Skills4Retail
Building sustainable growth



Retail Customer Experience (CX)

Designed by The University of Bucharest for the Skills4Retail Initiative

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Introduction

- Throughout this module, we will extensively explore the concept of customer experience in retail, discussing customers' expectations and also how to identify customer satisfaction, dissatisfaction, and the sources of uncertainty in retail.
- Studying customer experience in retail will provide a comprehensive perspective on how to create a positive cycle of satisfied customers.
- Throughout this module, participants will learn how retailers can generate increased sales, brand loyalty and a competitive edge.
- This exploration of customer experience underscores the essential role of resilience in shaping the future of retail, demonstrating how to assess and measure customer experience in retail.
- Furthermore, we will discuss the need to design new and improve retail experiences for customers to provide long-term success in a business environment characterised by rapid and often unpredictable changes.
- **Module learning objective:**
- Display the architecture, coordination and delivery of the customer experience.

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Module learning outcomes:

- **On completion of this module, the learner will be able to:**
  - Define and record customers' expectations
  - Identify sources of customer satisfaction, dissatisfaction, and uncertainty in retail
  - Describe persona profile
  - Schedule and operate multiple communication channels in retail
  - Use customer journey mapping
  - Use customer analytics
  - Assess and measure customers' experience in retail
  - Design new and improved retail experiences for customers

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Agenda

1. General considerations about customer experience
2. Sources of customer satisfaction, dissatisfaction, and uncertainty in retail
3. Persona Profile
4. Multiple communication channels in retail
5. Customer journey mapping
6. Tools to assess and measure customers experience in retail
7. Design new and improved retail experiences for customers



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1. General considerations about customer experience



1.1. Who is the Customer?

1.2. IDIC model (identify, differentiate, interact, customize)

1.3. Understanding customer expectation

1.4. The concept of customer experience

1.5. The need to enhance the customer experience

1.6. Drivers for investigating customer experience in retail

1.7. How retailers can meet new customer expectations

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Trainer support

- **Trainer Notes**
- Encourage participants to relate the concepts presented in this chapter to their own experiences as retail customers.
- Use examples from both physical stores and online shopping environments to illustrate the evolution of customer expectations and the growing importance of customer experience in retail.
- Facilitate discussion by connecting theoretical concepts to real retail brands familiar to the participants.

- **Discussion Prompts**
- What differentiates a satisfied customer from a loyal customer?
- Can you recall a recent retail experience that exceeded your expectations? What made it memorable?
- How have your expectations as a retail customer changed over the last five years?
- Which factors influence your decision to return to a retailer after a positive or negative experience?
- How do digital channels influence your perception of a retailer?

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Trainer support

- **Practical Example**
- Ask participants to compare two retailers they frequently use (e.g., IKEA, Zara, Lidl, Amazon, Decathlon, Carrefour, or local retailers). Have them identify:
  - key customer expectations,
  - major touchpoints,
  - elements contributing to a positive or negative customer experience,
  - opportunities for personalization.

- **Suggested Timing**
  - Introduction and discussion of customer concepts: 20 minutes.
  - IDIC model explanation and example: 20 minutes.
  - Understanding customer expectations: 15 minutes.
  - Customer experience concept and importance: 15 minutes.
  - Group discussion and practical example: 20 minutes.
- Total estimated duration: 90 minutes

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1.1. Who is the Customer?

- The words “client”, “customer” and “consumer” are often confused for one another and used interchangeably (especially the first two terms).
- It’s easy to confuse the terms “client” and “customer,” but they have different meanings in business.

- **Client.** Someone who uses the professional services of an individual or company.
- **Customer.** A person who buys goods or services from a business (which includes shops). Customers are the individuals and businesses that purchase goods and services from another business.
- **Consumer.** Someone who buys good and services for their personal use; or someone who eats or uses something.
- *Consumers can be customers but consumers are defined as those who consume or use market goods and services.*
- **A retail customer** is an individual who intends to purchase small amounts of products for personal use or for use by family and friends.

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Experience Challenge

- Customers live in a world that is far removed from the one marketing grew up in.
- It is a world where **experiences** are at the heart of life and of life's objectives.
- As a sign of our wealth, the desire for personalized services is growing faster than the demand for mass-produced goods that people used to be happy to buy.
- People are now used to making their own decisions about how they live, what they buy and what they do.
- Global competition has given people a huge range of options, which has helped them become more independent.

With affluence comes more choice.



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Modern customer

- In market after market, the number of products on offer has multiplied as **super-segmentation** sets in.
- Individuals can satisfy their slightest urge to obtain the item that best aligns with their desires.
  - The average European hypermarket presents a choice of 40,000 different product lines, with 5 to 10 per cent of these changing every year!
  - As hypermarkets emerged on the outskirts of towns, they changed the way some older stores shopped in ways they had never seen before.
  - Many of the latter were taken by surprise, and as a result, the companies that they ran often suffered when they failed to offer an effective marketing response.



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Modern customer

- Changes in the retail scene for groceries, financial services, travel, utilities and so on, through both traditional channels and more recent e-channels, have forged a modern customer (of all ages!) who is excellent at making purchase choices…
- **Modern customers** expect to be able to make their own choices from a wide range of options in most aspects of their lives.
- **The customer concept** is a business approach that puts customers at the centre of all decisions.
- Retailers **create and deliver value** by:
  - understanding customer needs,
  - working with business partners,
  - providing positive shopping experiences.
- The goal is to **build customer loyalty** and **achieve long-term business growth.**

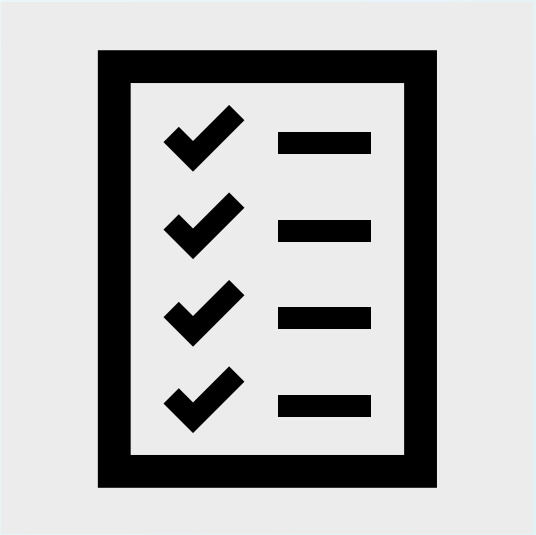
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- **Companies frequently study profiles and behaviors** to refine their marketing approaches and adapt their inventory to attract more money.
- **For any company it is mandatory:**

❑ to **identify the long-term needs of customers** in the markets,

❑ to **obtain a precise situation of competitors' strategies** and, based on them,

❑ to **develop its appropriate marketing strategy**, to meet customer requirements, in accordance with the company's resources and capacity.



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Customer orientation

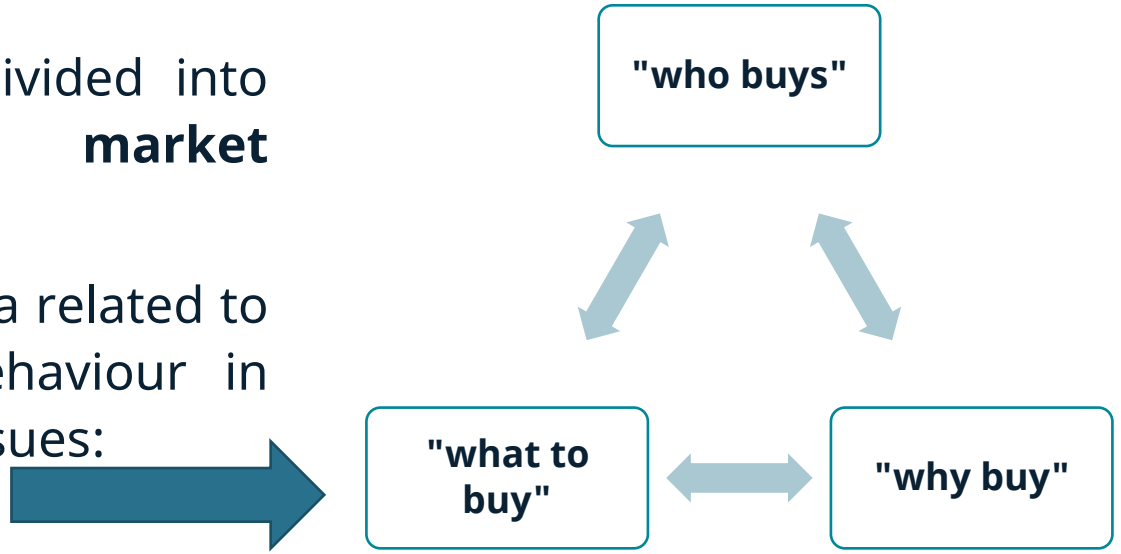
- When marketers know and understand the customers in a market, companies can design a **customer-oriented strategy.**
- To do this, they must answer two fundamental questions:



- One of the key aspects of marketing planning is choosing the right customers.
- Most companies face a phenomenon called the **Pareto effect**, or the 80/20 rule, according to which 20% of customers represent 80% of the business.

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- First, the company must decide which customers it will prioritise by identifying who can be served best while ensuring profit is maximised.
- To make this selection the market must be divided into groups/types of customers, known as **market segmentation.**
- **Segmentation** can be based on numerous criteria related to the customer's characteristics and his/her behaviour in terms of purchases, thus covering the essential issues:



- The company must decide how it will serve its target customers, in other words, how it will differentiate itself and position itself in the market.

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1.2. IDIC model (identify, differentiate, interact, customize)

- The IDIC model (sometimes called the IDIC loyalty model) is a well-known customer relationship management (CRM) tool
- The IDIC model can help businesses gain a competitive advantage and solidify their connection with consumers by understanding customers' needs.
- **The four ingredients of the IDIC model**: *Identification, Differentiation, Interaction and Customization* serve the purpose of creating an experience.



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Identify customers

- Strong customer relationships can only be built with **individual customers,** not with broad groups such as markets or segments.
- Therefore, the first step in relationship building is to **identify and understand each customer as an individual**.
- Many retailers do not have complete information about their customers, making this step challenging but essential for long-term success.
- Identifying customers also means collecting and organizing information from different sources, such as loyalty cards, online purchases, customer feedback, and in-store interactions.
- By bringing this information together, retailers can better understand customer needs, preferences, and experiences, allowing them to see the business from the customer's perspective and create more personalized shopping experiences.
- **Retail Example**
- A clothing retailer uses data from its loyalty program, online store, and customer surveys to understand individual customer preferences.
- By combining information from these different sources, the retailer can recommend products that match each customer's style and provide a more personalized shopping experience, increasing customer satisfaction and loyalty.

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Identify customers

- Retailers need a system that connects **each purchase to a specific customer.** This allows the company to know **what was bought** and **who bought it.**
- A business should be able to **recognize customers whenever they return,** whether they shop in-store, call customer service, visit the website, or use a mobile app.
- Successful retailers collect and store information about their customers so they can remember past interactions and provide more personalized service.
- The more a company understands a customer's preferences, shopping habits, and needs, the better it can tailor products, services, and communications to that customer.
- By knowing customers as individuals, retailers can improve customer satisfaction, strengthen loyalty, and increase long-term business success.
- **Retail Example**
- A supermarket loyalty card allows the retailer to recognize customers every time they shop.
- By tracking purchase history, the store can remember that one customer regularly buys organic products and another prefers discount brands.
- The retailer can then send personalized offers that match each customer's preferences, making the shopping experience more relevant and valuable.

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Differentiate customers

- Knowing how customers are different allows a company:

❑(a) to focus its resources on those customers who will bring in the most value for the enterprise,

❑(b) to devise and implement customer-specific strategies designed to satisfy individually different customer needs and improve each customer’s experience.

- Not all customers contribute the same value to a business.
- Some customers shop more often, spend more money, or remain loyal for longer periods.
- Customers also have different needs, preferences, and expectations when they interact with a retailer.
- Because customers are different, retailers should avoid treating everyone in exactly the same way.
- By understanding each customer's value and needs, businesses can offer more relevant products, services, and communication.
- This customer-focused approach helps improve customer satisfaction, build loyalty, and increase long-term profitability.

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Differentiate customers

- **Retail Example.**
- A supermarket may have:
  - **Regular loyal customers** who shop every week and appreciate personalized discounts.
  - **Occasional customers** who visit only when special promotions are available.
  - **Online shoppers** who value convenience and home delivery.
- Customers have different needs, and these needs influence how they shop and interact with a retailer.

- Retailers observe customer behavior, such as purchase frequency, spending levels, and product preferences, to understand how valuable different customers are to the business.
- A key step in customer relationship management is **customer grouping**, which means placing customers into categories based on shared characteristics.
- The process of **customer differentiation** involves classifying customers according to:
  - **Their value to the retailer** (how much they contribute to sales and profitability).
  - **Their needs and preferences** (what products, services, or experiences they expect).

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Interact with customers

- Enterprises must improve the effectiveness of their interactions with customers.
- Each successive interaction with a customer should take place in the context of all previous interactions with that customer.

❑ A bank may ask one question in each month's electronic statement, and next month's question may depend on last month's answer.

❑ A conversation with a customer should pick up where the last one left off.

- Effective customer interactions provide better insight into a customer's needs and don't waste a customer's time by asking the same question more than once, even in different parts of the organization.

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Customize treatment

- **The enterprise should tailor the customer's experience,** based on that individual's needs and value, to make it more relevant to the customer, to make the customer's life a little easier and better.
- Customization is the key to pleasing the customers.
- Once a business turns out to be one which understands and meets their customer's different needs, it's likely to attract loyalty and a higher retention level of customers.
- To engage a customer in an **ongoing Learning Relationship**, an enterprise needs to adapt its behaviour to satisfy the customer's expressed needs.
- Doing this might entail mass customizing a product or tailoring some aspect of its service.
- This customization could include:
  - changing the way a product is packaged or
  - the way a statement is formatted or sent.

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IDIC Model

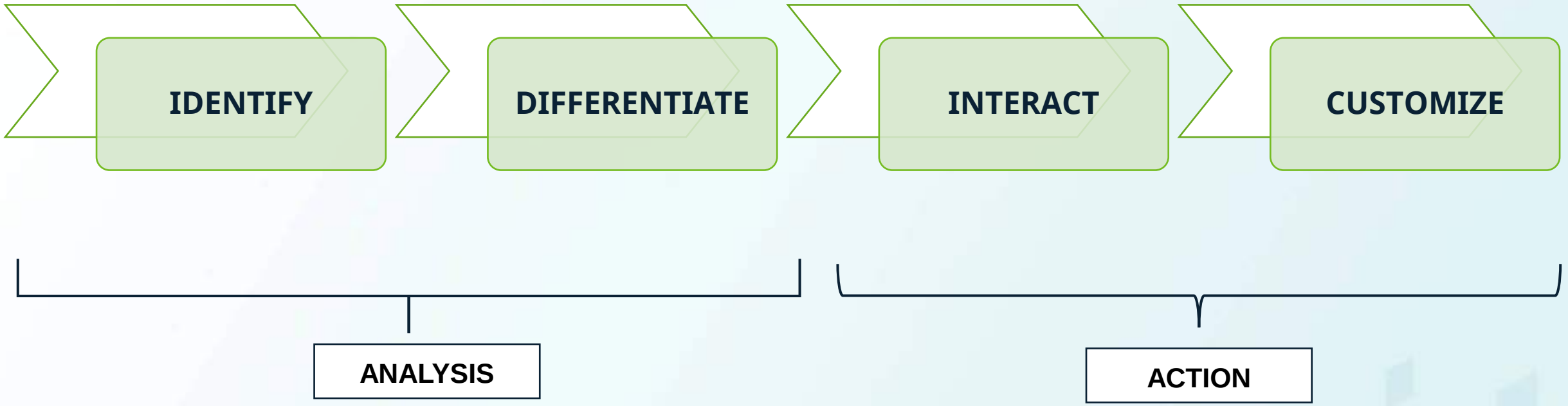
Identify	Differentiate	Interact	Customize
• Know who the customer is • Understanding and mastering customers	• Analyse and classify customers	• Interact, dialogue, exchange information with customers, deepen customer relationship	• According to different customer needs, value, provide personalized customized services or products

Maintain customer relationship

Competitive strategy

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IDIC Model


IDENTIFY
DIFFERENTIATE
INTERACT
CUSTOMIZE
ANALYSIS
ACTION

IDIC Model

- The IDIC Model provides an efficient allocation of resources.
- We can segment the customers on the basis of value. Businesses can focus their efforts on servicing high-priority customers, thereby increasing the return on investment in marketing and sales efforts.
- The IDIC Model provides increased sales and revenue.
- When we offer tailored services, customer satisfaction increases, which leads to an increase in sales and revenue.
- The IDIC Model exploits available data.
- The IDIC model focuses on data decision making. Implying that firms can now make full use of CRM data, as data is key to satisfying customer needs.

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1.3. Understanding customer expectation

- Customer expectations are the results, experiences, and standards that people expect from a product or service in terms of its quality, features, and interactions.
- **Customer expectations** are any set of behaviours or actions that individuals anticipate when interacting with a company.
- Customers today have far higher expectations than they did in the past, including proactive service, individualized encounters, and integrated experiences across digital channels.
- Historically, customers have anticipated fundamental services like fair pricing and reliable service.

