Evolving the Customer Experience

2020

Resulticks

54%

" OVER HALF OF SHOPPERS SAY THEY ARE **MORE LIKELY** TO SHOP MORE AT STORES OR ON SITES THAT PROVIDE ACCURATE PRODUCT AND SERVICE RECOMMENDATIONS.

EXECUTIVE SUMMARY

As technology continues to transform how people shop, bank, and travel, companies face greater pressure to keep up with trends and deliver meaningful experiences to consumers. Brands will require omnichannel solutions to manage and reach customers across their preferred channels. Organizations will need to take the next step to process the data they have and to effectively leverage it to recognize and understand important patterns or trends in their industries.

Are brands doing a good job at personalizing product recommendations and customer experiences? How can they improve the customer experience to stay ahead?

To answer these questions, Resulticks surveyed 1,001 US consumers in November 2019 to gauge their opinions on current retail, banking / finance, travel industry trends, holiday shopping behaviors, and the benefits and drawbacks of customer personalization.

For the purpose of this study, personalization was defined as the process of creating a relevant and tailored experience, interaction, or communication for an individual based on the information a company has about the individual.

This study shows that consumers care about brands that get personalization right. Over half (54%) of shoppers say they are more likely to shop more at stores or on websites that provide accurate product and service recommendations. Consumers also want more personalized experiences. Approximately one-in-three respondents express interest in a more personalized customer experience in retail (35%), banking (31%), and travel (30%). As customer experience becomes increasingly important to consumers and the competition for these customers intensifies, brands who successfully deliver on personalization and customer experience will emerge as the leaders of their industries.

# THE GATEWAY TO SUCCESSFUL BUSINESS OUTCOMES: CUSTOMER EXPERIENCE
The Impact of Personalization on the Customer Experience

From inspiring an ever-expanding variety of digital touchpoints and mobile devices to enabling increasingly individualized experiences, technology is transforming how customers interact with brands. A study by Forbes Insights[1] found that 40% of marketing leaders reported that their customer personalization efforts have positively impacted sales, basket size, and profits in direct-to-consumer channels. The same study found that more than one-in-three respondents have seen an increase in transaction frequency at their businesses because of personalization. As research continues to support the idea that curated and personalized customer experiences can impact the bottom line and drive lifetime customer value, brands will place a greater value on collecting and utilizing information to deliver such experiences to their customers.
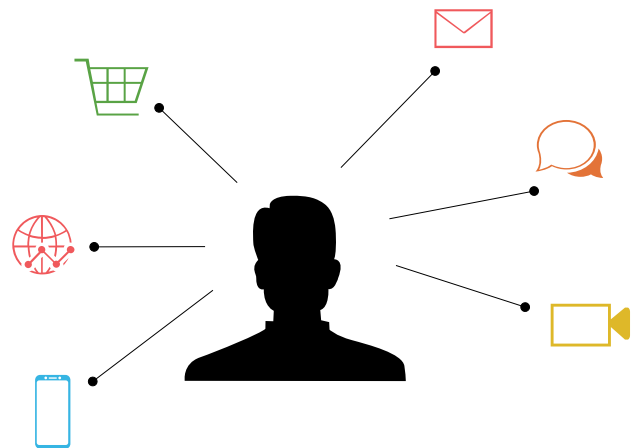
Customer experience is extremely or very tailored to me

Despite an increase in personalization across customer experience, the Resulticks research found that consumers seem to feel that no industry is getting it right just yet. Less than half (44%) of consumers in this study report that their retail shopping experiences, both online and in-store, are extremely or very tailored to them. Even fewer report tailored customer experiences in banking (38%) and travel (28%). These differences become even more stark when examining the perceptions across different age groups:

