VERINT®

The Verint Guide to Customer Engagement in the Retail Industry

How to maintain share of wallet during times of high inflation and reduced consumer spending.

Contents

\ **VERINT.** The Customer Engagement Company™

"Disruption as Usual"

It's difficult to find a word that fully describes global events since March 2020—turbulent doesn't seem like it goes far enough. In the words of Forrester, "We are in a deeply unsettled, volatile moment."

During the early days of the pandemic, we often heard "the new normal" as a description of the unique set of circumstances faced by companies and consumers. Now, with so much unpredictability affecting consumer preferences, there's no "normal" that business leaders can aim for with customer engagement strategies. In 2022, **"disruption as usual"** feels far more apt.

To understand how we've reached this point, we should look at what's led the world here. It began with the COVID pandemic in early 2020, followed by disruption to the global supply chain, "The Great Resignation," and then in February 2022, Russia's invasion of Ukraine. The fallout from all these factors has created a situation where global inflation has become one of the biggest issues facing consumers.

It's a simple equation: If everyday products and services become more expensive and household income is not rising at the same rate, consumers have less disposable income.

A tough time for consumers means a tough time for retailers as well. For instance, Walmart, the world's largest retail company by revenue, issued two separate profit warnings in the space of 10 weeks in 2022, predicting its operating income would be down by as much as 13% due to rising inflation.

Verint® State of Digital Customer Experience report confirmed that customer retention is more important than customer acquisition, something that becomes even more significant at a time when consumers have less money for food, utilities and rent or mortgage, which also means less money for discretionary spending.

Supporting customers' needs with digital flexibility, through hybrid customer engagement and a hybrid workplace, will help retail businesses negotiate the "disruption as usual."

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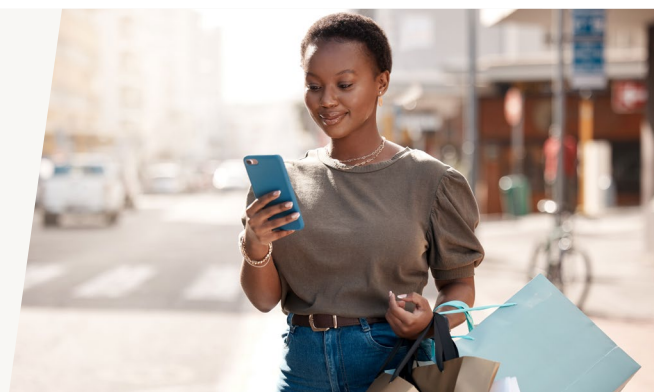
Hybrid Engagement

- **Complex customer journeys:** Consumers returning to stores, a growing number of digital channels, and customers doing their homework online creates countless potential paths to purchase.

- **Omnichannel engagement:** Complex journeys mean consumers will have multiple touchpoints for every purchase, so providing consistent experiences across all channels is vital.

- **Building relationships:** Positive experiences help to ensure customers stay loyal at a time when people have less disposable income to spend.

Hybrid Working Environments

- **Uncertain labor market:** Along with this latest bout of economic certainty, the hiring crisis referred to as the Great Resignation is transitioning into "Quiet Quitting"—where unhappy workers are mentally checking out of their jobs but are afraid to leave. Businesses are already understaffed, so finding a way to identify the right candidates to employ and providing increased flexibility in the workforce will be key for maintaining high levels of customer service.

- **Removing silos:** By eliminating barriers across teams, unified tools and processes allow for connections throughout the organization and a more joined-up customer experience.

- **Automation and humans:** At the heart of a hybrid working environment, using a blend of bots and employees helps transform interactions into engagements across multiple channels during the customer journey.

Maintaining share of wallet is key for retailers when inflation is rising—so creating exceptional experiences should be at the heart of every retailer's engagement strategy.
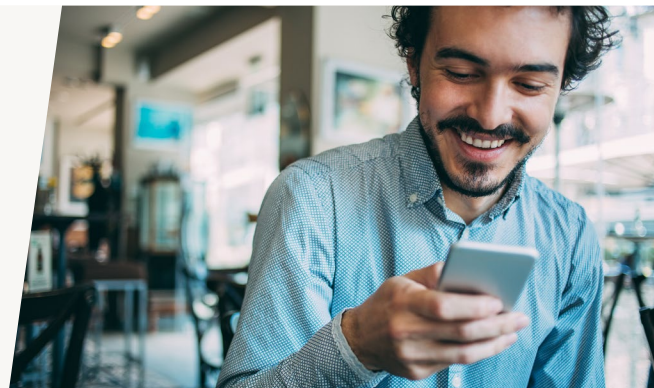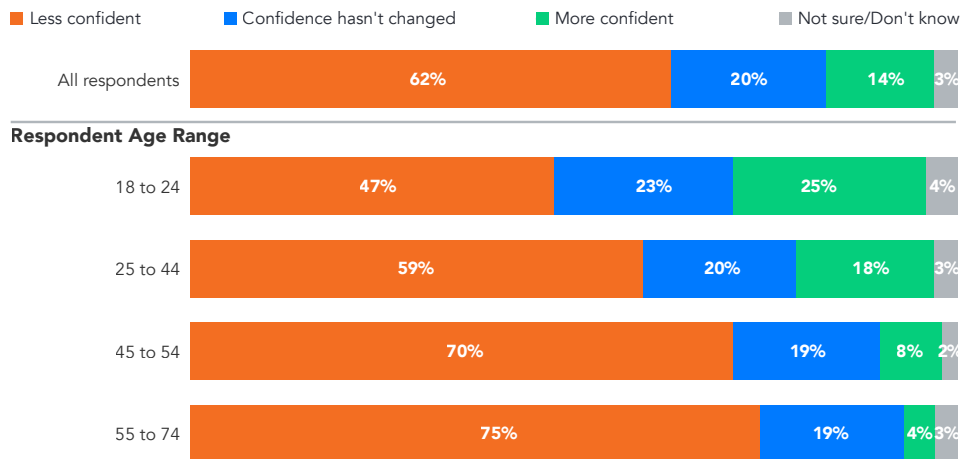
Consumer Data Analysis:
Spending and Retail Engagement

Trend 1: Concern About Rising Inflation Is Affecting Spending

Consumers Are Worried, with Older Generations Least Confident in the Economy

Compared to this time last year, how confident are you in the current state of the economy?

■ Less confident   ■ Confidence hasn't changed   ■ More confident   ■ Not sure/Don't know

	Less confident	Confidence hasn't changed	More confident	Not sure/Don't know
All respondents	62%	20%	14%	3%

Respondent Age Range

	Less confident	Confidence hasn't changed	More confident	Not sure/Don't know
18 to 24	47%	23%	25%	4%
25 to 44	59%	20%	18%	3%
45 to 54	70%	19%	8%	2%
55 to 74	75%	19%	4%	3%

Of all consumers surveyed, **62%** have lower confidence in the state of the economy than 12 months ago, but the level of concern varies by age. **Three-fourths** of consumers between 55 and 74 are less confident, compared to less than **50%** of 18 to 24-year-olds. Many in the older age group are likely considering retirement or are already retired, meaning any financial losses are more challenging to recover from.

