



Setting the Bar

Global Customer Experience Trends 2019

Methodology

The research cited in this paper was conducted in 2019 with over 15,800 consumers and 200 retailers across four key regions: Europe (France, Germany, Italy, Spain, Sweden, United Arab Emirates, United Kingdom), JAPAC (Australia, China, India, Japan), LATAM (Brazil, Chile, Mexico), North America (Canada, United States of America).

Independent research and creative consultancy Savanta Group conducted the research on behalf of Oracle Retail which explores consumer attitudes and expectations compared to retailers’ strategic priorities, when it comes to the retail shopping experience now and in the future. This report is based on the findings from this study.

We spoke to:

15,837

Consumers

210

Retailers

Across 16 countries, in four key regions:

Europe	JAPAC	LATAM	North America
France Germany Italy Spain Sweden United Arab Emirates United Kingdom	Australia China India Japan	Brazil Chile Mexico	Canada United States of America



Introduction

The bar that consumers mentally and emotionally measure experience is in constant flux, with every great experience setting a new measure of success. Cutting across sectors – from shopping to streaming, banking to travel – consumers make little distinction between industries when it comes to convenience and user experience. If they enjoy an excellent service with Netflix, Uber or Santander, they expect all their experiences to match or surpass that one, retail or otherwise. In such an environment, retailers must stay agile and push themselves to deliver increasingly faster, better and more relevant interactions with their customers.

In this report we examine three core areas where retailers can make a marked impact and raise their own bar: the final mile, mastering the connection and the store user experience.

The Final Mile: That point where the consumer has committed, checked out and is awaiting delivery is a crucial phase of the customer experience, and one that is often make or break. Is the delivery option they want available to them? Does the item arrive when promised? And when it does arrive, how easy and flexible is the returns process? With the quality of aftercare service potentially being the difference between winning long-term loyalty or losing a customer forever, we looked at how traditional, online and direct-to-consumer (DTC) brands are managing this all-important step in the customer journey.

Mastering the Connection: Are retailers consistently communicating with consumers in a way that is authentic and expected? Are they fostering a connection that is transparent and trustworthy? There's a desire from consumers to deepen their interaction with retailers – they want to feel as if the retailer knows them and has their best interest in mind, with real-time communications when something goes wrong, for example. But there is also a level of skepticism that retailers must endure. This is especially true among older generations, who are also more hesitant about data sharing than Generation Z and Millennials. For Generation X and Baby Boomers, human connection remains an important factor when it comes to trust and building an authentic connection.

The Store UX: How do consumers view their in-store user experience? What is most valued – convenience, immersive brand experience, discovery, advice – compared to what retailers prioritize? And what are the differentials between in-store and online? The challenge for omnichannel retailers is to make their physical space and online service as seamless and as all-knowing as possible. Consumers in North America are emphasizing this, with an elevated world of convenience in retail and beyond, but other parts of the world are catching up fast, and so consumer expectation is continuing to rise.



The Final Mile: Closing the Gap

This crucial stage of the retail journey is one that customers have high expectations of and online-only retailers are fronting the race: 61% of consumers feel that “the delivery option they want is always available” compared to 52% for traditional retailers and 46% for DTC brands. When asked if “items always arrive when they say they will”, 52% of respondents say this is the case with online-only retailers, compared to 49% for traditional and DTC brands. Although online-only retailers are currently in poll position, traditional retailers and DTC brands aren’t far behind, signifying progress and opportunity for the whole retail sector.

Convenience is a major driver for customers, which when it comes to delivery of online purchases means “fast and free” – 92% of

respondents say they would like/love “free one-day delivery by whatever means is most expedient (drone, driverless car, messenger)”. This shows an increased acceptance of new technology options: in the 2018 report, The New Topography of Retail, only 43% of respondents said near real-time delivery by drone or driverless car would be “awesome”, with 33% “neutral” to the idea.

Consumers equally value choice. 86% feel that retailers should offer the ability to “choose the most convenient delivery option for me at the time of ordering”. Some 87% of retailers agree this is important to consumers, but the need is not yet being met with 47% of consumers reporting that the delivery option they want is “sometimes, rarely or never” available.

