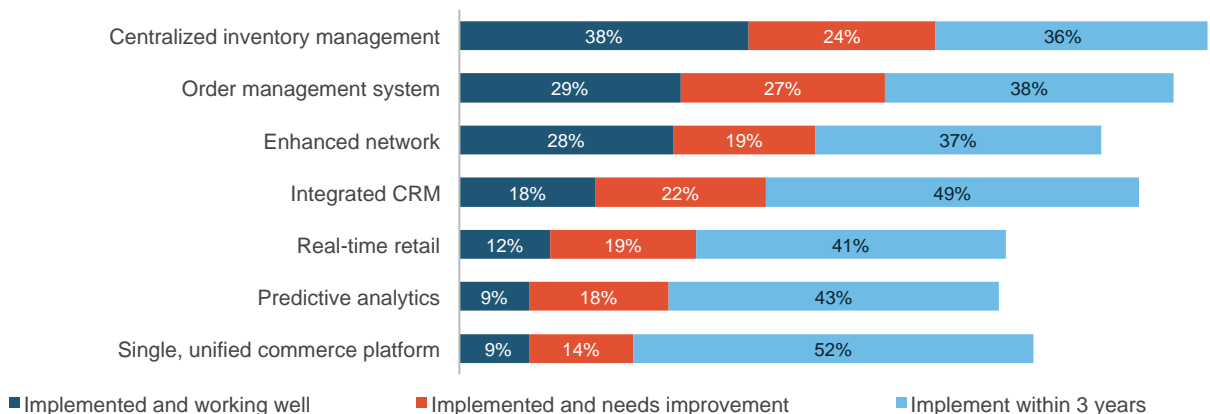
Enablers

The right technology foundation is essential to support the customer experience across channels.

As retailers focus on the customer experience they are realizing that integrating disparate systems and processes in real-time is extremely difficult and not working well. Often, retailers are trying to offer customers the services they desire but at a high cost to the retailer, as these processes are inefficient and ineffective. The greatest cost to the retailer is actually the poor customer satisfaction as a result of over-promising and under-delivering on cross-channel services.
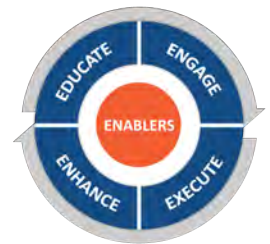
So what's the solution? We need a new answer that aligns with putting a holistic customer experience first. The answer is unified commerce. Unified commerce, with the underpinnings of a single commerce platform supporting all customer touchpoints and channels eliminates traditional integration issues and supports real-time visibility. This allows the entire company to work together with a unified view of the customer, inventory and fulfillment.

Exhibit 16
Unified Commerce Initiatives

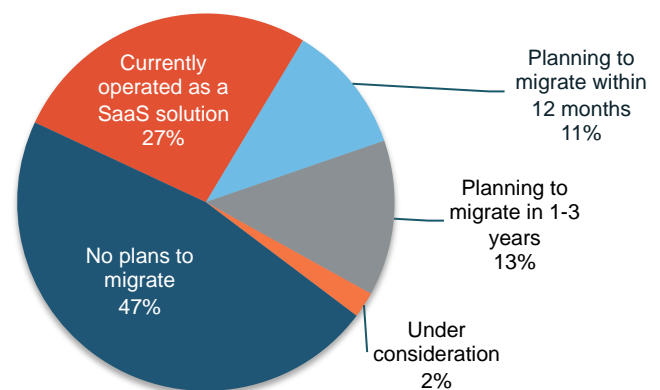| Initiative	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Centralized inventory management	38%	24%	36%
Order management system	29%	27%	38%
Enhanced network	28%	19%	37%
Integrated CRM	18%	22%	49%
Real-time retail	12%	19%	41%
Predictive analytics	9%	18%	43%
Single, unified commerce platform	9%	14%	52%

A single commerce platform promotes high efficiency by combining traditional point-of-sale, mobile, web, clienteling, order management and fulfillment into a consolidated, real-time platform. In essence, it grants an organization the ability to provide a single version of the truth across all channels, creating visibility and availability of accurate inventory and customer information.