Inflation Is Rising and Spending Is Falling

Which of the following actions are you taking, if any, because you are less confident in the current state of the economy?

Spending Less	76%
Saving More	34%
Spending Less and/or Saving More	88%
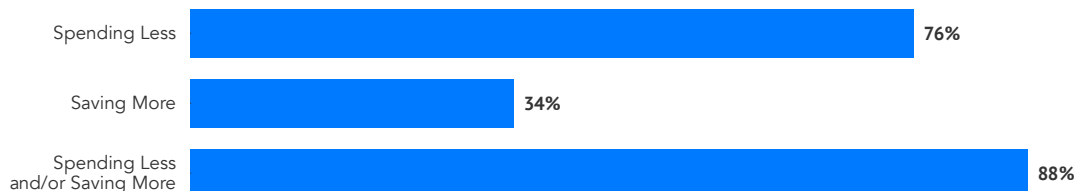
Of the consumers less confident in the state of the economy, nearly **90%** are spending less and/or saving more. The figure that should concern retailers most is that **76%** are cutting back on spending.

In what areas are you spending less?
(Select all that apply)

Area	Percentage
Recreation*	91%
Clothing	80%
Food	53%
Gasoline	42%
Paying off Debt	32%
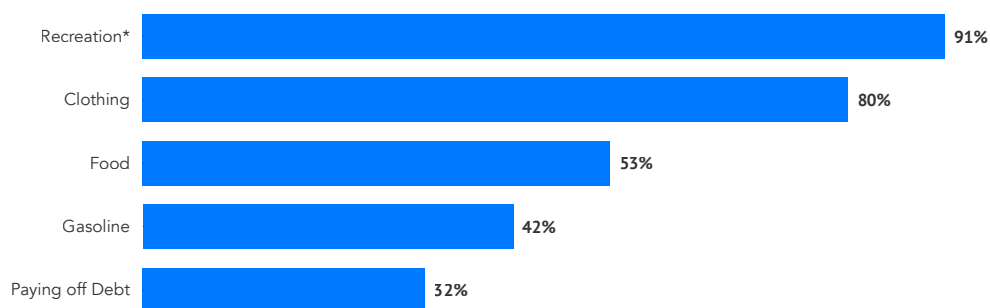
Recreational activities—eating out, going to the movies, etc.—is the area where the most people **(91%)** are cutting back. The second biggest area is clothing, with **8 in 10** consumers spending less, something that will negatively impact mass market retailers while the cost of living rises.

> "Walmart is a bellwether for the entire (retail) sector. Its downgrading of second quarter and full fiscal guidance is a cause for concern and highlights the pressure that all retailers are currently under."
>
> Neil Saunders, GlobalData Retail

Key Finding: Mass Market Retailers Will Have to Work Harder for Share of Wallet

With inflation rising at its current rate, it's no surprise that nearly two-thirds of people surveyed are less confident in the economy, and **76%** of them are spending less money.

As the costs of essential products are rising, the share of wallet available to mass market retailers is shrinking, because the biggest spending cutbacks are in areas which could be considered luxuries, such as clothes shopping or eating out. Finding ways to retain customers and ensure they are still choosing to spend their shrinking disposable income will be vital to riding out this period of rising inflation.
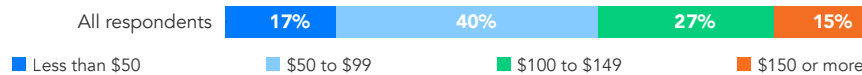
Trend 2: Customer Retention Is Still More Important than Acquisition

Customers Are Loyal to Their Favorite Retailers

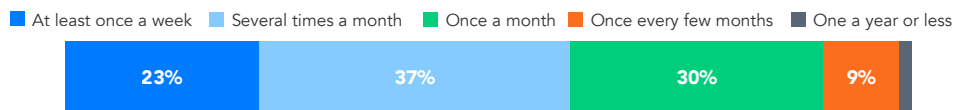### How often do you purchase from your favorite mass market retailer?

At least once a week | Several times a month | Once a month | Once every few months | Once a year or less

All respondents | 33% | 38% | 20% | 8%

On average, how much do you spend when you make a purchase?

All respondents | 17% | 40% | 27% | 15%

Less than $50 | $50 to $99 | $100 to $149 | $150 or more

Consumers buy from their favorite mass market retailers regularly—**91%** say they make at least one purchase a month and one-third buy something every week. Regular customers are also consistently high spenders, with **42%** purchasing at least $100 and **15%** spending over $150 or more, on average, when they make a purchase.
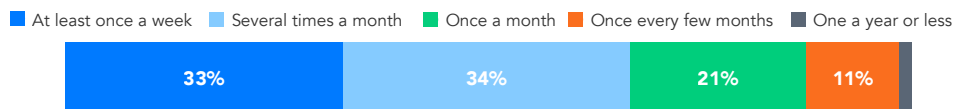
If you have purchased from a new mass market retailer in the last six months, how often do you purchase from that new retailer?

(Asked if respondent had purchased from the new retailer more than once)

At least once a week | Several times a month | Once a month | Once every few months | One a year or less

23% | 37% | 30% | 9%

How often do you purchase from your favorite mass market retailer?

(Respondents who had purchased from the new retailer more than once)

At least once a week | Several times a month | Once a month | Once every few months | One a year or less

33% | 34% | 21% | 11%

We also found that consumers typically buy from their favorite mass market retailers more often than one they have been shopping with for six months or less. **One-third** of those who had branched out to a new retailer still bought from their favorite retailer at least once a week, **10%** higher than weekly purchases from a new retailer.
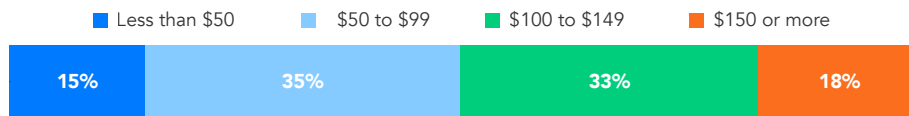
New Customers Are Still Important

In the last six months, did you purchase from a mass market retailer for the very first time?

- Yes - **22%**

- No - **78%**

How much did you spend at that new retailer?

(Respondents who had purchased from the new retailer more than once)

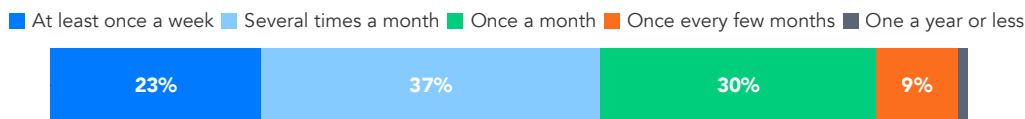| ■ Less than $50	■ $50 to $99	■ $100 to $149	■ $150 or more
15%	**35%**	**33%**	**18%**

Did you purchase from that new retailer more than once?

- Yes - **76%**

- No - **24%**

How often do you purchase from that new retailer?

(Asked if respondent had purchased from the new retailer more than once)

■ At least once a week	■ Several times a month	■ Once a month	■ Once every few months	■ One a year or less
23%	**37%**	**30%**	**9%**	

Despite consumers regularly returning to the same retailers, just over **one-fifth** have bought something from a new mass market retailer in the past six months, with **51%** spending more than $100.

