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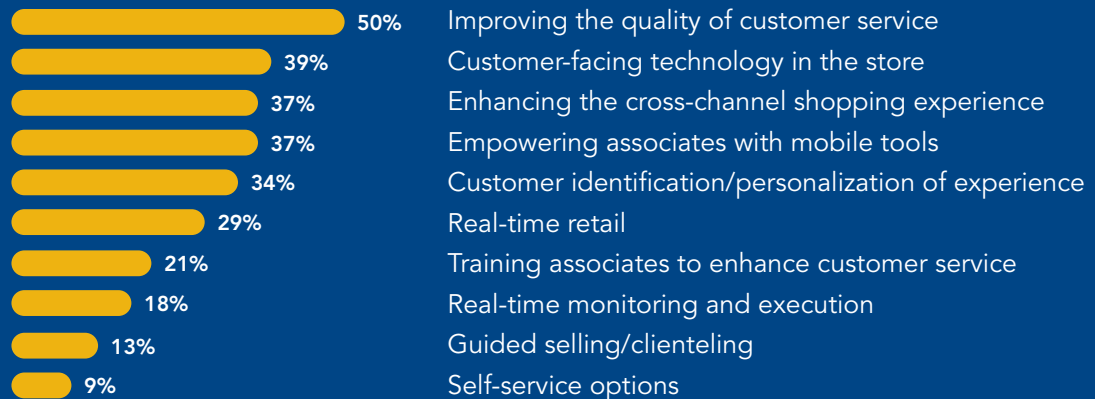
2020 CUSTOMER ENGAGEMENT SURVEY

EXECUTIVE SUMMARY

Retailers today have one objective – to drive profitability and competitive advantage. To this end, the most successful retailers can deliver a single, stellar brand experience, regardless of channel or location, to foster customer loyalty and brand ambassadors.

TOP CUSTOMER ENGAGEMENT PRIORITIES FOR 2020

%	Priority
50%	Improving the quality of customer service
39%	Customer-facing technology in the store
37%	Enhancing the cross-channel shopping experience
37%	Empowering associates with mobile tools
34%	Customer identification/personalization of experience
29%	Real-time retail
21%	Training associates to enhance customer service
18%	Real-time monitoring and execution
13%	Guided selling/clienteling
9%	Self-service options

Fundamentally, retail has always been based on some version of a one to one relationship with the consumer. With the advent of digital capabilities, that relationship now involves many more layers. Customers have the ability to customize their experience, and retail associates are similarly empowered to offer levels of personalized service based on each customer's preferences. Adopting the right technology, especially around mobile capabilities to support customer engagement, is imperative for retailers to successfully deliver the personalization customers expect.

Ever increasing customer expectations to buy, receive and return anywhere, any way and any time, coupled with retail transparency and consumers' access to information and influence, have put the customer experience center stage for most retailers. There is no longer "online only" or "in-store only." The convergence of the digital and physical shopping environment requires a new customer engagement model.

Creating today's shopping experience also relies on well-informed and available associates. Today's information-savvy consumers are not satisfied with just a 'warm body' or 'one size fits all' experience – they expect retailers to put time and effort into establishing and offering a personalized experience, and that doesn't always require human contact, as technology has given consumers the ability to use their smart phone for self-service personalization.

Twenty years ago, the store and point of sale were very different entities. The shopping journey revolved around the convenience of standalone stores, while malls were places to congregate and spend the day shopping your favorite brands. Point of sale (POS) was just one step up from a cash register with very little processing capabilities. It was in this environment that the POS Survey was created to gather retail benchmarks on store technology and customer service. Over the past twenty

years, the POS Survey expanded its focus to encompass all customer engagement touch points and evolved into the POS/Customer Engagement Survey. Now, as we begin the third decade of the twenty-first century, the survey has transformed into the Customer Engagement Survey as customer engagement is now the focus of the shopping journey.

enVista is building on the history of twenty years of research into retailer priorities and initiatives, including an understanding of current and future customer behavior, in order to highlight the contrast between retailer capabilities and consumer expectations. The survey offers a comprehensive analysis of today's customer journey, where retailers are currently focused, and where they should prioritize their efforts and investments. This survey is unparalleled in the industry and provides a valuable tool for retail leaders improving customer engagement today and the future. **Happy reading!**

