



retail
TouchPoints®
SPECIAL REPORT

TAKING THE PAIN OUT OF CUSTOMER SERVICE:

WHAT DO MODERN RETAILERS NEED TO SUCCEED?

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INTRODUCTION

Customer service has reached its lowest point since 2016. According to Forrester's 2024 *U.S. CX Index*, the reason for this reversal is that most brands fail to align their service strategies with consumers' ever-evolving behaviors and expectations. Despite **nine** years of technological progress, Forrester found that only **3%** of brands were truly customer-focused in their approach.

That means consumers still face many of the same service headaches they've navigated since 2016. While advancements in artificial intelligence (AI) are creating many new opportunities for service teams to elevate and differentiate their experiences, **retailers increasingly need to focus on the fundamentals:** showing customers you know them, understand them and are equipped to serve them.

"The motto I live by now is that 'with greater customer experiences comes greater responsibility,'" said Melissa Minkow, Global Director of Retail Strategy for **CI&T** in an interview with *Retail TouchPoints*.

"Customers have had a taste of some incredible experiences by now, and they now expect them from every retailer."

In this Tech Guide, we will explore modern shopper behaviors, expectations and pain points across the modern buying journey, while outlining the supporting features and capabilities that can equip brands to provide the best possible experience.



Over 70%
of enterprises are
investing in modern
customer service
solutions.

- Forrester

HEADACHE 1

"I CAN'T FIND WHAT I'M LOOKING FOR!"

Research from CI&T indicates that consumers consistently prefer efficiency over engagement. According to the firm's latest [Connected Retail Report](#), **19%** of respondents said they will return to a store, ecommerce site or mobile app based on how quickly they can find and purchase what they want.

"Consumers don't want to spend a lot of time on sites or apps — they want to be in and out," explained Minkow. "That's what would raise NPS [net promoter scores] and, in my opinion, get consumers to keep coming back."

Conventional wisdom indicates that if a customer spends a lot of time on a site or mobile app, it means they're highly engaged. However, Minkow noted that it also could be a clue that they're having trouble finding what they're looking for, which could ultimately lead to abandonment. "They're lost or confused — it's not a seamless experience," she said. That's why brands need to **consistently monitor customer journey patterns on their site to identify possible obstacles.**

Of course, this challenge isn't confined to digital. Inventory is always moving around a store, so shoppers may seek an associate to provide assistance. However, **70%** of shoppers agree it's hard to find an associate to help while shopping in a store, according to [Zebra research](#). The reason for this service gap? Because **83%** of associates struggle to prioritize their increasingly complex roles.

This is where technology can help, according to Minkow, specifically mobile apps. Retailers like [Dick's Sporting Goods](#) and [Tractor Supply](#) have "store modes" for their apps, enabling consumers to access real-time inventory levels and locations in their preferred brick-and-mortar locations. Self-serve capabilities can not only support customers but take some work away from associates who should be focusing on providing a higher level of service to shoppers.



Only 9%
of 20,000 customers in
26 countries are satisfied
with their in-store
shopping experiences.

14%
of online shoppers say
the same.

- IBM Institute for Business Value

HEADACHE 2

"I FEEL LIKE THIS BRAND DOESN'T UNDERSTAND WHO I AM OR WHAT I NEED!"

In this new era of customer service, seamlessness and relevance go hand in hand.

"The experience customers today are looking for is seamless and personalized enough to be of value to them," advised Brandon Rael, Director and Consult Partner at [Kyndryl](#) in a conversation with *Retail TouchPoints*. "It's a way to build a community where all channels drive the discovery process, and then customers can either engage with an employee or engage in that self-service experience."

However, there's a fine line between personalization and over-personalization, to the point where it is overwhelming or distracting. "Highly personalized experiences are not good for the user experience," noted James A. Weiss, Managing Director of [Big Drop](#) Inc. "That's not good for brand recognition." Instead, brands should use personalization as an enabler for cohesive service experiences that require **orchestration of several guided and self-service channels**. Often, these service-focused interactions tie seamlessly to personal marketing streams, a strategy brands like [Cozy Earth](#) have leveraged to drive substantial growth.

In more guided service experiences, robust customer relationship management (CRM) integration and clienteling applications ensure both online service agents and store associates have access to detailed shopper information, including their full name, address, birthday, past purchases and loyalty status.

In these more self-service-heavy experiences, gen AI-based tools have become a major unlock, helping shoppers get answers to highly specific questions about products, services and even projects. Retailers like [Best Buy](#) and [The Home Depot](#) offer AI-powered chatbots and assistants that are on hand to answer any and all questions tied to products, services and even trends.