The industry has wholeheartedly embraced unified commerce with 75% of retailers indicating they have or plan to implement a single, unified commerce platform within the next three years **(Exhibit 16)**. The results show that inventory visibility, order management and integrated CRM are all significant considerations with nearly 90% of retailers focused on all of these elements in their unified commerce plans. The order management system is key, as this is the heart of any unified commerce platform because it provides the needed order visibility across channels and hosts the single shared cart that is the unified commerce holy grail capability of 'start anywhere, finish anywhere.'

Also noteworthy is the number of retailers focused on predictive analytics (43%) and real-time retail (41%) over the next three years. We would describe real-time retail as pivotal to enhancing the customer experience through personalization and it is fundamental to delivering unified commerce. Real-time retail allows a customer to shop whenever, wherever or however they want, while simultaneously gathering, analyzing, and disseminating customer data across all channels. Needless to say, real-time capabilities and analytics enhance the customer experience based on customer context. Customer context is the interrelated factors of customer insights and environmental conditions that make the shopping experience relevant. This allows retailers to personalize the shopping experience based on preferences, purchase history, the customer's closet, their online browsing history, time of day, weather, and their physical location – all based on real-time information.

While there are different options available to operate a given commerce platform, our survey found that 27% currently operate as a software-as-a-service (SaaS) solution and another 24% plan to migrate to a SaaS within the next three years **(Exhibit 17)**. These numbers indicate a strong movement towards a SaaS model or solutions in the industry.

Exhibit 17
SaaS Plans for Commerce Platform

Currently operated as a SaaS solution 27%

Planning to migrate within 12 months 11%

Planning to migrate in 1-3 years 13%

Under consideration 2%
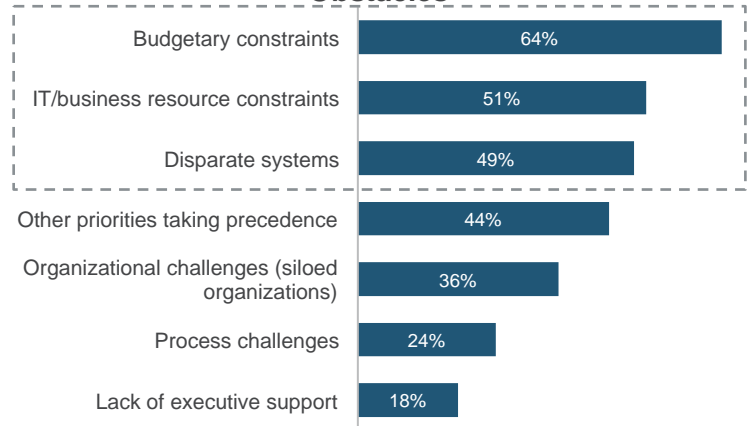
No plans to migrate 47%

Challenges
The biggest challenge to meeting customer expectations is organizational change.

Retail paradigms are always changing, forcing retailers to become more innovative to captivate and engage their customers. Our research and experience has illustrated that successful retailers share a common trait: a thoughtful and concerted focus to pursue customer understanding. This drive for customer knowledge is the foundation of their overarching mission as a business and underlies all major strategies and initiatives.

For many retailers, delivery on their customer experience vision through unified commerce is a transformative enterprise initiative, so it is no surprise that budgetary (64%) and resource (51%) constraints are the top challenges with retailers **(Exhibit 18)**. That said, the cost of doing nothing or trying to leverage less than effective options, comes with its own cost, in missed expectations, disappointed customers and lost sales. Retail has never been more transparent than now and your customers will quickly let you know if you are missing the mark.