If consumers do choose a new retailer, they often buy again. **Three-fourths** who tried a new retailer shopped there more than once. In fact, **90%** make purchases from that new retailer at least once a month.

Key Finding: Customers Will Spend More, More Often with Their Favorite Retailers

Nine in 10 consumers will continue to shop with their favorite mass market retailers and make at least one monthly purchase. These findings show companies must ensure that they offer experiences which keep customers happy and loyal, rather than placing more emphasis on chasing new customers to offset the potential shortfall in revenue caused by a decline in spending.

This doesn't mean it's not important to try and retain new customers. Even if only **22%** of people we surveyed have recently tried a new mass market retailer, the results show the that providing the right experience with their first purchase can keep them loyal and spending regularly.

It's important to keep customer lifetime value (CLV) in mind when considering retention over acquisition. It costs less to retain existing customers, and by creating a better user experience through easier
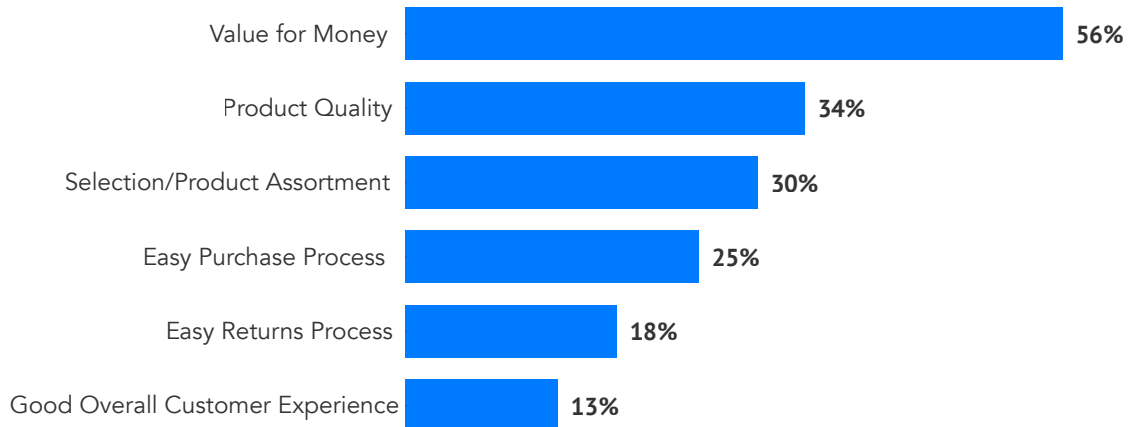
repeat purchasing, rewarding loyalty, or more personalized communications, retailers can maximize CLV during difficult economic times and beyond.

Trend 3: Good Value and Superior Experiences Create Loyal Customers

With Inflation Rising, Value for Money Has the Biggest Impact

Which of these has the most impact on your loyalty to mass market retailers?

(Select one or two)

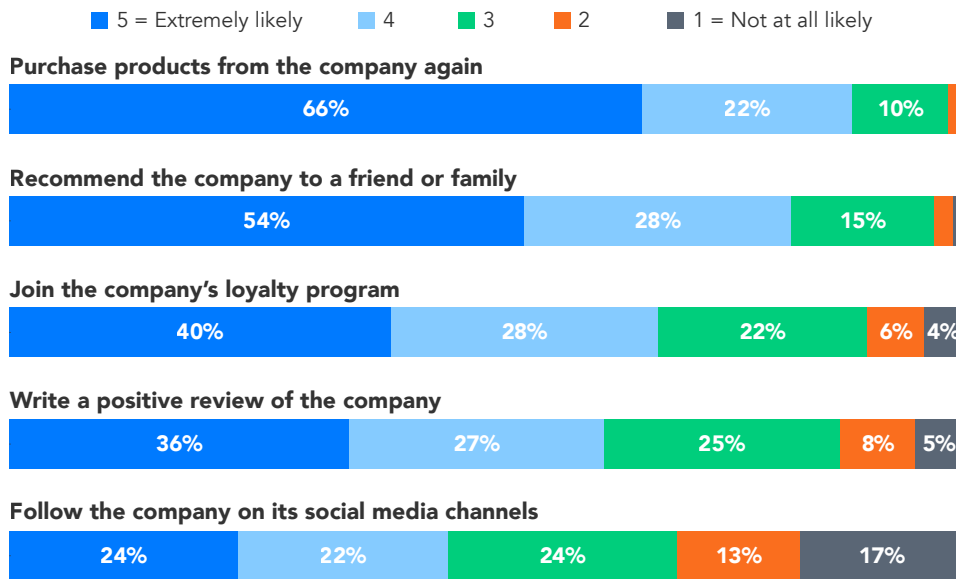|	
Value for Money	56%
Product Quality	34%
Selection/Product Assortment	30%
Easy Purchase Process	25%
Easy Returns Process	18%
Good Overall Customer Experience	13%

More than half of consumers say that value for money is one of the top two most important factors when it comes to staying loyal to mass market retailers. Value is particularly important for those consumers who are less confident in the current state of the economy, with **62%** of them selecting this option when answering the question.

Great Experiences Are Critical for Customers

If you had an amazing customer experience with a mass market retailer, how likely would you be to do each of the following?

Legend: ■ 5 = Extremely likely ■ 4 ■ 3 ■ 2 ■ 1 = Not at all likely

Purchase products from the company again
66% | 22% | 10%

Recommend the company to a friend or family
54% | 28% | 15%

Join the company's loyalty program
40% | 28% | 22% | 6% | 4%

Write a positive review of the company
36% | 27% | 25% | 8% | 5%

Follow the company on its social media channels
24% | 22% | 24% | 13% | 17%

It's vital that retail companies focus on ensuring customers have the best experience possible when making a purchase. Following an amazing customer experience, **88%** are likely to make repeat purchases and **82%** to recommend the company to a friend or family.
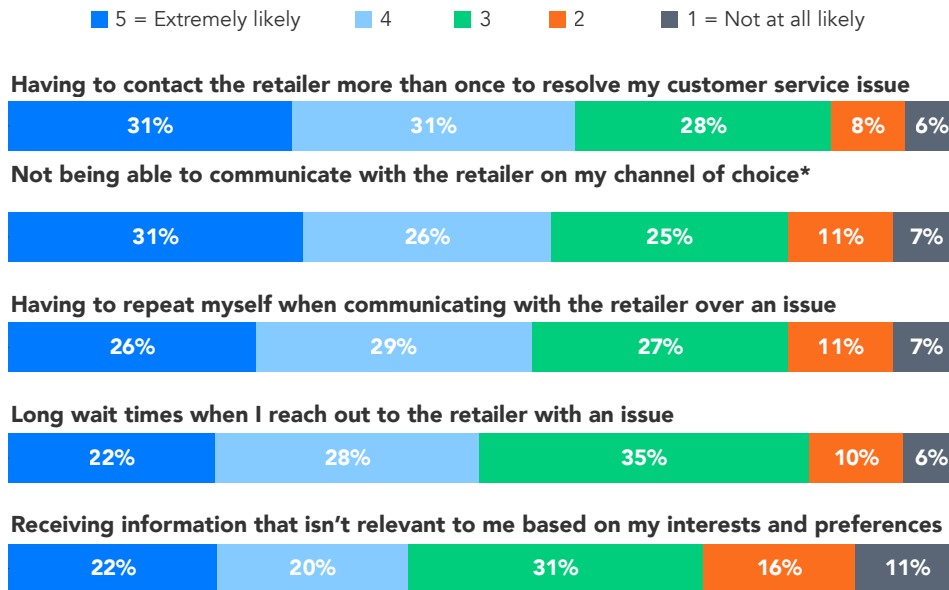
As well as buying again or influencing their recommendations to friends, an amazing experience can lead to customers signing up to a loyalty program—**68%** gave an above average likelihood of taking that action.

