VERINT

EXPERIENCE INDEX: RETAIL

CSAT, NPS and Customer Behavior Insights

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Retailers Need to Balance Digital CX and In-Store Experiences in 2022

Digital-first retail has been a necessary shift for brands and consumers in the past two years. Many employees have been working from home, while COVID restrictions affected brick and mortar stores' ability to operate as "normal". Despite the growth in popularity of online shopping, the reopening of stores and growth of hybrid working solutions means that retailers face more challenges to provide excellent customer experiences. Online retail has grown, with e-commerce spending in the US predicted to jump by 13% to $1 trillion in 2022, but consumers have increasingly complex purchase journeys that often involve both in-store and digital steps.

In our previous Verint Experience Index: Retail (Wave 1) published in 2021, the survey showed a rise in omnichannel customer journeys and curbside pick-up, and estimated savings to be made of up to $1.7 million per million calls by converting contact center interactions to digital self-service.

Our Wave 2 research has found that while digital solutions still feature heavily in many customer journeys, **"in-store shopping"** remains a key step when making purchases.

Overall, the data revealed that retailers must support purchase journeys which vary greatly by generation.

- Fewer than **36%** of consumers under 41 prefer to visit stores when interacting with retailers, compared to more than two-thirds of shoppers aged over 56.
- Generation Z (Gen Z) and Millennials have more complex purchase journeys, with over **75%** using at least one other resource—such as ratings websites, influencers, and social media—to help them make a choice.
- **"Price"** and **"digital experience"** are the biggest drivers of CSAT for Gen Z, whereas the appeal, quality, and variety of merchandise is more important for older generations.

>66%

of shoppers over the age of 56 prefer to visit a store when engaging with a retailer.

>75%

of Gen Z and Millennials use at least one other resource – ratings, websites, influencers and social media – to help them make a choice.

Costco and Amazon Top CSAT and NPS Ratings

Wave 2 of our research saw some movement in the rankings:

- Amazon and Publix moved above Costco in the CSAT table, but the discount warehouse club is only 0.6 points lower than Amazon, and retained first place for NPS.
- In the 12 months between Waves 1 and 2, the top 6 CSAT ranked companies all rated lower for customer satisfaction. The Wave 2 average is just over a point lower than the previous survey.
- It was a similar story for NPS, with the scores for 6 of the top 10 ranked brands all falling year-on-year.

With the level of investment seen in digital solutions since 2020, it's an uncertain time for many retailers. Finding a balance that offers consistent and exceptional online and in-store experiences isn't straightforward.

- **47%** of consumers prefer to engage with retailers by visiting a store, but this trend varies hugely depending on the age of the customer.
- With supply chain issues affecting the industry, on average across the top 25 retailers in the U.S., the appeal, variety, and quality of **merchandise** has the biggest impact on CSAT.
- As the pandemic has waned, **"in-store shopping"** and **"broad product selection"** have become the most important factors for consumers, alongside **"price"**, when making a purchase, with factors like **"mask-policy"** or **"contactless shopping"** reducing in importance.

Retail Rankings: CSAT

The overall average CSAT has dropped for the top 25 retailers in the U.S.

Amazon tops the list of U.S. retailers ranked on customer satisfaction in this year's survey, with Publix and Costco completing the top three. We do see an overall trend of falling satisfaction; the average CSAT rating is lower than Wave 1 and 2.7 points below the banking sector, as seen in Verint's study from last year.

RANK		WAVE 2	WAVE 1	
1	Amazon	85.0	86.1	↓
2	Publix	84.5	85.0	↓
3	Costco	84.4	86.6	↓
4	ALDI	84.1	84.3	↓
5	H-E-B	83.9	84.5	↓
6	Apple	83.3	85.1	↓
7	Lowe's	83.3	80.4	↑
8	Ace Hardware	82.8	82.6	↑
9	Kroger	82.5	82.9	↓
10	Sam's Club	82.4	N.F.	
11	Target	82.0	83.7	↓
12	Dollar Tree	81.2	80.5	↑
13	T.J.Maxx	80.9	80.8	↑
14	CVS	80.4	80.0	↑
15	Walmart	80.3	81.7	↓
16	Meijer	80.2	82.7	↓
17	Food Lion	80.2	82.9	↓
18	Dollar General	79.8	79.8	↓
19	The Home Depot	79.7	82.6	↓
20	ShopRite	79.1	81.3	↓
21	Best Buy	79.1	80.5	↓
22	Albertsons	78.3	81.4	↓
23	Walgreens	78.1	79.7	↓
24	Safeway	77.6	79.6	↓
25	Marshalls	77.3	80.1	↓
AVERAGE		81.2	82.3	↓

N.F. = Not Fielded

Wave 1: November 25 – December 4, 2020
Wave 2: November 23-30, 2021
CSAT margin of error is ±1.77 in Wave 2, ±1.81 in Wave 1

The 25 largest retailers by revenue as reported by National Retail Federation (excluding quick service restaurants) were selected for this study.

See last page for CSAT and NPS definitions.

Retail Rankings: NPS

Average NPS ratings have fallen for top U.S. retailers

Costco retains its place as the top-ranked retailer for NPS. However, the average rating for the top 25 fell by more than 5 points, to 37.1.

When comparing retailers' NPS scores to the banking sector, there's an even greater gap than for CSAT, with the average score more than 10 points lower than our banking research found.

RANK		WAVE 2	WAVE 1	
1	Costco	55.3	56.3	↓
2	ALDI	50.9	54.7	↓
3	Lowe's	50.2	44.3	↑
4	Ace Hardware	49.6	44.4	↑
5	H-E-B	49.6	49.6	↑
6	Amazon	48.5	55.9	↓
7	Publix	46.4	52.9	↓
8	Target	44.4	43.1	↑
9	Apple	39.8	53.0	↓
10	Kroger	39.7	44.1	↓
11	Sam's Club	38.2	N.F.	
12	Food Lion	36.7	44.2	↓
13	Dollar Tree	36.6	35.5	↑
14	T.J.Maxx	34.2	38.9	↓
15	Meijer	33.5	41.9	↓
16	The Home Depot	33.1	47.1	↓
17	CVS	32.6	31.7	↑
18	Dollar General	32.5	26.3	↑
19	ShopRite	30.3	40.2	↓
20	Best Buy	26.3	38.6	↓
21	Walmart	26.2	39.9	↓
22	Marshalls	26.2	39.3	↓
23	Walgreens	25.9	33.7	↓
24	Albertsons	20.8	33.5	↓
25	Safeway	20.0	27.1	↓
AVERAGE		37.1	42.4	↓

N.F. = Not Fielded

Wave 1: November 25 – December 4, 2020
Wave 2: November 23-30, 2021
NPS margin of error is ±7.45 in Wave 2, ±7.51 in Wave 1

The 25 largest retailers by revenue as reported by National Retail Federation (excluding quick service restaurants) were selected for this study.

See last page for CSAT and NPS definitions.

Verint's Predictive Model

What good are high CSAT scores unless they have a proven impact on loyalty, trust, revenue, and cost savings?