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CUSTOMER ENGAGEMENT
KEY FINDINGS

PERSONALIZATION

Customer Expectation **72%**

72% indicate that personalized service from a sales associate is an important factor in determining at which store to shop

Retailer Capability **34%**

34% indicate that customer identification/ personalization of customer experience is a top priority for 2020

SYNCHRONIZATION

Customer Expectation **65%**

65% indicate that the ability to buy anywhere, ship anywhere is an important factor in choosing where to shop

Retailer Capability **21%**

21% have successfully implemented a single commerce platform to enable unified commerce

MOBILIZATION

Customer Expectation **66%**

66% are likely to choose a retailer if it offers mobile coupons/promotions

Retailer Capability **51%**

51% successfully offer mobile coupons/promotions to their customers

FUTURIZATION OF THE STORE

Customer Expectation **54%**

54% are likely to choose a retailer offering a self-checkout kiosk

Retailer Capability **21%**

21% successfully offer self-checkout kiosks

EVOLVING CUSTOMER ENGAGEMENT

A nimble and agile customer engagement model is essential to meet evolving customer expectations across all channels.

The need to provide a seamless customer experience across channels is real, as consumers expect a personalized, secure, channel-agnostic experience. Retailers that strive to successfully meet these rapidly evolving customer expectations must take a holistic approach to defining their customer's journey.

While online and mobile capabilities continue to increase and sometimes it seems that Amazon will rule the world, in truth, brick-and-mortar stores are still very much integral to retail success; they just need to transform. The future of retail is the convergence of the digital and physical shopping environments to engage the customer and offer the expected customer experience.

Stores are prime opportunities for customer engagement as a competitive advantage, especially as the distinctions between retailers, brands and wholesalers/distributors continue to blur. Stores are evolving as we see showrooms and fulfillment centers as emerging store models and pop-ups and kiosks offering temporary storefronts. Today's retail model also leverages theater with technologies such as

augmented reality (AR) and virtual reality (VR) as opportunities to engage customers. However, the retail store is no longer the only stage where the theater of retail can take place; new technology is empowering customers so they can dictate their own personal stage and experience.

These evolving customer expectations fundamentally redefine how retailers must operate, requiring physical and digital working seamlessly across all customer touch points to deliver a consistent, stellar brand experience.

However, in many cases, retail organizations do not have the right organizational structures, processes, technology and infrastructure in place to meet customer expectations. To enable the new customer experience and support its rapid evolution requires a different technology approach. The key to scalability, rapid time to value, profitability and long-term flexibility, is leveraging next generation solutions on an agile, cloud-based unified commerce platform and integration framework.

Cloud-native unified commerce solutions, built from the ground up a microservices architecture, on a multi-enterprise integration framework and a single data model, are imperative for enabling clienteling and a single view of the customer,

inventory, order, item and payment across every customer touch point. One version of customer data across the retail enterprise is imperative to truly unify commerce and the customer experience. Agile solutions are paramount as retailers look to improve customer experiences today and into the future.

With this in mind, enVista unveils the 2020 Customer Engagement Survey, comparing current and future customer expectations with retailer capabilities, in order to help retailers advance more rapidly down the path to providing customers a true unified commerce experience.

The ideal **customer engagement strategy** is bolstered by customer-centric processes, organizational alignment, optimized and unified physical and digital commerce, and innovative store models and technology. Accordingly, this report focuses on foundational customer-centric strategies that incorporate **personalization, mobilization** and **synchronization across the retail enterprise.**

PERSONALIZATION

PERSONALIZATION

Customer identification is imperative to provide relevant and personalized promotions, messages and services.

Personalization has gone beyond simple marketing to demographic groups or customer segments. It has become more than simply greeting a customer by name as they walk in the store or offering product recommendations on your website. Personalization encapsulates all the details that make your customer's shopping experience uniquely individualized. It involves understanding the customer's past purchases and current interests, but also encompasses the shopping experience itself and whether that experience meets the customer's needs for a personalized product or service.

With the proliferation of mobile technology enabling instant access to information and products, plus the ability to immediately purchase an item anytime and anywhere, the shopping process has changed. We have become constant consumers.