One of the issues is that most retailers operate in a cost-centric world, where IT budgets are based on a 'hard savings' perspective and annual planning processes are based on a goal to reduce IT and business spending. This hard savings approach is shortsighted and often ignores innovative projects and investments in the future. Retailers should consider the 'soft benefits' of investments in innovative technology – like a single commerce platform – to drive increased satisfaction and sales. It is our belief that successful retailers will use soft analysis as a determinant for infrastructure investments, utilizing innovative technology to create overall better customer experience.

Exhibit 18
Top 3 Biggest Unified Commerce Obstacles

Obstacle	%
Budgetary constraints	64%
IT/business resource constraints	51%
Disparate systems	49%
Other priorities taking precedence	44%
Organizational challenges (siloed organizations)	36%
Process challenges	24%
Lack of executive support	18%

Our advice is to begin the journey one step at a time:

1. Develop a balanced strategy that will cost justify the expense.
2. Identify a list of profit acceleration opportunities that will create hard savings to self-fund the future investment.
3. Do it the right way – not a quick fix approach. Develop an implementation timeline that is realistic, thoughtful and customer centric, not back office focused.
4. Avoid reliance on 'hard' savings to justify your IT investment. Sales increases and their associated margin increases related to so called 'soft' savings are many times critical to cost justify the infrastructure required to successfully implement a unified commerce/customer centric strategy.

Conclusion

Retailers recognize the need to make changes to meet customer expectations and many are planning significant progress over the next few years, but it is not without challenges.

Retail has never been more transparent, or complicated, and customer expectations continue to escalate. This is today's retail environment, with customers in the driver's seat, creating challenges, but ultimately many opportunities for retailers.