Verint® uses a proprietary methodology to quantify the factors that drive better customer relationships. Specifically, we quantify the factors that are within the scope of business control, and we calculate how much influence they have on CSAT.

As shown here, our predictive model measures satisfaction in a way that also allows us to predict the influence it has on customers' future loyalty, likelihood to purchase again, use less costly channels such as web and mobile, and trust the retailer.

DRIVERS

DIGITAL EXPERIENCE: responsiveness, ease of finding products, providing needed information

MERCHANDISE: appeal, quality, variety

PRICE: value, competitiveness, clarity

SERVICE REPRESENTATIVE: availability, responsiveness, answering questions

CSAT

What is your overall satisfaction with this company?

How well does this company meet your expectations?

How does this company compare to an ideal retailer?

OUTCOMES

- Purchase in store
- Purchase online
- Recommend company (used to calculate NPS)
- Return online
- Return to store
- Trust

Better CSAT Leads to Desired Consumer Behavior

The higher a company's CSAT, the greater the customer intent to engage in a desired behavior, but the likelihood varies depending on the type of retailer.

For instance, **"trust"** and **"recommendation"** rate highly for retailers across the spectrum, but looking at a behavior such as **"return online"**, customer intentions grow at varying rates depending on the brand. For instance, improving CSAT at Lowe's, a home improvement store, will have less impact on customers returning to their website or app than Amazon, an e-commerce retailer.

Similarly, if grocery store Publix wanted to encourage more online sales, it would need to raise its CSAT by more than Target or Costco.

KEY TAKEAWAY:

Prioritizing and increasing CSAT will positively impact desirable customer behavior.

HOW CSAT INFLUENCES CUSTOMER HABITS

	TOP 25	AMAZON	PUBLIX	COSTCO	LOWE'S	TARGET
Purchase In Store	3.9	–	4.4	4.4	4.0	4.4
Purchase Online	3.8	3.6	3.0	3.4	3.7	4.2
Recommend	4.5	4.8	4.6	4.2	4.3	4.2
Return Online	3.9	3.9	3.6	4.0	3.4	3.9
Return Store	4.0	–	4.3	4.5	4.3	4.1
Trust	4.3	4.6	4.8	4.0	4.4	4.0

*For every 5-point increase in CSAT, the future behavior score is expected to increase by its impact. For instance, if Lowe's CSAT increases by 5 points, we would expect the likelihood of customers returning online to increase by 3.4 points.

Customers Favor More Choice and Quality

With the world's supply chains facing unprecedented strain, we see an almost universal shift in the biggest driver of CSAT. Merchandise ranked as the highest driver across the top 25 U.S. retailers. At a time when many items are more difficult to find, access to high quality and a large variety of items to buy clearly matters most to shoppers in Wave 2.

KEY TAKEAWAY:

Improving CSAT can be based on real-world data. With the right methodology, retailers can discover exactly what drivers have the biggest impact on customer satisfaction.

ELEMENTS OF THE RETAIL EXPERIENCE THAT DRIVE CSAT

	TOP 25	AMAZON	PUBLIX	COSTCO	LOWE'S	TARGET
DIGITAL EXPERIENCE: responsiveness, ease of finding products, providing needed information	**2** (1.47)	**4** (0.56)	**3** (0.81)	**3** (1.12)	**3** (1.21)	**4** (1.19)
MERCHANDISE: appeal, quality, variety	**1** (2.06)	**1** (2.82)	**1** (1.91)	**1** (2.37)	**1** (2.03)	**2** (1.66)
PRICE: value, competitiveness, clarity	**3** (1.46)	**2** (1.60)	**2** (1.69)	**2** (1.60)	**2** (1.71)	**1** (1.87)
SERVICE REPRESENTATIVE: availability, responsiveness, answering questions	**4** (0.80)	**3** (0.65)	**4** (0.58)	**4** (0.58)	**4** (0.66)	**3** (1.20)

Charts on pages 9 and 10 contain both priority ranking and priority index score.
Priority rankings are numbered 1-4 (1 = highest priority and 4 = lowest).
The priority index score beneath the ranking is the value that determines the ranking, calculated based on the formula: (Element Impact / Element Score) * 100

Retail CX Spotlight: Amazon's Variety Appeals

Looking at Amazon's satisfaction drivers, we can see that merchandise has a higher importance compared to Wave 1—moving from second to top spot, with digital experience dropping from most to least important. These results reflect the wider changes seen in what's dominating customers' needs, as well as people returning to stores, a shift we'll investigate later in this report.

TOP CSAT DRIVERS FOR AMAZON	WAVE 2	WAVE 1
DIGITAL EXPERIENCE: responsiveness, ease of finding products, providing needed information	4 (0.56)	1 (2.70)
MERCHANDISE: appeal, quality, variety	1 (2.82)	2 (1.62)
PRICE: value, competitiveness, clarity	2 (1.60)	3 (0.67)
SERVICE REPRESENTATIVE: availability, responsiveness, answering questions	3 (0.65)	4 (0.61)

Wave 1: November 25 – December 4, 2020
Wave 2: November 23-30, 2021

When asked what thoughts shoppers had about Amazon's services, **merchandise** and **sellers** seemed to dominate.

"They have wide varieties of items & brands of all sorts of things, all around."

MALE, GENERATION X

"Would like to see more products made in the USA."

MALE, BABY BOOMER

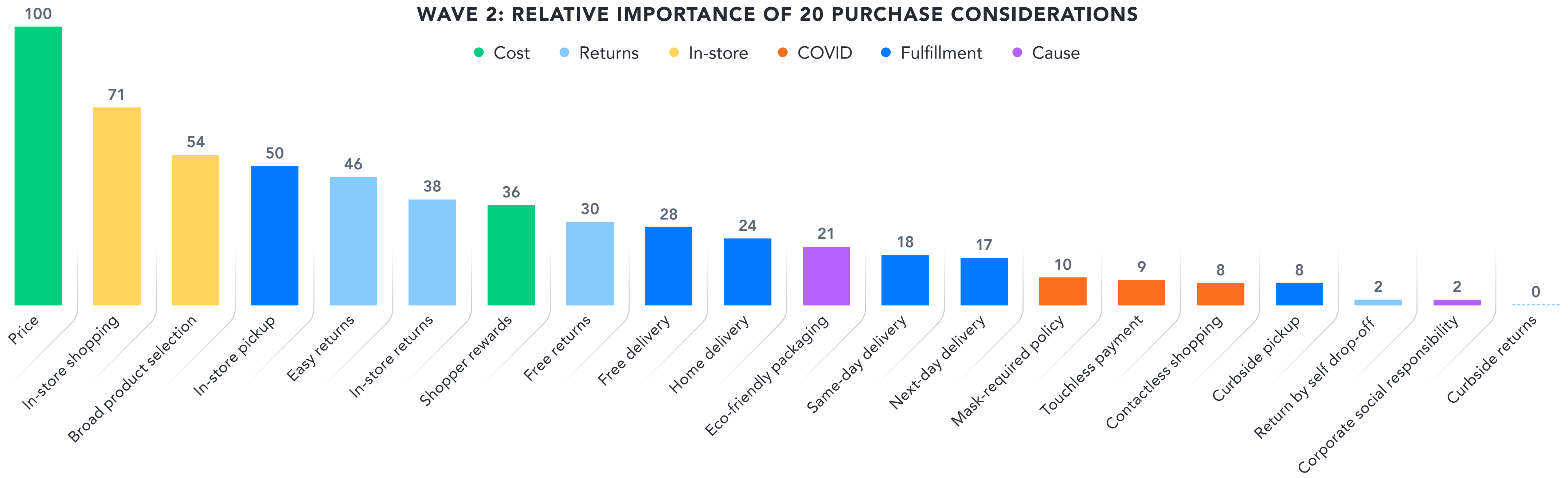
"(I like) Everything! Their amazing selection of items. The arts and crafts for a cheap price (and) the fast delivery."