There's also value for customer service teams. In fact, **58%** of customer service managers see AI as a "game-changer" for offering personalized experiences, according to [Forrester](#). While the primary use case is to automate customer service interactions, the tech also empowers teams to be more effective by capturing intent, routing inquiries, summarizing cases, drafting knowledge and providing tactical support while they're serving customers.



84%
of companies expect
to use text-based
generative AI assistants
with customers this year,
up from **42%** in 2023.

- IBM Institute for Business Value



Q&A

HOW TO NAVIGATE THE 'PERFECT STORM' OF CUSTOMER SERVICE DISRUPTION

Interview with Baker Johnson, CMO, UJET

Retail TouchPoints (RTP): What are the most significant trends shaping the current state, and future, of customer service?

Baker Johnson: The customer service landscape is no longer about simply reacting to inquiries. It's being radically reshaped by a confluence of trends, and frankly, many businesses are struggling to keep up. We're seeing a shift from passive support to proactive engagement, driven by:

- **The rise of the empowered, mobile-first consumer:** Customers are no longer tethered to a landline. They have supercomputers in their pockets and expect instant, personalized and effortless experiences on their terms, anytime and anywhere;
- **AI's transformative power:** We're moving beyond basic chatbots to a new era of AI that can truly understand customer intent, personalize interactions at scale and even anticipate needs. This isn't just about automation; it's about creating richer, more natural and human-like interactions; and
- **The demand for unified, frictionless experiences:** Customers expect seamless transitions between channels and for businesses to recognize them and understand their context across all touch points. Siloed systems and channel-centric approaches are no longer acceptable.

The future of customer service is about orchestrating these trends to deliver proactive, personalized and engaging experiences that build loyalty and drive growth.

RTP: What is typically holding retailers back from keeping pace with these trends?

Johnson: Many retailers are held back by a combination of factors, a sort of perfect storm that prevents them from delivering the experiences that customers expect:

- **Legacy Infrastructure:** Outdated systems, often built for a landline world, lack the agility, scalability and integration capabilities to support modern CX. These systems create data silos and hinder omnichannel efforts, which is a major obstacle;
- **Channel-Centric Silos:** A focus on individual channels (e.g., website, mobile app, brick-and-mortar store) rather than a unified customer journey. This leads to fragmented and inconsistent experiences for the shopper, who just wants to "do business" with you, not deal with your systems; and
- **Limited AI Adoption and Misunderstanding:** Many retailers are hesitant to embrace AI, or they implement it in a piecemeal way, often as a chatbot afterthought. They're missing out on AI's potential for personalization, automation and proactive engagement across the entire customer journey.



RTP: Which technologies should work together to support consumer demand for seamless customer service?

Johnson: To truly support modern consumer demands, a synergy of technologies is essential:

- **A cloud-native CCaaS (contact center as a service) platform:** This provides the foundation for scalability, flexibility and seamless integration of online and offline channels, enabling a truly omnichannel experience;
- **AI with a mobile-first approach:** AI that is designed to leverage smartphone capabilities and deliver rich, interactive experiences. Think about the power of in-app support or using device metadata to solve issues proactively;
- **CRM-first architecture:** Deep, bi-directional integration with CRM platforms to provide a unified view of the customer, empowering agents with context and enabling personalized interactions;
- **Smart devices and mobile SDKs (software development kits):** Technology that allows for in-app support, rich media sharing and biometric authentication, meeting the demands of the modern customer; and
- **APIs and open architecture:** Robust APIs to connect with other business systems and create a unified ecosystem, ensuring data flows seamlessly across the organization.

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RTP: What do brands need to do to close service silos and ensure the experience feels harmonious, even if customers try to use different service channels — both online and in stores?

Johnson: To create a truly harmonious and customer-centric experience, brands need to:

- **Adopt a Customer-Centric Omnichannel Strategy:** It's not just about offering channels, it's about orchestrating them. Focus on the customer journey, not just individual channels or departments. Understand how shoppers move between online and offline and design experiences that facilitate this;
- **Invest in Unified Technology:** Implement a platform that integrates all channels and data into a single system, providing agents with a holistic view of the customer and enabling seamless transitions. You can't have a seamless experience if your systems don't talk to each other;
- **Empower Store Associates:** Equip store associates with mobile tools and real-time access to inventory, customer data and product information, allowing them to provide personalized assistance and seamless in-store experiences. Think about how much more effective your staff can be with the right tools; and
- **Leverage AI for Personalization and Proactive Engagement:** Use AI to understand shopper behavior, anticipate their needs and deliver personalized recommendations, offers and support across all touch points. This means going beyond chatbots and using AI to truly understand and engage with your customers.