Consumers' perpetual ability to browse, be influenced, be an influencer, shop and easily research options like best price and product availability, makes it imperative for retailers to further differentiate themselves to entice customers to shop, and to foster engagement

and brand loyalty so they continue to shop. Providing a more personalized experience and offering value-added services can help retailers succeed in today's competitive environment.

CUSTOMER EXPECTATIONS

Loyal customers want to be recognized and offered relevant product recommendations and promotions.

They want to shop wherever and whenever they want with the benefits of both digital and physical retail environments. As consumers browse and buy across channels, the experience they receive determines where they choose to shop. According to enVista's Consumer Study, 51% of the consumers surveyed indicated a personalized and consistent experience across channels is important or extremely important, and in the store, 72% of consumers said personalized service from a sales associate is an important factor in determining which store(s) they choose to shop.

As consumers "check-in" on retailers' e-commerce and mobile sites, they typically receive automatic, personalized offers and recommendations based on their purchase and browsing history. However, most shoppers are still anonymous prior to checkout in the store so

they do not receive the same level of personalized service and recommendations that they receive online. This is an area of opportunity for retailers as more than 70% of consumers would be more likely to shop at a store that offers personalized rewards based on customer loyalty and personalized promotions and discounts.

72%
of consumers indicate personalized service from a sales associate is an important factor in determining where they choose to shop

Consumers understand that receiving personalized and relevant promotions requires retailers to obtain identifying information about them. While this has been the standard online or via mobile, identifying the customer in the store is more difficult. Most retailers who identify customers in the store use the customer's phone as the identification tool paired with a combination of beacons, WiFi, MAC address, etc. According to enVista's Consumer Study, 56% of consumers are comfortable with retailers identifying them via their mobile phone when they enter a store, as long as it means they are offered a personalized experience.

IDENTIFYING CUSTOMERS

Retailers that identify customers when they enter the store and furnish associates with proper mobile tools can effectively personalize the shopping experience.

Each step along the customer journey offers retailers opportunities to engage with the customer and strengthen relationships to drive sales and customer loyalty. This requires retailers to be able to identify their customers throughout all parts of their shopping journey.

Retailers are making progress in identifying their in-store customers before the checkout process begins (*Exhibit 1*). Without early identification of the customer, retailers miss critical engagement and clienteling opportunities to deliver a personalized experience and increase sales.

Online, technology makes it a little easier to identify customers with many more retailers currently able to identify customers early in the process, often when they enter the site (*Exhibit 2*).

To identify customers in the store, most retailers utilize technology methods in tandem with the customer's mobile phone. The most prevalent and successfully implemented technologies that retailers are using to identify customers are the retailer's mobile website (81%), mobile app (81%) and mobile wallet (73%), however, many retailers using these technologies indicate that they need improvement (*Exhibit 3*). Social media listening as a customer identification tool has increased in the past couple years to 66%, although much improvement is needed for this to be a successful option.

An interesting call-out is that there does not seem to be one technology choice that is leading the group – retailers are embracing a number of different technologies to cast a wide net to identify and track as many customers as possible. Introducing the right value-added digital capabilities via mobile to customers as they enter the store, even augmented reality (AR) capabilities, is a probable next step for most retailers toward achieving higher customer identification rates.

CUSTOMER LOYALTY

Customers want to feel they are receiving something valuable in exchange for their brand loyalty.

Surpassing customer expectations whenever and wherever possible is crucial for cultivating customer loyalty. Loyal customers want a personalized experience where they feel recognized and rewarded for their allegiance. Of course, the optimal way to achieve this is to identify the customer as soon as possible and communicate their information to an associate so they can facilitate information gathering, provide personalized recommendations and create an excellent customer experience.

Most retailers offer incentives to draw customers into the store and build customer loyalty. Many retailers (76%) find that offering incentives in the form of loyalty points or dollars is the most effective way to draw in customers.