FEMALE, MILLENNIAL

Top Purchase Factors: Customers Return to the Stores

To effectively assess potential changes in consumer habits during the one-year interval between Waves 1 and 2, we asked respondents to compare the importance of specific factors which affect their decisions to make a purchase. With **"price"** as the constant in the top position, the second and third positions tell a story of evolving consumer needs and concerns.

While in Wave 1, **"mask policy"** and **"easy returns"** had the biggest influence, **"in-store shopping"** and a **"broad product selection"** now sit just behind price in terms of importance. As we discussed above, the return to stores is a major theme this year, as are the effects of global supply chain issues. This is reflected in the higher position of **"in-store shopping"** and **"broad product selection"** as key purchase factors.



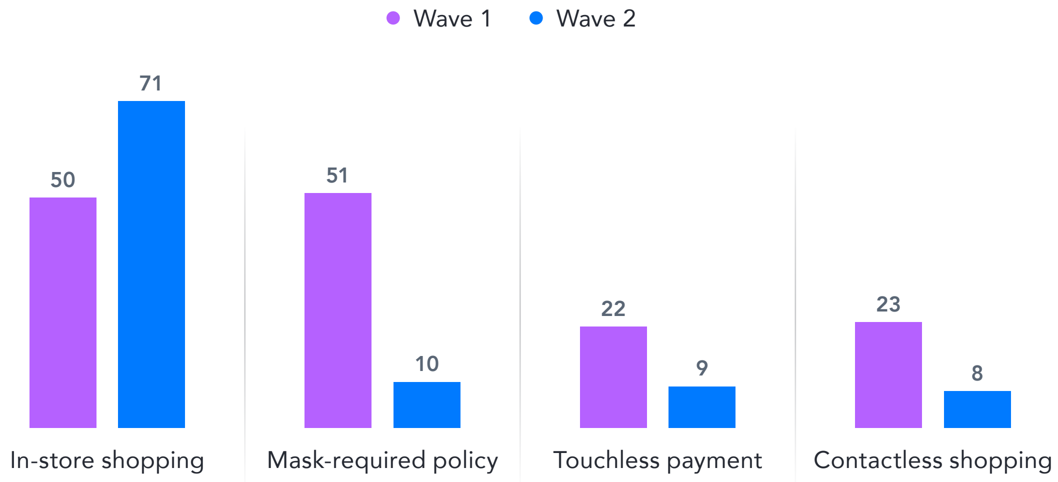
Question asked: What factors are most / least important to you in in your decision to make a purchase from this company in the next six months?
"Broad product selection" replaced "return by at home pick-up" in Wave 2.

Top Purchase Factors: The Fall of COVID Concerns

Digging into the data further, we can analyze purchase factors around the return to stores and drop-off in COVID's impact on shopping habits.

Not only did **"in-store shopping"** rise from fourth to second in terms of importance, there was also a leap of 21 points between Waves 1 and 2. Add to this the big drop off for **"mask policy"**, **"contactless shopping"**, and **"touchless payments"** and we can see that retailers need to stay focused on both in-store shopping and digital experiences when looking to boost CSAT and NPS.

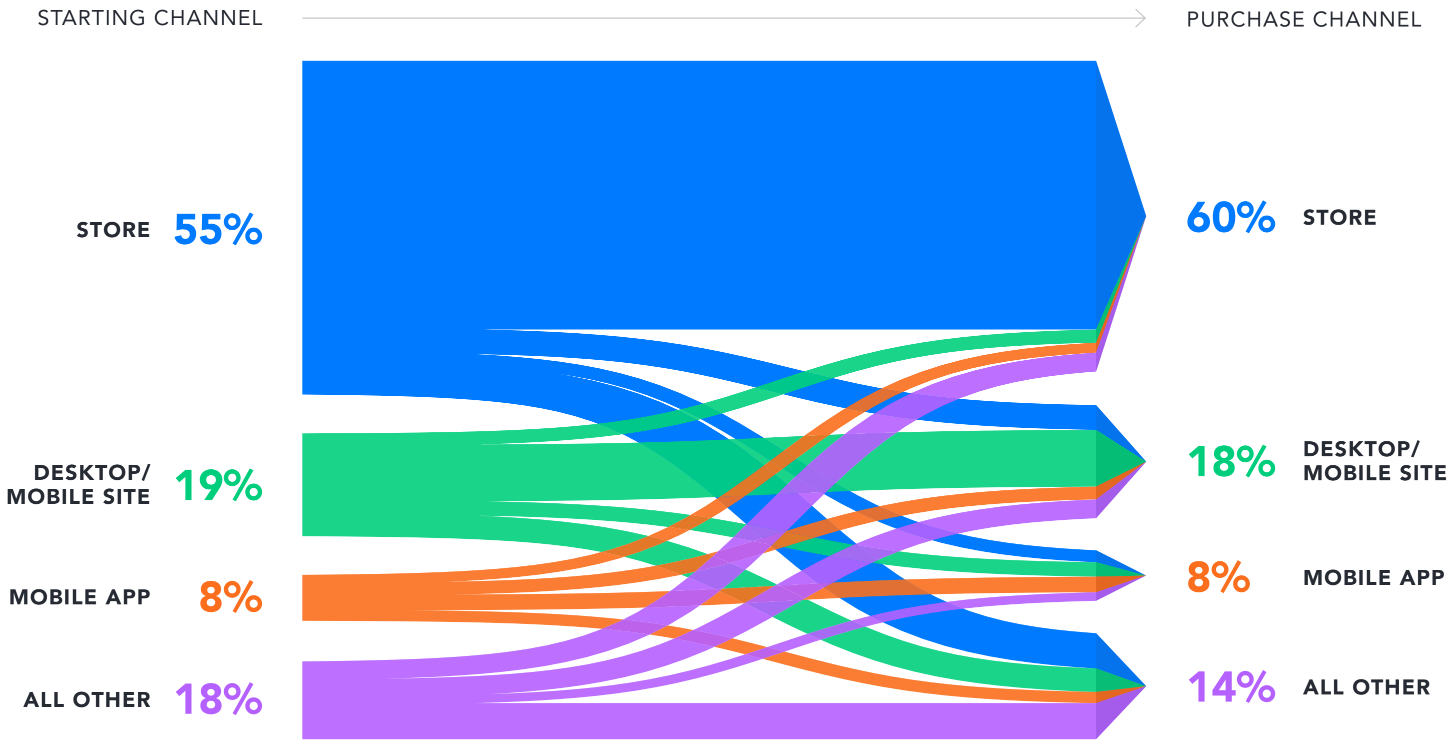
MOST IMPORTANT PURCHASE FACTORS: WAVE 1 VS. WAVE 2



Wave 1: November 25 – December 4, 2020; Wave 2: November 23-30, 2021

Customer Journeys: More Complex Than Ever

Over the past two years, retailers have invested a significant amount of time and money to create exceptional digital experiences, as consumers embraced a new way of interacting with their favorite brands. Our research indicates that this year we're seeing a rise in customers returning to shops, but digital strategies are still as important for creating exceptional customer experiences.