- **Consumer insight** has two forms.
- The first is a specific idea or discovery about customers that can help a business identify new opportunities or solve problems.
- These insights often come from **market research, customer feedback, loyalty programs, sales data, or customer databases.**
- The second form is a deeper understanding of customers, including their needs, motivations, preferences, and buying behaviour.

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1.3. Understanding customer expectation

- This deeper knowledge helps managers and employees make better decisions about products, services, promotions, and customer experiences.
- In a customer-focused retail business, consumer insight matters to more than just marketing specialists.
- Everyone who interacts with customers should have a good understanding of what customers want and value.

- **Retail Example**
- A retailer notices through sales data that many customers buy healthy snacks together with bottled water.
- This observation provides insight that leads the store to create a special healthy-living section.
- Over time, the retailer also learns that customers increasingly value convenience, quick shopping trips, and digital payment options.
- This broader understanding helps the retailer make long-term decisions about store layout, self-checkout systems, and product assortment.

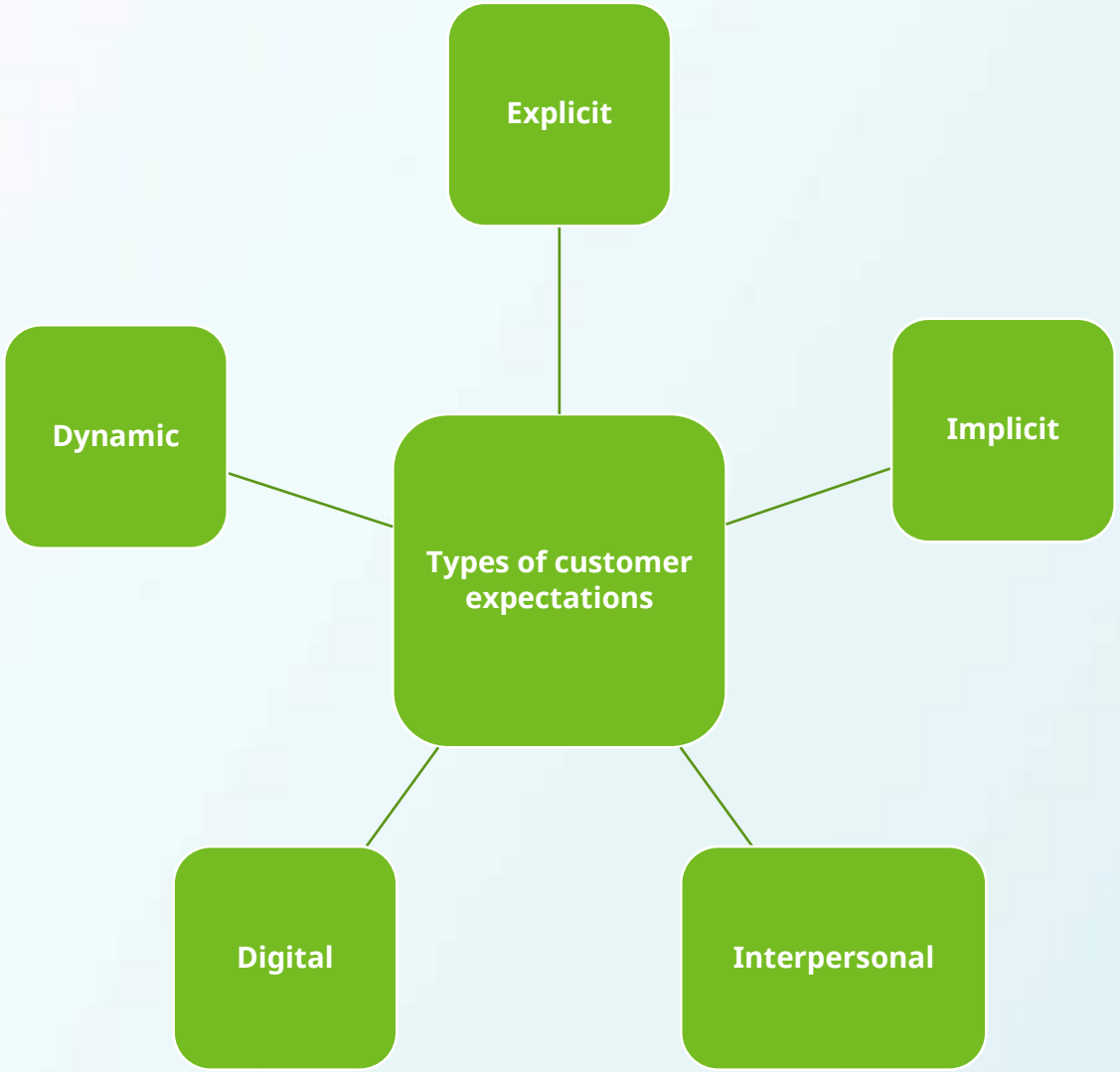
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Types of customer expectations

- **Explicit.** Explicit expectations are wants that are easy to understand and express. Whether it's a specific product feature, delivery time, or service level, customers express their desires clearly.
- **Implicit.** Implicit expectations are based on accepted conventions, prior experiences, or general knowledge.
- **Interpersonal.** Interpersonal expectations focus on how clients anticipate being handled throughout interactions. This includes polite conduct, attentive listening, and compassion from customer support agents.
- **Digital.** Customers have specific expectations for their online experiences today. They expect a website to be easy to use, load quickly, and offer secure transactions.
- **Dynamic.** As customers engage more with a product or service, their expectations for dynamic performance evolve. Their expectations change as they get to know the product or service better.

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Types of customer expectations



Understanding customer expectations in retail environments

- The key components of understanding customer expectations in retail environments include:
- **Product Quality:** Customers expect high-quality products that meet their needs and provide value for money.
- **Customer Service**. Excellent customer service, including helpful, knowledgeable staff, is essential to meeting customer expectations.
- **Personalization**. Understanding individual customer preferences and providing personalized experiences can greatly impact customer satisfaction.
- **Convenience**. Customers expect convenience through easy shopping experiences, efficient processes, and flexible purchase and delivery options.
- *Retail managers, sales and customer service representatives, marketing teams, and customer experience professionals* are typically engaged in understanding and meeting customer expectations in retail environments.

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1.4. The concept of customer experience

- Customer experience (CX) is the sum total of a customer's individual interactions with a product or company over time.
- **Individual** means that we are talking about each different customer's own individual perception or impression of the experience.
  - What you intend to provide a customer is not nearly as important as how the customer perceives what you provide.
- **Interactions** occur in addressable or reciprocal channels, that is, non–mass media.
  - Marketing campaigns, taglines, and brand messages may matter, but they aren't interactions, so they fall outside the "customer experience" domain.



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- When *a company makes it easier for a prospect to find information about its product*, for instance, that company is improving the CX even though the prospect may never actually become a customer.
- **CX can be defined as the blend between a company's physical performance and the emotions that it evokes.**

- The CX introduces an experiential perspective of customer behaviour over the traditional one.
- This perspective considers the role of emotions and feelings of customers in making their decisions, analyzing every point of contact at which different actors interact with each other and the degree of engagement between them.

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- *These emotions are matched and measured, intuitively, by the customer against their expectations of performance across all points of contact.*
- These points of contact might be called the **customer journey.**
- They are the series of **cumulative experiences** in which a consumer ‘touches’ or interacts with an organization, that consistently align with their expectations to create loyalty, advocacy and attraction.
- **Customer Experience (CX)** goes beyond the traditional view of customer behaviour, which focuses mainly on products, prices, and transactions.
- CX takes an **experiential perspective,** recognizing that customers' emotions, feelings, and perceptions play an important role in their purchasing decisions.
- It examines every interaction between the customer and the business, known as a touchpoint, such as browsing a website, visiting a store, speaking with employees, using a mobile app, or contacting customer service.
- CX also considers how strongly customers engage with the retailer throughout their shopping journey.
- By understanding both the functional and emotional aspects of the CX, retailers can create more satisfying and memorable interactions.

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CX within company

Customer experience is extremely valuable to a business because it shapes customers' perceptions of the retailer and influences their future decisions.

A company improves its customer experience when

- It makes it easier for a repeat customer to get back to his or her preferred configuration
- A call-centre agent already knows what a prospect was recently trying to find out on the Web site

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1.5. The need to enhance the customer experience

- CX applies to all of *a company's marketing, selling, and servicing entities.*
- In addition to your own company, it includes *dealers and distributors, marketing and advertising agencies, any retailers that sell your product*, and any service firms that install or repair your company's product or that handle customer inquiries or interactions of any kind.
- The reputation of a company, its brand, is no longer built solely via the mass media. It is also built at customer touch points.
- Whenever customers come into contact with an enterprise, they experience what it is like to deal with that organization and they form an **opinion.**
- How the **customer experiences** the brand at every interaction in every channel will be a new and **lasting source of competitive advantage.**
- The ability to deliver consistent, superior customer experiences has emerged as a differentiator in a world of increasing product commoditization.
- Companies cannot avoid providing an experience, so designing and managing it is an important role for marketing

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Enhance CX

- **A positive customer experience encourages customers to return and make repeat purchases, which helps build customer loyalty over time.**
- Successful retailers aim to create brands that customers feel connected to and trust when buying products or services in a particular category.
- To build this connection, every customer interaction, whether in-store, online, on social media, or through customer service, should consistently reflect the brand's values and promise.
- Many businesses focus only on advertising or in-store promotions, but customer relationships are influenced by much more than these activities.

Organizations need to build emotional loyalty with their key customers.

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Enhance CX

- Marketing should engage customers throughout the entire customer life cycle, from awareness and purchase to after-sales service and loyalty programs.
- Customers are often most willing to interact with a brand when they have a need, a question, or are considering a purchase.
- Therefore, businesses should focus on improving the CX at every stage of the customer journey.
- Retailers must also develop an effective **channel strategy**, ensuring that customers receive a consistent experience across all channels, such as physical stores, websites, mobile apps, social media, and customer support services.



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Enhance CX

- As interactions between companies and customers increase, people buy the service, use the product, but seek enjoyment from the experience.
- CX topic appears to be of fundamental importance also for the retail field, as contemporary retailing has evolved its exchange process, trying **to deliver a joyful shopping experience.**
- The results are **an improvement in customer satisfaction and loyalty and a significant impact on retail.**
- On the other hand, improving your mobile app by, for instance, embedding voice or chat connections into it would definitely improve your customer experience.
- Without taking into account each of these factors and how they affect one another, a business cannot enhance the CX.
- One of the first—and perhaps most crucial—actions a business can take to enhance the customer experience is to integrate all channels of interaction.

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1.6. Drivers for investigating customer experience in retail

- Despite being crucial to the customer experience, companies have mostly ignored customer attitudes and perceptions in favour of more tangible operational improvements.
- A strong focus on customer experience is an opportunity **to drive profitable growth, stronger customer loyalty and improved shareholder value**, but requires stronger integration of customer insight, delivery channels, staff, communications and technology.
- Organizations need to build emotional loyalty with their key customers, while focusing as much on the emotional experience as on the functional dimension.
- Retail CX is the act of providing customers with excellent service during shopping and buying opportunities through in-store or digital e-commerce channels.



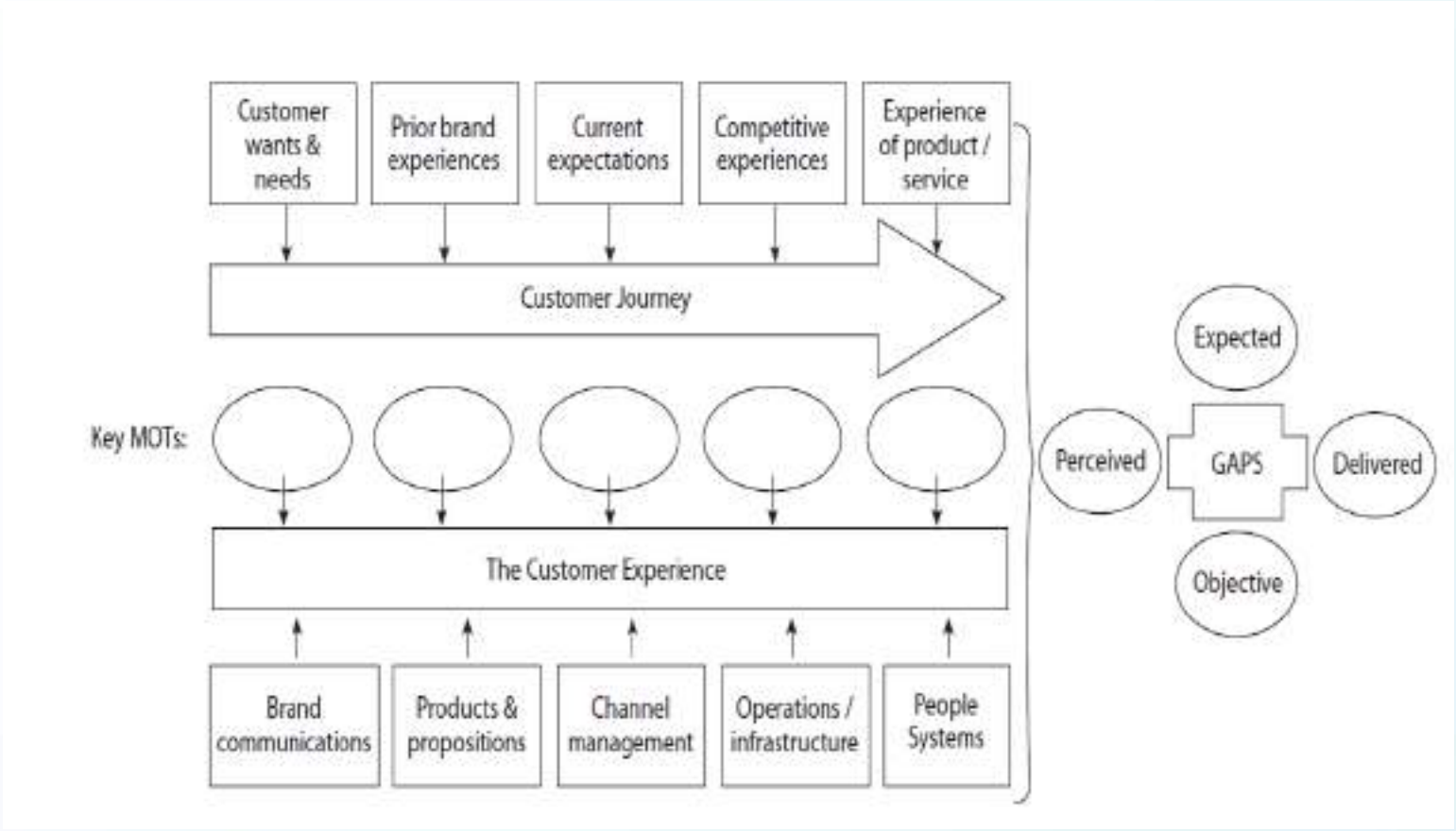
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Manage CX

- To create a better shopping experience, retailers need to collect and monitor information about customers' feelings, opinions, and experiences, not just sales figures.
- Although this type of feedback can be harder to gather than transaction data, it helps businesses understand customer needs and improve service quality.
- There are various reasons for this:
- **The way a customer feels about a company** is determined by the experience they have each time they interact with its products, its services and the community at large.
- **The way a customer feels will directly impact upon their commitment to and advocacy of that company's products and services**
  - 59 % of customers interacting with a brand across multiple channels will stop doing business with the brand after just one bad experience… in just one channel.

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The customer experience model



Manage CX

- When designing marketing activities and customer touchpoints, companies must consider all factors that influence the customer experience and help achieve their business objectives.
- Some factors, such as advertising campaigns, promotions, store layout, and loyalty programs, can be directly managed and controlled by the company.
- Other factors are much harder to control. These include customer reviews, word-of-mouth recommendations, the company's overall reputation, customers' previous experiences with the company, and even their experiences with other businesses.

- However, these factors can strongly influence how customers perceive the company and its products or services.
  - **The CX** is:

❑ **a combination of product, service** and

❑ **the 'feel-good factor' generated by a range of stimuli** (e.g., visual, tone of voice, smell, atmosphere, care and attention to detail) **at consumer touch points** (salespeople, call centre agents, advertising, corporate events, debt collectors, receptions, product brochures and websites) and so on.

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1.7. How retailers can meet new customer expectations

- **Extend digital-channel presence and engagement.**
- By increasing their investments in online acquisition, retailers can partially offset the decline in foot traffic in their physical stores.
- Companies are modifying their tactics to take into consideration changes in consumer behavior as a result of increased investment in online marketing.
- Along with metrics like site performance, reliability, and delivery times, customer expectations for digital channels are growing.
- Retailers should begin by creating websites that are geared for online shopping in order to stay competitive.

- *App downloads increased 11 % from January to April 2020 compared with the same period in the previous year.*
- *Many retailers with established mobile apps have cited record downloads, while others sought to make up ground quickly.*
- *Retailers are augmenting direct customer interactions with engagement in apps and other relevant channels.*
  - *Nike China, for example, activated its digital community by offering virtual workouts and saw an 80 % increase in weekly active users of its app.*

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- **Introduce omnichannel innovation.**
- Retailers will need to assess their present omnichannel offers, look for chances to innovate, and close gaps in order to adjust to changing consumer preferences and behaviors.
- Some businesses are bringing more of the in-store experience online due to their inability to interact with customers in a physical setting.
- First, top retailers have replaced in-store personalized engagement with services like virtual appointments, in which sales representatives use videoconferencing platforms to provide customers with individualized attention.
- While learning how to better serve consumers online, sales representatives assist people in finding products that fit their needs.
- In a similar vein, shops are embracing livestreaming to interact with consumers and share immersive content in an effort to boost sales and loyalty.
- *Footwear retailer DSW has partnered with grocery chain Hy-Vee to offer products through the grocer's extensive network of physical locations.*
    - *Such arrangements give retailers access to new shopping occasions and new customers, and can extend one retailer's brand halo to its partners.*

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- *Collaborate with retailers to improve convenience.*
- Numerous retailers have looked at strategic alliances to increase customer convenience and sales.
- Retailers may access new skills and expand their brand reach to new clients in new locations thanks to these ecosystems, which can be very potent.