EXHIBIT 1: In-store Customer Identification

18% As they approach the store	**42%** When they enter the store	**13%** Within the store, before checkout	**27%** At checkout

EXHIBIT 2: Online Customer Identification

35% When they enter the site	**51%** After they enter their account information	**8%** At checkout

6% After checkout
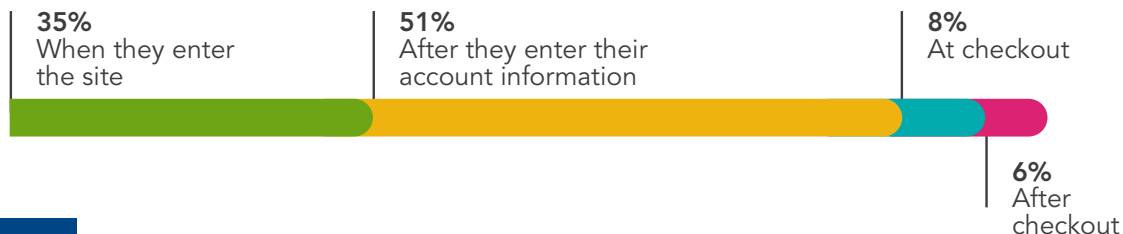
EXHIBIT 3: Customer Identification via Mobile

- ● Implemented and working well
- ● Implemented but needs improvement
- ● Implement within 12 months
- ● Implement in 1-3 years

	Implemented and working well	Implemented but needs improvement	Implement within 12 months	Implement in 1-3 years
Mobile Website	55%	26%	5%	3%
Mobile App	49%	32%	8%	3%
Mobile Wallet	47%	26%	11%	8%
Bluetooth	42%	26%	16%	
Social Media Listening	29%	37%	13%	5%
Beacons	21%	21%	29%	8%
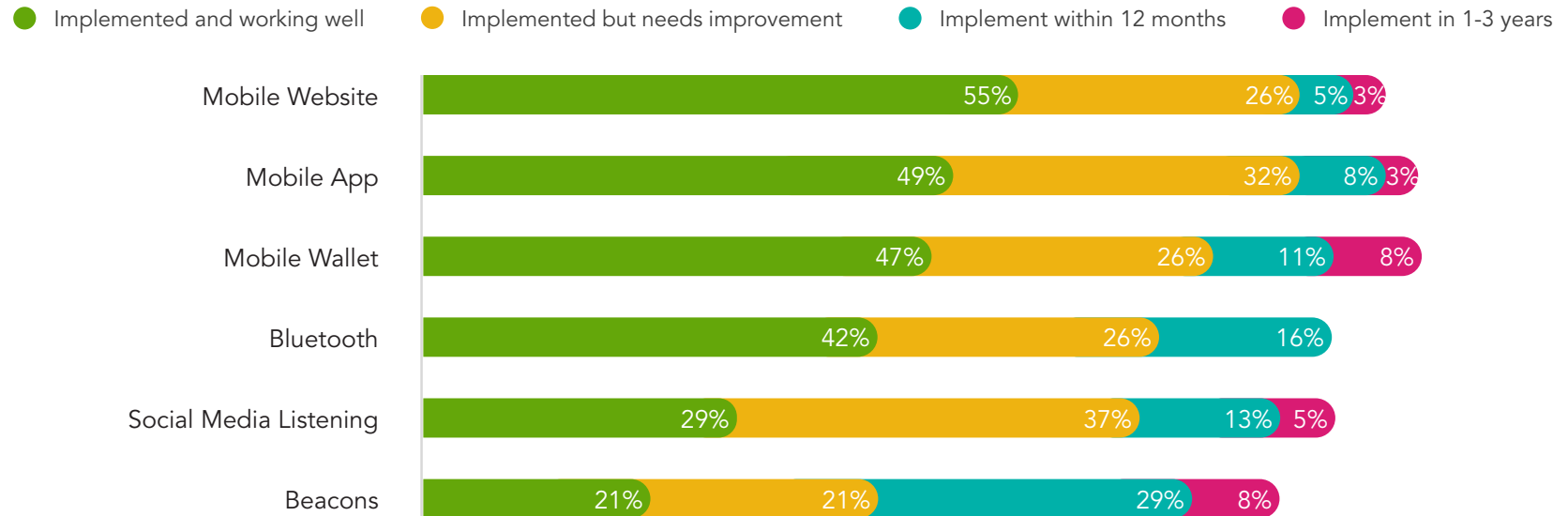
Consumers agree that loyalty programs are a strong draw with 40% indicating that loyalty points/dollars are a valuable enough enticement to allow retailers to identify them when they walk in the store and 46% of consumers finding mobile loyalty programs to be a reason to choose one retailer over another. The challenge for retailers is to engage the customer and provide a satisfactory shopping experience to continue to build customer loyalty. provide a satisfactory shopping experience to continue to build customer loyalty.