Percentage of people saying
“The delivery option I want
is always available”



92%

Of consumers say they would like/love “Free one-day delivery, by whatever means is most expedient (drone, driverless car, messenger)”.

86%

Of consumers feel that retailers should offer the ability to “choose the most convenient delivery option for me at the time of ordering”.

87%

Of retailers agree that this is “Important” to consumers.

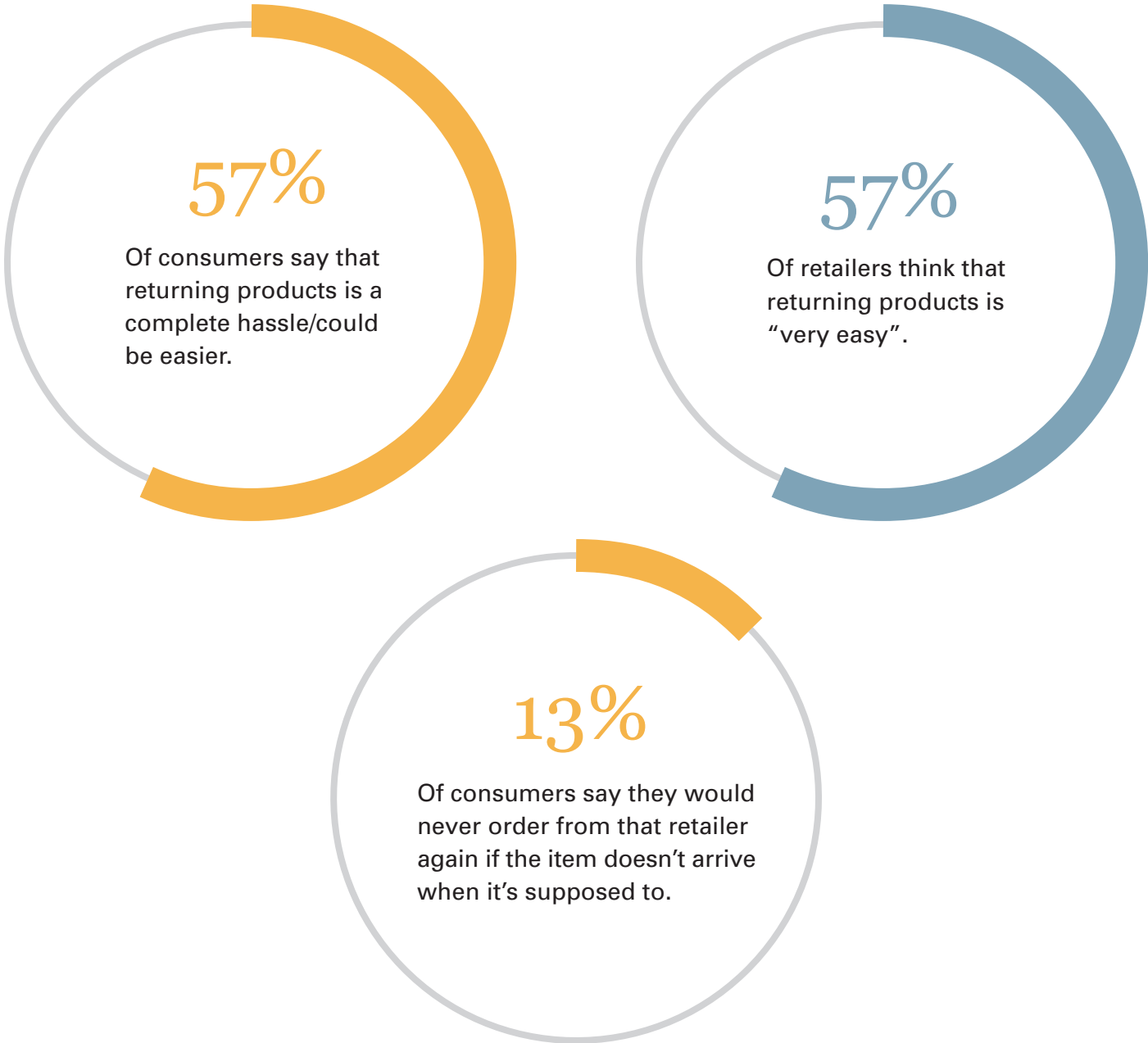
47%

Of consumers report that the delivery option they want is “sometimes, rarely or never” available.