> "I love an exclusive deal tailored to my shopping preferences for being part of a rewards program."
>
> Male, Millennial

Bad Experiences Impact Retention

How likely would you be to stop purchasing from a mass market retailer in these situations?

■ 5 = Extremely likely ■ 4 ■ 3 ■ 2 ■ 1 = Not at all likely

Having to contact the retailer more than once to resolve my customer service issue

| 31% | 31% | 28% | 8% | 6% |

Not being able to communicate with the retailer on my channel of choice*

| 31% | 26% | 25% | 11% | 7% |

Having to repeat myself when communicating with the retailer over an issue

| 26% | 29% | 27% | 11% | 7% |

Long wait times when I reach out to the retailer with an issue

| 22% | 28% | 35% | 10% | 6% |

Receiving information that isn't relevant to me based on my interests and preferences

| 22% | 20% | 31% | 16% | 11% |

*(For example, no phone number available)

Efficient issue resolution is vital to retaining customers—**62%** of people surveyed would be likely to stop purchasing from a mass market retailer if their customer service issue wasn't resolved during the first attempt.

Similarly, customers having to repeat themselves would cause many **(55%)** to end a relationship with a retailer, as would long wait times when reaching out **(50%)**.

Retailers who don't offer a comprehensive channel choice for consumers to contact them on might also see customer churn; **57%** said they were likely to stop buying from a retailer if they weren't able to reach out on their channel of choice.

> "Customer service makes all the difference; one bad interaction and I'm never going back."
>
> Female, Millennial

Key Finding: Connected Teams and Efficient Resolution are the Best Form of Marketing

From our survey, it's clear that **efficiency** and **channel choice** are key elements to providing a positive customer experience. If customer-facing employees have access to all relevant data, as well as the

ability to provide a consistent experience across all possible channels, issue resolution becomes more straightforward for retailers and their customers.

Great experiences create loyal customers, form brand advocates, and generate recurring purchases, and, as we saw above, **91%** of mass market retail customers will be frequent shoppers, typically buying something at least once a month.

As much as special offers or regular discount sales can keep customer purchasing regularly, concentrating on consistent omnichannel experiences is as good a tactic as any to ensure maximum CLV.
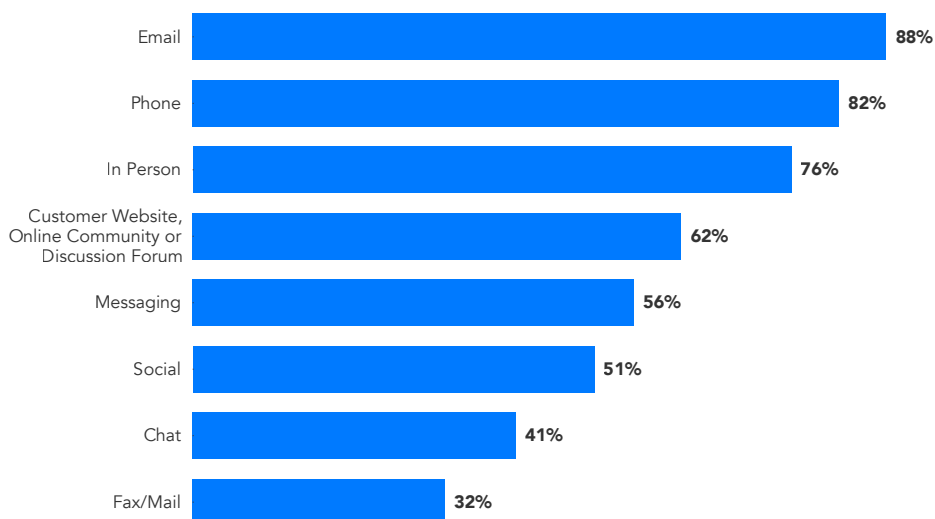
Business Data Analysis:
Customer Engagement Channels and Challenges

Trend 1: Customer Interaction Volumes are Growing on Modern Digital Channels

Email is the Most Popular Customer Engagement Channel

Which of these channels is your company currently using to connect with your customers?
(Select all that apply)

Channel	Percentage
Email	88%
Phone	82%
In Person	76%
Customer Website, Online Community or Discussion Forum	62%
Messaging	56%
Social	51%
Chat	41%
Fax/Mail	32%

Nearly **9 in 10** of survey respondents said their company currently uses email to connect with their customers. The next two most prevalent channels are phone and in-person, which makes sense as phone, alongside email, is a legacy tech solution present in almost every large organization, and in-person interactions at stores or branches are still very popular among consumers.

Aside from email, other digital channels are well represented in the results; more than **50%** of people said they use social media, private messaging, and/or website/community/forums.

For email to be effective, often less is more. Personalized and more relevant emails mean companies can cut through the noise of cluttered inboxes, creating a better experience for customers.

> "Stop spamming me in my email inbox and harassing me non-stop with their newsletters."
>
> Male, Millennial

> "Email should always be an option when resolving issues with a product or purchase."
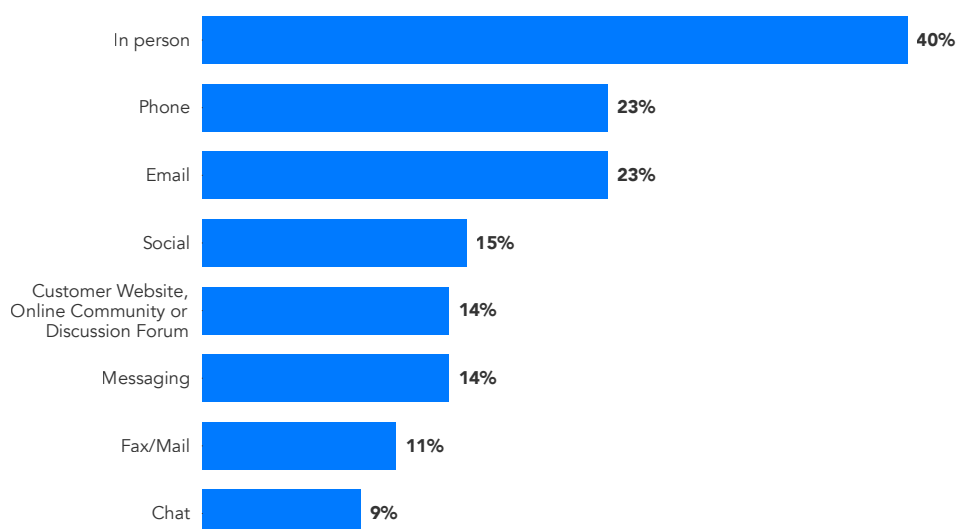>
> Female, Millennial