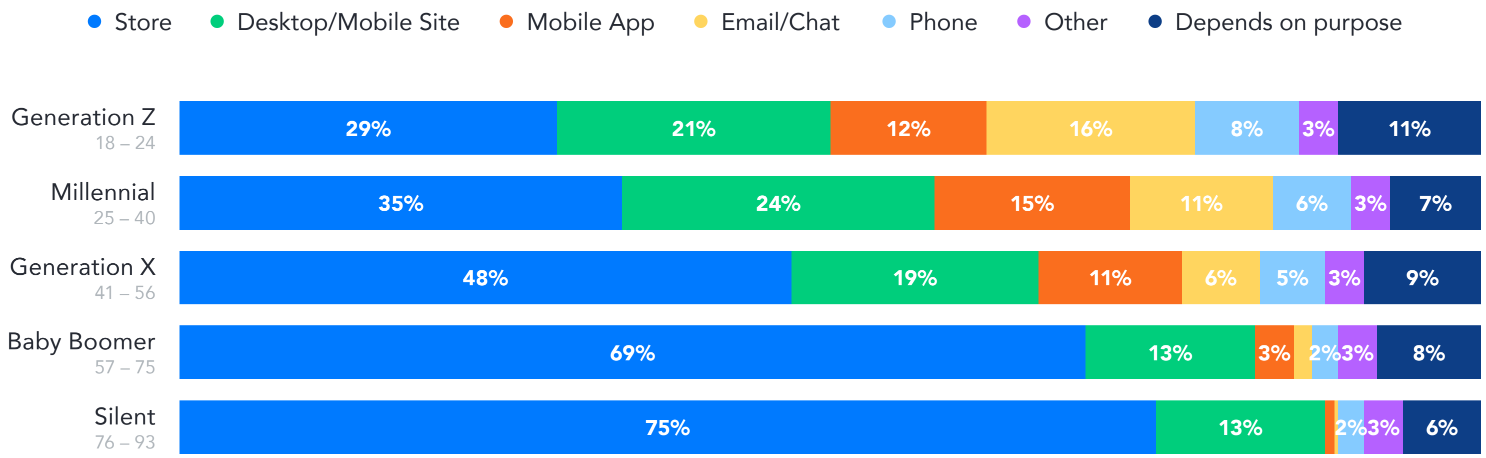


More consumers reported researching and purchasing in store for Wave 2 compared to Wave 1.

Customer Journeys: Generational Differences

Overall, **47%** of consumers prefer to engage with a retailer by visiting a store, which is true across grocery, mass merchant, and specialty retailers. But there are clear differences across generations. Two-thirds of customers over 56 prefer to visit a store, but if we look at shoppers under 41, that number drops below **36%**. For much of their lives, visiting a store was the only option for the Silent Generation and Baby Boomers and is likely why it also remains their preferred way to interact.

WHAT IS YOUR PREFERRED METHOD FOR ENGAGING WITH THE RETAILER?



Why shoppers over 56 prefer the store:

"I can't actually see the real size, nor touch the fabrics online."

MALE, SILENT GENERATION

"...like being able to talk to someone face-to-face."

FEMALE, SILENT GENERATION

"I prefer the personal touch. Easier to ask questions that come to you while shopping."