CLIENTELING

Establishing long-term customer relationships requires store associates to have access to customer information and the right enabling technology to personalize the shopping experience.

Once customers have been identified, retailers can use guided selling to enhance the shopping experience based on customer context. Clienteling empowers retail associates to leverage customer data (purchase history, personal information, preferences, etc.) to deliver guided selling through highly personalized customer engagement, provide

exceptional in-store shopping and customer care experiences, and timely follow-up communication with customers. To be effective, guided selling and other customer engagement tactics need real-time data, context and analytics.

Customer context includes customer insights and current environmental conditions to make the shopping experience relevant. It enables retailers to personalize the shopping experience based on preferences, purchase history, order information, their closet, their most recent online browsing history, time of day, weather, and their physical location – all based on real-time information.

However, while retailers realize the need to equip their associates with better training and information, they are still often playing a game of catch-up with customers that have more product information and inventory visibility than store associates.

Overall, retailers still struggle with the ability to access customer information prior to checkout (*Exhibit 4*). The ability to look up customer information is limited, with only 44% of retailers offering the ability to access any customer-specific information pre-checkout.

This suggests that retailers miss opportunities to increase sales because associates can't access customer-specific data until the customer is at the checkout, which is too late to influence the current purchase. With customer data available pre-checkout, associates can affect the transaction with personalized promotions and relevant customer-related product suggestions.

Delving deeper into how associates can tailor the customer's shopping experience based on available information uncovers additional capabilities, although many need improvement

(*Exhibit 5*). We are beginning to see significant progress and engagement opportunities for retailers to meet customer needs. The most prevalent customer personalization capabilities involve offering suggested selling based on previous purchases, personalized promotions and personalized rewards based on customer loyalty.

Consumers want personalized services – it is often an important factor in choosing a brand and/or store to frequent. According to enVista's Consumer Study, 74% of consumers indicated