	18-34	34-54	55+
Shopping (online and in-store)	62%	41%	34%
Banking	43%	38%	33%
Travel	36%	30%	16%
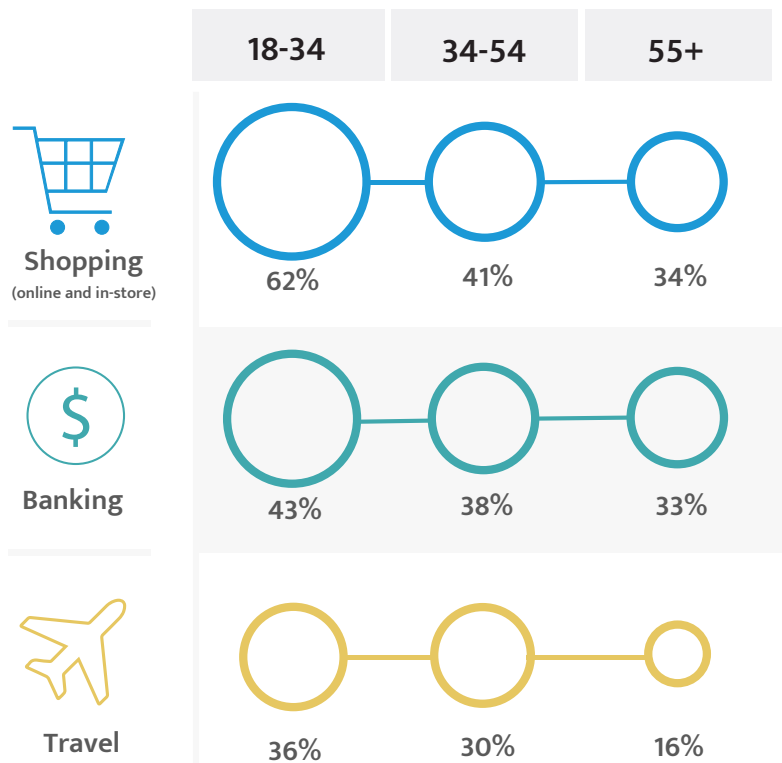
So how do brands get it right?

They need to ensure customers receive the benefits of personalization.

The top benefits consumers report from personalization are:

40%
deals and discounts on products and services specific to their interests.

28%
the ability to find things they like or want easier and faster.

28%
an easier shopping experience.

Prioritizing these three factors in designing the customer experience can ensure that brands are providing customers what they are looking for–relevant information and an easier experience. While consumers recognize the benefits of personalization, they remain aware of potential drawbacks. The two greatest concerns consumers have surrounding customer personalization are the invasion of their privacy (42%) and data security (41%). As consumers become more educated on privacy and data security issues, brands need to provide more information and transparency to give customers peace of mind. **Brands must show that they respect customer privacy and will take great measures to protect customer data.** Failure to do so could mean a potential loss of customers and degradation of brand perception. Creating customer experiences with these benefits and concerns in mind will enable brands to successfully deliver the personalization consumers are looking for, driving customer satisfaction and brand loyalty.

RECOMMENDATIONS

DESIGNING SUCCESSFUL, PERSONALIZED CUSTOMER EXPERIENCES:
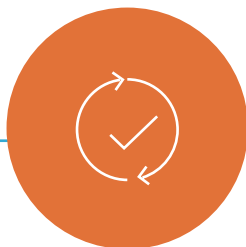
1.

Make it as easy for customers as possible.

2.

Provide customers with relevant information.

3.

Show customers that you value customer privacy & protect customer data.

THE MODERN SHOPPING EXPERIENCE.
Why Brands Need to Get It Right with Their Online Channels

On average, respondents plan to spend slightly more time holiday shopping online (53%) than in-store (47%) this year. Nearly two-thirds of holiday shoppers (65%) plan on conducting their holiday shopping directly on store or brand websites. As the most popular channel, these brand websites should be fully optimized and functional throughout the holidays.

To enhance their holiday shopping, consumers also plan on using search websites such as Google and Bing (43%), offers, deals or links sent to their email (35%), and mobile apps (30%). These cross-channel journeys reflect a need for retailers to ensure they have strong omnichannel capabilities in place to best reach their consumers through any channel and at any time.
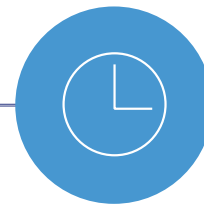
The top three reasons consumers shop online are convenience, free shipping, and saving time. Brands should keep these three factors in mind when designing and prioritizing their online channels.

Convenience	Free Shipping	Saving Time

Changes, such as implementing free or reduced shipping on big-name holiday shopping days, have the potential to increase online shopping activity and drive greater online sales.

Additionally, because consumers place value on convenience and saving time, brands should ensure their websites do not impede an online shopper's experience with website lag times, crashes, or bugs. When placing an order for delivery, holiday shoppers care most about speed of delivery (66%) and the ability to track the shipment (57%). Brands relying on online sales to hit targets should prioritize these factors when planning their delivery strategy.

Recommendations: Creating a seamless online experience

1. Use a cohesive search, email, and mobile strategy to reach customers across platforms where they spend their time.

2. Prioritize convenience and save customers time.

3. Offer reduced or free shipping on big name shopping days.

In-Store Retail Shopping Is Not Dead

Despite the focus on online shopping over the past few years, in-store retail shopping is alive and well. About three-quarters (74%) of holiday shoppers say they will do the same amount or more holiday shopping in-store compared to 2018. Only 22% of shoppers say they plan to shop less in-store this year. **Unsurprisingly, consumers cite their primary reasons for shopping in-store as the convenience and ability to try things on or to see the quality and features in person (55%), and the ability to take home items immediately (51%).**

Of interest, nearly one-third (30%) of holiday in-store shoppers credit enjoyment as a top reason for shopping in-store. Because consumers indicate they find holiday shopping in stores enjoyable, brick-and-mortar brands must strive to sustain a positive customer experience. Additionally, accurately sizing inventory around the holidays will allow customers to try things on or see the features in person and immediately take items home without having to wait for shipping.