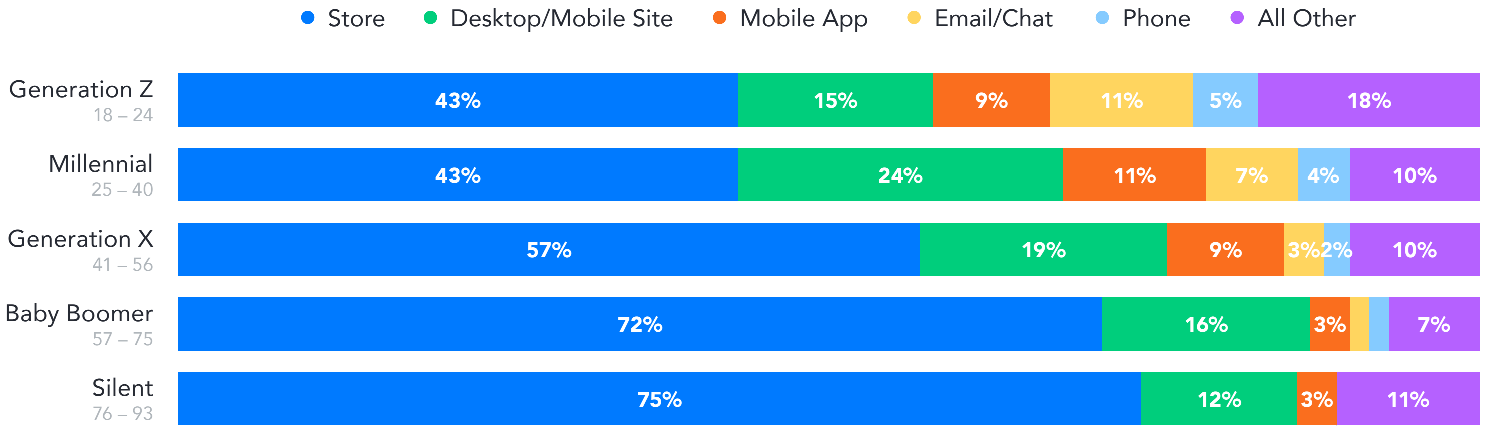
FEMALE, BABY BOOMER

Customer Journeys: Stores Still Attract Shoppers

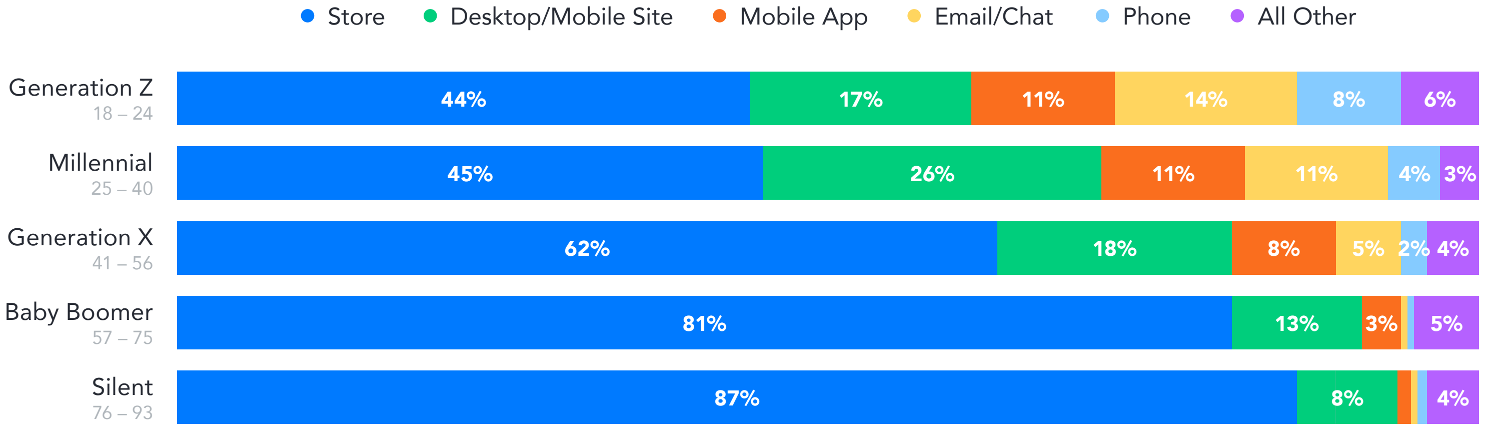
When it comes to most recent purchases, at least **43%** of all generations started and ended their journeys in a store. Despite the rise of digital, in-person shopping remains a prominent feature of retail for consumers across all age groups. But the generational differences are there to see in the start and end points of customer journeys.

Where Baby Boomers and the Silent Generation begin their process and make a purchase almost exclusively with in-store interactions, desktop/mobile websites, mobile apps and email/chat feature heavily in customer journeys when shoppers under 41 make a purchase.

WHERE DID YOU START THE PURCHASE PROCESS? (RESEARCH, GATHERING INFORMATION, ETC.)



HOW DID YOU MAKE YOUR PURCHASE?

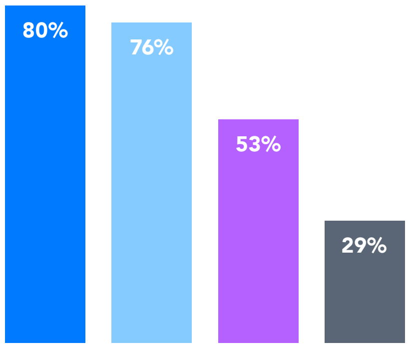


Customer Journeys: Doing Your Homework

Younger consumers don't just make purchase decisions based on a store visit or looking at a brand's website, shoppers under 41 like to "do their own homework", with more than **75%** of Millennials and **80%** of Gen Z using at least one other resource. Retailers can't rely solely on attractive in-store displays or a seamless experience on their website: how their brand is perceived on review websites and social media also has a big impact on purchase decisions.

USED AT LEAST ONE OTHER RESOURCE IN MAKING YOUR PURCHASING DECISION

- Generation Z 18 – 24
- Millennial 25 – 40
- Generation X 41 – 56
- Baby Boomer 57 – 75



Just 25% of members of the Silent Generation use any other resources (101 of 399), so there are not enough responses to show their usage.

Where Consumers "Do Their Homework"

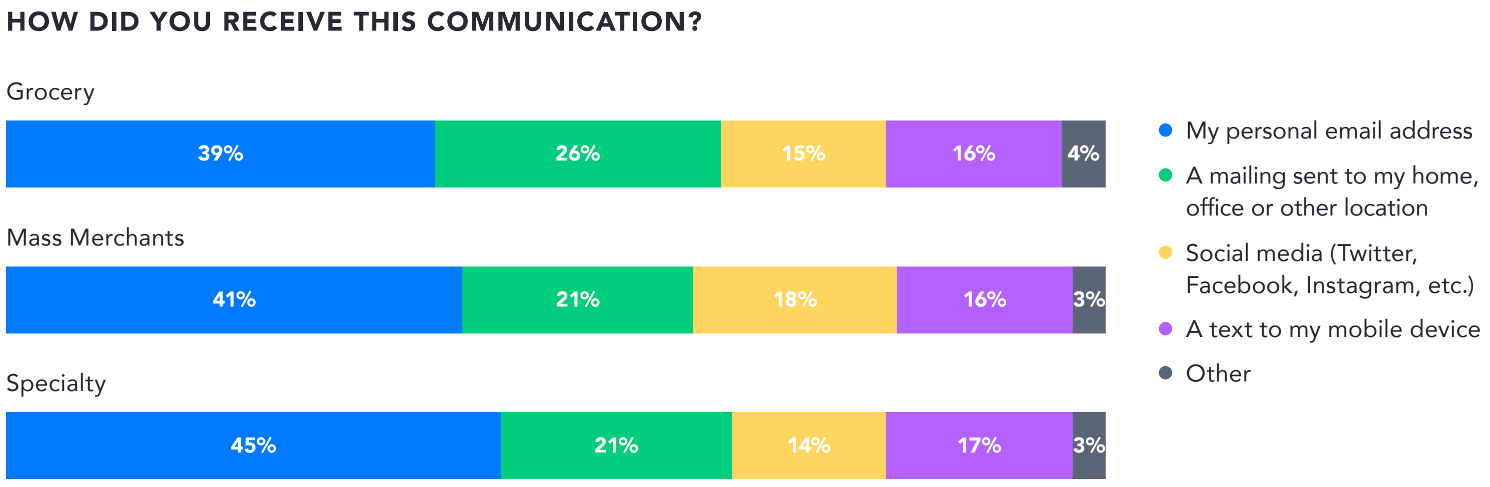
- Friend or family member recommendation
- Ratings/reviews website
- Product manufacturer website
- Product manufacturer social media website
- Celebrity or social media influencer recommendation
- Voice activated home device

Reaching Out: How Do Retailers' Communications Convert?

Retailers of all three types—grocery, mass merchants, and specialty—appear to prefer email as the main way of communicating with customers, with traditional mailing as the second most popular channel of communication.

In fact, despite the growth in popularity of social media and private messaging, more than **60%** of grocery, mass merchant, and specialty retailer communications are sent through email and direct mail. The question is, how effective are they as methods of converting communication into purchases?

According to the Association of National Advertisers (ANA), direct mail sees an average response rate of 9%, compared to just 1% for email. The growth of other forms of digital-first engagement and performance of direct mail compared to emails suggests a change in strategy is required for better ROI.



What Does This Mean For Retailers?

While there was undoubtedly a shift towards digital-first engagement when COVID hit every industry across the world, the current wave of Verint's Experience Index: Retail research shows that in-store shopping remains a key aspect of the customer experience. Its importance varies depending on age demographic, but it features in the purchase journey of every generation.

There has been a lot of investment in digital experience over the past two years, but with customers also returning to stores, finding a balance that delivers a high level of both digital and in-person experience will be critical.