Customers want to quickly and easily move across channels to research, shop, and interact with your brand and they expect their journey to be personalized. Retailers are embracing unified commerce with a single commerce platform, as the best option to enable a holistic customer experience that transcends channels. For most retailers, mobile is ground zero for this transformation and where the digital and physical worlds will converge. Retail has become more complicated than ever and customer expectations continue to escalate. This creates many challenges and opportunities for retailers.
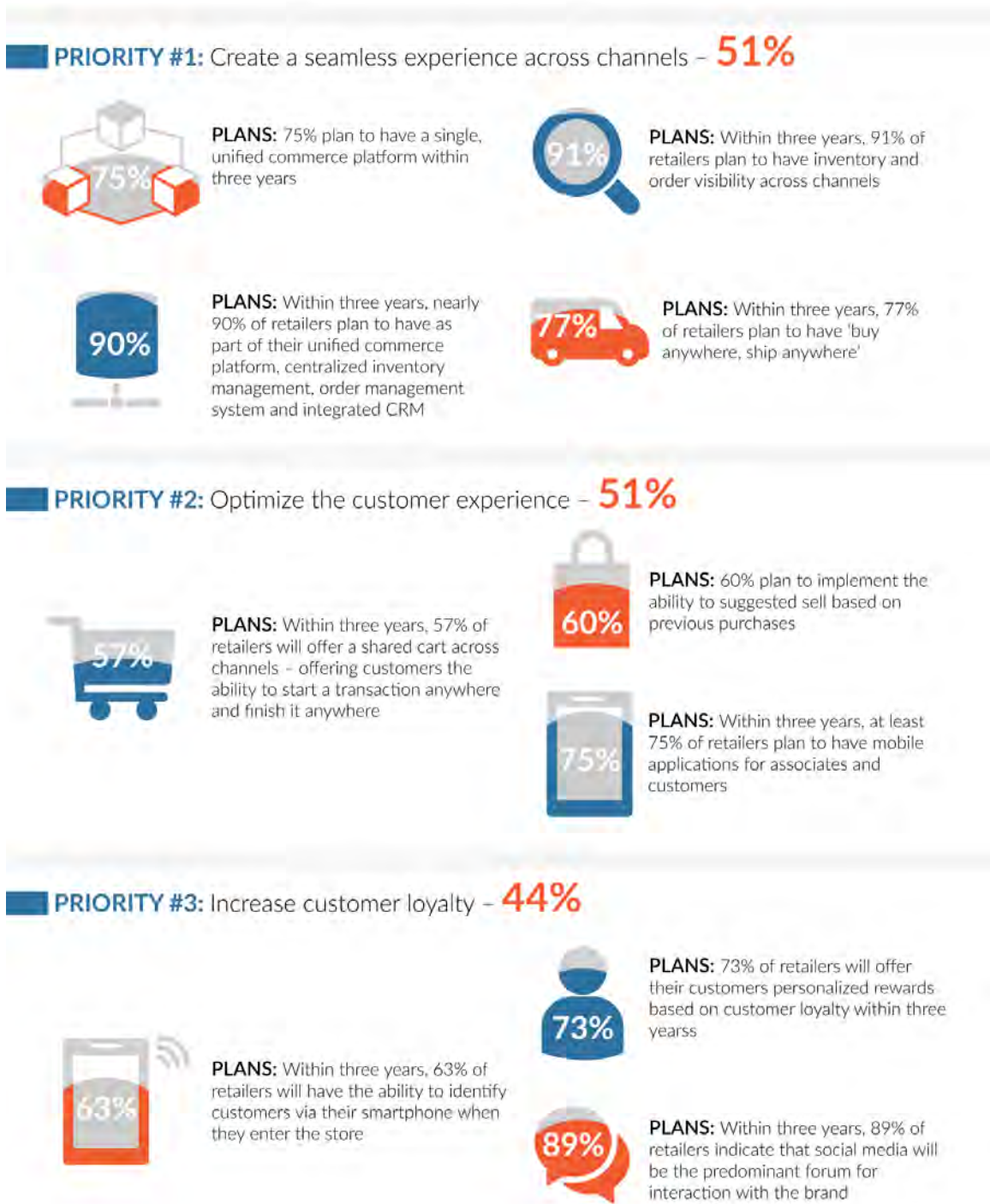
Unfortunately, budgetary constraints remain the greatest challenge that retailers face as they research a unified commerce model. Rather than taking a 'hard savings' perspective to the annual planning processes based on a goal to reduce IT and business spending, savvy retailers will consider the 'soft benefits' of investments in innovative technology – like a single commerce platform – to drive increased satisfaction and sales.

We're encouraged to see how many retailers have plans to significantly move the needle with their customer experience and unified commerce initiatives. The next few years in retail will be a wild and exciting ride and opportunities abound for those who take action now.

Customer Experience Key Findings

Below is an infographic highlighting key findings for the 2016 Customer Experience/Unified Commerce Benchmark Survey.

PRIORITY #1: Create a seamless experience across channels – **51%**

PLANS: 75% plan to have a single, unified commerce platform within three years

PLANS: Within three years, 91% of retailers plan to have inventory and order visibility across channels

PLANS: Within three years, nearly 90% of retailers plan to have as part of their unified commerce platform, centralized inventory management, order management system and integrated CRM

PLANS: Within three years, 77% of retailers plan to have 'buy anywhere, ship anywhere'

PRIORITY #2: Optimize the customer experience – **51%**

PLANS: Within three years, 57% of retailers will offer a shared cart across channels – offering customers the ability to start a transaction anywhere and finish it anywhere

PLANS: 60% plan to implement the ability to suggested sell based on previous purchases

PLANS: Within three years, at least 75% of retailers plan to have mobile applications for associates and customers

PRIORITY #3: Increase customer loyalty – **44%**

PLANS: 73% of retailers will offer their customers personalized rewards based on customer loyalty within three yearss

PLANS: Within three years, 63% of retailers will have the ability to identify customers via their smartphone when they enter the store

PLANS: Within three years, 89% of retailers indicate that social media will be the predominant forum for interaction with the brand