While the media often focuses on a narrative pitting online and brick-and-mortar retail experiences against each other, evidence indicates that consumers like to interact with both, sometimes simultaneously.

74% report that they will buy something online if they see that the price is lower online than in-store.

60% of holiday shoppers said they will check prices online to confirm they are getting the best price while shopping in-store.
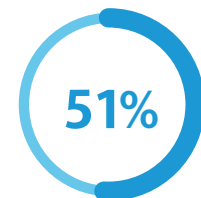
51% of holiday shoppers say they will ask a store to price-match if they see a better deal online while holiday shopping in-store.

> " As individuals interact across multiple brand channels, there is greater pressure on brands to deliver a seamless and cohesive omnichannel experience. "

This information highlights the need for retailers to close the loop between the offline and online experience to ensure consistent, seamless, and relevant conversations with the individual customer at any given moment due to the evolving customer journey across different channels and touchpoints. Additionally, new methods of bringing shoppers in-store from mobile and online interactions are of interest to consumers, with four-in-ten (43%) stating that push notifications sent to their mobile device about current sales, deals, and discounts would make them more likely to purchase something in-store.

Recommendations: Balancing brick-and-mortar and online experiences

1. In-store:
- Maintain stock accurately or have samples – customers care about seeing/trying things in person and walking out of the store with their purchase.
- Implement beacons in stores, where triggered promotional coupon codes or QR codes to be scanned at POS systems will provide easy impetus.

2. Online:
Produce a consistent omnichannel experience so consumers can easily check prices online and in-store and readily buy from either.

3. Both:
Use mobile push-notifications to bring in customers and drive purchases in-store.

SHOPPING CART ABANDONMENT

One of the greatest problems currently facing retailers is shopping cart abandonment. Business Insider estimated that e-commerce merchants would lose approximately $4.6 trillion[2] worth of merchandise sales to abandoned carts in 2016. The Resulticks study defines shopping cart abandonment as a visitor who adds shopping items to their online carts but for any one of a variety of reasons exits the page without completing the purchase. Almost nine-in-ten holiday shoppers (87%) abandon their online shopping carts. While some of their reasons are out of the control of brands, other factors can be adjusted to increase the likelihood of converting a prospect to a customer.

Despite high rates of abandonment, research shows that brands have the potential to draw consumers back in with follow-up communications.

42%

of shopping cart abandoners agree that getting a reminder (email, SMS, etc.) to let them know that they had abandoned their cart or a follow-up email with similar items.

44%

would make them more likely to go back and complete the purchase.

The primary reasons consumers abandon their shopping carts

Reason	Percentage
Needed more time to decide	37%
Changed their mind	33%
Unexpected shipping costs	29%
Waiting for sale or discount	21%
Got distracted	20%

To convert even more customers, brands should consider leveraging special limited offers or discounts to lead consumers back to the point of purchase.

Four-in-five (79%) agree that a follow-up discount or coupon code (email, SMS, etc.) after abandoning their cart would make them more likely to go back and complete the purchase.

79%

Despite the focus on new channels to reach consumers, such as text messages, mobile in-app push notifications, and reminder ads on social media, email is overwhelmingly the most preferred option of channels (68%) on which to receive messages or reminders to go back to online carts.

Using omnichannel solutions to manage and employ "persistent carts" or follow-up messages helps brands bring consumers back to the purchasing funnel and reclaim lost sales.

68% of shopping cart abandoners would prefer email to receive messages or reminders to go back to their online carts.

Recommendations: Reengaging shopping cart abandoners

1. Employ "persistent" carts or reminder messages to bring customers back to purchase.

2. Follow-up with discounts or coupons to convert additional past shoppers to point of sale.

3. Use the preferred channel of email to best reach customers about their abandoned carts.

COMPETITION, CHOICE, AND INNOVATION IN BANKING
Customer Satisfaction Is High in Banking, but That Doesn't Mean the Banking Industry Can Take It Easy

Overall, the banking industry does an exceptional job keeping customers satisfied. Almost three quarters of respondents (73%) say they are extremely or very satisfied with their bank.

Common reasons for being with their bank include:

Convenience

Longstanding customer

Good customer service

While only 12% say they are likely[3] to switch banks in the next six months, those considering doing so are motivated by convenience, poor customer service, and better promotional offers at other banks. Younger people, aged 18-34, show a higher likelihood to consider switching banks.