EXHIBIT 4: Customer Information Availability

● Pre-checkout ● During checkout ● After checkout

	Pre-checkout	During checkout	After checkout
Customer-specific Offers & Discounts	44%	36%	14%
Product Recommendations	43%	35%	8%
Customer Attributes/Preferences	35%	38%	24%
Contact Information	27%	62%	6%
Purchase Summary	22%	43%	32%
Transaction Lookup	22%	38%	35%
Shopping History	19%	38%	32%
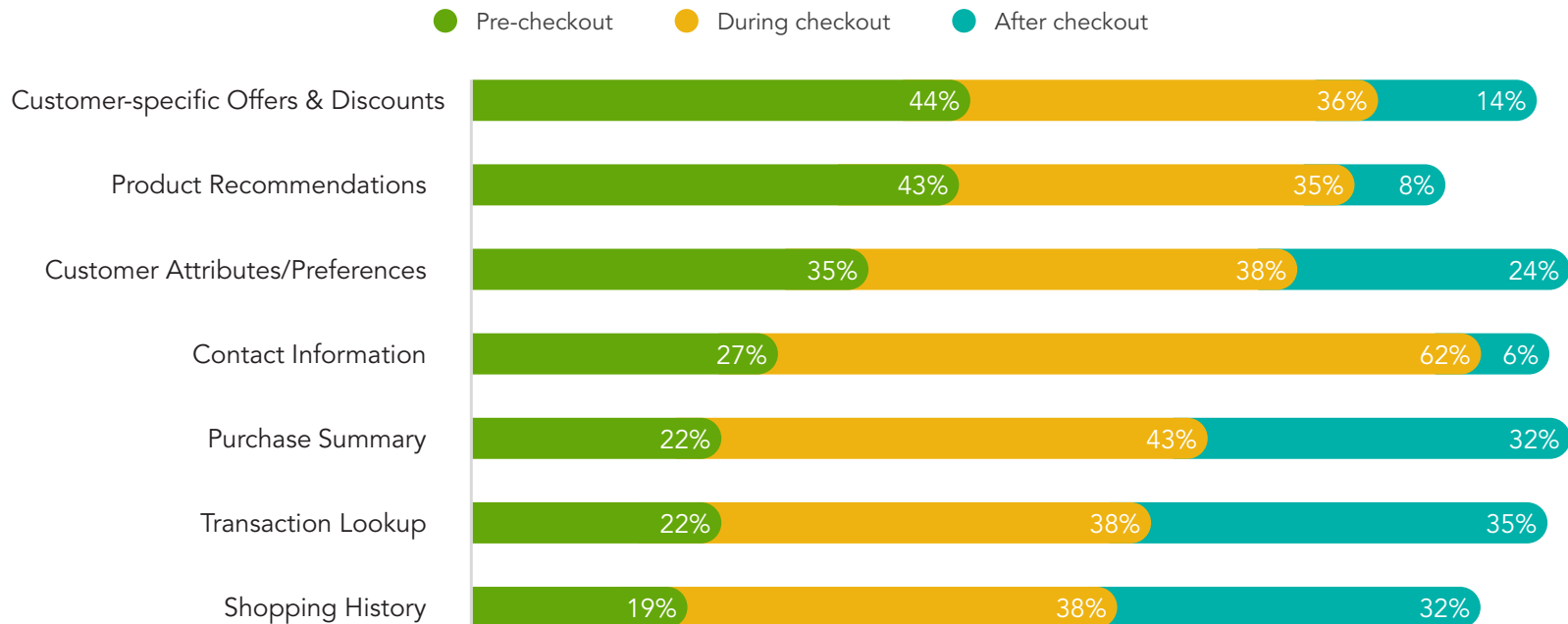
EXHIBIT 5: Associate Ability to Tailor the Shopping Experience

● Implements and working well   ● Implemented but needs improvement   ● Implement within 12 months   ● Implement in 1-3 years

	Implements and working well	Implemented but needs improvement	Implement within 12 months	Implement in 1-3 years
Suggested Selling Based on Previous Purchases	38%	30%	16%	8%
Personalized Promotions	35%	32%	14%	11%
Personalized Rewards Based on Customer Loyalty	32%	41%	16%	6%
Suggested Selling Based on Social Media Activity/Posts	24%	43%	11%	16%
Suggested Selling Based on Online Browsing History	19%	51%	14%	8%
Suggested Selling Based on Customer Closet/Room/Garage	16%	46%	16%	8%

that personalized promotions and discounts from an associate would make them likely to shop at that store over one that doesn't offer the same kind of personalized service.

RETAILER OPPORTUNITIES

Offering customer-specific messaging and promotions based on customer context is a key differentiator for retailers.

As retailers expand personalization to create a fun and engaging experience, technology continues to play a big role. Ensuring that associates have easy access to customer and product information is important. Mobile devices for associates to access customer account information, product information and inventory visibility in real-time allows associates to "keep up" with customers, not only physically throughout the store, but also to readily

respond to questions or provide additional information.

Implementing advanced technologies such as touch screens, virtual mirrors or augmented reality offers retailers increased options for customer engagement, creating a more immersive environment and enabling customers to personalize their own shopping experience.

MOBILIZATION

MOBILIZATION

Offering customers the ability to manage their own shopping experience through mobile devices/services.

Mobile devices have become ubiquitous in the lives of consumers, dramatically changing how they shop. Having a constant, virtually unlimited amount of information at their fingertips has altered consumer behavior and elevated their expectations for customer service. Consumers now use mobile devices to research products, compare prices and complete purchases online, even while in the store.

This proliferation creates opportunities for retailers to leverage mobile devices to enhance customer service and provide more self-service options. Putting mobile devices in the hands of store associates allows additional service offerings, inventory look-up and transaction processing easily and anywhere in the store.

CUSTOMER EXPECTATIONS

Consumers use their phones to research products, compare prices, complete purchases online and pay for in-store purchases.