There is a heavy price to pay if customer expectations aren't met by retailers: 13% of respondents say they would “never order from that retailer again” if the item doesn't arrive when it's supposed to. Returns is also a pain point in the purchase journey: 57% of consumers say that returning products is a complete hassle/could be easier. Ironically, 57% of retailers think returning products is “very easy”. Traditional retailers have an advantage in this area, as many consumers prefer to return items bought online to a physical store. 46% of respondents say “returning products is very easy” at traditional retailers compared to 43% for online and 40% for DTC brands.

The gap between consumer expectation and retailer capabilities is not insurmountable, and retailers that implement a proactive approach now can close it further. Maximizing the return journey and taking the opportunity to better understand their customer is something a few select retailers have dialed in. Moving from returns management to capitalizing on the moment requires a shift in thinking and processes to allow for better intelligence gathering. Did the customer return the item because it didn't fit? Well, what was wrong with the fit exactly? This data is critical to delivering the next best experience and is invaluable to product development teams.



Consumer preferences for online shopping

21%

Of consumers look for the cheapest price item, even if that means paying for delivery.

34%

Of consumers look for fast and free delivery, even if it means paying more for the item.

“My ideal shopping experience would be a simple checkout process and lots of delivery options”



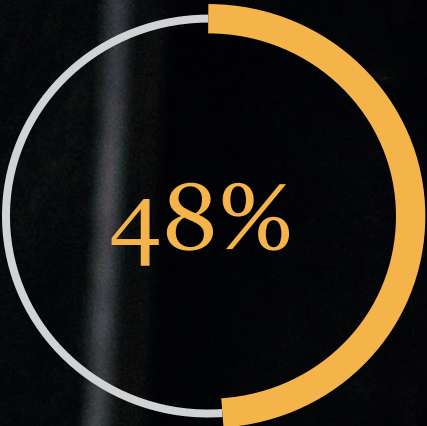
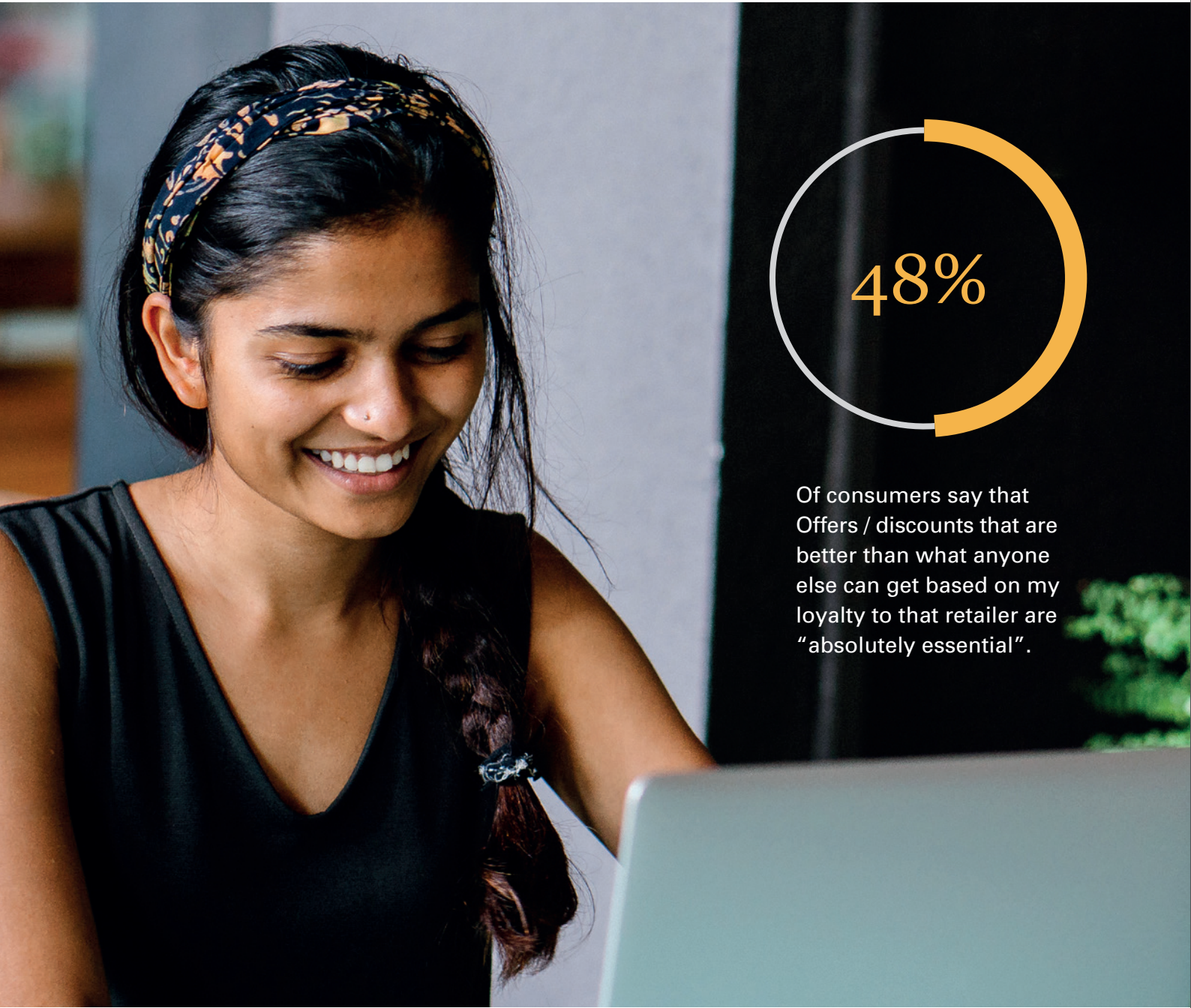
Mastering the Connection: Honesty and Transparency