These results indicate that **the banking industry also needs to ensure a positive, omnichannel experience by sending out the right messages and providing quality customer service.** They may be able to seize the opportunity to acquire new customers if they do these tasks well.

Differences among Age Groups for Desired Credit Card Benefits

When consumers make purchases, they also have the option to use a variety of different payment methods. Younger people (aged 18-34) show a strong preference for using debit cards. Those 35 years of age and older are more likely to use debit or credit cards when making a purchase.

The top benefits consumers look for when selecting a credit card are cash back, annual fees, and loyalty points or rewards. However, there are differences associated with age demographics. The younger crowd is more concerned with additional charges / fees and minimum repayment options, while older generations are more likely to consider APR rates. If companies recognize and prioritize the right messages to their target audiences, they are likely to see improved credit card conversion rates

The story is simple; convenience is key. As consumers look more to mobile and online to conduct their banking needs, financial companies need to ensure a seamless customer experience, particularly in customer service. While customers are satisfied, with over 38% finding their banking customer experience extremely or very tailored to their needs, there is room for improvement. **Nearly a third (31%) of consumers express high levels of interest (extremely or very) in a more personalized banking experience, indicating that there is still room for banks to differentiate and deliver on the ultimate customer experience.**

Recommendations: Keeping banking / finance customers happy

1. Prioritize convenience and customer service across all potential touchpoints and interactions.

2. Personalize banking experiences, offers, and messages based on individual priorities to drive customer satisfaction.

IMPROVING TRENDS IN TRAVEL AND HOSPITALITY

An Opportunity for Brands to Differentiate Exists in the Travel Industry

In the US in 2018, consumer traveler spending[4] amounted to $1.1 trillion. The impact travel has on the economy is huge. Yet, only 21% of respondents indicate that they use travel rewards credit cards.

Hotels haven't quite gotten it right yet.

Despite a variety of new accommodation options, hotels remain the most popular among US consumers. When traveling, two-in-five consumers (41%) say they often stay in hotels. Only one-in-four respondents (24%) report that they often stay with family and friends while traveling, and even fewer (14%) indicate that they tend to switch up what types of accommodations they use.

Of travelers who stay in hotels, only one-in-four (23%) indicate that they are extremely or very loyal to a specific brand or family of hotels.

In comparison, two-in-five (39%) hotel customers indicate that they are not very or not at all loyal to specific hotel brands. Travel is seen as having the least tailored customer experiences of the three verticals explored (retail, banking, and travel) in this study.

Understanding the customer experience in travel can play a large role in redefining and growing loyalty among hotel brands.

One McKinsey report[5] showed that the average purchase journey for finding a hotel room lasts 36 days and hits 45 touchpoints. With endless options and multiple touchpoints, hoteliers need to innovate new strategies to continue converting, engaging, and retaining loyal hotel guests across touchpoints and channels.

CONCLUSION

The pattern that emerges across verticals is that consumers desire convenience and personalization. While getting it right means greater conversion to sales and more satisfied customers, getting it wrong may mean customers look and spend elsewhere. Consumers are exposed to lots of information, but when that information or message is not relevant to them, they will move on. Targeted, effective messages across multiple channels and customer experiences are more likely to draw consumers in and keep them satisfied. Consumers want tailored customer experiences.

METHODOLOGY

This report is based on a survey conducted from November 8-12, 2019, and was commissioned by Resulticks with respondents sourced from OpinionRoute. The objective was to better understand holiday shopping plans and the trends in customization across retail, travel, and banking. The survey was of 1,001 US consumers and is nationally representative. The margin of error is +/- 3.1 percentage points.

[1] https://www.forbes.com/sites/insights-treasuredata/2019/05/01/the-path-to-personalization/#5482df697a76

[2] https://www.businessinsider.com/shopping-cart-abandonment-merchants-now-leave-46-trillion-on-the-table-and-mobile-is-making-the-problem-worse-2016-11

[3] Extremely or very on a 5-point scale

[4] On domestic and international inbound travel https://www.ustravel.org/answersheet

[5] https://www.mckinsey.com/industries/travel-transport-and-logistics/our-insights/how-to-serve-todays-digital-traveler

About Resulticks

Resulticks is a real-time, big-data-driven marketing cloud solution built from the ground up by experts in marketing, technology, and business strategy to deliver top-line growth. Outcomes-focused and enabled by the world's first customer data blockchain, Resulticks equips brands to make a transformational leap to true omnichannel engagement. With its AI-powered, customer-centric approach and attribution at the segment-of-one level, Resulticks is changing how brands worldwide reach, acquire, and retain satisfied customers.

For more information:

+1 415 660 3350   marketing@resulticks.com   www.resulticks.com