- **Rethink the network's physical architecture.**
- Customers have been making more and more purchases online, which has caused physical store traffic to steadily fall.
- Retailers will be forced to reassess their network of physical stores and how they can best support the consumer experience in light of the growing volume of e-commerce transactions.

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- **Build the future retail space.** Store layouts have also changed as the physical store's role in the omnichannel journey has evolved.
- Numerous retailers have been utilizing their storefronts to enhance e-commerce sales, establish brand positioning, and inform customers about their product selections

- *New technology solutions are also changing store formats: tech-enabled stores, such as Amazon Go locations, feature new models that support customer journeys.*
- *Sales associates remain critical to the experience at these stores but play more of an advocate role for customers*

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CHAPTER 1. GENERAL CONSIDERATIONS ABOUT CUSTOMER EXPERIENCE

SYNTHESIS FIGURE

PURPOSE OF THE CHAPTER

Display the architecture, coordination and delivery of the customer experience.

LEARNING OUTCOMES

- Define and record customers' expectations
- Identify sources of customer satisfaction, dissatisfaction, and uncertainty in retail
- Describe persona profile
- Schedule and operate multiple communication channels in retail
- Use customer journey mapping
- Use customer analytics
- Assess and measure customers experience in retail
- Design new and improved retail experiences for customers

1 WHO IS THE CUSTOMER?

- **Client:** uses professional services
- **Customer:** buys goods or services (includes shops)
- **Consumer:** buys for personal use
- **Retail customer:** buys small amounts for personal/family use

Modern customers are informed, choice-rich and experience-driven. They expect personalized options and value at every touchpoint.

2 CUSTOMER EXPECTATIONS

- Choices and options are abundant
- Desire for personalized experiences
- Expect convenience, value, quality and transparency

Understanding and anticipating expectations is the foundation of a positive customer experience.

3 THE CONCEPT OF CUSTOMER EXPERIENCE

- Total perceptions and feelings across all interactions
- Includes functional, emotional and social dimensions
- Built over the entire customer journey

It is not a single moment, but the sum of interactions that shape loyalty and advocacy.

4 WHY ENHANCE CUSTOMER EXPERIENCE?

- Increases sales and profitability
- Builds loyalty and retention
- Strengthens brand reputation
- Creates a sustainable competitive advantage

Better experiences lead to better business outcomes.

5 KEY DRIVERS IN RETAIL

- More informed and empowered customers
- Digitalization and omnichannel growth
- Heightened competition
- Demand for speed, convenience and personalization

Retailers must adapt to evolving behaviors and market dynamics.

6 HOW RETAILERS MEET NEW EXPECTATIONS

- Personalize offers and communications
- Provide seamless omnichannel experiences
- Offer value, convenience and trust
- Empower and train frontline staff

Align people, processes and technology to deliver consistent, relevant experiences.

7 THE RESULT: VALUE FOR ALL

- Satisfied customers
- Loyalty and advocacy
- Stronger brand equity
- Long-term growth and resilience

A positive experience creates a virtuous cycle of value for customers and retailers alike.

CORE QUESTIONS FOR RETAILERS

1. What are the long-term needs of customers in the markets?
2. What are competitors' strategies and how can we respond effectively?

Use these insights to develop the right marketing strategy and deliver superior value in line with our resources and capabilities.

Understand • Anticipate • Deliver • Improve | Create experiences that customers love and remember.

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Case study: Improving the Customer Experience at UrbanStyle

- **Case scenario**
- *UrbanStyle is a mid-sized fashion retailer operating ten physical stores and an online shop. The company offers a loyalty card, but it stores customer information from stores, the website, and customer service in separate systems.*
- *A returning customer, Maria, regularly purchases women's business clothing in-store. She recently searched the website for a navy-blue jacket and added it to her basket but did not complete the purchase. Two days later, she visited a physical store. The sales assistant did not recognize her as a returning customer and could not access her online activity or purchase history.*
- *The jacket was unavailable in her size. The assistant suggested checking the website, without offering to verify online stock or arrange delivery. Later that day, Maria received a generic promotional email advertising sportswear, although she had never purchased products from that category.*
- *Maria expected coordinated service across the website, physical store, loyalty programme, and email channel. Instead, she experienced disconnected interactions and irrelevant communication.*

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Case study

- The scenario reflects the chapter's position that retailers should recognize returning customers across different channels, retain relevant information about their preferences, and ensure that successive interactions build on earlier ones.
- It also illustrates the difference between customer expectations and the experience built through individual interactions over time.
- **Suggested duration**: 35–40 minutes
- **Format:** Teams of 4–5 participants

- **Task 1: Identify the customer and her expectations**
- Identify:
  - whether Maria is a customer, consumer, or both;
  - her explicit expectations;
  - her implicit expectations;
  - her interpersonal expectations;
  - her digital expectations.
- The chapter distinguishes explicit, implicit, interpersonal, digital, and dynamic expectations.

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Case study

- **Task 2: Apply the IDIC model**
- Complete the following framework:
- The four tasks correspond to the chapter's IDIC stages:
  - Identify individual customers,
  - Differentiate them by value and needs,
  - Interact in the context of previous exchanges,
  - Customise the treatment provided.

IDIC stage	Team question	Expected type of answer
Identify	What information should UrbanStyle collect and connect?	Loyalty ID, purchase history, online searches, abandoned basket, preferred sizes and categories
Differentiate	How is Maria different from other customers?	Returning customer, business-fashion preference, omnichannel behaviour, potential value
Interact	How should the retailer improve its dialogue with her?	Recognize previous activity, check inventory, avoid repeated questions, offer relevant assistance
Customize	What personalized response should UrbanStyle provide?	Relevant recommendations, size availability alerts, store pickup or home delivery, tailored email

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Case study

- **Task 3: Diagnose the experience gap**
- **Participants should identify:**
  - expected experience: coordinated service and relevant assistance;
  - delivered experience: fragmented systems and generic communication;
  - perceived experience: inconvenient, impersonal, and irrelevant;
  - main experience gap: the retailer possesses several channels but does not integrate customer information across them.

- **Task 4: Redesign the experience**
- Each team proposes:
  - one improvement to customer identification;
  - one improvement to employee interaction;
  - one digital improvement;
  - one personalized offer or service;
  - one action that could encourage Maria to return.
- Possible solutions include a unified customer profile, access to online stock from the physical store, reserve-and-collect, assisted ordering, personalized size alerts, and recommendations consistent with Maria's demonstrated preferences.

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Case study

- **Task 5: Formulate the value proposition**
- Each team completes this sentence:
- For customers who _____, UrbanStyle provides _____ because _____.

- **Trainer debrief questions**
  - Which problem should UrbanStyle solve first and why?
  - Does personalization always improve customer experience?
  - What customer information is necessary, and what information would be excessive?
  - Could Maria be satisfied with the final purchase but dissatisfied with the overall experience?
  - Which proposed improvement offers the greatest customer benefit with the lowest implementation effort?

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2. Sources of customer satisfaction, dissatisfaction and uncertainty in retail

2.1. How to have satisfied customers in retail?

2.2. How to increase customer satisfaction?

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Trainer support

- **Trainer Notes**
- Encourage participants to analyse customer experiences from both the customer's and the retailer's perspective.
- Emphasize that customer satisfaction is influenced not only by product quality and service efficiency but also by the overall customer experience, communication quality, and consistency across channels.
- Highlight the importance of treating customer complaints as opportunities to learn and improve relationships.

- **Discussion Prompts**
  - What factors most influence customer satisfaction in retail?
  - Why might a customer be satisfied with a retailer but dissatisfied with a product category?
  - What are the most common sources of dissatisfaction in today's retail environment?
  - How can technological changes create uncertainty for customers?
  - Why should retailers encourage and respond effectively to customer complaints?
  - Is it realistic for businesses to continuously exceed customer expectations? Why or why not?

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Trainer support

- **Practical Example**
- Ask participants to analyse a recent retail experience (online or in-store) and identify:
  - **Sources of customer satisfaction** (e.g., product quality, service quality, convenience).
  - **Sources of customer dissatisfaction** (e.g., poor service, inconsistent information, long waiting times).
  - **Sources of customer uncertainty** (e.g., unclear policies, changing technologies, lack of information).
  - Actions the retailer could take to improve customer satisfaction and loyalty.

- **Suggested Retail Scenario:**
- A customer orders a product online, receives delayed delivery updates, experiences difficulties contacting customer service, but eventually receives a satisfactory resolution through the retailer's complaint management process.
- Discuss how the retailer could transform this experience into a loyalty-building opportunity.

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Trainer support

- **Suggested Timing**
  - Customer satisfaction drivers - 20 min
  - Sources of dissatisfaction and uncertainty - 15 min
  - Strategies for increasing customer satisfaction - 20 min
  - Complaint management and loyalty discussion - 15 min
  - Practical example and group discussion - 20 min
  - Estimated duration: 90 minutes.

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2.1. How to have satisfied customers in retail?

- **Measuring customer satisfaction** has become a big business.
- Many market research companies make much of their profit from it.
- Staff measurement and motivation systems are increasingly based on customer satisfaction targets.
- Satisfied customers are more likely to exhibit loyalty behaviours, such as repeat purchases and positive word-of-mouth.
- There is a direct correlation between satisfaction and loyalty, and thus it is important to maintain high satisfaction levels to retain customers.
- Setting targets and measuring customer satisfaction does not make customers any happier or more likely to repurchase.

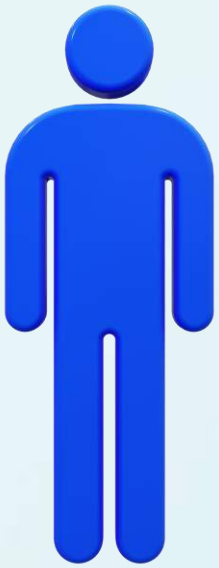
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- Much so-called **customer insight purports** to tell you what your customers want.
- *If an organization focuses only on what customers say about its products or services, this can stifle creativity and limit innovation*.
- Setting staff targets using information based on what customers are saying they want, can actually make the situation worse.
- Organizations are driven in the direction of their targets and measures.
- This is fine if the measures and targets are something which the business, its stakeholders and its customers truly want, but this is rare.

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Customer satisfaction in retail

- Customers may say they want to be answered more quickly in call centres.
- In fact, they might actually give much higher priority to better value for money whereas they may be happy to make compromises in terms of rapid telephone access.
- **Customer satisfaction in retail** is influenced by various factors, including *product quality, service efficiency, and the overall customer experience.*
- These elements can lead to satisfaction, dissatisfaction, or uncertainty among customers.
- Understanding these sources is crucial for retailers aiming **to enhance customer loyalty and competitive advantage.**



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Sources of Customer Satisfaction

- **Product Quality and Service Efficiency:**
  - High-quality products and efficient service are significant predictors of customer satisfaction.
  - Retailers that use quality analytics can gain actionable insights to improve these areas, increasing customer satisfaction and loyalty.
- **Customer Experience (CX):**
  - A positive customer experience, which goes beyond mere product acquisition, is essential for maintaining a competitive edge.
  - Retailers that focus on creating memorable experiences can significantly boost customer satisfaction.
- **Marketing Management:**
  - Effective marketing management strategies can create, maintain, and improve customer satisfaction programs, offering multiple opportunities and benefits for retailers.

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- In some industries, **managing retention** is particularly complicated because serving the customer is complicated and lots of things can go wrong.
- **Complex customer experiences create special retention challenges.**
- Today, **customer experience management** is the focus of many projects, particularly in companies with large contact centres or those using several different customer management channels.
- It is the ‘child’ of customer satisfaction.
- Most companies know that satisfaction measures don’t tell them much – perhaps only that very satisfied customers are more likely to be loyal and to recommend them.



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- Measuring service satisfaction alone is not enough.
- Businesses must also consider customers' perceptions of the brand and product category to better understand their overall experience and behaviour.
- **Category satisfaction** is about **how satisfied a customer is with a whole category of products** (e.g., telephony, banking, and holidays).

- A customer may be satisfied with your company but still be unhappy with the product category itself.
- If your business is their main supplier in that category, they might decide to look for alternatives or different types of products, even if they have no problems with your company.

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Sources of Customer Dissatisfaction

- **Inconsistencies in Online and Offline Experiences**:
  - Many customers enjoy the convenience of online shopping, but they may miss the personal assistance, immediate product access, and direct interaction available in physical stores.
  - As a result, online shoppers sometimes report lower satisfaction than in-store shoppers.
- **Lack of Real-time Feedback Mechanisms:**

Without real-time monitoring and customer feedback systems, retailers may struggle to respond quickly to customer needs, resulting in lower customer satisfaction.



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Sources of Customer Uncertainty

- **Variability in Customer Experience Definitions**: The lack of a consistent definition and evaluation method for customer experience can lead to uncertainty among customers about what to expect from a retailer.
- **Technological Advancements:** Rapid technological changes can create uncertainty as customers adjust to new shopping methods and interfaces.
- While the focus is often on enhancing satisfaction, it is equally important to address dissatisfaction and uncertainty.
- **Retailers must ensure:**
  - consistency across online and offline channels,
  - implement effective feedback mechanisms to mitigate dissatisfaction.
- Additionally, **clear communication and adaptation to technological changes** can reduce customer uncertainty, ultimately leading to a more stable and satisfying retail environment.

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2.2. How to increase customer satisfaction?

- Even if companies invest a significant amount of money and work in CX technologies, customer satisfaction is still in decline.
- For retailers, understanding why customers are dissatisfied is not always easy.
- Customers form opinions from in-store experiences, websites, social media, reviews, and recommendations from others.
- Therefore, retailers need to continuously monitor customer feedback and act on it to improve the shopping experience.

- Businesses must provide outstanding CX.
- Consumers no longer simply evaluate businesses against their competitors.
- They compare themselves with the top brands and businesses in many sectors.
- **Optimization** is the key; satisfaction shouldn't be maximized but also shouldn't be disregarded.

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- Businesses grow by meeting customer expectations for quality, value, and service recovery.
- The main goal is to maximize customer satisfaction while using company resources efficiently.
- Understanding customer satisfaction is critical because it directly affects customer loyalty and business success.
- High customer satisfaction helps businesses attract more customers and grow.
- As market share increases, customer needs become more diverse.
- Serving a larger and more varied customer base makes it harder to maintain high satisfaction levels.
- Retailers must adapt their offerings to different customer groups.

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- **Recognize the expectations of the customers**.
- *What kinds of expectations do consumers have in relation to businesses they have interacted with?*
- Many organizations choose to constantly aim higher and, at the very least, "always exceed customer expectations."
- *Will client expectations continue to evolve in this direction?*
- It is a bad practical argument because businesses should not promise to "always exceed expectations" because doing so is unsustainable.
- Businesses may and should provide customers with an incredible experience while maintaining reasonable goals.

- **Quality Performance**.
- Quality is more important than pricing, despite what managers frequently believe.
- More generally, across the majority of industries and economic sectors, quality is a stronger factor in determining customer satisfaction than value.
- Additionally, the economy is characterized by "mass customization“, as seen by the fact that customers are more concerned with personalization than reliability in goods and services.

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- **Price is more or less important than value.**
- Customers' perceptions of value have improved more than their perceptions of quality and expectations.
- Offering good value for money can increase customer satisfaction and sales.
- However, low prices alone are not enough; product and service quality remain essential for long-term success.

- **Appreciate complaining customers.**
- Recognize the value of customers who complain.
- It makes sense that many businesses view customer complaints negatively.
- Resolving complaints can be time-consuming, resource-intensive, and frustrating.
- Stronger client loyalty is a result of businesses that manage complaints well.
- Nevertheless, for customers to return and be at least as satisfied as they were before complaining, complaint management must be near-perfect.
- *Complaints can be seen as a good thing!*
- Unfortunately, a lot of dissatisfied consumers choose not to file a complaint, which may have detrimental long-term effects on businesses.

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- **Loyalty.**
- Consumers have become more devoted to the brands, goods, and services they purchase.
- It's interesting to note that, among all generational cohorts, **Millennials are among the most devoted consumers**, second only to the shrinking Silent Generation.
- It is powerful to make an effort to win over people from different generations and industries.
- Almost flawless complaint resolution frequently leads to even greater customer loyalty than that of clients who had a trouble-free experience.

- **Financials are driven by satisfied customers.**
- Customer satisfaction should be seen as a strategic company asset that needs to be optimized, not maximized, and definitely not neglected.
- However, a company's financial performance must be impacted for customer satisfaction to be considered a strategic asset.
- **Satisfaction affects** numerous accounting and **financial performance factors** that are attractive to companies, such as productivity, market share, revenue, sales growth, cash flows, profitability, return on investment (ROI), cost of capital, stock price, shareholder value, stock market risk, and more.