Forging deeper connections with customers is a rich vein to mine albeit one with infinite seams. Creating personalized experiences is no longer just about dynamic content or ‘special offers’. Consumers seek preferential treatment – when it comes to bespoke offers, 48% say that offers/ discounts which are better than what anyone else can get based on my loyalty to that retailer are “absolutely essential”.

Honesty from retailers is also highly valued, but at the moment even among Generation Z and Millennials levels of trust are low, with just 21% completely trusting what retailers tell them.

This contrasts with the 39% of retailers who think consumers trust the information they provide about products/services.

Consumers want retailers to be open with them, especially when things go wrong. A carefully handled communication after an error (e.g., recall, incorrect labeling) can boost brand trust in the long run. 66% of consumers expect retailers to communicate issues with products they have bought “immediately” – this is especially important among Baby Boomers (72%) and Generation X (66%).



Of consumers say that Offers / discounts that are better than what anyone else can get based on my loyalty to that retailer are “absolutely essential”.

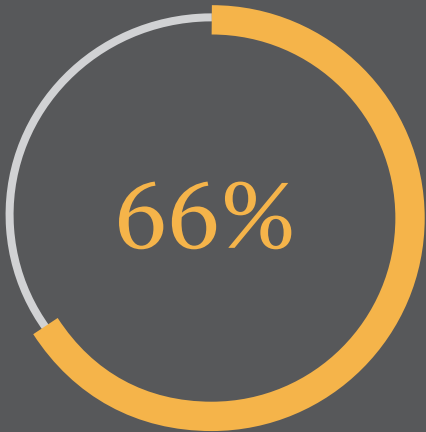


21%

Of Generation Z and Millennials completely trust what retailers tell them.

39%

Of retailers think consumers trust the information they provide about products/services.