As we detailed in our annual Engagement Capacity Gap study, there's often a sizeable gap between customer expectations for exceptional customer experiences and the budget and resources available at each retailer to achieve them. In fact, this year's survey found 76% of business leaders believe customer engagement challenges will increase in 2022.

What it means for retailers is leaning into digital solutions that help both online and in-store experiences as well as tailoring specific services to the correct demographics can help ensure consistent and enjoyable experiences across all kinds of journeys and channels.

There has been a lot of investment in digital experience over the past two years, but with customers also returning to stores, finding a balance that delivers excellent digital and in-person customer experiences will be critical.

In-Store Experience That Keeps Customers Coming Back

Our research shows that older shoppers rely more heavily on in-store shopping than younger generations, but shoppers 40 and under still use stores, even if it's not their first preference and not always for an immediate purchase.

When asking our panel for feedback on in-store experiences, three key themes emerged:

1 Customer service:

Getting immediate answers matters to shoppers, with many seeing the store as a community hub where they know and trust the people working there.

CUSTOMER COMMENT: *"...our store is like a meeting place where the customers and staff interact as friends. It's sort of like a town meeting place."* – Male, Silent Generation

2 Store reorganization:

Familiarity and convenience are important factors for customers, so hard-to-find and continuously moving items can impact a shopper's experience and perception of how well-stocked retailers appear to be.

CUSTOMER COMMENT: *"They keep moving items in the store. It is hard to keep up with the products that they keep moving."* – Male, Silent Generation

3 Long lines and crowded stores:

Comments about disorganized and understaffed stores point to two factors affecting the ability to deliver good shopping experiences. Firstly, "The Great Resignation" is having a huge impact on companies' ability to hire and retain talented workers. When combined with a long period of focus and investment in digital services, in-store experience is bound to suffer as a result.

CUSTOMER COMMENT: *"They need more cashiers; many times, there is only one cashier and the lines are down the aisle."* – Female, Baby Boomer

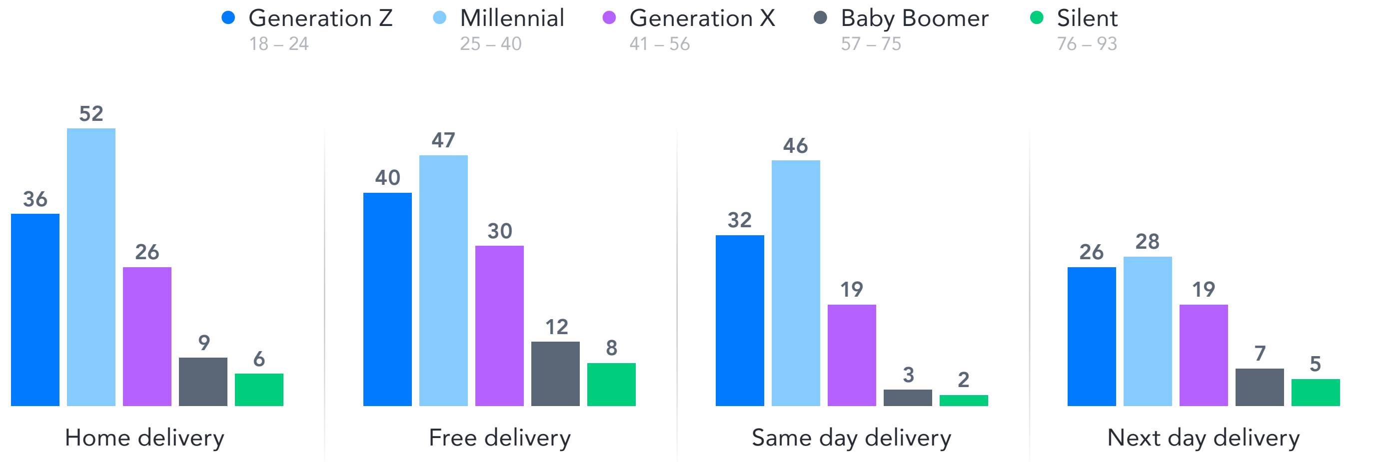
To create a consistent and pleasurable in-store experience, a continuous feedback loop from customers is essential. It's going to be difficult to strike a balance and have enough resources to ensure a positive experience no matter what channel a customer is engaging on, but with regular insights from in-store shoppers, retailers can proactively address trends to meet consumer needs.

Convenient Delivery and Collection Services

When purchases aren't happening in-store, they're happening online. But how and where customers receive their items isn't a one-size-fits-all solution. Millennials care more about delivery factors—those options are important when making a purchase decision.

Services such as **"home delivery"**, **"free shipping"**, and **"quick dispatch"** matter most to Millennial shoppers – who are often the most time-poor demographic, especially with **76%** saying they have children under 18 at home. The added convenience of flexible and low-cost deliveries can heavily influence purchase decisions and lead to loyalty and repeat purchases.

IMPORTANCE OF DELIVERY-RELATED FACTORS BY AGE



Home delivery isn't the most convenient method of distribution for every customer. Our research found that having a wide range of options to suit the needs of different demographics is the best way to ensure a positive shopping experience across the board.

For Gen Z, despite **42%** saying they used digital channels for their most recent purchase, home delivery isn't necessarily their favored way to receive their items, with in-store pickup rating higher when deciding whether to make a purchase.

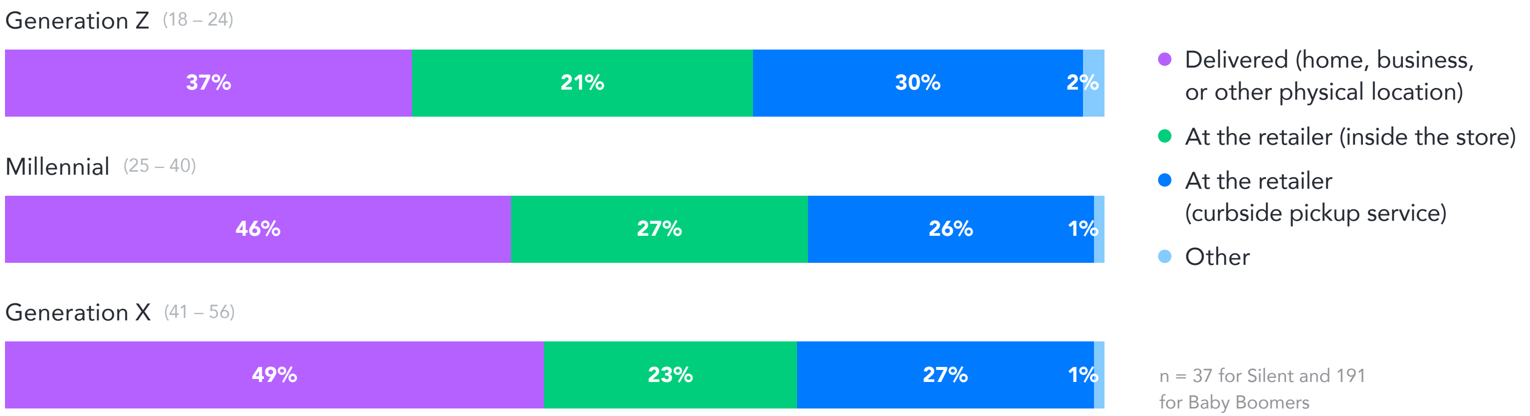
Consumers aged between 18-24 are less likely to have an item delivered to their home, with **41%** not having a secure environment for package deliveries, possibly because many live in apartments or other shared living spaces. So, to satisfy a different demographic of online shoppers, the curbside pick-up or buy online, pick-up in store (BOPIS) services must match home delivery for speed, convenience, and efficiency.