> "Reduce or condense the numbers of emails sent as they can get overlooked and appear redundant, reducing interest in the content."
>
> Female, Millennial

In Person Interactions Are Still Very Important

Approximately what percentage of your customer interactions are in each of these channels?
(Average percentages)

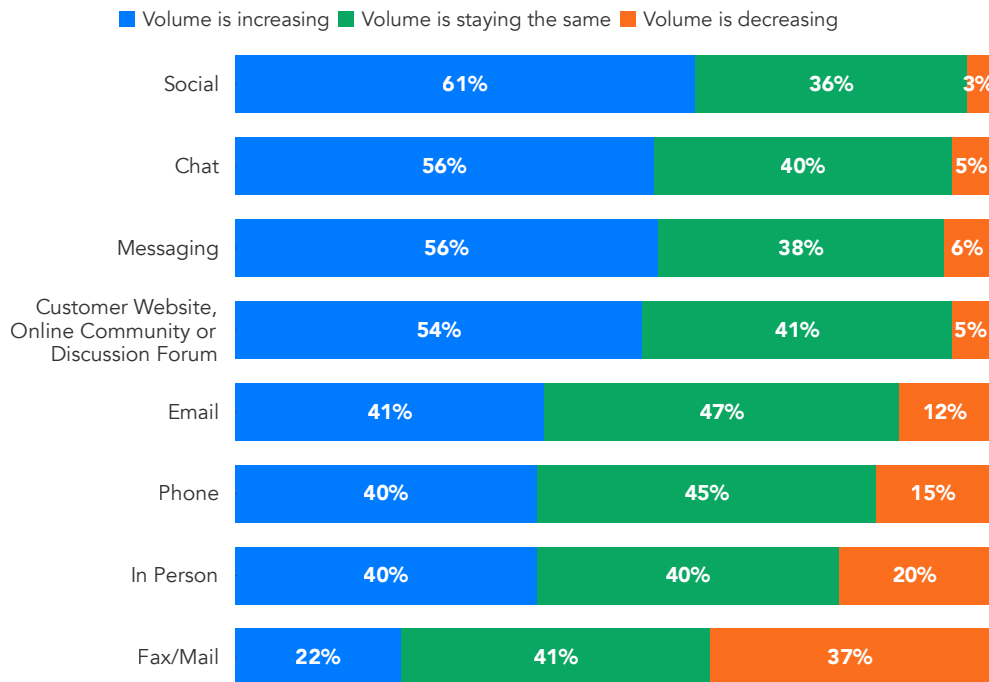| Channel	Percentage
In person	40%
Phone	23%
Email	23%
Social	15%
Customer Website, Online Community or Discussion Forum	14%
Messaging	14%
Fax/Mail	11%
Chat	9%

With brick-and-mortar stores or branches still a vital element for many companies, it's no surprise that, on average, **40%** of interactions happen in person.

However, there are also engagement opportunities being missed on some digital channels; **62%** of companies have a website, online community, or forum, but only **14%** of customers interactions happen there. It's a similar story with social media and messaging: our survey found both channels are used by over **50%** of respondent's companies, but, on average, only **15%** (social media) and **14%** (messaging) of customer interactions are taking place in either of the channels.

How is the volume of your customer interactions changing on these channels, if at all?

How is the volume of your customer interactions changing on those channels, if at all?

■ Volume is increasing   ■ Volume is staying the same   ■ Volume is decreasing

Channel	Increasing	Staying the same	Decreasing
Social	61%	36%	3%
Chat	56%	40%	5%
Messaging	56%	38%	6%
Customer Website, Online Community or Discussion Forum	54%	41%	5%
Email	41%	47%	12%
Phone	40%	45%	15%
In Person	40%	40%	20%
Fax/Mail	22%	41%	37%

Customer interactions are growing in volume—**82%** of respondents say their interactions are increasing on at least one channel.

Survey participants were asked how interactions were changing across their customer engagement channels. Modern digital channels saw the most frequent reports of volumes increasing, with social media **(61%)**, chat **(56%)**, messaging **(56%)** and website, online community, or forums **(54%)** the top four.
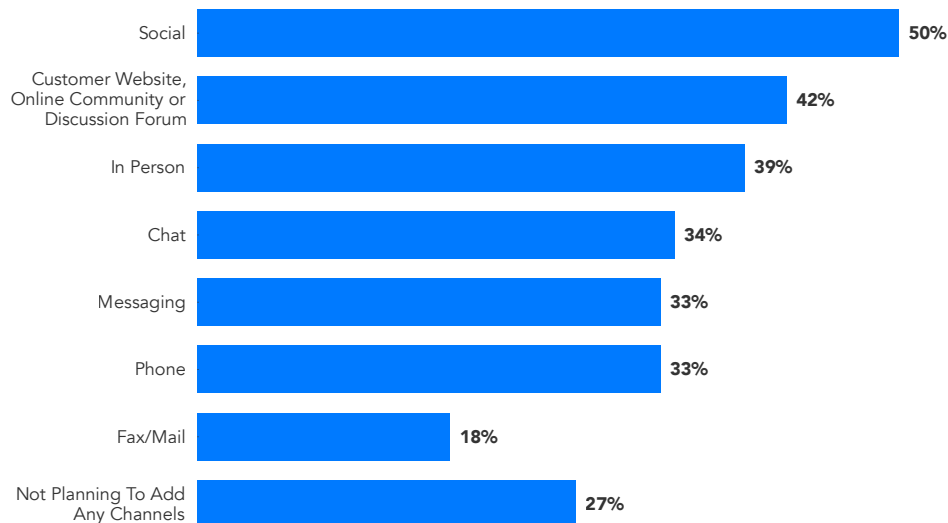
Survey participants were asked to estimate what percentage of their customer interactions are in each of the channels they currently use. On average, fewer than **16%** are interacting with them on social, customer websites, online communities or discussion forums and chat, so there is an opportunity expand the number of conversations across those four channels.

In Verint's State of Digital Customer Experience report, consumers under 45, in particular, expressed a preference **(56%)** for using digital channels to contact a company. According to the most recent US Census, close to half of the population are Millennials or Generation Z, so ensuring their preferences are understood and catered to will be vital to keeping customers happy and loyal in the long term.

Companies Are Expanding Their Engagement Channels

Which channels, if any, are you planning to add in the next 12 months?

(Select all that apply)

Channel	Percentage
Social	50%
Customer Website, Online Community or Discussion Forum	42%
In Person	39%
Chat	34%
Messaging	33%
Phone	33%
Fax/Mail	18%
Not Planning To Add Any Channels	27%

Businesses recognize the need to be able to engage across customers' channels of choice; **73%** of respondents said their company is planning to add at least one engagement channel in the next 12 months.

The chart on the previous page shows that customer interaction volumes are most frequently increasing on social media, which is reflected in **50%** of the companies not currently connecting with their customers via social media planning to add it as an engagement channel.