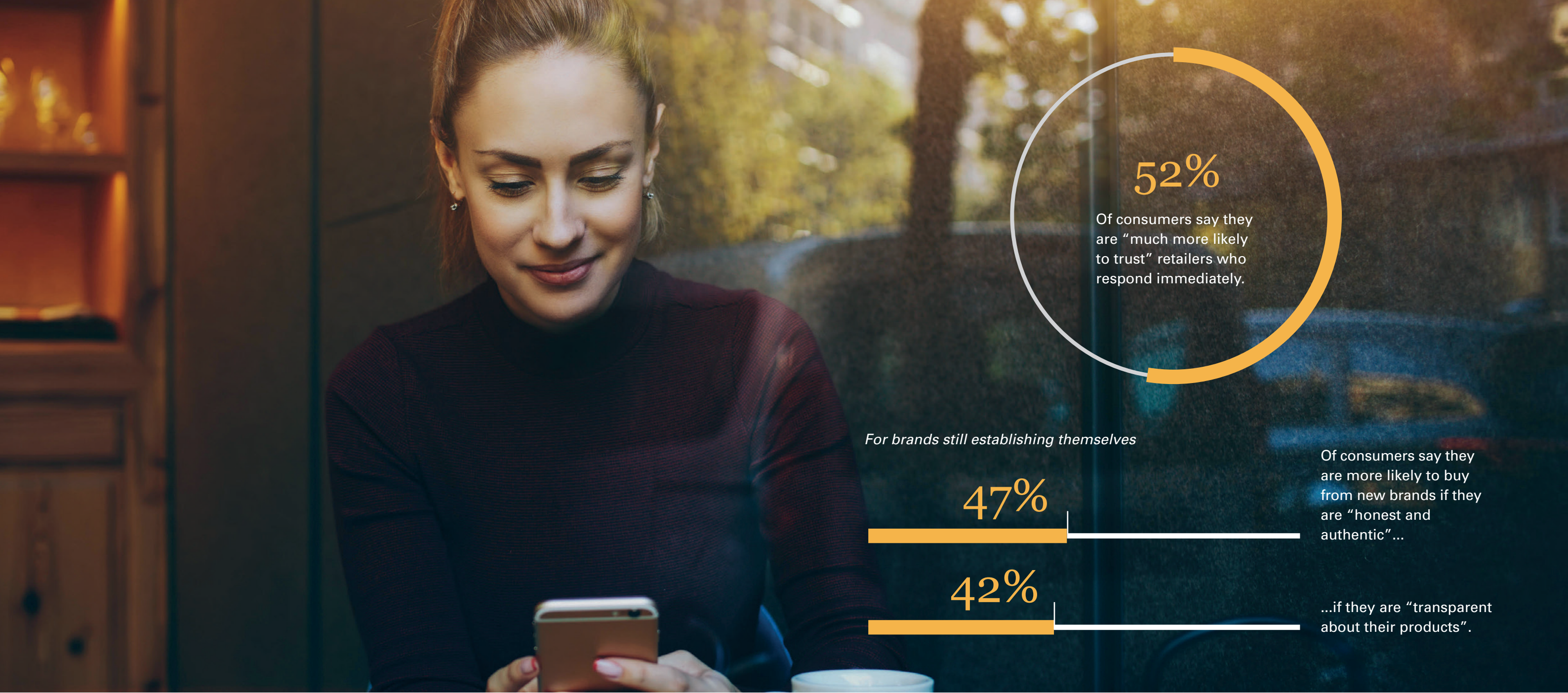
Of consumers expect retailers to communicate issues with products they have bought “immediately” – this is especially important among

Generation X

66%

Baby Boomers

72%



For brands still establishing themselves



Of consumers say they are more likely to buy from new brands if they are “honest and authentic”...



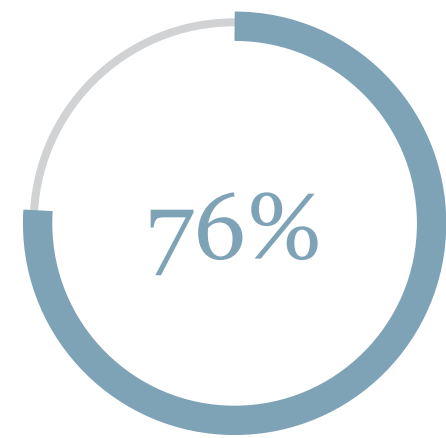
...if they are “transparent about their products”.

Retailers will be rewarded for good communication: 52% of consumers say they are “much more likely to trust” retailers who respond immediately. Across the generations, this breaks down into 44% of Generation Z, 50% of Millennials and 54% of Generation X and Baby Boomers. For brands still establishing themselves, 47% say they are more likely to buy from new brands if they are “honest and authentic”, and 42% if they are “transparent about their products”.