RTP: What customer data sources are key to elevating and differentiating through service?

Johnson: To elevate and differentiate through service, retailers need to tap into a wide range of rich data sources:

- **CRM Data:** Customer demographics, purchase history, loyalty program data and contact information;
- **Ecommerce Data:** Website browsing behavior, shopping cart activity, product reviews and online purchase data;
- **In-Store Data:** Point-of-sale transactions, inventory information, foot traffic patterns and associate interactions;
- **Mobile App Data:** App usage, location data and in-app interactions;
- **Social Media Data:** Customer feedback, sentiment analysis and social media engagement; and
- **Device Metadata:** Information from the customer's smart device, such as location and device capabilities.



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RTP: How should brands use service data and KPIs to identify ways to improve and differentiate their service experiences?

Johnson: Brands should use service data and KPIs to drive continuous improvement and create truly differentiated experiences:

- **Map the Customer Journey:** Visualize how customers interact with their brand across all channels to identify friction points, pain points and opportunities for improvement. Think about mapping out the entire experience, not just individual interactions;
- **Personalize Shopper Interactions:** Leverage data to tailor recommendations, offers and support to individual shopper preferences. This is about understanding the customer and making them feel known;
- **Optimize Inventory Management:** Use data to predict demand, improve stock accuracy and streamline fulfillment processes. This is about efficiency and meeting customer needs;
- **Enhance the In-Store Experience:** Use data to optimize store layout, staffing and product placement, and to empower store associates to provide personalized assistance. Think about how data can make your stores more effective;
- **Measure the Impact of Service Initiatives:** Track KPIs like customer satisfaction, conversion rates and average order value to evaluate the effectiveness of service improvements and demonstrate ROI. This is about proving the value of your CX investments; and
- **Leverage AI for Insights and Action:** Use AI to analyze data, identify trends, predict customer behavior and automate personalized interactions. This is about using AI to create a proactive and personalized experience.



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HEADACHE 3

"WHY DO I HAVE TO KEEP REPEATING MYSELF?!"

It's a common pain point for omnichannel shoppers: they have a specific question or goal in mind — and they end up using different channels to complete their task. Jumping from email to chat to store, they're forced to answer the same onslaught of questions and share the same details with each human and bot.

The root of the issue is an oft-cited challenge: disparate tech tools that prohibit seamless data sharing.

"Retailers are perpetually playing catch-up with their data strategies," Rael noted. "We're talking about gen AI and personalization, but without the proper amount of data and insights foundationally, how can you even do that? Legacy retailers have legacy architecture. They don't have a robust data-centric way of thinking, and maybe they're cobbling together integrations and solutions."

Conversely, brands excelling in this new era of service **ensure all teams and functions have access to all the data and insights they need** to understand customers' behaviors, purchases and past interactions with a brand. This context is critical to helping team members both online and in-store serve customers in a contextual and meaningful way.

"It's about knowing who they are and providing the offers, promotions and services that will resonate with the customer where it feels like there are no channels," Rael said. "The retailers have visibility into how [customers] engage across multiple platforms."



CREATING A SERVICE INNOVATION PLAYBOOK

Retail experts offered tactical guidance to help retailers develop a customer-centric service strategy:



Align on your North Star goals.

These goals represent a brand's reason for being, including the type of service and experiences it aims to provide, according to Rael.



Map your customer journeys and identify gaps and obstacles.

Anything that creates clutter or friction needs to be addressed ASAP, according to Minkow: "There's no excuse." Similarly, if there are critical gaps in your service experience, research possible solutions to fill them and meet your North Star goals. "Just because a tool exists doesn't mean it needs to be the bell and whistle," Weiss add. "It has to be a value-add to the business, and it has to be the right fit."



Don't use technology as a singular solution.

Because retailers are in the service of their customers, "there's always going to be a human element there, whether people are shopping online or in stores," Rael explained. "Yes, you can layer technology in and use it as an enabler of growth. But it's not a replacement for people."



Employ a data-centric strategy for listening, learning and improving.

Data should be the foundation of all service channels and touch points. Without it, both man and machine lack the context they need to support customers across all channels. Moreover, they lack the insight they need to understand what is working, what isn't and what needs to improve moving forward.



Use loyalty as the linchpin.

Experts pointed to brands like **Starbucks** and **Wawa** that have used technology (specifically mobile apps) to connect robust loyalty programs with adjacent tools and services. The loyalty program provides all-critical customer context, providing all tools and channels with the information required to provide stellar service.

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