Shoppers under 41 are also more concerned with a retailers' environmental practices, rating eco-friendly packaging at least **15 points** higher than Gen X and older consumers.

Home delivery is the 3rd most important factor when making a purchase, but in-store pickup is more important for Gen Z and shoppers aged over 41 years old.

HOW DID YOU RECEIVE THE ITEM YOU PURCHASED?

PURCHASED ON WEBSITE OR APP AND RECEIVED ITEM



n = 37 for Silent and 191 for Baby Boomers

Seamless Digital Experiences

Our research found that younger customers were more likely to experience difficulties completing a task during their first interactions with retailers and one-third expended more effort than expected to do so.

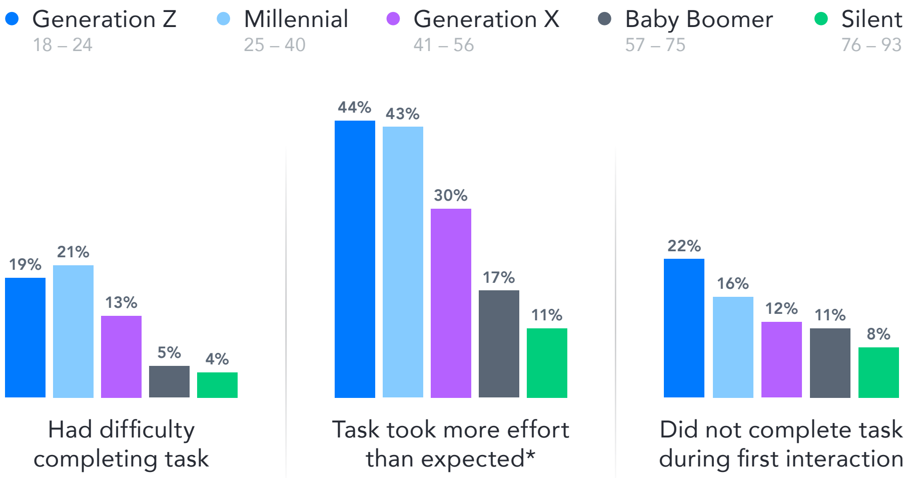
When you look at the reasons behind Millennials struggling to complete a task, the vast majority of the issues were directly related to digital interactions, and poor experiences matter.

In Verint's State of Digital Customer Experience Report, we found **64%** of consumers stopped doing business with a company after a poor experience.

*Percentage who selected "a little more effort than expected" plus percentage who selected "A lot more effort than expected"

**Only Millennials have enough data to analyze separately (n < 156 for the other age groups); Respondents could select more than one answer, not all are shown here.

DID YOU HAVE DIFFICULTY COMPLETING A TASK ON YOUR FIRST INTERACTION?



REASONS FOR DIFFICULTY COMPLETING TASKS**	PROPORTION
I encountered technical issues/error messages on the site or app	39%
Navigation was difficult on the site or app	29%
I was unable to log in to my account on the site or app	22%

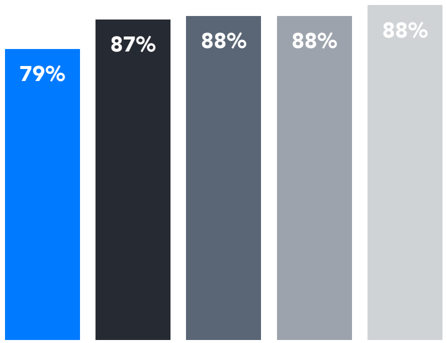
Technical problems, login issues, or poor digital experience could mean losing out on a sale altogether and damaging a potentially long-lasting customer relationship, because the consumers most likely to use digital services are also the least patient when it comes to bad experiences.

Younger Shoppers, Higher Expectations

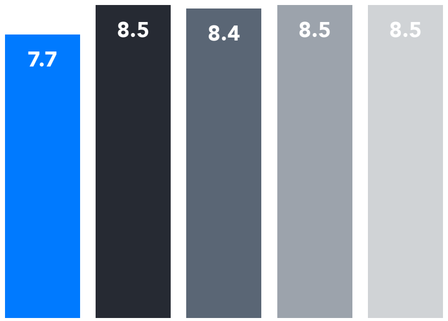
Gen Z have higher expectations when it comes to fit, taste and style and are less likely to say a product fits their preferences. Notably, their average NPS score is also significantly lower than other generations, and when asked to rate how likely they are to make repeat purchases, Gen Z gave a rating of 7.7 versus 8.4 - 8.5 for older generations.

Since Gen Z is the age group most likely to use digital solutions for some, or all, of their purchases, retailers need to ensure their digital experience provides a wide range of suitable products, with seamless purchase processes to stand the best chance of retaining them as customers.

PRODUCTS VIEWED FIT THE TASTE AND STYLE CONSUMERS WERE LOOKING FOR



HOW LIKELY ARE YOU TO PURCHASE FROM THE RETAILER THE NEXT TIME YOU ARE SHOPPING FOR SIMILAR ITEMS?



Average rating: 1 = Very Unlikely; 10 = Very Likely

- Generation Z (18 – 24)
- Millennial (25 – 40)
- Generation X (41 – 56)
- Baby Boomer (57 – 75)
- Silent (76 – 93)

Gen Z are by no means the only demographic that brands should adapt their customer journey for, but as they are most likely to engage digitally, seamless experiences are the biggest drivers of better CSAT, NPS, and repeat customers.

What Can Retailers Do Now?

Connect Every Customer Touchpoint

To ensure they are providing optimal customer experience, retailers need to strike a balance between digital and traditional channels. Traditionally siloed departments, from back-office to shop floor, should have a means of sharing data that drives decisions that improve CX, which in turn drives higher CSAT and NPS scores.

REMOVING SILOS ACROSS THE CUSTOMER JOURNEY

- **Engagement orchestration:** Blend of employees and bots performing the right work at the right time to enable collaboration across front and back-office workforces and accelerate resolution time.
- **Single source of knowledge:** Ensure customer-facing employees and bots have access to accurate contextual knowledge of a customer's history and preferences to allow for consistent real-time support.
- **Accurate analysis of interactions:** Improve loyalty and reduce churn by identifying interactions that lead to negative sentiment or inefficiency while reducing operational costs and increasing revenue through optimized processes and improved conversion rates.

KEY BENEFITS

- Offers real-time feedback into day-to-day operations.
- Gives organizations a clear understanding customer issues and areas of improvement.
- Provides comprehensive data and analytics which allow for better-informed strategic decision-making.