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- **Fix company-customer disconnects.** Many companies now have Chief Experience Officers (CXO) and Customer Experience Managers (CXM) — leadership positions that indicate that companies are heavily focused on measuring, monitoring, and managing their customers' experiences.
- A customer's experience with a company's branding, goods, and services is a crucial part of the purchasing and retention process, even if these leadership positions are not officially recognized.
- Businesses follow their clients throughout their customer journeys, looking for both happy and painful times.
- The ultimate goal of CX management is to increase customer satisfaction and loyalty, but it's crucial to use the appropriate tools in the correct situations.
- Managers frequently underestimate customer complaints while overestimating consumer expectations, perceived value, satisfaction, and loyalty.

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Figure 2 **Sources and Outcomes of Customer Satisfaction, Dissatisfaction and Uncertainty in Retail**

Key drivers, customer responses and business impact



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Case Study: The Omnichannel Electronics Retailer

- **Scenario**
- TechZone is a national electronics retailer operating physical stores, a website, a mobile app, and a customer service center.
- A customer named David wants to purchase a new laptop.

- **Before purchase**
- David visits the retailer's website and finds several laptop options. Product descriptions vary in detail, and some customer reviews appear contradictory.
- Although he finds a suitable model, the website indicates: "Low stock available."
- The website does not clearly state whether the laptop is available in nearby stores.

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Case study

- **During purchase**
- David visits a physical store.
- **Positive aspects:**
  - Store employees are friendly.
  - The laptop is demonstrated professionally.
  - Checkout is quick.
- **Negative aspects:**
  - The store price differs from the website price.
  - Staff cannot explain why prices differ.
  - No employee can confirm the delivery time for accessories.

- **After purchase**
- Three days later:
  - The laptop arrives on time.
  - The protective case is delayed.
  - David receives contradictory delivery messages by email and SMS.
  - Customer service responds only after two days.
- A customer service employee eventually solves the situation by:
  - apologizing,
  - providing shipment tracking,
  - offering a €20 voucher for a future purchase.
- David remains uncertain whether he would buy again.

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Team Exercise

- **Task 1: Identify Customer Satisfaction Drivers**
- Teams identify all factors generating satisfaction.
- Possible answers:
  - knowledgeable staff,
  - professional demonstration,
  - quick checkout,
  - product quality,
  - successful resolution,
  - compensation voucher.

- **Task 2: Identify Customer Dissatisfaction Drivers**
- Teams identify all dissatisfaction elements.
- Possible answers:
  - inconsistent pricing,
  - delayed accessory delivery,
  - slow customer service response,
  - inconsistent communication.

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Team Exercise

- **Task 3: Identify Customer Uncertainty Drivers**
- This is the most important exercise because learners often confuse dissatisfaction and uncertainty.
- Teams should identify:

Uncertainty Source	Why it Creates Uncertainty
Contradictory reviews	Customer cannot evaluate product quality
Low-stock message	Customer is unsure about availability
Different prices	Customer doubts pricing transparency
Conflicting delivery notifications	Customer cannot predict delivery
Unclear accessory delivery	Customer lacks information

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Team Exercise

- **Task 4: Service Recovery Challenge**
- Each team must answer: "How can TechZone turn a dissatisfied customer into a loyal customer?"
- Participants select three actions. Examples:
  - proactive communication,
  - real-time order tracking,
  - dedicated service channel,
  - personalized follow-up,
  - loyalty program enrollment,
  - compensation policy.

- **Task 5: Satisfaction-Dissatisfaction-Uncertainty Matrix**
- Teams complete the following framework.

Retail Event	Satisfaction	Dissatisfaction	Uncertainty
Product search			X
Store visit	X	X	
Price comparison		X	X
Delivery process		X	X
Complaint resolution	X		

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3. Persona Profile

Skills4Retail
Building sustainable growth

3.1. Profile

3.2. Creating Customer Personas

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Trainer support

- **Trainer Guidance**
- Encourage participants **to base personas on evidence** rather than assumptions.
- Emphasize the importance of using customer data, surveys, interviews, observations, and CRM information when developing personas.
- Highlight how personas can support customer experience design, communication strategies, and retail decision-making.

- **Discussion Prompt**
- Think about a retailer you frequently visit.
  - Who is its primary customer persona?
  - What customer needs, motivations, pain points, and shopping behaviours can you identify?
  - How might this retailer adapt its products, services, and communication to better meet these needs?

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Trainer support

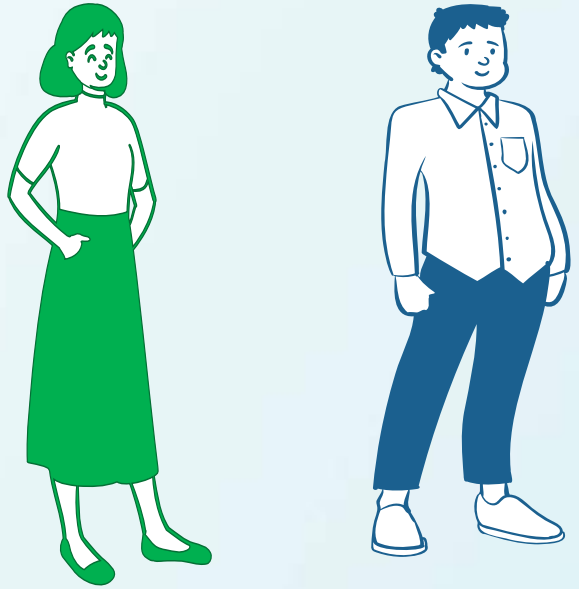
- **Practical Exercise / Example**
- Divide participants into small groups and ask them to create a customer persona for a retail brand (e.g., IKEA, Zara, Carrefour, Decathlon, or a local retailer).
- The persona should include demographic characteristics, shopping preferences, motivations, pain points, and preferred communication channels.
- Each group should present how the retailer could improve the customer experience for that specific persona.

- **Suggested Timing**
  - Introduction to customer personas and their role in retail customer experience: 10 minutes
  - Persona development process and key attributes: 15 minutes
  - Group activity: creating a retail customer persona: 15 minutes
  - Presentation and discussion of personas: 10 minutes
  - Wrap-up and key takeaways: 5 minutes

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3.1. Profile

- **A persona** is **a descriptive summary of representative primary users and the key stakeholders that influence their behaviors, including an overview of their situation, context, needs, motivations, and benefits.**
- **A persona is a fictional, generalized character that represents the business's target users or customers**.
- Personas are idealized clients—characters with the exact pain points your product solves, the goals your product or service helps achieve, and sensibilities that align with your brand.
- A persona is developed from a range of different sources, pulling together common characteristics of similar people into an "archetype" through which a group can be understood



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- Personas are often used as tools to capture and present data gathered in interviews and customer segmentation.
- They can help build empathy within your team and ensure that your offering fits customer needs.
- **Many teams use insights from personas to customize products, services, delivery methods, and communications to specific subgroups.**

- When **creating personas**, there are a few **key pieces of information** that you'll want to include:
  - Name
  - Description
  - Demographics (age, gender, location, etc.)
  - Customer needs
  - Motivations
  - Pain points
  - Their journey through your customer cycle

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User personas vs. buyer personas

- Different teams or functional roles at a company use personas for specific reasons.
- But while the use cases differ, the hypothetical customer behind the fictional persona should be the same.

Types of personas:

- **User personas.** Design teams employ user personas and journey maps in product and UX (user experience) design.
- **Buyer personas**. Buyer personas are used in every form of marketing, from branding to digital.



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STEPS IN CREATING PERSONA PROFILE

01
GATHER DATA

Each persona will draw on a variety of sources, such as ethnographic research, feedback from customer surveys, quantitative metrics (service delivery points, usage rates), and segmentation models

02
REFINE AND SYNTHESIZE YOUR DATA

Use the below template to collaboratively organize and compile the information relevant to the persona you're creating. You may need to fill gaps with secondary research or storytelling from contextual research.

03
IDENTIFY KEY ATTRIBUTES

Consider the needs, motivations, and beliefs that may drive your sub-user's actions.
Look at their background, key influencers, and current habits – such as savings practices.

04
REPEAT AND REFINE

It's often handy to create multiple personas so you can focus on the key characteristics of each subgroup of your intended audience.
Reflect on your final collection to further define and differentiate key attributes of each individual profile.

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EXERCISE

- **PERSONA TITLE: _____**
- **Description _____**
- **Name _____**
- **Age _____**
- **Occupation _____**
- **Income _____**
- **Family / Home Status _____**
- **Relationship Status _____**
- **Financial Status _____**

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CONTEXT

- **PERSONA TITLE:**_____
- **BACKGROUND** What important life experiences or events have contributed to this person's current situation?
- _____
- **Quote „**_____"
- **DREAMS** What are this person's dreams and aspirations? What factors does he/she consider that might contribute to or hinder pursuit of those dreams?
- _____
- **Quote „**_____"
- **BEHAVIORS** What behaviors are involved in his/her financial practices? Which habits and rituals are performed on a regular basis vs. single behaviors that result from external pressures?
- _____
- **DRIVERS** What are the needs, enablers, and blockers that influence this person? Who are the influential stakeholders in his/her life?
- _____

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Financial behavior

- **PERSONA TITLE: _____**
- **MONTHLY PERSONAL INCOME _____**
- **SOURCE _____**
- **MONTHLY EXPENSES _____**
- **KEY ASSETS _____**
- **SPENDING PATTERNS _____**

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Behavioral framework

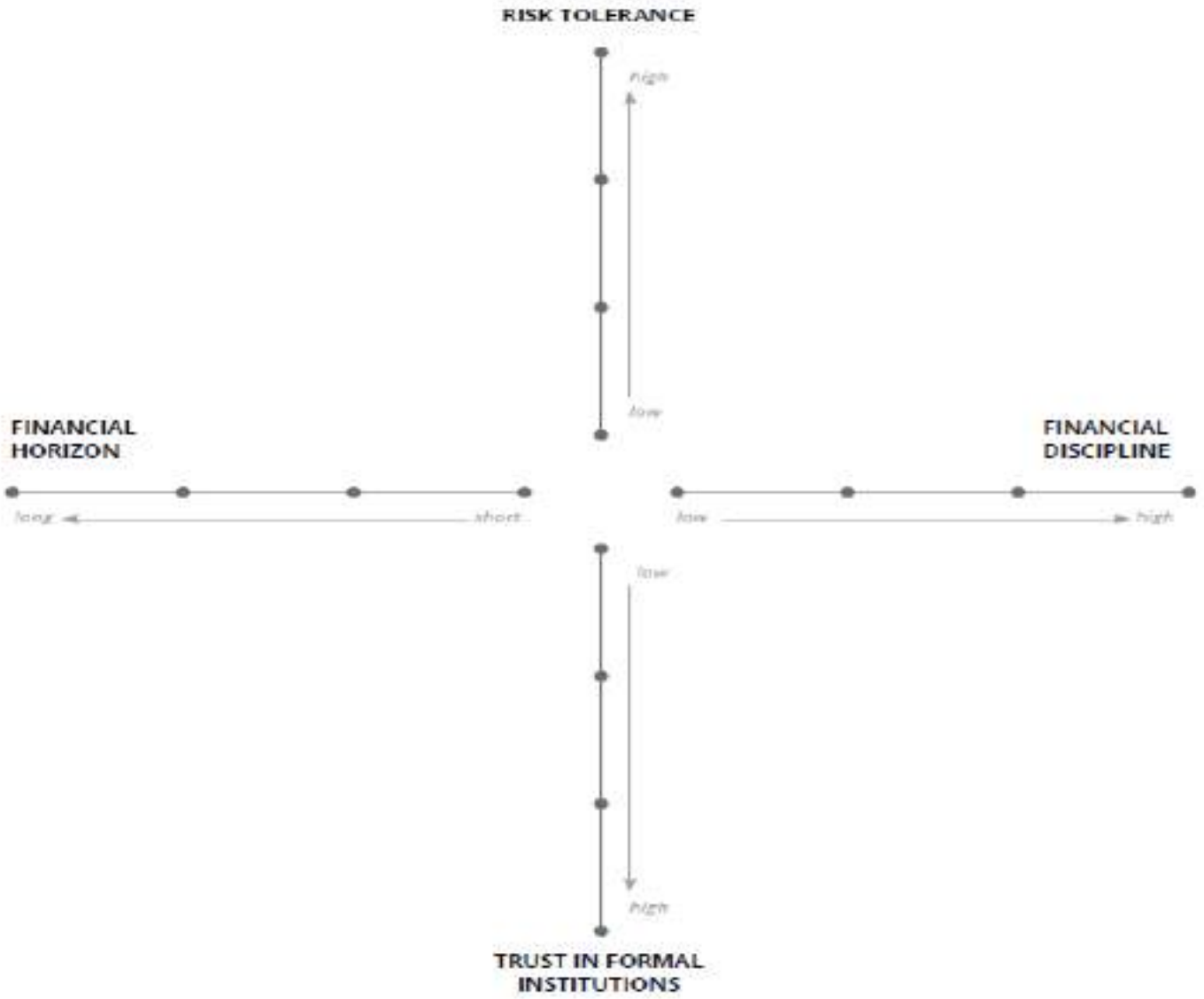
- One way to distinguish personas within your segment is to consider a variety of behavioral lenses or axes.
- In many cases, the following variables may help you visualize the diversity of people's financial behaviors and attitudes:
  - **risk tolerance,**
  - **financial discipline,**
  - **trust in formal institutions, and**
  - **financial horizon.**
- Choose one trait to map on a simple spectrum (e.g., risk tolerance) or analyse several variables in a radar or spider chart (shown at right).
- These simple profiles allow you to tell compelling stories and make strong design decisions about your offerings, delivery, and customer communications.

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- **RISK TOLERANCE**
  - **High** – comfortable using combinations of leveraged credit products, curious about bigger investments.
  - **Low** – unwilling to use credit products yet comfortable with products that offer only simple returns.
- **FINANCIAL HORIZON**
  - **Long –** grand plans for the future, some indication of how to realize dreams through short-term steps.
  - **Short –** focuses on day-to-day, ignores the means by which financial services could lead to a better future.
- **FINANCIAL DISCIPLINE**
  - **High** – adept at managing limited incomes, never goes into debt, saves for the future.
  - **Low** – often relies on informal group services or other support mechanisms to manage money.
- **TRUST IN FORMAL INSTITUTIONS**
  - **High –** significant trust in formal financial providers, secure in the belief that money would be safe, willing to reach out to banks for advice and support.
  - **Low** – highly skeptical of the intentions and actions of banks, often due to prior negative experience.

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Behavioral framework



3.2. Creating Customer Personas

- **1. Conduct Market Research**
- Gather real data about the, using these methods:

❑ **Customer Surveys & Interviews** – Ask existing customers about their preferences and pain points.

❑ **Website & Social Media Analytics** – Analyze visitor demographics, interests, and behaviors.

❑ **Sales & CRM Data –** Study customer purchase history and engagement levels.

❑ **Competitor Analysis –** Examine how competitors target their audience.

- **2. Identify Key Demographics**
- Collect essential demographic details, such as:
- **Age:** What age group are your customers in?
- **Gender**: Is your brand targeting men, women, or all genders?
- **Income Level:** What is their purchasing power?
- **Location:** Are they from urban or rural areas?
- **Occupation & Education**: What are their job roles and education levels?

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- **3. Define Psychographics & Behaviors**
- Go beyond demographics to understand customers' lifestyles and motivations:

❑ **Interests & Hobbies** – What do they enjoy doing?

❑ **Shopping Preferences** – Do they shop online or in-store?

❑ **Pain Points** – What challenges do they face when shopping?

❑ **Decision-Making Process** – What influences their buying decisions?

- **4. Create Persona Profiles**
- Now, consolidate your research into detailed customer profiles. Here's an example:

❑ **Persona Example: "Fashionable Olivia"**

❑ **Age:** 25-35

❑ **Location:** Urban areas

❑ **Income:** Middle to high-income

❑ **Shopping Habits:** Prefers online shopping, values discounts and trendy fashion

❑ **Pain Points:** Struggles with sizing issues, wants better customer support

❑ **Marketing Strategy:** Social media ads, influencer collaborations, and email promotions

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- **5. Align Marketing Strategies with Personas**
- Once you have customer personas, use them to refine your retail marketing efforts:

❑ **Content Marketing:** Create blog posts, videos, and guides tailored to each persona's interests.

❑ **Email Marketing:** Send personalized recommendations based on past purchases.

❑ **Social Media Advertising:** Run targeted Facebook and Instagram ads for different personas.

❑ **Loyalty Programs**: Offer rewards that resonate with your persona's preferences.