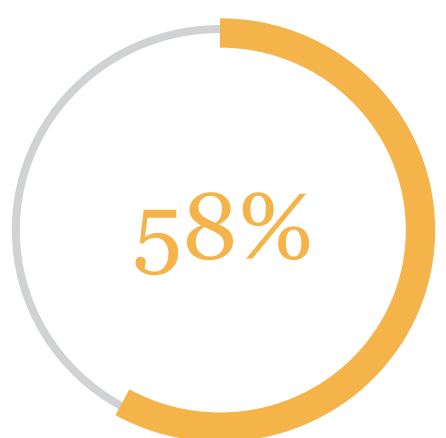
When things do go wrong, consumers are more likely to blame the store or retailer where they purchased the item than the supplier or manufacturer. In the event that information provided to a consumer is revealed as untrue or inaccurate, 76% of retailers understand that

the store/website from where the item was bought should take responsibility. This resonates with consumer opinion: 58% would blame the store/retailer in the event of inaccurate marketing claims or mislabeling.

With so many shoppers segueing between online and in-store when making a purchase, empowering staff with intimate knowledge of an individual shopper’s journey is essential. Further, aggregating every interaction and creating profiles that better articulate individual behaviors and preferences not only empower in-store staff but also enable higher return on customer acquisition, retention and lifetime value initiatives.



Of retailers understand that the store/website from where the item was bought should take responsibility to communicate the error.



Of consumers would blame the store/retailer in the event of an issue/error.

The Store UX: Assessing Priorities

Shoppers don't view online and in-store as discrete channels; the brand is the umbrella and the service should be uniform across both. The notion of user experience (UX) should be treated in the same vein, enhanced by a deeper understanding of what consumer expectations are across each channel and tailoring the interaction accordingly. The online and in-store UX is interconnected through one common desire: "perceived convenience". It's about which channel is the most convenient at a particular point in time and this consideration must be brought to the forefront of any retailer's strategy across the complete journey – from searching, to buying, to returning products. Traditionally, UX has taken centre stage of any discussion regarding online platforms – this ideology should command equal respect when talking about store.

Across all channels, 51% of consumers associate convenience with a great shopping journey, over and above an immersive brand experience (35%), discovery (35%) and advice (20%). This is particularly true in North America where convenience has been raised to new levels. 57% of respondents in the region value convenience above all else compared to 50% in Europe.

When looking at retailers' primary strategies, we see convenience (42%) is ranked as their number one priority for online channels and immersive brand experience second (27%), whereas when asked about in-store channels, immersive brand experience is ranked first albeit by one percentage point.

"I want to easily find what I'm looking for, staff able to answer any questions I have and be able to get the answers in a timely manner"

51%

Of consumers most associate convenience with a great shopping journey.

35%

Of consumers most associate an immersive brand experience with a great shopping journey.

35%

Of consumers most associate discovery with a great shopping journey.