There is no denying the role of mobile technology as a disruptor and influence in the retail industry. Mobile shopping (browsing or buying) is expected to continue to grow as the ease and convenience of shopping online increases, and as social media surges in influence over buyer behaviors. In fact, 56% of consumers today begin their shopping journey on their mobile device.
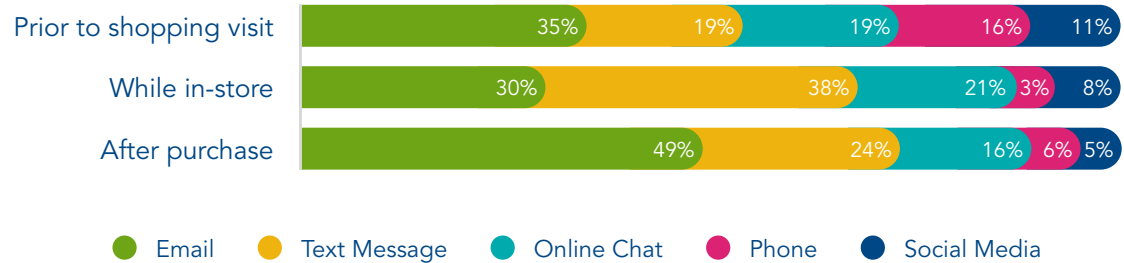
56%
of consumers begin their shopping journey on their mobile device

However, shopping via a phone is just one way that consumers use mobile devices to enhance their experience and interact with retail brands. While they are in a store, 22% of customers utilize their phones to look up product information and compare prices and 24% look for offers/coupons.

EXHIBIT 6: Preferred Form of Customer Communications

	Email	Text Message	Online Chat	Phone	Social Media
Prior to shopping visit	35%	19%	19%	16%	11%
While in-store	30%	38%	21%	3%	8%
After purchase	49%	24%	16%	6%	5%

CUSTOMER COMMUNICATION

Communication with customers offers retailers ways to enhance the customer relationship and shopping experience.

While mobile devices are used for research, they are also serving as a means to open new opportunities for communication and connection with customers. From the retailer point of view, email is the preferred method to confirm orders, remind the consumer of an unfinished online shopping opportunity, entice the customer to visit the store or thank them for shopping and offer incentives to visit again (*Exhibit 6*). While customers are in the store, retailers realize texting the consumer offers an immediate and somewhat unobtrusive way to offer real-time promotions and discounts.

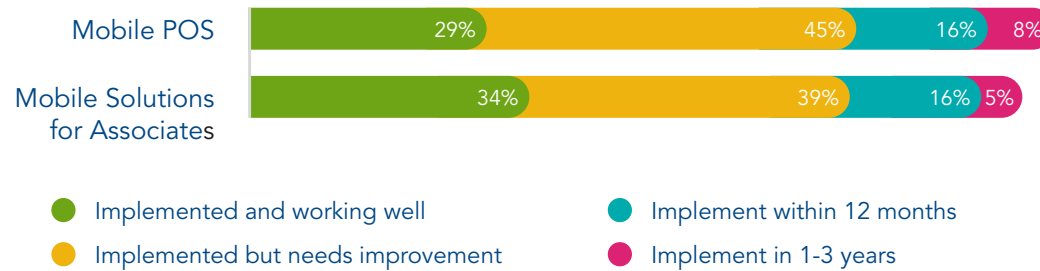Consumers agree that email is generally their preferred method of communication with more than half of the consumers in the study citing email as the number one choice. Order confirmations and shipping status updates sent through email offer an important opportunity to build trust with the consumer.

ASSOCIATE-FACING MOBILE DEVICES

Tablets and mobile phones offer opportunities for retailers to enhance customer service.

As the focus within the store shifts to incorporate digital technologies, mobile devices play a larger role in personalization. Mobile point of sale (POS) enables associates to complete a customer's purchase on the sales floor at the moment the buying decision is made. Mobile POS also frees the associate to move from the checkout area to allow for more

EXHIBIT 7: Associate-facing mobile tools

Mobile POS	29%	45%	16%	8%
Mobile Solutions for Associates	34%	39%	16%	5%

- 🟢 Implemented and working well
- 🟡 Implemented but needs improvement
- 🔵 Implement within 12 months
- 🔴 Implement in 1-3 years

personal interactions on the sales floor and improves customer convenience by eliminating the need to wait in line during checkout. This reduces the probability of a customer changing their mind as the purchase can be made as soon as the customer makes the decision, instead of having time to reconsider the purchase as they move to the checkout.