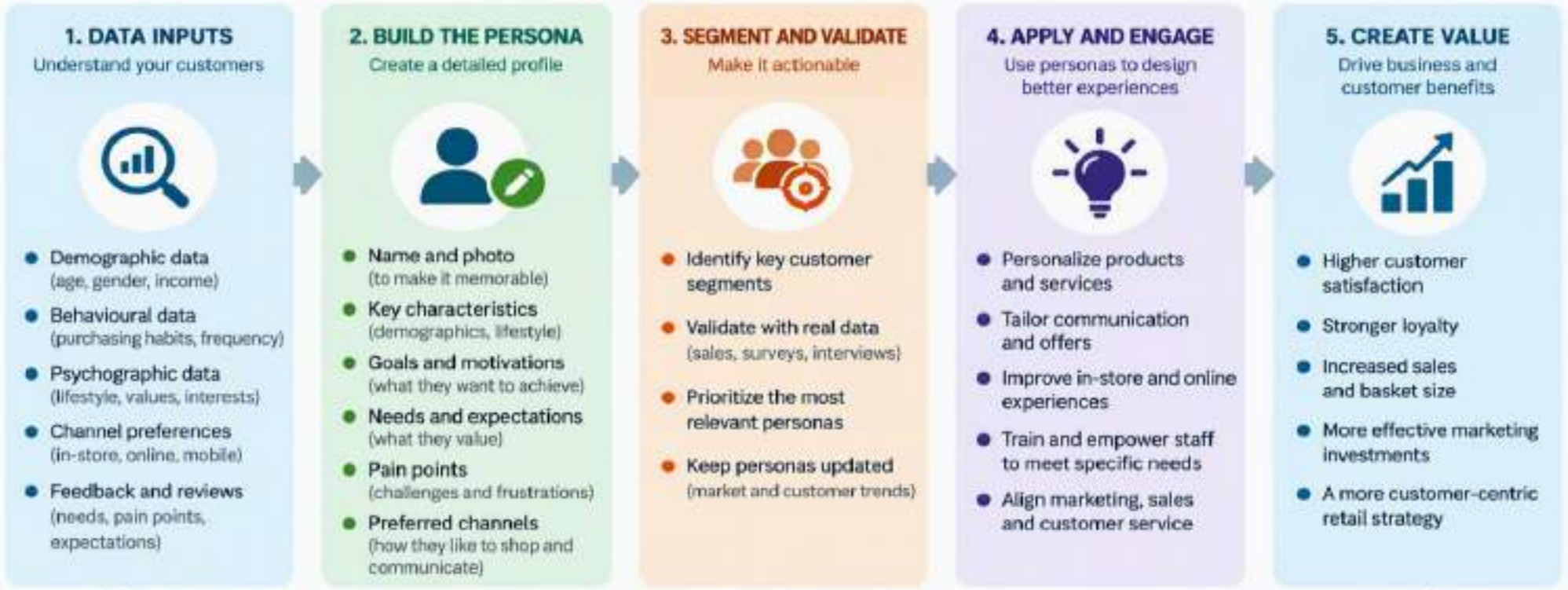
- **6. Test & Update Personas Regularly**
- Customer behaviours change over time, so revisit and refine your personas periodically.
- Use feedback, data insights, and emerging trends to keep them accurate.

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Figure 3

Customer Persona Profile – From Insights to Better Retail Experiences

Key elements and benefits



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Case Study: IKEA Wants to Improve Its Customer Experience

- **Scenario**
- IKEA plans to launch a new customer experience initiative.
- Management believes that customers use IKEA stores for different reasons and therefore require different experiences.
- The company has collected preliminary information and needs a CX consulting team to develop customer personas and recommend improvements.
- Participants work as a customer experience consulting team.

- **Step 1. Customer Data Analysis**
- Each team receives four customer profiles.
- **Customer A: Young Professional**
  - 27 years old
  - Lives alone
  - First apartment
  - Shops mainly online
  - Values convenience
  - Limited budget
  - Uses Instagram and TikTok
  - Wants fast delivery

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Case study

- **Customer B: Family Planner**
  - 42 years old
  - Two children
  - Visits physical stores
  - Purchases furniture in larger quantities
  - Looks for value and durability
  - Often researches before visiting the store
  - Appreciates click-and-collect services

- **Customer C: Sustainability-Oriented Shopper**
  - 35 years old
  - Interested in sustainable products
  - Researches company practices
  - Willing to pay more for eco-friendly solutions
  - Looks for recycling programs

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Case study

- **Customer D: Senior Customer**
  - 68 years old
  - Prefers in-store purchasing
  - Limited digital skills
  - Needs assistance
  - Values trust and personal interaction
  - Often seeks advice before purchasing

- **Step 2. Persona Creation**
- Each group develops one complete persona.
- Required Elements
  - Name
  - Description
  - Demographics
  - Goals
  - Motivations
  - Pain points
  - Shopping behaviors
  - Preferred channels
  - Quote

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Case study

- **Step 3. Customer Experience Design Challenge**
- Teams answer:
- What customer experience should IKEA design for this persona?
- They must propose:
  - Products
  - What products would interest this customer?
  - Communication
  - Which communication channels should be prioritized?
  - Shopping Experience
  - Online, in-store, or omnichannel?

- **Services**
- Which support services would be most valuable?
- **Loyalty Program**
- How could IKEA encourage repeat purchases?

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Case study

- **Step 4. Personalization Matrix**

- Each team completes:

- This allows students to practice translating customer knowledge into managerial decisions.

Area	Recommendation
Product recommendations	
Communication channel	
Personalization feature	
Promotion	
Customer support	
Loyalty action	

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4. Multiple communication channels in retail

Skills4Retail
Building sustainable growth

4.1. Different types of communication channels in retail

4.2. Programming communication channels

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Trainer support

- **Trainer Notes**
- Encourage participants to explore how customers interact with retailers through multiple communication channels during a single purchasing journey.
- Emphasize that effective retail communication is no longer channel-specific but customer-centric, requiring seamless integration across physical and digital touchpoints.
- Highlight the transition from multichannel to omnichannel retailing and explain how channel consistency contributes to customer satisfaction and loyalty.

- **Discussion Prompts**
  - Which communication channels do customers use most frequently when interacting with retailers?
  - Why is it important for retailers to maintain a consistent experience across channels?
  - What are the advantages and disadvantages of digital communication channels compared to face-to-face interactions?
  - How does omnichannel retailing differ from multichannel retailing?
  - What challenges do retailers face when integrating online and offline channels?
  - Which communication channel would be most effective for different customer segments and why?

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Trainer support

- **Practical Example**
- Ask participants to analyse the communication strategy of a retailer they are familiar with (e.g., IKEA, Zara, Carrefour, Decathlon, Amazon, Lidl, or a local retailer).
- **Participants should identify:**
  - The communication channels used by the retailer.
  - Examples of online and offline customer interactions.
  - Whether communication is integrated across channels.
  - Opportunities to improve the omnichannel customer experience.
  - How customer data could be used to enhance personalization and engagement.

- **Suggested Retail Scenario:**
- A customer discovers a product on social media, searches for information on the retailer's website, contacts customer service through live chat, visits a physical store to examine the product, and completes the purchase using a mobile application.
- Discuss how the retailer can ensure a seamless customer experience throughout this journey.

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Trainer support

- **Suggested Timing**
- Introduction to retail communication channels - 15 min
- Digital and traditional communication channels - 20 min
- Multichannel versus omnichannel retailing - 20 min
- Retail communication integration challenges - 15 min
- Practical example and group discussion - 20 min
- Estimated duration: 90 minutes

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4.1. Different types of communication channels in retail

- **The company should connect all communication channels,** such as physical stores, websites, mobile apps, social media, email, and customer service, so that it can recognise and understand each customer regardless of how they choose to interact with the business.
- If a customer called two weeks ago to order a product, then emailed yesterday to ask about the order status, and then tweeted that he didn't hear back fast enough, the enterprise should be able to provide an accurate response quickly and efficiently.
- The company should remember more about the customer with each successive interaction.
- More importantly, it should never have to ask a customer the same question twice because it has a 360-degree view of the customer and "remembers" the customer's feedback across the organisation.
- *The more the enterprise remembers about a customer, the more unrewarding it becomes to the customer to defect.*

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- The **customer-strategy** enterprise ensures:

❑ that its interactive, broadcast, and print **messages are not just laterally coordinated across various media**, such as television, print, sales promotion, e-mail, and direct mail, but

❑ customer communication should be coordinated over time so that every interaction builds on previous ones and strengthens the customer relationship.



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Popular channels for retail communications

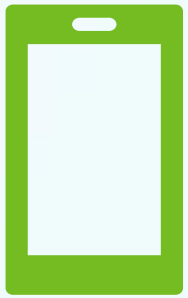
- **Face-to-face** is the ultimate real-time communication channel and the best way to provide personalized customer service.
- Even in today's more digitalized world, it remains a very relevant medium for many organizations and customers.



- **Email** is one of the most established digital communication channels in business and personal life.
- Email is a flexible consumer communication tool. Emails may be highly tailored and disseminated quickly and cheaply.
- Email can also play an essential role in an omnichannel strategy because it can be readily integrated with other channels, such as sending documents to consumers while they are on live chat or making phone calls for customer service and support.

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- **Mobile message** (WhatsApp or text): Mobile instant messaging is a fast-growing customer communication method.
- Instant messaging apps are a low-cost and convenient means for individuals to connect with one another, as well as companies to communicate with their consumers.



- **Social media**. While growth in users has been slowing across social media, platforms such as Facebook, TikTok, LinkedIn, Twitter, and YouTube (plus other major players) still attract and maintain vast audiences.
- Many Millennials and Gen Z consumers discover new brands and products via social media, so it’s an important tool for engaging with these younger audiences.

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- **Phone -** The phone is an excellent medium for providing real-time, human-to-human engagement and building client trust.
- Customers of all ages, but especially older customers, are used to the idea of picking up the phone to communicate with a business.
- Using a call center is a relatively simple and cost-effective solution for managing this critical customer communication channel.

- **Live chat via the web** is the communication channel most favored by customers in the 18-34 demographic.
- Live chat interactions offer fast responses, often with shorter hold times than the phone.
- Live chat is a convenient way for customers to communicate with a brand and can also operate as a 24-hour contact channel.

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- **Video Call.** Video conferencing enables businesses to provide more personalized and human-centered client experiences through technologically enabled, face-to-face contact.
- Agents can also help clients solve complex problems more quickly by using screen-sharing graphics instead of typing responses.



- **Forums**. Online forums can be a fruitful channel for customer interactions. Some of the most popular internet forums now are Reddit, Quora, and GitHub.
- Forums are a low-cost way to communicate with customers who are already interested in your brand or sector while also reaching your target demographic.
- Online forums encourage debate, allowing users to contribute their opinions and suggestions that can help shape your brand's future strategy.

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- **Chatbot.** In many circumstances, communicating with a chatbot via text or audio is comparable to interacting with a real person.
- Chatbots can read words and phrases written or spoken to them and return rapid, prepared responses.

- **Contact forms** on websites provide an easy way for customers to interact with businesses and ask questions, as well as for businesses to collect customer data.
- Users enter personal information, such as their name and address, into the form's fields.
- After submitting the form, the consumer will receive an email response from the company.

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- Providing any kind of dialogue tool to customers enables the enterprise to secure deeper, more profitable, and less competitively vulnerable relationships.
- The deeper each relationship becomes, and the more it is based on dialogue, the less regimented that relationship will be.
- The customer may want to expand the dialogue on his own initiative since he believes the organization will listen.
- Today, what most enterprises fail at is not the mechanics of interacting but the strategy of it.



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4.2. Programming communication channels

- With the advent of the mobile channel, tablets, social media, and the integration of these new channels in online and offline retailing, the retail landscape continues to shift.
- Retailing has changed dramatically in the last two decades due to the advent of the **online channel** and ongoing digitalization.
- In specific retail markets, the online channel has become very dominant and can be considered a disruptive development.
- Still, many retailers' business models have been affected as the retail mix has changed and their customers are behaving differently due to these developments.
- To counter these developments, many retailers have initiated **multi-channel strategies.**
- **These tactics required deciding whether to add new channels to the existing channel mix.**
- This decision pertains to traditional ***brick-and-mortar players,*** as well as to ***new online players,*** who face the question of whether they should be present offline as well**.**
- The scope of multi-channel retailing has, however, been broadened by considering issues such as the **management of customers across channels and the integration of the retail mix across channels**

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From a multi-channel to an omni-channel retailing model

Multi-channel customer management: *the design, deployment, coordination, and evaluation of channels to enhance customer value through effective customer acquisition, retention, and development.*

Channels are considered as customer contact points, or a medium through which the firm and the customer interact.

This definition emphasizes interaction; hence it limits the domain to channels that provide two-way communication, omitting typical one-way mass-communication channels like television (advertising).

Compared to the multi-channel phase, **omni-channel involves more channels.**

An important additional change is that the *different channels become blurred as the natural borders between channels begin to disappear*.

Channels are interchangeably and seamlessly used during the search and purchase process and it is difficult or virtually impossible for firms to control this usage.

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- Whereas in the multi-channel phase research shopping gained some attention in the omni-channel phase **showroom-ing** is becoming an important issue.
- *Shoppers now frequently search for information in the store and simultaneously search on their mobile device to get more information about offers and may find more attractive prices.*
- *The opposite of showrooming also occurs, which is now referred toas **webrooming**, where shoppers seek information online and buy offline.*

- **Programming communication channels** in retail *involves the integration and coordination of various digital and physical communication methods to enhance consumer engagement and streamline operations.*
- This transformation is driven by the increasing digitalization of society, changes in consumer behavior, and the need for seamless communication across multiple platforms.
- **The development of multi-channel and cross-channel communication strategies** is essential for modern retail enterprises to remain competitive and meet consumer expectations.

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- **Digital Transformation in Retail Communication**
- The digitalization of retail communication channels is a response to the growing influence of the internet and changing consumer preferences, such as the demand for time-saving and personalized shopping experiences.
- Retailers are adopting omnichannel strategies that integrate both online and offline sales channels, leveraging Customer Relationship Management (CRM) and Enterprise Resource Planning (ERP) systems to ensure data synchronization and quality assurance.

- **In-Store Media and Channel Coordination**
- In-store media (ISM) plays a crucial role in coordinating distribution channels by allowing manufacturers to advertise directly within retail environments.
- This can enhance product sales and mitigate supplier competition.
- Retailers may subsidize manufacturers' advertising through ISM to optimize channel coordination, even when ISM is less effective than traditional media.

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- **Internet-Based Brand Management**
- Retailers and manufacturers use internet-based systems to manage brand communication, ensuring a consistent brand image across physical and electronic marketplaces.
- These systems enable real-time information exchange between consumers and retailers, facilitating informed purchasing decisions and inventory management.

- **Multi-Channel Retailing Integration**
- Multi-channel retailing involves the use of technologies like Extensible Markup Language (XML) to format and communicate data across different retail channels, ensuring seamless integration and data consistency.
- This approach allows for asynchronous data transmission, enhancing the flexibility and responsiveness of retail IT systems.

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- While the integration of communication channels in retail offers numerous benefits, it also presents challenges such as the need for significant investment in technology and the restructuring of existing business processes.
- Additionally, the effectiveness of in-store media and other digital communication methods can vary, requiring retailers to carefully assess their strategies to maximize social welfare and business outcomes



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Figure 4

Multiple Communication Channels in Retail

Different channels, one customer experience



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Case Study: The Lost Customer Conversation

- **Case scenario**
- UrbanStyle is a fashion retailer operating through physical stores, an e-commerce website, a mobile application, email, telephone support, live chat, WhatsApp, and social media.
- A customer, Alex, orders a jacket through the mobile application and chooses in-store collection. The following communication sequence occurs:
- 1. Alex receives an email confirming the order.
- 2. Two days later, the mobile application still displays the order as “processing.”
- 3. Alex contacts the retailer through live chat. The agent cannot access store inventory information and advises Alex to call the selected store.
- 4. The store employee says that the jacket has not arrived and asks Alex to contact the online customer-service department.
- 5. Alex sends a WhatsApp message but receives only an automated response.
- 6. Alex posts a public complaint on social media.
- 7. The social-media team asks Alex to send the order number again, although it was already provided during the live-chat conversation.
- 8. Later that day, Alex receives a promotional email advertising the same jacket at a discounted price.

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Case Study

- Although UrbanStyle operates several channels, the channels are not integrated.
- Each department manages its communication separately; customer information is not shared between channels, and the messages the customer receives are inconsistent.
- This scenario reflects the chapter's principle that a retailer should retain information from successive interactions and should not repeatedly ask the customer for the same details.

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Team application: Design an integrated response

- **Task 1: Diagnose the communication failures**
- Ask each team to identify at least five failures in the case and complete the following structure:

Customer interactions	Channel used	Communication failure	Consequence for the customer
Order confirmation	Email	Information is not synchronized with the app	Uncertainty about order status
Request for assistance	Live chat	Agent cannot access store information	Customer is redirected
Store inquiry	Face-to-face or phone	Store cannot access online-order data	Repetition and frustration
WhatsApp inquiry	Mobile messaging	Only a generic automated response is provided	Problem remains unresolved
Public complaint	Social media	Customer must provide the same information again	Customer perceives poor coordination
Promotional message	Email	Promotion contradicts the unresolved service problem	Communication appears insensitive

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Team application

- **Task 2: Select the appropriate channel**
- Teams decide which channel should be used for each of the following purposes:
  - order confirmation;
  - urgent order-status information;
  - resolution of a complex complaint;
  - transmission of supporting documents;
  - delivery of personalized promotions;
  - public response to a social-media complaint;
  - post-resolution follow-up.

- **Task 3: Redesign the communication sequence**
- Each team creates an improved communication flow of five to seven steps. A possible solution is:
- 1. The order confirmation appears simultaneously in the email, application, and customer account.
- 2. When the system detects a fulfilment delay, it automatically sends an app notification and email with the revised collection date.
- 3. The live-chat agent accesses the customer's order history and store inventory through the CRM system.
- 4. If the request cannot be resolved through chat, the agent transfers the case to a human specialist without requiring the customer to repeat the information.
- 5. The customer receives one consistent status update through the preferred channel.
- 6. After the jacket is collected, the retailer sends a short satisfaction question.
- 7. Promotional communication resumes only after the service issue has been resolved.

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- **Task 4: Create a channel-programming matrix**
- Programming communication channels involves integrating and coordinating physical and digital communication methods rather than merely making multiple channels available.