Survey Methodology

Boston Retail Partners conducted the 2016 Customer Experience/Unified Commerce Benchmark Survey in March and April of 2016 by contacting more than 500 top North American retailers. Through an online survey system, BRP gained insight into retailers' planned initiatives, priorities and future trends.
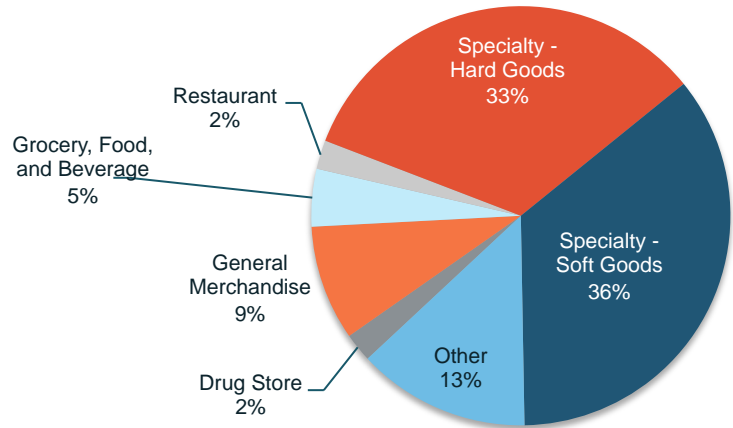
This paper summarizes the results and key findings of the survey, offers insight based on BRP's client engagements and overall retail experience and identifies current and future trends in the industry to offer retailers opportunities to continue to evolve and prosper.

The primary focus of this survey is the specialty retail segment with 36% of the respondents within the specialty soft goods category and 33% in the specialty hard goods category **(Exhibit 19)**. The remainder falls into various other categories such as general merchandise and grocery. This mirrors last year's results, which also focused on the specialty retail segment with 33% falling into specialty soft goods and 31% falling into specialty hard goods.
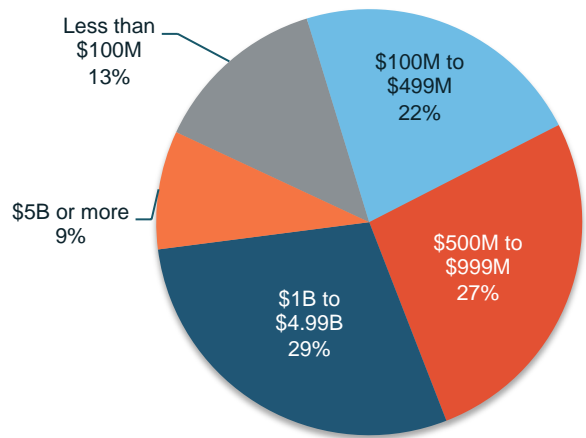
Of the retailers surveyed, the breakdown in size based on gross annual revenue included a broad selection of Tier 1, 2 and 3 retailers with 56% of the respondents having $500M to $4.99B in sales **(Exhibit 20)**. This is slightly higher than last year's 47% with sales of $500M to $4.99B.

The respondents themselves were primarily vice presidents or directors of IT or C-level executives.

Exhibit 19
Company Category

Specialty - Hard Goods 33%
Restaurant 2%
Grocery, Food, and Beverage 5%
General Merchandise 9%
Drug Store 2%
Other 13%
Specialty - Soft Goods 36%

Exhibit 20
Gross Annual Revenue

Less than $100M 13%
$5B or more 9%
$100M to $499M 22%
$500M to $999M 27%
$1B to $4.99B 29%

About Boston Retail Partners

Boston Retail Partners (BRP) is an innovative and independent retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy	**Business Intelligence**	**Business Process Optimization**
Point of Sale (POS)	**Mobile POS**	**Payment Security**
CRM	**Unified Commerce**	**Customer Experience & Engagement**
Order Management	**E-Commerce**	**Merchandise Management**
Supply Chain	**Information Technology**	**Private Equity**

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