With only around **one-third** of people surveyed saying their company is looking to add chat and messaging in the next 12 months, companies could be missing the chance to engage customers via these increasingly popular channels.

Key Finding: Modern Digital Channels Must Feature in Customer Engagement Strategies

Customer interactions are increasing dramatically across all engagement channels. While email, phone and in-person are the most commonly used, we're seeing growth everywhere, especially on modern channels like social and messaging.

Our consumer survey found **57%** of people are likely to stop doing business with a company if they can't communicate on their channel of choice, which makes omnichannel engagement strategies vital, especially at a time when the focus should be on customer retention.
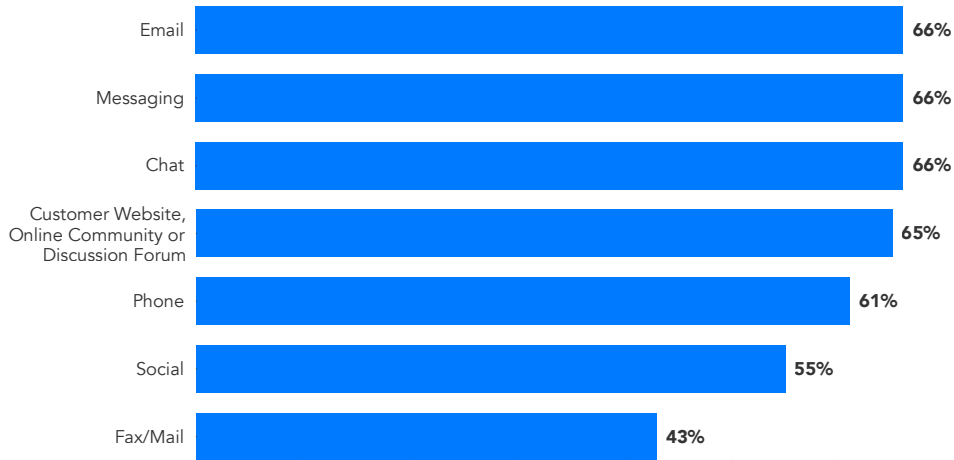
Digital channels are the key to handling the extra volume and providing good customer experiences. Bots and intelligent automation allow contact centers to handle rising conversations at scale, in a much more efficient and cost-effective way than hiring extra staff.

Trend 2: Companies See Automation as the Solution to Growing Customer Interactions

Automation Is Deployed Across Multiple Channels

On which of those channel(s) does your company currently have automation?
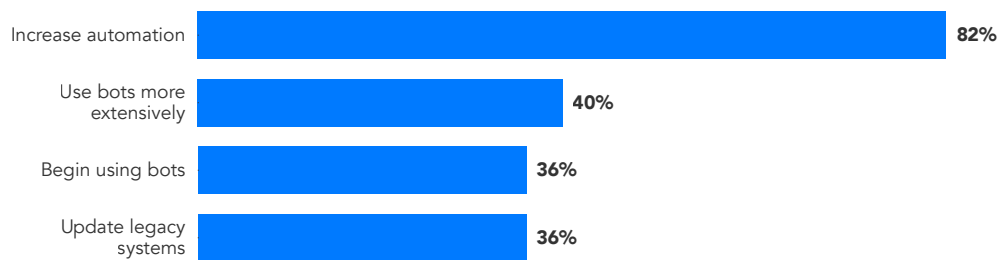
(Select all that apply)

Channel	%
Email	66%
Messaging	66%
Chat	66%
Customer Website, Online Community or Discussion Forum	65%
Phone	61%
Social	55%
Fax/Mail	43%

Of the people surveyed, **95%** said that at least one of the channels their company uses to communicate with customers currently has automation. It's clearly a key tool in helping companies scale customer interactions on multiple touchpoints, from modern digital channels such as messaging or chat to legacy technology such as interactive voice response menus on customer service phone lines.

Many respondents' companies are not capitalizing on the advantages automation brings to social media interactions—**almost half** of those who said their company interacts with consumers on social don't have automation on the channel.

Automation Is the Key to Engagement at Scale

How do you plan to effectively manage the increasing volume of customer interactions with a limited budget for hiring additional employees?

(Select all that apply)

Option	%
Increase automation	82%
Use bots more extensively	40%
Begin using bots	36%
Update legacy systems	36%

More than **8 in 10** of the survey participants said their companies are planning to handle the growth of customer interactions by increasing automation, a figure that's bigger among companies with over 10,000 employees **(86%)** than smaller companies **(79%)**.
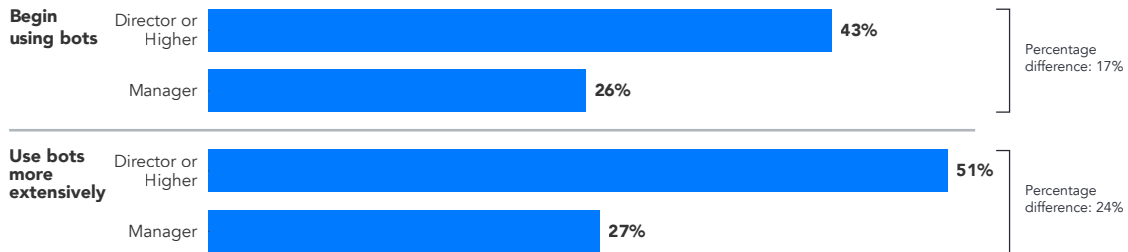
Bots will play a large role in this increased automation, either by companies using them more extensively **(40%)** or introducing them into their customer engagement strategy for the first time **(36%)**.

These results correlate with the types of channels that respondents say are growing most for customer interactions, with social media, messaging, and chat best suited to deploying automation effectively.

How do you plan to effectively manage the increasing volume of customer interactions with a limited budget for hiring additional employees?

(Select all that apply)

Begin using bots	Director or Higher	43%
	Manager	26%

Percentage difference: 17%

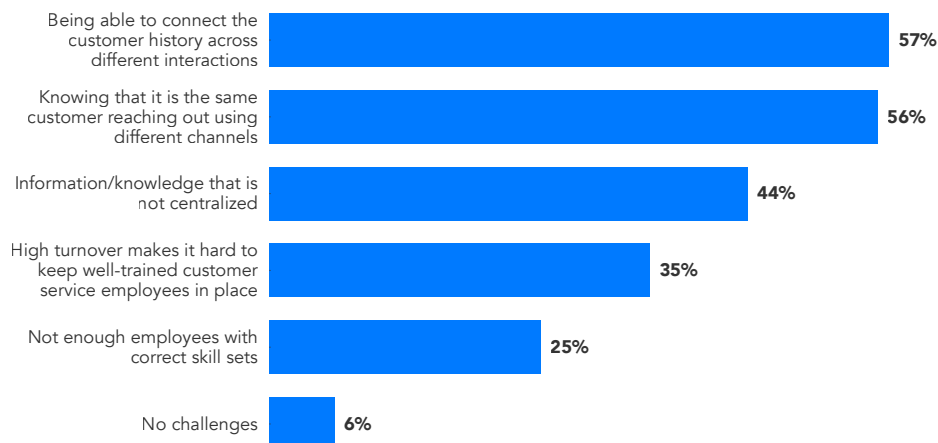|		
Use bots more extensively	Director or Higher	51%
	Manager	27%

Percentage difference: 24%

There are significant differences between managers' and more senior employees' views on additional automation. Directors or people in more senior roles are significantly more likely to plan to begin using bots—with a percentage difference of **17%**—and use bots more extensively, which has a **24%** difference.