Customer need	Primary channel	Supporting channel	Response standard	Responsible party	Information required
Order confirmation	Mobile app	Email	Immediate automated message	E-commerce system	Order and collection details
Delivery delay	App notification	Email or WhatsApp	Proactive update	Fulfilment team	Inventory and estimated availability
Simple inquiry	Chatbot	Live chat	Immediate response or escalation	Digital service team	Order status and FAQ data
Complex complaint	Live chat or phone	Email	Human intervention	Customer-service agent	Complete interaction history
Public complaint	Social media	Private message	Public acknowledgement followed by private resolution	Social-media team	CRM case reference
Post-resolution feedback	Email or app	SMS	After case closure	CX team	Complaint outcome and customer preference

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Team application

- **Final team deliverable**
- Each team presents:
  - a diagnosis of the communication failures;
  - a redesigned communication flow;
  - the completed channel-programming matrix;
  - one sample response to the customer;
  - two indicators for evaluating the new system.

- **Suggested indicators:**
  - first-response time;
  - resolution time;
  - number of channel transfers;
  - percentage of cases requiring customers to repeat information;
  - customer satisfaction after resolution;
  - percentage of complaints resolved during the first contact.

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5. Customer journey mapping

5.1. How to use customer journey mapping

5.2. Customer Journey Map - applications

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Trainer support

- **Trainer Notes**
- Encourage participants to view the retail experience from the customer's perspective rather than the retailer's perspective.
- Emphasize that customer journey mapping helps organizations understand customer actions, thoughts, feelings, and interactions across all touchpoints.
- Highlight that the purpose of journey mapping is to identify opportunities for improvement, reduce customer frustration, and create more consistent and personalized experiences.

- **Discussion Prompts**
  - Why is it important to map the customer journey from the customer's perspective?
  - What is the difference between a customer touchpoint and a moment of truth?
  - How can customer thoughts and emotions influence purchasing decisions?
  - Why may different customer segments follow different journeys when purchasing the same product?
  - What challenges arise when customers move between online and offline channels?
  - How can customer journey mapping help retailers improve customer satisfaction and loyalty?

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Trainer support

- **Practical Example**
- Ask participants to map the customer journey of a retail shopper purchasing a product through multiple channels.
- Participants should identify:
  - Customer journey stages (Awareness, Research, Selection, Purchase, Use).
  - Customer touchpoints at each stage.
  - Customer thoughts and feelings during the journey.
  - Positive and negative moments of truth.
  - Opportunities to improve the overall customer experience.

- **Suggested Retail Scenario:**
- A customer learns about a new product through social media, visits the retailer's website to compare options, reads online reviews, visits a physical store to evaluate the product, completes the purchase online, and later contacts customer service about delivery.
- Ask participants to identify:
  - Customer actions
  - Customer emotions
  - Communication channels used
  - Potential pain points
  - Improvement opportunities for the retailer
- Use the customer journey mapping templates provided in the chapter to document findings and compare current-state and future-state journeys.

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Trainer support

- **Suggested Timing**
  - Introduction to customer journey mapping - 15 min
  - Journey stages and touchpoints - 20 min
  - Customer thoughts, feelings, and moments of truth - 15 min
  - Current-state and future-state journey analysis - 20 min
  - Practical example and group discussion - 20 min
- Estimated duration: 90 minutes

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5.1. How to use customer journey mapping

- **The customer journey** is defined as a series of interactions between a customer and a company that occur as the customer pursues a specific goal.
- Decision-makers can gain insight into the path that customers take from the time they recognize an unmet need until they purchase and utilize a good or service by mapping up this journey.
- Delivering the best CX, which is a top issue for businesses, is made possible by a successful customer journey.
- **A customer journey map** is **a tool that captures and communicates a customer's journey through a specific product or service experience**, such as signing up for a loan or making payments throughout the lifetime of a product.
- Customer journey maps are typically generated for each user persona created for the target customers.
- Like personas, journey maps are best done as a group activity that captures knowledge from various customer-facing employees within your organization, such as sales agents or call center staff.

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- By creating a customer journey map, companies will gain clarity on what the customers do, how they think, and what they feel when they interact with the product or service.
- **Storytelling and visualization** are critical components of journey mapping because they are excellent techniques for presenting information in a memorable, clear, and shared vision.
- **Journey mapping** provides a comprehensive view of the customer experience, and it is this process of combining and visualizing diverse data points that can engage otherwise disinterested stakeholders from various groups and spark collaborative conversation and change.
- Journey mapping is a process that provides a **holistic view of the customer experience** by uncovering moments of both frustration and delight throughout a series of interactions. It identifies opportunities to address customer complaints, reduce fragmentation, and improve the user experience.

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- In order to prevent making inaccurate assumptions about the behavior of the customer, customer journey mapping must be done from the customer's point of view.
- Additionally, it must have an end-to-end scope that encompasses all phases of the customer lifecycle.
- In order to achieve this, businesses need to put in place tools like focus groups, feedback channels, and surveys that let them hear what customers have to say.
- Following an understanding of what consumers need, businesses must work together to enhance important touchpoints by bringing people, customers, and technology into sync.
- Additionally, businesses must understand that various customers travel different routes to get to their goal.
- A genuinely customized and comprehensive experience is made possible by being aware of the unique collection of traits and qualities that apply to each individual.
- To guarantee contextualized communications across all channels, omnichannel capabilities should also be incorporated into a customer journey strategy.
- A smooth engagement experience across a variety of platforms can be achieved by customizing communication channels to offer the appropriate channel at each point in the customer journey.
- This is achieved by understanding how customers wish to contact the business at each stage.

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5.2. Customer Journey Map - applications

- **CONTEXT**

❑ Consider the journey you want to characterize with your journey map (e.g., purchasing a product or service), and the customer personas you wish to target.

❑ The journey should be unique to a specific customer segment.

❑ Who are your customers and what's the context of their engagement with you?

❑ What do you do for them and what can they do for you?

❑ What are they trying to achieve?

- **STAGES**

❑ Once you've established the overall journey, define distinct stages of the process.

❑ If it's purchasing a new financial service, for example, stages might include:

- 1. Awareness of need
- 2. Research
- 3. Selection
- 4. Purchase / Onboarding
- 5. Use
- 6. Product upgrade

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- **TOUCHPOINTS**

❑ Identify customer touchpoints along the journey and map them through each stage.

❑ Describe what your customer is doing at each touchpoint.

❑ At which points does your customer interact with your organization?

❑ Which channels do they come through?

❑ What happens each time they interact?

❑ Who in your organization delivers the service –and how?

- **QUALITATIVE CUSTOMER DATA**

❑ Describe your customer's thoughts and feelings at each touchpoint along the journey.

❑ What concerns, considerations, and emotional responses does your customer feel at every step of the journey?

❑ What would you like them to feel?

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- **MOMENTS OF TRUTH** (Highs and lows)

❑ Finally, once you've mapped out the journey, identify key interactions that may provide opportunity for intervention.

❑ What are important points along the journey that most affect your relationship with the customer?

❑ Are there any significant gaps in their journey? Bright spots?



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1a. CONTEXT _____				
1b. STAGES What are the stages of the journey?	1.	2.	3.	4.
2. TOUCHPOINTS What is your customer doing at each touchpoint throughout the journey?				
3a. CUSTOMER THOUGHTS What is your customer thinking at each touchpoint?				
3b. CUSTOMER FEELINGS How does your customer feel at each touchpoint?				
4. MOMENTS OF TRUTH What positive and negative experiences occur throughout the journey?				

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Customer Journey: Buyer's Journey	Awareness Stage	Consideration Stage	Decision Stage
What is the customer thinking or feeling?	…	…	…
What is the customer's action?	…	…	…
What or where is the buyer researching?	…	…	…
How will we move the buyer along his or her journey with us in mind?	…	…	…

Customer Journey: Current State	Step 1	Step 2	Step 3	Step 4	Step 5
What is the customer thinking or feeling?	…	…	…	…	…
What is the customer's action?	…	…	…	…	…
What is the customer's touchpoint with the business?	…	…	…	…	…
What do we want to change about this step?	…	…	…	…	…
How and/or why will we make this change?	…	…	…	…	…

Customer Journey: Future State	Step 1	Step 2	Step 3	Step 4	Step 5
What is the customer thinking or feeling?	…	…	…	…	…
What is the customer's action?	…	…	…	…	…
What is the customer's touchpoint with the business?	…	…	…	…	…
How does the above section differ than the current or previous state?	…	…	…	…	…
Why do we feel this will alter the customer journey?	…	…	…	…	…

Figure 5

Customer Journey Mapping in Retail

From customer steps to better experiences



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Team Exercise

- **Scenario: "FashionHub" Retail Store**
- FashionHub is a fashion retailer selling clothing both online and through physical stores.
- Recently, management has noticed:
  - Many customers browse online but do not complete purchases.
  - Customers complain about inconsistent experiences between the website and stores.
  - Online returns are increasing.
  - Customer loyalty is declining.
- The company wants to redesign its customer journey to improve customer experience and increase customer retention.

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Team Exercise

- **Task 1: Define the Customer Persona (15 minutes)**
- Each team creates a customer persona.
- Example:

Attribute	**Description**
Name	Emma
Age	29
Occupation	Marketing Specialist
Shopping Preference	Mobile shopping
Goal	Find fashionable clothing quickly
Pain Points	Confusing website navigation, sizing uncertainty
Preferred Channel	Mobile app and social media

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Team Exercise

- **Task 2: Build the Current Customer Journey Map**
- Map Emma's journey across the following stages:
- **Stage 1: Awareness**
  - How does Emma discover the retailer?
  - What is she thinking?
  - What is she feeling?
- **Stage 2: Consideration**
  - How does she evaluate products?
  - Which channels does she use?
  - What concerns does she have?
- **Stage 3: Purchase**
  - What touchpoints occur?
  - What problems may arise?
- **Stage 4: Delivery and Use**
  - How does she receive the product?
  - Does the experience meet expectations?
- **Stage 5: Loyalty/Repurchase**
  - What motivates her to buy again?
  - Why might she switch to competitors?

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Complete the Journey Map

Stage	Customer Action	Touchpoint	Customer Thoughts	Customer Feelings
Awareness				
Consideration				
Purchase				
Delivery & Use				
Loyalty				

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Team Exercise

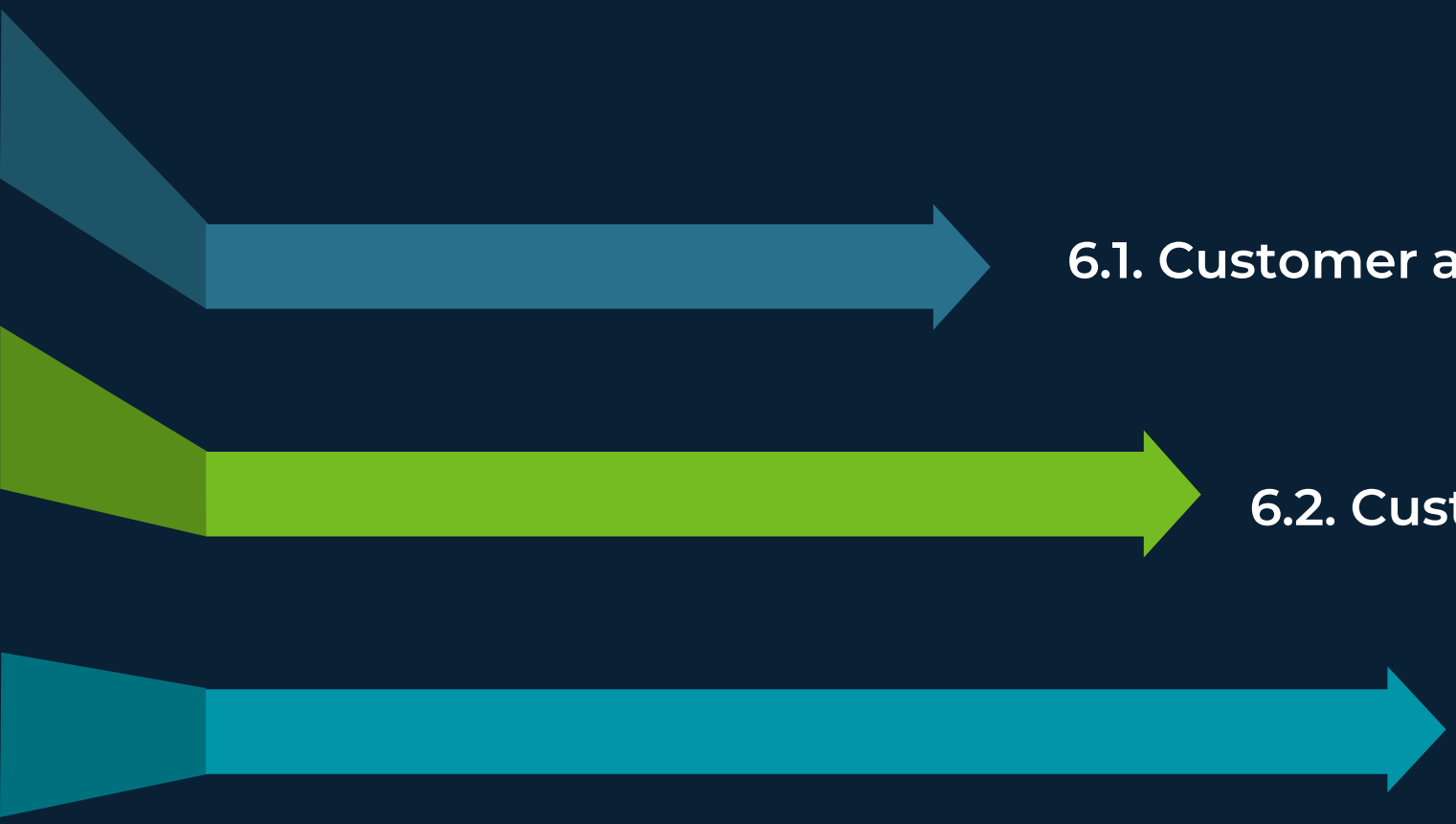
- **Task 3: Identify Moments of Truth**
- For each stage identify:
- **Positive Moments (Delight)**
- Examples:
  - Personalized recommendations
  - Fast checkout
  - Same-day delivery
- **Negative Moments (Pain Points)**
- Examples:
  - Website crash
  - Out-of-stock products
  - Complicated return process

- **Task 4: Design the Future Customer Journey**
- **Develop at least 3 improvements.**
- **Examples:**

Improvement	**Benefit**
AI-powered size recommendation tool	Reduces return rates
Click & Collect service	More convenience
Personalized loyalty rewards	Increases retention
Omnichannel customer account	Seamless shopping experience

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6. Tools to assess and measure customers experience in retail



6.1. Customer analytics

6.2. Customer Satisfaction Survey

6.3. Register, analyse and solve customer complains

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Trainer support

- **Trainer Notes**
- This chapter introduces practical tools that retailers use to assess, measure, and improve customer experience.
- Encourage learners to view customer analytics, customer satisfaction surveys, and complaint management systems as complementary sources of customer insight.
- Emphasise that effective CX measurement combines quantitative metrics with qualitative feedback to support data-driven decision-making and continuous improvement.
- The chapter also highlights the increasing role of AI and real-time analytics in understanding customer behaviours and predicting customer needs.

- **Discussion Prompts**
  - Why is customer experience measurement important in a competitive retail environment?
  - Which customer metric would be most useful for a fashion retailer and why?
  - What are the advantages and limitations of customer satisfaction surveys?
  - How can complaint management improve customer loyalty?
  - In what ways can AI and customer analytics help retailers better understand customer needs?
  - What risks might retailers face if they rely only on quantitative customer data?

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Trainer support

- **Practical Example**
- A supermarket chain notices a decline in repeat purchases despite stable sales.
- By analyzing loyalty card data, customer surveys, and online reviews, the retailer discovers that customers are dissatisfied with checkout waiting times.
- Based on these findings, the retailer introduces additional self-service checkout stations and mobile payment options.
- Follow-up surveys show higher customer satisfaction scores and increased customer retention.

- **Suggested Retail Scenario**
- **Scenario: Measuring Customer Experience in an Omnichannel Retailer**
- A national electronics retailer operates both physical stores and an online platform. Management wants to better understand why customer satisfaction scores differ across channels.
- Learners act as customer experience analysts and must:
  - Identify the most relevant customer analytics data.
  - Select appropriate satisfaction metrics.
  - Design three survey questions.
  - Analyze customer complaint categories.
  - Recommend actions to improve the omnichannel customer experience.
- Expected outcome: Learners develop a simple CX measurement framework and identify improvement opportunities based on customer feedback and behavioural data.

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- **Suggested Timing**
- Introduction to CX measurement tools - 10 min
- Discussion of customer analytics and metrics - 15 min
- Survey design exercise - 10 min
- Retail scenario group activity - 15 min
- Presentation and debrief - 10 min
- **Estimated duration**: 60 min

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6.1. Customer analytics

- **Customer analytics transforms customer data into useful insights.**
- By analyzing purchasing patterns, preferences, and behaviours, companies can identify their most profitable customers, personalize marketing activities, improve customer satisfaction, and increase customer loyalty.
- Customer analytics uses customer data to track, analyse, and make informed decisions about customer needs and expectations.
- Customer data can inform everything a company does, from how it runs marketing campaigns to the business decisions it makes and how it prioritises product development.
- **Customer analytics is a key component of CX**, the account of perceptions that result from all customer interactions with a business.
- Companies can use customer analytics tools to improve CX through better customer interactions.
- It can help companies improve all aspects of CX, from acquisition to retention, ultimately improving the bottom line.
- Companies can use metrics like purchase histories and survey data to better understand customer habits and perceptions.
- They can track clients across many touchpoints and generate relevant insights.
- They can research how customers perceive their products, the industry, and the broader economy.