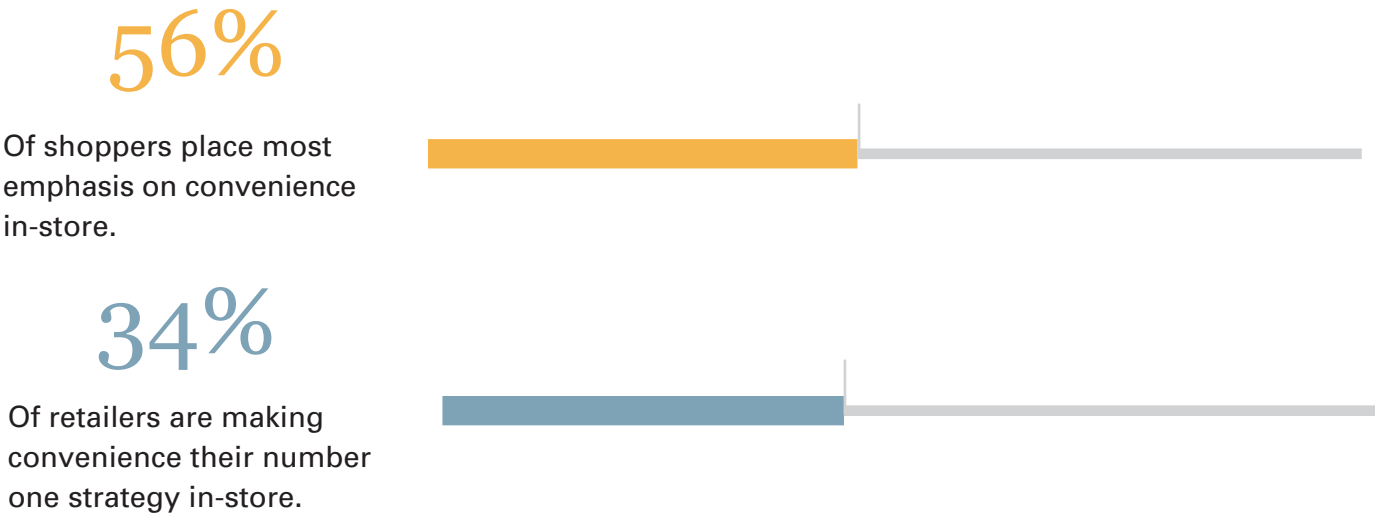
20%

Of consumers most associate advice with a great shopping journey.

“Convenience is a big deal with me when shopping. I prefer speedy checkout whether I am buying online or at a store.”

The 46% of consumers associating a great online shopping journey with convenience is much closer to the 42% of retailers ranking this as a priority than the 56% of shoppers who place most emphasis on convenience in-store and the 34% of retailers making this their number one strategy.

Retailers’ rankings for discovery and advice, meanwhile, are far lower than consumers’ desires across both channels: only 18% for both in-store and online rank discovery as a priority, compared to consumers’ 36%; advice is only priority for 6% of in-store and 8% of online, whereas 22% of consumers place an importance on expert advice in the store.



Retailer vs consumer priorities in-store

Retailer:
Thinking about your in-store channel, what is your main priority?

Consumer:
What do you associate with a great shopping experience in-store?

Experience: 35%

Convenience: 56%

Convenience: 34%

Experience: 37%

Discovery: 18%

Discovery: 36%

Advice: 6%

Advice: 22%

(N.B. Retailers were asked to provide a single answer | Consumers could select multiple options)



Looking ahead, consumers are keen on innovative technologies that make interactions with a brand more convenient, both online and in-store. 54% of respondents love the idea of “online technology that allows you to view a digital version of yourself to try on products (e.g. sunglasses, clothes)”. In LATAM, the appetite for this is particularly high – 69% compared to Europe’s 50%. Globally, 53% of respondents would embrace “virtual reality where you can browse a virtual closet online and pick out items like you would in a store” – again this rises to 69% in LATAM. And 41% would be interested in “online subscription fashion services that

automatically send you items in your style and you return the ones you don’t like”. The desire for the latter breaks down regionally to LATAM 54%, JAPAC 50%, Europe 34% and North America 29%.

For in-store retail environments, there is an opportunity to elevate the consumer experience by prioritizing convenience, discovery and expert advice. While online retailers can up level engagement through immersive technology that can simulate the UX of the physical space.



53%

Love the idea of virtual reality where you can browse a virtual wardrobe online and pick out items like you would in a store “pre-purchase”.

54%

Of consumers love the idea of online technology that allows you to view a digital version of yourself to try on products (e.g. sunglasses, clothes) “pre-purchase”.



41%

Love the idea of online subscription fashion services that automatically send you items in your style, and you return the ones you don’t like “pre / post-purchase”.

Conclusion

The bar with which the customer experience is measured is constantly changing, however, in some respects the gap between consumer perception and retail reality is closing. We credit this progress to retail's intentional focus on digital transformation.

Retailers that can successfully execute the final mile, establish a transparent relationship with their customers and create experiences that are convenient, primed for discovery and rich with expert advice will set the bar for their peers.

As we look to the future, retailers that shift their strategy from a product-centric model to one that puts the customer at the core of their business operations will be in prime position to capture, convert and cultivate loyal customers.



Capture, Convert and Cultivate Loyal Customers.

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