These findings show a disconnect across the hierarchy of some companies, where silos are creating differing views of how to manage growing levels of customer interaction. It's not necessarily important whether the managers or leadership team are correct, but that people at every level have access to the same information and can ensure the whole organization can be on the same page about the most effective strategy.

Multiple Engagement Channels Can Present Customer Engagement Issues

What challenges, if any, do you face when providing a consistent experience for customers who change channels during interactions?

(Select all that apply)

Being able to connect the customer history across different interactions	57%
Knowing that it is the same customer reaching out using different channels	56%
Information/knowledge that is not centralized	44%
High turnover makes it hard to keep well-trained customer service employees in place	35%
Not enough employees with correct skill sets	25%
No challenges	6%

Omnichannel engagement does present a problem for businesses looking to effectively engage customers; access to numerous channels can mean disjointed customer journeys and potential multiple tickets for the same query.

When providing a consistent experience for customers who change channels, **96%** of respondents say they face at least one challenge, the most common of which is connecting their history across different interactions **(57%)**. The ability to identify customers affects almost as many of the respondents **(56%)**, and siloed information **(44%)** is also a common problems—all of these challenges can create a negative experience for customers.

What challenges, if any, do you face when providing a consistent experience for customers who change channels during interactions?

(Select all that apply)

Begin able to connect the customer history across different interactions	Director or Higher	63%
	Manager	50%
Knowing that it is the same customer reaching out using different channels	Director or Higher	62%
	Manager	49%

Similar to the results above where we saw the differing percentages between managers and senior leaders on introducing or increasing the use of bots, there's a **13-point gap** for both of the top two challenges to providing a consistent experience.

A significant gap between opinions of where an issue lies and its severity can lead also to negative customer experiences. To create an effective strategy that ensures resources and efforts are focused on the correct area, there needs to be connected thinking across the organization based on the same data and analysis.

Key Finding: Automation Is Key but Needs to be Deployed for the Right Use Cases

As the volume of customer interactions grow, businesses are challenged to provide consistent experiences across all channels. There's a gap between the rate at which interactions and expectations are growing and the budget and resources that companies have to handle them.

Eighty-two percent of respondents say their company is planning to increase automation to counteract the increased pressure on contact centers at a time when hiring budgets are limited. However, automation can't be the only solution. It's an effective tool but needs to be deployed for the right use cases, rather than a catch-all solution for every customer query.

Our consumer survey found that a negative experience can result in customers turning their back on a mass market retailer. The business survey results show that removing silos between teams and all levels

of an organization will help everyone to understand where issues lie and create a solution that builds effective engagement strategies.

Creating Superior Experiences for Customer Retention

1. Measure Consumer Behavior

Our consumer survey found that not only is providing amazing experiences likely to generate higher revenues through repeat purchases, but great CX is also likely to lead to more referrals and grow a company's loyalty program.

The first step is understanding exactly how a retail company can deliver standout omnichannel customer journeys and ensure they keep the share of wallet at times of economic hardship. Then companies can pinpoint which areas of their customer engagement strategy are working well, or badly, and act swiftly to make any required changes.

- **Collect customer feedback in real time:** Gathering customer insights in the moment enables retailers to take immediate action, often through customer self-service or a hand over to a contact center employee for assistance. Real-time digital feedback data means issues can be identified and handled early, on a micro and macro level, before becoming widespread.

Key Statistic: 82% of business survey respondents said interactions are increasing on at least one engagement channel.

As volume grows across traditional and modern digital channels, retail businesses should monitor customers' experiences through surveys and CSAT and NPS data collection at the point of purchase or immediately after customer service interactions.

- **Automate the insights:** Through automation, companies can drill down into the recurring customer issues and identify areas for improvement across each touchpoint and channel.

Key Statistic: 82% of companies plan to increase automation to manage the increasing volume of customer interactions.

With the level of automation growing for **8 in 10** companies, ensuring it's deployed on the right channels, for the right use cases is key. It's not just relevant for customer service interactions or purchase flows on messaging channels, but also for collecting insights on multiple digital touchpoints.

- **Connect data from multiple sources:** Striking a balance between creating superior in-store and digital experiences is a constant issue for modern mass retailers. Omnichannel experiences create feedback and insights from multiple sources in multiple formats—surveys, speech analytics, behavioral analytics, etc. The main challenge is to standardize the data in a single hub that everyone can access.

Key Statistic: 86% of customers like to resolve product issues with mass market retailers online or in-store.

All but **14%** of people we surveyed prefer to resolve issues in-store or via digital channels. They may only be two categories, but "in-person" and "digital" cover multiple channels. To ensure a consistent experience, companies need to be able to remove silos and connect customer data from each of these channels and standardize its format for effective analysis. Having all of this in place makes it easier to understand customer behavior and optimize engagement processes based on data from the millions of clicks, touches, and interactions.

2.   Plan Across the Hybrid Workforce

Once a company can analyze customer behavior across multiple channels and act on the findings, the next step is to create an engagement strategy that allows the entire workforce to engage with customers in the right way, at the right time.

By removing silos and connecting teams and engagement channels across an organization, companies can provide consistent, high-quality customer experiences across any engagement point.

- **Manage the growing number of channels:** Modern contact centers are more than just employees answering phones. Resources need to be expanded to handle the number of touchpoints customers use to reach out to a company. A blend of AI and humans can ensure employees aren't overwhelmed by growing volume, and customers are receiving a service that ensures they remain happy and loyal.

Key Statistic: 57% of consumers say they would stop purchasing from a mass market retailer if they can't communicate on their channel of choice.

The Verint® Engagement Capacity Gap™ study found that **51%** of companies see managing omnichannel interactions as one of the biggest areas that impacts customer engagement. Customers dictate their own complex customer journeys, and it's up to retailers to build strategies which meet consumer needs.

- **Connect teams across the organization:** Removing silos means a company can create a single source of truth for teams in the contact center, back office, or branch/store. It allows for real-time support by giving employees and bots contextual knowledge of a customer's history.

THE 2022 STATE OF DIGITAL CUSTOMER EXPERIENCE REPORT

Key Statistic: If they have to repeat themselves when trying to resolve an issue, more than half of consumers are unlikely to buy from a retailer again.

Offering engagement on a customer's channel of choice is only half the battle. If a consumer gives their details to a bot over messaging or automated phone system but then has to repeat the information when interacting with a human employee, it creates a negative experience and can affect customer retention rates.

- **Flexible working conditions for employees:** A low turnover of good workers is vital for customer retention. Using intelligent hiring analytics means the best-matched candidates can be identified, and by offering flexible location and scheduling options, companies can provide better work/life balance. Removing silos between teams supports remote working by ensuring access to the right information to provide seamless customer experiences.