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- Customer analytics also help understand the return on investment for marketing efforts and product design decisions.
- For example, studying customer information can unearth relevant demographic information, such as which segments of customers buy the most products.
- It can then conduct customer segmentation, where it can personalise messages and spend more ad budget to reach those high-value customers.
- Using analytics to better convert and retain customers improves profitability and potentially drives increased revenues through positive word-of-mouth.



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Types of data

There are several types of data that companies should track across different categories.

Demographic

Purchase data

Survey results

Psychographic

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Insights to make more data-driven decisions

Customer data collection is an important part of any customer analytics practice. Here are some of the areas where companies can access **insights to make more data-driven decisions.**

Cookies	**CRM dashboards**	**Email**
Social media	**Websites**	**Surveys**

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- There are several hallmarks of a modern customer analytics practice.

❑ AI-driven insights

❑ Integration with product development

❑ Real-time analysis



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Customer Support Metrics	
AVERAGES	Average first reply time Average resolution time Average number of replies per case Average handle time (AHT)
PERFORMANCE	Number of conversations Number of customer replies Next issue avoidance Churn Percentage of escalations Number of positive social mentions Call wait time Call abandonment rate
QUALITY	Customer effort score (CES) Customer satisfaction (CSAT) Net promoter score (NPS)
SELF-SERVICE	Knowledge base views Pages viewed per session Number of positive votes New vs. returning users

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Customer analytics for retail

- Today, consumers are surrounded by new ways to shop—making leaving easier than ever.
- Customer attrition is a big issue at a time when they're more knowledgeable than ever—and more likely to switch for a better deal, more personalized service, or superior products.
- As retailers have pushed into new sales channels, it has become more difficult to track and manage the CX.
- However, today's analytics technologies can bridge the gap by combining data from walled data sets with external data on demographics, psychographics, share of wallet, and other factors to produce a fuller understanding of the customer experience as seen through their eyes.
- Metrics such as customer satisfaction, loyalty, basket size, average spend, brand preference, and advertising engagement provide retailers with invaluable insights into customer preferences and behaviours.

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Behavioral Data

- Customer activities and behaviours are the main focus of behavioural data.
- It encompasses a range of behaviours, from in-store visits to online interactions, providing insights into customer habits and preferences.
- Furthermore, companies can collect customers' reasons for visiting or their views of the companies they visit to provide additional context for behavioural datasets.
- Retailers feel the most effective way to collect behavioural data is through customer trackers, ongoing research programs that show how customer behaviour evolves.
- Trackers reveal customer activity and spending fluctuations, revealing causes such as customer-driven needs, societal events, or brand marketing or advertising activities.

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Qualitative Data

- Research that prioritizes the quality of answers over the number gathered is known as qualitative research.
- It offers a thorough exploration of customer sentiments through focus groups, voice conversations, video survey responses, and ethnographic observations.
- Retail companies can easily visualise the reasons and thought processes behind customer journeys through anecdotal evidence of qualitative customer behaviour.
- Qualitative data is often gathered using an audience sample representative of the customer's target market.
- Instead of a more general picture of customer behaviour, a more in-depth one may be achieved because the sample size is smaller than in quantitative research.
- Additionally, it is preferable to interview individuals or groups about the issue and use open-ended questions instead of yes/no questions, giving respondents a topic to debate rather than a simple choice.

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6.2. Customer Satisfaction Survey

- Customer satisfaction surveys are valuable tools that help businesses understand how customers feel about their products, services, and overall experience.
- These surveys can be used throughout the CX improvement process, but they are particularly useful when testing new ideas, products, services, or store concepts before full implementation.
- A survey is a quick way to generate data to validate or disprove the hypotheses.
- Ideally, surveys are executed at regular intervals so you can continue to make adjustments and iterate on ideas until you've refined and validated a solution that's ready to scale.



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PRO TIP

- A formal survey is one approach to gathering customer perspectives on your prototype.
- But most prototypes benefit from both formal and informal analysis.
- You may want to collect more nuanced feedback by conducting short group or intercept interviews to gather qualitative insights, noting what people liked/did not like, found clear/confusing, or shared as relevant ideas/considerations.

- **The short survey is used to collect feedback from customers on their perceptions of prototypes and overall experiences.**
- **It includes 4-5 questions with responses collected on a 5-point Likert scale.**
- **To execute a successful survey, plan ahead adequately before launching.**

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STEPS

01
TARGET PARTICIPANTS

Select your target and exposed group of customers' up front. Ensure that survey administrators are experienced and adequately trained.

02
TAILOR SURVEY QUESTIONS

Create a survey based on specific aspects of the project or prototype you plan to test. For example, if you've changed the decor of a bank branch, create a survey that will reveal first impressions and the overall experience of visiting customers.

03
STAGING AND ROLLOUT

Administer the survey in the local language, and, if applicable, as soon as possible after you've implemented your prototype or intervention. You may choose to conduct surveys at several points throughout the process.

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6.3. Register, analyse and solve customer complains

- Customers generally contact an enterprise of their own volition for only three reasons:
  - to get information,
  - to obtain a product or service, or
  - to make a suggestion or a complaint.
- One way to view a complainer is to see him as a customer with a current “negative” value that can be turned into positive value.
- In other words, **a complainer has extremely high potential value**.
- **By complaining, a customer is initiating a dialogue with an enterprise and making himself available for collaboration.**
- If the complaint is not resolved, there is a high likelihood that the complaining customer will cease buying and will probably talk to a number of other people about his dissatisfaction, causing the loss of additional business.
- But the potential for increased value: for one thing, the customer cares enough to, at least, contact the company to complain.

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Customer complaint

The customer-oriented enterprise, focused on increasing the value of its customer base, will see a customer complaint as an opportunity to convert the customer's immense potential value into actual value, for three reasons :

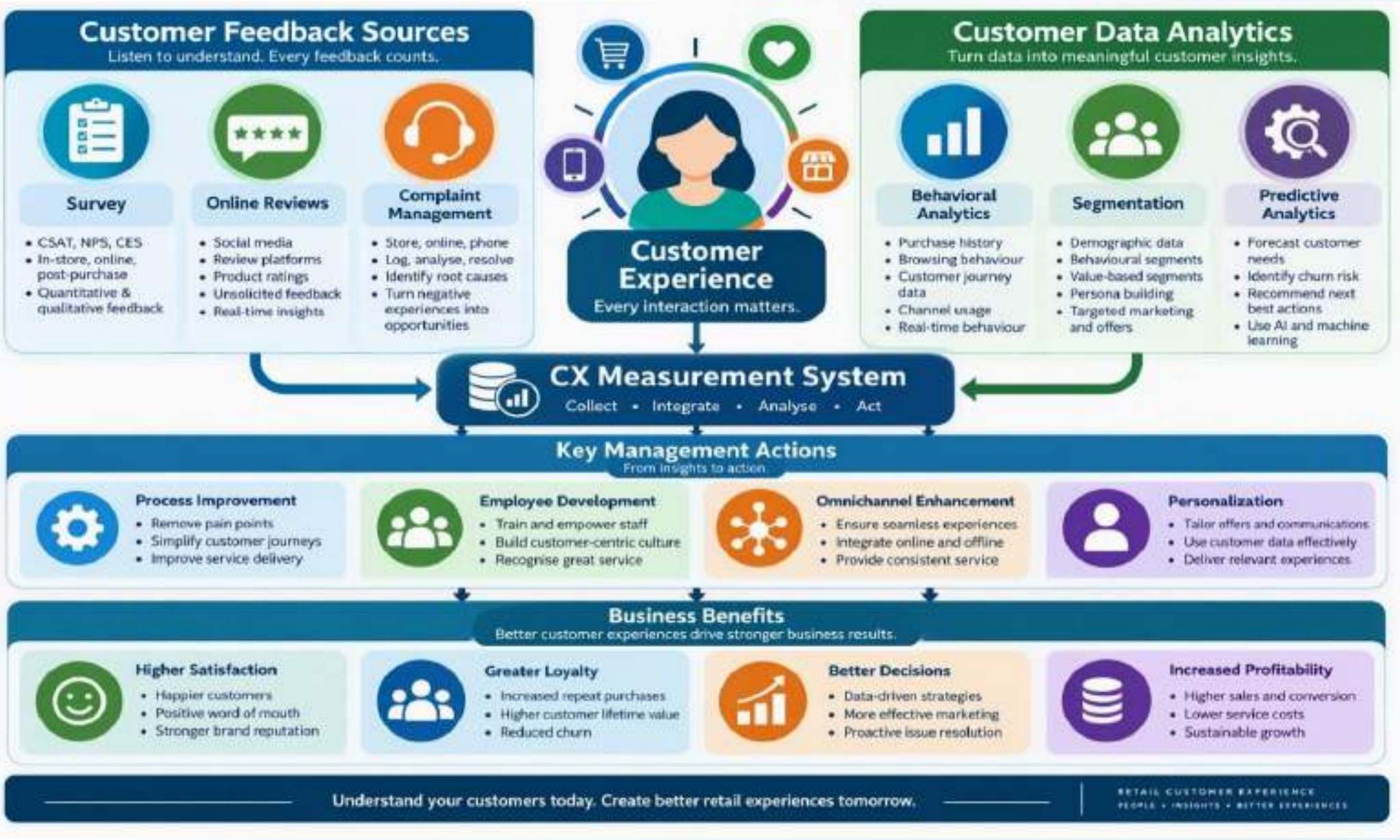
1. **Complaints are a "relationship adjustment opportunity**."
   - A customer who calls with a complaint helps the enterprise understand why the relationship is troubled.
   - The enterprise can then determine ways to fix the relationship.
2. **Complaints enable the enterprise to expand its scope of knowledge about the customer**.
   - By hearing a customer's complaint, the enterprise can learn more about the customer's needs and work to increase the customer's value.
3. **Complaints provide data points about the enterprise's products and services**.
   - By listening to a customer's complaint, the enterprise can better understand how to modify and correct its generalised offerings, based on the feedback.

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Customer complaint

- It has also been found that **customers who are satisfied with the solution to a problem often exhibit even greater loyalty than do customers who did not experience a problem at all.**
- Because the handling of complaints has so much potential upside, a **one-to-one enterprise will not avoid complaints but instead will seek them out.**
- An effort to "**discover complaints"—to seek out as many opportunities for customer dialogue as possible**—becomes part of dialogue management.
- **Complaint discovery contacts** typically ask two questions:
  - *1. Is there anything more we can do for you?*
  - *2. Is there anything we can do better?*
- Of course, today many of the "complaints" don't need to be discovered.
- Now that it's so much easier to tweet a problem, give a low product rating online, or reach a rep easily by chat on a computer or mobile, companies are in a position where they can spend less time seeking complaints and more time resolving them.
- The enterprise focused on building customer value will **view complaining customers as an asset—a business opportunity**—to turn the complainers into loyal customers.
- That is why enterprises need to make it easy for a customer to complain when he needs to.

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Retail Customer Experience Analytics Challenge

- **Scenario**
- **Company: SmartTech Retail**
- SmartTech Retail is a consumer electronics retailer operating through:
  - Physical stores
  - Website
  - Mobile application
- Management has observed:
  - Increasing customer complaints.
  - Declining customer satisfaction.
  - Lower repeat purchases.
  - Growing abandonment of customer support calls.
- The Customer Experience Manager has asked your consulting team to analyze available customer data and prepare recommendations.

- **Customer Support Metrics**

Metric	Current Value
Average First Response Time	12 hours
Average Resolution Time	4.5 days
Customer Satisfaction (CSAT)	68%
Net Promoter Score (NPS)	15
Customer Effort Score (CES)	3.8/5
Call Abandonment Rate	20%
Complaint Resolution Rate	74%

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Retail Customer Experience Analytics Challenge

- **Customer Survey Results**
- 100 customers completed a satisfaction

Survey Question	Average Score (1-5)
Product Quality	4.3
Website Ease of Use	3.0
Delivery Service	2.8
Customer Support	2.9
Return Process	2.6

- **Main Customer Complaints**
  - Delivery delays
  - Difficult return procedures
  - Long waiting times for customer support
  - Inconsistent information across channels
  - Poor communication after purchase

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Retail Customer Experience Analytics Challenge

- **Task 1: Analyze the Data**
- Review all metrics and answer:
- Questions
  - Which metric indicates the biggest customer experience problem?
  - Which customer journey stage seems most problematic?
  - Which survey result requires immediate action?
  - What might explain the low NPS score?
  - How do customer support metrics affect satisfaction?

- **Task 2: Customer Satisfaction Diagnosis**
- Classify each issue as:

Issue	Satisfaction	Dissatisfaction	Uncertainty
Delivery delays			
Poor product information			
Long waiting times			
Limited communication			
Product quality			

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Retail Customer Experience Analytics Challenge

- **Task 3: Complaint Analysis Exercise**
- Management collected the following customer complaint: "*I ordered a laptop online. Delivery took 10 days instead of 3. When I contacted customer support, I waited over 20 minutes and received different answers from two agents. Nobody informed me of the delay.*“
- Analyze:
  - What customer expectations were not met?
  - What customer experience failures occurred?
  - Which customer touchpoints failed?
  - What information should the retailer collect?
  - How could this complaint become a loyalty opportunity?

- **Task 4: Create an Improvement Plan**
- Your team acts as Customer Experience Consultants.
- Propose:
- Recommendation 1: Improve customer support.
- Recommendation 2: Improve communication.
- Recommendation 3: Improve complaint management.
- Recommendation 4: Use customer analytics more effectively.

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Retail Customer Experience Analytics Challenge

- **Task 5: Dashboard Design Activity**
- Design a simple Customer Experience Dashboard.
- Select the five most important KPIs management should track monthly.

- **Possible indicators:**
  - CSAT
  - NPS
  - CES
  - Average Response Time
  - Average Resolution Time
  - Repeat Purchase Rate
  - Customer Retention Rate
  - Complaint Volume
  - Call Abandonment Rate
  - Customer Lifetime Value

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Retail Customer Experience Analytics Challenge

- **Final Team Presentation**
- Each team presents:
  - Three major customer experience problems.
  - Analysis of customer complaints.
  - Five KPI dashboard indicators.
  - Four improvement recommendations.
  - Expected impact on customer satisfaction and loyalty.

- **Discussion Questions**
- Why is customer analytics essential for modern retailers?
- Which KPI is most important for measuring customer experience?
- Are customer complaints a threat or an opportunity?
- How can retailers use data to predict customer dissatisfaction?
- What role could AI play in improving customer support and satisfaction?

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7. Design new and improved retail experiences for customers

7.1. Driving Improved Customer Experience (DICE)

7.2. The future of customer experience

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Trainer support

- **Trainer Notes**
- Emphasize that customer experience design is an ongoing process that combines customer insights, employee engagement, technology, and continuous improvement.
- Highlight the importance of identifying "moments of truth" throughout the customer journey and designing experiences that create emotional loyalty, not just customer satisfaction.
- Introduce AI as an emerging tool that enables personalization, predictive analytics, and enhanced omnichannel experiences.

- **Discussion Prompts**
  - What makes a retail experience memorable for customers?
  - Why is emotional loyalty more valuable than simple customer satisfaction?
  - Which customer touchpoints create the greatest impact on customer perceptions?
  - How can AI improve customer experiences while maintaining a human touch?
  - What risks should retailers consider when implementing AI-powered customer interactions?
  - Which retail innovations are most likely to influence the future of customer experience?

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Trainer support

- **Practical Example**
- A fashion retailer identifies long waiting times during peak shopping periods as a major source of customer frustration.
- After analyzing customer feedback, the company introduces mobile checkout, personalized product recommendations, and AI-powered virtual styling assistance.
- Within six months, customer satisfaction and repeat purchase rates increase while checkout waiting times decrease.

- **Suggested Retail Scenario**
- **Scenario: Designing a Future Customer Experience Strategy**
- A mid-sized retail chain wants to redesign its customer experience to compete with larger omnichannel retailers.
- Working in teams, learners should:
  - Identify key customer expectations.
  - Map critical moments of truth.
  - Propose two customer experience improvements.
  - Recommend one AI-enabled solution.
  - Explain how success would be measured.
- **Expected Outcome**: Learners create a customer experience improvement plan that combines people, processes, technology, and customer insights.

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Trainer support

- **Suggested Timing**
  - Introduction to DICE and customer experience design - 10 min
  - Discussion of moments of truth and emotional loyalty - 10 min
  - AI in customer experience overview - 10 min
  - Retail scenario group activity - 20 min
  - Presentation and debrief - 10 min
- Estimated duration: 60 min

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7.1. Driving Improved Customer Experience (DICE)

- **Designing the customer experience.**
  - In designing and managing the CX, it is important to aim to exceed expectations in the areas that really matter to a consumer and meet expectations for the rest.
- **Customer insights** are vital because they can show which parts of the consumer value proposition and experience, at which points in the customer life cycle, or through which promotional channels, consumers value most.
- They can also help identify elements that are merely necessities all suppliers are expected to provide and which are potential touch points (as opposed to actual touch points).
- Exceeding expectations can be time-consuming and costly, so do it where it will have the most effect and where it takes you further into what might be called your business's 'halo', not away from it or into a whole new one, unless that is your specific choice.