What Can Retailers Do Now?

Establish Continuous Customer Feedback Loops

Our research shows in-store shopping rates second behind price as the most important consideration for consumers, and still generates a huge percentage of company revenue. By collecting regular feedback around factors such as merchandise, pricing, and loyalty programs, retailers can continually optimize shopping experiences.

HOW TO SOURCE FEEDBACK

- **Customer initiated:** Retailers can establish "listening posts" in-store to give all customers a voice. Opt-in systems allow customers—both buyers and non-buyers—to communicate how, when, and where they choose.
- **Frontline workers:** Happier employees means happier customers. By listening to workers' feedback, retailers can understand store, regional, or organization-wide issues and then make strategic adjustments to improve CX and employee experience.

KEY BENEFITS

- Retailers have access to CSAT and NPS measurements and can pinpoint specific customer interaction points to improve the brick-and-mortar experience.
- Critical feedback comes from both purchasers and non-purchasers, helping understand the in-store experience from both groups' perspectives and offering insights to help improve it as part of an overall omnichannel strategy.
- Problems can be identified at the store level, allowing managers to close the loop with dissatisfied customers and avoid recurring problems. Improvements drive in-store revenue, increase return visits, and boost a retailer's wallet share.

What Can Retailers Do Now?

Optimize Digital Communications to Boost Revenue

Wave 2's research found that digital interactions, whether by public social or private messaging channels, are the most effective way for retailers to turn customer communications into sales. Although also sent digitally, marketing emails can easily get lost in an inbox, but sending the right mobile message, at the right time, to the right customer can turn automated interactions into purchases.

CUSTOMER MESSAGING USE CASES

- **Recurring purchases:** Send timely reminders based on past activity or appointments which encourage customers to rebook or refill their regular purchases.
- **Cart abandonment:** Reach out to existing customers who haven't completed a sale on your website or app with a reminder, or even discount code, to encourage them to finish their purchase.
- **Click-to-Messenger adverts:** Targeted advertising on Facebook or Instagram alongside purpose built bot flow create a seamless browsing and payment sequence for a personalized shopping experience without leaving a private messaging conversation.

KEY BENEFITS

- With the right historical data, interactions can be tailored to each customer's preferences and needs, making them feel like they have a personal relationship with a brand by creating superior digital retail experiences.
- Digital-first interactions are lower effort for retailers as they majority can be automated, with many self-service purchase flows.
- Digital conversations are continuous and asynchronous. Brands can interact across the customer lifecycle and consumers are able to communicate on their own terms.

Definitions of CSAT, Drivers of Satisfaction, and NPS

Customer Satisfaction (CSAT)

Customer Satisfaction (CSAT) is calculated using a composite of the responses from three questions about a respondent's experiences with the retailer. Each question requests a rating on a scale of 1-10.

- What is your overall satisfaction with this company?
- How well does this company meet your expectations?
- How does this company compare to an ideal retailer?

The CSAT score is the average of the three responses using optimal weighting, rescaled from a 1-10 response scale to a 0-100 score scale.

Drivers of Satisfaction (used in this study)

Driver scores for each respondent are calculated as composites of the responses to three questions asked on a 1-10 scale. The three responses are averaged using optimal weighting and then rescaled to a 0-100 score scale:

DIGITAL EXPERIENCE

- Responsiveness
- Ease of finding products
- Providing information

PRICE

- Value
- Competitiveness
- Clarity

MERCHANDISE

- Appeal
- Quality
- Variety

SERVICE REPRESENTATIVE

- Availability
- Responsiveness
- Answering questions

Net Promoter Score (NPS)

Net Promoter Score (NPS) is calculated using the question:

How likely are you to recommend this company to someone else?

- Respondents answering 0-6 are assigned a score of -100
- Respondents answering 7-8 are assigned a score of 0
- Respondents answering 9-10 are assigned a score of 100

NPS is the average of all respondent scores and is recorded on a scale of -100 to +100.

About the Research Team

José R. Benkí, PhD, is Research Science Director at Verint and an Adjunct Assistant Research Scientist in the Survey Research Center at the University of Michigan. He has expertise in survey participation, interviewing, speech science, and cross-cultural and cross-language survey research. He is a member of the American Association for Public Opinion Research and the Acoustical Society of America.

Karly Szczepkowski is a Senior Research Analyst at Verint responsible for thought leadership studies, predictive benchmarking, predictive model templates, and usage analysis. She graduated from Wayne State University in Detroit with a master's degree in library and information science and holds a bachelor's degree in engineering from the University of Michigan in Ann Arbor.

Gina Pinckney is Senior Manager, Customer Analytics and Research at Verint and has over 20 years of experience in advanced analytics and qualitative and quantitative market research. She has conducted market research studies internationally for multiple Fortune 500 companies. She has a master's degree in statistics from Utah State University.

Zealand Cooley is a Research Scientist at Verint who enjoys working on data manipulation projects in Python and other platforms. In her role, she develops solutions that enhance and automate analysis. She holds a Bachelor of Science in statistics from the University of Michigan and is currently working on a master's degree in applied data science from their School of Information.

Bas (Basem) Askoul is a Client Analyst with over 10 years of experience in Communications and PR research, spanning several sectors including Insurance, Financial Services, Automotive, and Technology. He holds a Bachelor of Arts in Psychology from Michigan State University.

Dave Rassenfoss is a Principal Analyst at Verint with over 11 years of experience in analytics and qualitative and quantitative research spanning several sectors with a focus on Retail that stems from his 24 years of experience in that sector. He holds a Bachelor of Science degree in Political Science from the University of Toledo.

About the Verint Experience Index

The Verint Experience Index is a web panel survey report chronicling customer experiences across key industries. The Wave 2 retail edition ranks the omnichannel experiences of the top retailers in the U.S. as determined by the National Retail Federation (NRF). The Wave 2 study uses one panel sample with 250-275 responses for each retailer. Respondents needed to have shopped at one of the retailers in the past 30 days to qualify for the survey.

Rankings are based on customer satisfaction (CSAT), using a scale of 0-100. NPS is also shown, on a scale of -100 to 100. When two or more scores are identical at one decimal place, the next decimal place is used to break ties and determine rankings.

Whether or not a company is a Verint client has no bearing on their inclusion or exclusion in the list.

The wave 2 study was fielded from November 23-30, 2021, with a total of 6,648 survey respondents. CSAT margin of error is ± 1.77 and NPS margin of error is ± 7.45. All significance testing was completed at a 90% confidence level.

Note that respondents who participate in online surveys may have more experience and comfort with the Internet and digital transactions compared to the general population.

Data analysis incorporated the calculation of influence scores, which provided the relative influence each categorical variable had on satisfaction score. The knowledge gained from evaluation was combined with the Verint predictive model to help inform the direction of further analysis.

About Verint Experience Management

Verint Experience Management Solutions™ help you process and analyze data, automate and speed decision making, and operationalize across the organization—so you can compete on better customer experience.

Contact xm@verint.com to discuss your company's customer engagement challenges, ask questions, or share comments about this report.

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