Key Statistic: 35% of companies say high staff turnover affects their ability provide a consistent experience for customers who change channels during interactions.

When trying to provide a consistent experience across multiple channels, being able to connect customer history is the most common challenge. By ensuring well-trained staff have the tools to perform their job effectively, companies can create an environment where their employees remain happy and satisfied they can perform their job effectively, meaning there's a lower chance of staff churn.

# 3.   Execute the Strategy with Engagement Orchestration

With the consumer data collected and analyzed and a strategy devised for the hybrid workforce to optimize customer engagement, it's time to deploy it across customer engagement channels. At this point, it's vital that customer interactions are unified with intelligent workflows that connect people, data, and experiences.

- **Create seamless customer journeys:** Consumers often start and end their purchases in different channels. Our survey found that **55%** prefer to use digital channels when choosing where to buy an item, but **68%** would rather make the purchase in-store. Elevated customer expectations mean that each channel needs to provide a seamless experience, and that, by breaking down silos, an omnichannel hybrid workforce can ensure customer interactions can become engagements.

Interactions vs. Engagements

If customers chat with a bot, then a human, followed by two calls to the contact center, repeating the same details each time, these are **disconnected interactions**.

If a customer can follow the same path, but historical context is preserved across each exchange without the need for repetition, this is an **effective engagement**.
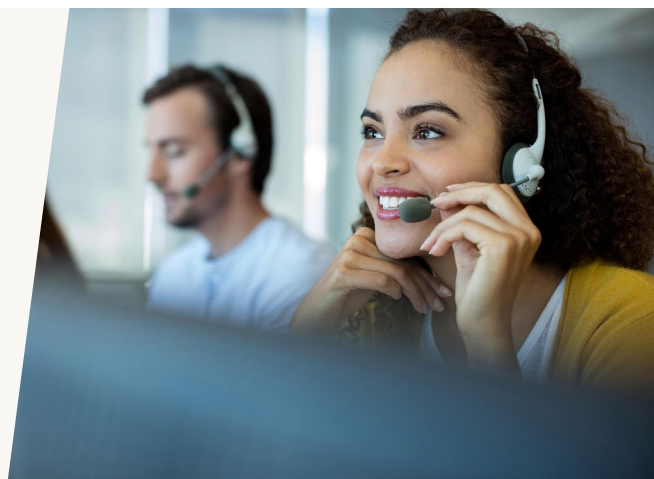
Key Statistic: 91% of consumers buy something from their favorite mass market retailer at least once a month.

Complex customer journeys and rising expectations mean that providing great experiences consistently is more difficult, but in these times of high inflation, it's especially vital to ensure retailers maintain their share of wallet. If customers like a retailer, **9 in 10** of them make repeat purchases every month, so amazing experiences across every customer touchpoint are key to customer retention and increasing their CLV.

- **Reduce consumer effort:** Digital channels provide friction-free customer interactions and reduce the strain on contact center employees through automation at scale while also reducing the cost-to-serve. Bots can handle repetitive, simpler issues with specifically designed flows that provide information such as purchase-tracking details, or they can direct a customer query to FAQs or a customer forum. This leaves skilled agents to handle more complex queries and better ensures a low-effort experience for customers.

Key Statistic: 62% of people surveyed are likely to stop purchasing from a retailer if it takes more than one attempt to resolve a customer service issue.

Consumers want issues to be solved efficiently, in a single interaction. Automation will help to reduce the volume of queries being handled by contact center workers, but bots need to be built to handle very specific issues, rather than trying to make them a catch-all solution. If this happens, customers become frustrated by poor customer service and look for alternative places to shop.

- **Proactive customer engagement:** It's not enough to just provide omnichannel engagement; companies need to ensure customer loyalty by delivering personalized and empathetic interactions. Without silos between teams, bots and humans have access to a customer's history and preferences, meaning proactive conversations can be used to add value to the brand/consumer relationship and build loyal relationships.

Key Statistic: Almost two-thirds of consumers surveyed would be extremely likely to return to a mass market retailer after an amazing customer experience.

Whether a company is keeping customers updated with delivery tracking or informing them about an item being back in stock, automated interactions like this work when trying to build a loyal relationship. Proactive digital messages can also work in other ways, with simple automations such as reminders of regular purchases or appointments creating repeat purchases and driving recurring revenue and ensuring maximum CLV for loyal customers.

Building the Organization of the Future

The state of disruption as usual brought about by global events since March 2020 means it continues to be an uncertain time for consumers and businesses. Rising inflation is the current crisis the world is facing, and retailers must find a way to help customers navigate these economic issues and maintain happy and loyal relationships through every customer engagement.

Verint's "One Workforce™" approach is designed to help businesses navigate increasing labor costs, hiring and retention challenges, the distribution of the modern workforce, and elevated consumer expectations. By removing silos across an organization, customer-centric teams have access to a large pool of resources, ensuring consistent, high-quality CX across any customer engagement point.

An AI-powered platform enables a One Workforce approach, gradually building the blocks for a modern organization that works for customers, employees, and companies:

Customers

Build long-lasting, loyal relationships by allowing customers to interact on their channel of choice, switch easily if required, and continue the conversation asynchronously where they left off without having to repeat any information.

Employees

Provide workers across the organization with the tools to do their job effectively, no matter where they are located. This includes real-time support and a centralized knowledge base, so they can quickly provide accurate answers.

Companies

Attract and retain talented workers with a hybrid workforce of humans and bots deployed on every customer touchpoint, while also having the tools to capture insights and feedback from customers and employees and act swiftly to improves experiences across the board.

Survey Methodologies

Verint Consumer Research

Panel survey conducted with consumers in the U.S. who had purchased from a mass market retailer in the past six months.

Mass market retailer definition provided in the survey:

A mass market retailer is a company that affordably sells large quantities of goods that appeal to a wide variety of consumers. Examples include Target, Walmart, Sam's Club, Costco, Lowe's, Home Depot, Best Buy, and Walgreens.

Data Collection: 7/15/2022 – 7/22/2022

Number of Respondents: 2,000

Gender Breakdown: 50% female, 49% male, 1% non-binary

Respondent Age Ranges: Representative of the U.S. general population

Verint Business Research

Survey participants were selected from business-to-business research panels and asked screening questions to ensure they are involved with customer service or customer experience at companies with at least 1,000 employees and have a role of Manager, Director, Vice President, Senior Vice President, Executive Vice President, or C-level executive.

Data Collection: 7/20/2022 – 7/25/2022

Number of Respondents: 200

- **19%** 18 to 24 years old
- **42%** 25 to 44 years old
- **18%** 45 to 54 years old
- **21%** 55 to 74 years old

Respondent Roles: 50% Managers 50% Directors or Higher

- **50%** Manager
- **23%** Director
- **11%** VP, SVP or EVP
- **17%** C-Level Executive

Company Sizes: 56% 1,000 to 9,999 employees 44% 10,000+ employees

- **17%** 1,000 to 2,499 employees
- **39%** 2,500 to 9,999
- **21%** 10,000 to 49,999
- **8%** 50,000 to 99,999
- **16%** 100,000+

Percentages sum to more than 100% due to rounding. All significance testing was completed at a 90% confidence level.

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