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The major steps in designing the experience

- **Confirm through research that the company's brand values and image are valued by consumers and are seen as different from those of competitors**.
  - Also, what do your staff and managers think? What do they believe the organisation to be?
  - Determine how this matches up to what the customers are saying.
- **Develop customer insights** to establish how consumers currently feel about the experience, and what they expect and value when interactions work and when they go wrong.
- **Using a combination of touch-point analysis, consumer life-cycle interaction processes and mapping known relationship determinants, identify the key 'moments of truth' (MOTs) in customer interactions.**
  - Do this from a customer perspective (e.g. pre-sale, transaction, service, after-sale) as well as the company's matching business process (e.g. marketing, sales, service) across all interaction points.
  - Try to figure out where the experience makes the most positive and negative impact on consumers.
  - Map and score each interaction against key brand values and touchpoint objectives.

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- **Establish the gap between desired and actual CX at the MOT's**. Understand the current and future state of the customer experience.
- **Establish the employee experience at each MOT** and compare it to the customer experience.
- **Design and pilot new consumer and employee experiences.**
- **Recruit, train, coach and provide incentives to staff to support the customer experience.**
- **Build the required experience for each segment into the consumer value proposition.** Think about customer value tracks and which touchpoints potentially can contribute the most benefit and which carry the most risk (e.g. invoicing).
- **Develop a measurement tool** that allows you to measure far enough out to see if you are moving towards or away from your halo. If you want families to love their birthdays and have more parties to celebrate, measure that, not just how much they liked the cake.

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Building the business Halo

The customer experience is important in building up longer-term emotional ‘loyalty’ or commitment to an organization.

The Table shows a development hierarchy for this bonding effect.

From presence to halo	
Presence	I tried it before and I am familiar with it
Relevance	It’s for people like me
Performance	It does a good job
Advantage	It does a better job
Bonding	It’s my brand, I’m committed to it
Halo	It really does everything I want in this category, long and short term

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- The CX is the ultimate conveyor of value to consumers and is a primary influence on their future behaviour.
- **A poor customer experience** is a step on the path to defection and poor word of mouth.
- **A good experience** is likely to lead to retained business, recommendations and greater loyalty.
- Customers have the biggest propensity to recommend a company just after a major interaction.
- The more loyal the consumer, the easier it is at these times to encourage them to make recommendations.
- **Companies that build emotional loyalty** therefore create a big advantage over those who still only look at rational customer satisfaction.
- The benefits of managing the customer experience are therefore fourfold:
  - More positive word-of-mouth recommendations from opinion leaders and others.
  - Improvements in customer loyalty.
  - Differentiation from competitors.
  - Improvements in retention rates.

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7.2. The future of customer experience

- **The management of customer experiences comes in two parts: strategic design and continuous improvement.**
- **Continuous improvement** is enabled via customer feedback or experience stories:
  - Feedback allows the company to resolve complaints and to improve the day-to-day customer experience. It can have an immediate effect by reducing defection and business at risk while increasing the likelihood of favourable word of mouth.
  - Feedback can cut customer defection alone by 2 to 3 per cent per year.
- There are several ways to collect feedback such as surveys, projective research techniques, complaints management, feedback calls, consumer surgeries, analysing telephone and web interactions, and user group discussions.
- The trick is to turn those data into knowledge which can then be used to build improvements into the customer relationship.
- Small improvements in processes, procedures, and CX create long-term benefits for both customers and the business.
- The goal is to identify the most important customer touchpoints and manage them effectively so that each interaction improves the overall CX.

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Customer Experience and Artificial Intelligence (AI): challenges and opportunities in the retail business

- Companies have to face continuous technological improvement, radical changes in consumer behaviour, and the logic underlying the relationship with the company.
- The introduction of new technologies, and in particular AI, is considered the new paradigm for customer experience management in next-generation networks.
- **AI has several benefits, as it allows:**
  - To **provide a customized experience** through recommendations and promotions based on customers' preferences and behavioural data;
  - **To automate decisions** without the need for human input;
  - **To process and transform data** into information and so on.
- Practically, it allows companies to sustain pushing requests and, at the same time, to increase expectations from customers, thus achieving a potentially better customer experience.

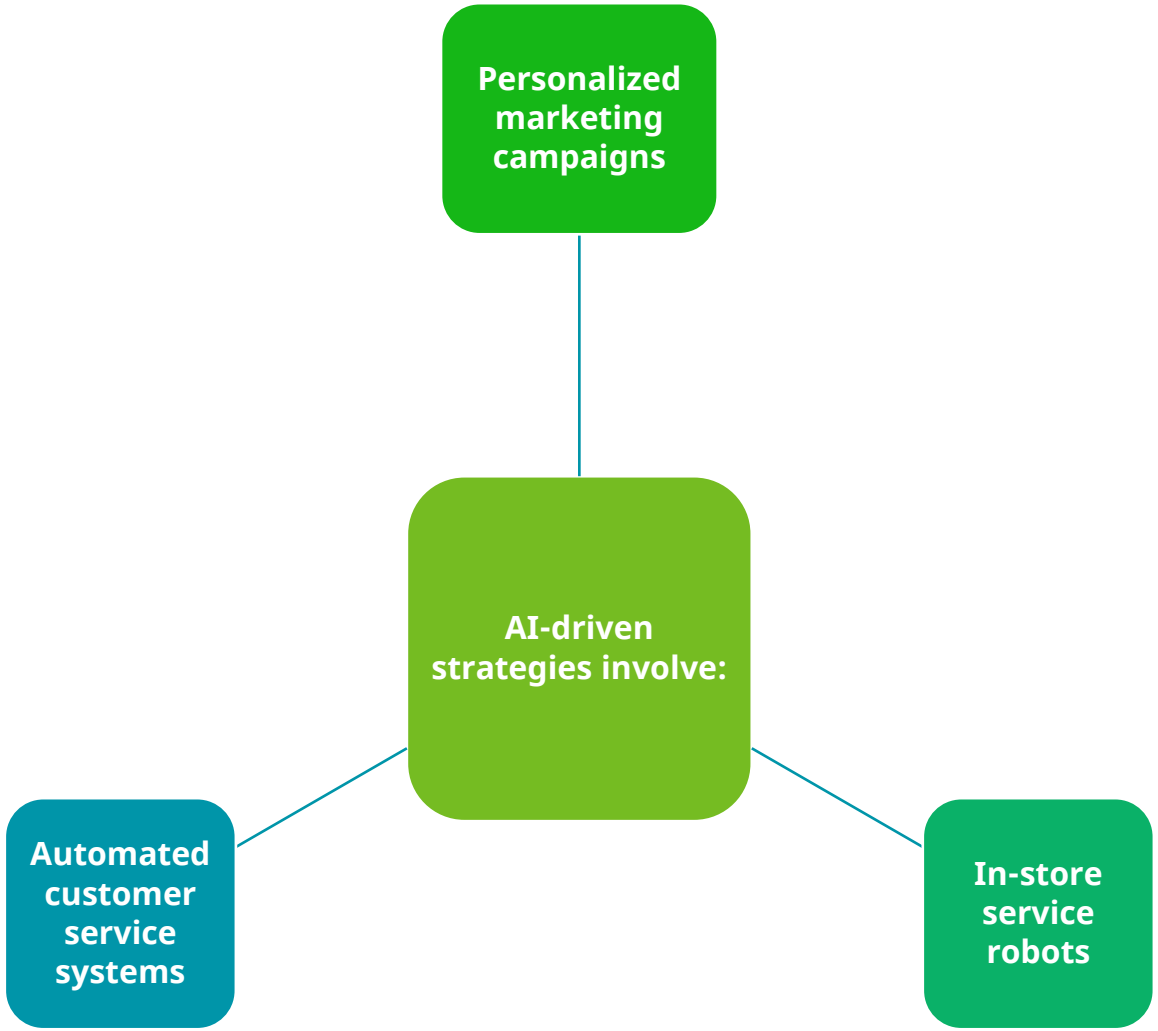
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- AI technologies **influence decision-making by using emotional associations**, **social effects, or other methods** to affect customer choices.
- AI technologies learn the personality traits of individual users from their behavioural signals, and this information can then be used to match the marketing offering to consumers' preferences at the appropriate moment.
- AI technologies can easily simulate human conversations and provide more realistic experiences, learning from previous conversations and continuously adapting their actions based on what has been learned.
- AI in retail refers to the use of machine learning algorithms and other AI technologies to improve and automate decision-making and processes within the retail sector.
- This can include **personalized shopping experiences, inventory management, demand forecasting, customer service (via chatbots), and operational efficiencies.**
- **AI systems analyse vast amounts of data to provide insights, predict trends, optimize supply chains, and enhance customer engagement**, thereby driving sales and improving customer satisfaction.

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- **The future of AI in retail promises significant transformations** along the value chain.
  - Customer service will see more **sophisticated chatbots handling complex queries**.
  - AI-driven personalization will enable your consumer to receive **highly tailored recommendations, enhancing shopping experiences.**
- Retailers use AI in various innovative ways. AI is used in inventory management to reduce overstock and shortages.
- **Predictive analytics** helps in forecasting demand accurately.
- Customer intelligence **tools analyse shopper behaviours to tailor experiences and offerings**.

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Benefits of AI in retail for CX:

- **Omnichannel integration.**
- Retailers integrate AI and IoT technologies to create seamless omnichannel experiences.
- Integrating online and offline channels helps retailers deliver a consistent and convenient shopping experience across all customer touchpoints.

- **Enhanced security and fraud detection.**
- AI and advanced analytics are employed for security and fraud detection.
- These technologies can identify suspicious transactions and prevent theft, both online and in physical stores, thereby protecting profits and enhancing customer trust.

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AI-assisted shopping experiences.

- By analyzing customer data—including past purchases, browsing behavior, and preferences—AI can provide highly relevant suggestions tailored to individual tastes and needs. If a customer frequently buys athletic wear, the system might recommend the latest running shoes, sports accessories, or workout gear.
- By doing so, AI not only increases the chances of additional sales but also improves customer satisfaction by providing relevant and timely suggestions.

Personalization.

- Customers increasingly expect personalized experiences. AI-powered shopping assistants can help retailers deliver personalized recommendations, improve customer service, increase sales, and enhance operational efficiency.

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- However, modern AI applications go beyond basic product recommendations, incorporating advanced analytics and processing real-time data from many different sources to deliver **hyper-personalized shopping journeys**.
- Based on sources like real-time browsing signals, preferences derived from synthetic testing and digital twins, or social media signals, AI can suggest products that are immediately relevant to the shopper's context.
- Machine learning algorithms can also be utilized **to predict trends and preferences.**
- For example, if data shows a surge in demand for eco-friendly products, the system can prioritize recommendations for sustainable and environmentally friendly items, aligning with broader consumer trends and individual customer values.

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- **AI-powered chatbots and virtual assistants**.
- Chatbots, also known as virtual assistants or conversational agents, help businesses improve customer service and provide more personalized support.
- They are widely used because they are easy for customers to access, relatively inexpensive to operate, and available at any time.
- By providing fast responses and personalized assistance, chatbots help reduce the gap between what customers expect and the service businesses deliver.
- Conversational AI, such as chatbots, enhances customer service by providing real-time responses.
- Retailers also use AI-driven CRM tools that leverage customer data for personalization, customizing the customer experience further.
- Many of these applications offer a more personalized approach to shopping and can boost sales while also fostering customer loyalty.
- A customer visiting an online store even late at night can interact with an AI-powered chatbot to find out more about a product's features, check availability, and even complete a purchase.
- This immediate assistance improves the CX by providing support when human agents are unavailable.
- AI chatbots can also handle complex queries by integrating with backend systems.
- For instance, a chatbot could track order status, initiate returns, or offer personalized discounts based on the customer's purchase history.
- Additionally, chatbots can learn from interactions, improving their responses over time and providing increasingly accurate and helpful information.

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- **Enhanced in-store experiences.**
- AI can also enhance the in-store shopping experience through smart technologies such as augmented reality (AR) and AI-powered “mirrors”.
- These tools can offer virtual try-ons, product information, and personalized suggestions, creating an interactive and engaging shopping environment.
- An AI-powered mirror in a clothing store can allow customers to virtually try on different outfits, see how they look from various angles, and receive personalized style recommendations.
- This technology not only makes shopping more enjoyable but also helps customers make more informed purchasing decisions.
- AI-driven AR applications can provide immersive experiences.
- For instance, customers can use their smartphones to see how furniture would look in their home or how a particular paint colour would appear on their walls.
- This interactive element enhances the shopping experience, making it more engaging and personalized.

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Shopping insights will drive smarter store layouts and product placements, making finding items easier.

AR and virtual reality (VR) will also elevate the shopping experience, offering immersive product views.

Retailers have been developing alternative engagement models to de-risk digital-purchasing decisions. In apparel and fashion, for example, one of the main impediments to online purchasing has historically been the inability for customers to see how items would look on them.

Jewelry brand Kendra Scott is tackling that problem by launching a new platform, Virtual Try-On, which uses augmented-reality (AR), machine-learning, and computer-vision techniques.

Launched in April in response to COVID-19, the platform allows shoppers to preview styles as they move, enjoying the experience of a retail setting in the comfort of their home.

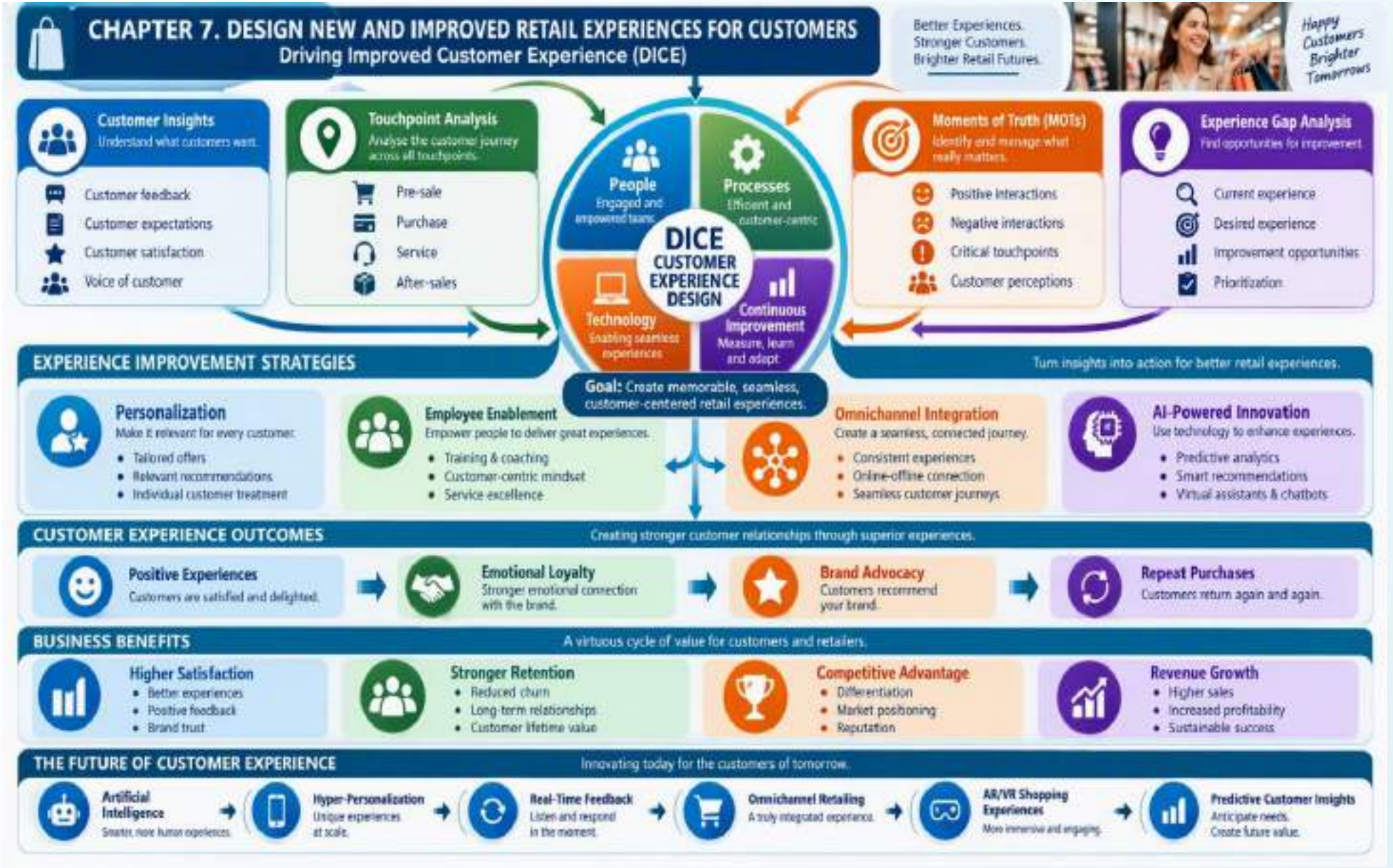
Shopify, which allows its merchants to add 3-D models to their product pages, found that conversion rates increased by 250 percent when consumers viewed 3-D products in AR.

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- Retailers will benefit from **predictive analytics to forecast trends and optimize inventory.**
- This reduces waste and ensures that the right products are available at the right time, while you can also expect dynamic pricing models, where prices adjust based on demand, competition, and inventory levels in real-time.
- AI will undoubtedly reshape the retail landscape even in ways we have not yet considered, making company emissions and operations better optimized internally while making shopping more efficient and personalized for your customers.



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