Most retailers offer store associates tools to deliver further customer service and enhance the in-store experience although many times these tools need to be fine-tuned to ensure they are adding value (*Exhibit 7*). Over the next few years, the use of mobile devices and tablets as a tool in the store will continue to increase.

Retailers need to continue to improve mobile capabilities through refined processes, better technology and enhanced training for associates. Mobile devices and tools are only helpful if associates are trained to use them

effectively, especially when associates are dealing with sensitive customer information.

CUSTOMER-FACING MOBILE SERVICES

Utilizing customer-facing technology is a natural outcome from the proliferation of mobile devices and is a big part of the overall customer experience.

As customers become more proficient with utilizing mobile technology as part of the retail brand experience, retailers will continue to expand mobile services to enhance the shopping experience.

Retailers are increasingly implementing customer-facing mobile services such as mobile coupons, specials and promotions, product information, shopping list capabilities, and personalized recommendations via mobile

devices (*Exhibit 8*). There are still missed opportunities to tailor the shopping experience by offering personalized recommendations on customers' mobile devices.

Improving mobile processes is an open opportunity as noted by the large number of retailer responses within the 'implemented but needs improvement' category." This likely indicates that the processes currently in place have been rushed to production before they were fully tested and perfected, and/or there are additional benefits to be realized. The disparity between retailers' ability to meet customer expectations in mobile services and the likelihood of consumers to use a service also indicates a big opportunity for retailers to improve.

Consumers are looking for mobile features accessible in stores. 66% of consumers are likely to choose a retailer offering mobile coupons, discounts and promotions and 64% are likely to choose a retailer offering product information via mobile devices over a retailer who doesn't offer these services.

EXHIBIT 8: Customer-Facing Mobile Services — Customer Expectations vs. Retailer Capabilities

- Likelihood of consumer to choose a retailer based on service
- Retailer successfully offering service

Mobile Loyalty
- 66%
- 50%

Mobile Coupons/Promotions
- 66%
- 51%

Product Information
- 64%
- 42%

Prior Purchase Visibility
- 44%
- 29%

Wayfinding
- 43%
- 21%

Shopping/Wish List
- 42%
- 42%

Personalized Recommendations
- 41%
- 34%

Mobile Wallet
- 39%
- 54%

RETAILER OPPORTUNITIES

Mobile technology in the hands of consumers and retail associates is transforming the customer engagement model.

The abundance of mobile devices is only the beginning. Wearables are now available to the masses, with an estimated 1.1 billion expected to be connected worldwide in 2022. As wearables become more pervasive, the shopping and checkout experience will continue to evolve as shoppers more easily browse online while shopping within the store, and then simply wave their watch to purchase items. The future will continue to see new ways for customers to use 'wearables,' which will shape their expectations and experience.

Mobile is driving retailers to upgrade and replace technology to stay ahead of their competitors' customer experience offerings and to keep up with their very informed and technology-savvy customers. While the shift to mobile tools can dramatically enhance the shopping experience and reduce retailers' total technology costs, it brings its share of challenges. As with any new technology, innovative mobile approaches require a fundamental change in processes and corresponding training to educate both sales associates and customers to convince them to try and use the new processes.

To make the best use of these mobile technologies, retailers need to have highly available and redundant in-store networks as well as a holistic approach to real-time retail data. Having a mobile device and engaging with the customer anywhere at any time during their shopping journey will deliver an experience that is only as good as the data shared with the customer.

This area is clearly transforming retailers' customer engagement models, operational budgets, in-store procedures and layouts. Mobile capabilities and expectations continue to evolve rapidly and need to be a significant part of a retailer's customer engagement strategy.

SYNCHRONIZATION

SYNCHRONIZATION

Providing customers the ability to securely and holistically shop across channels and offer a consistent brand experience is vital.

The ability to deliver a unified and personalized experience to the customer whenever, wherever and however they choose to shop is now table stakes for retailers. Retailers need to be able to identify the customer and gather, analyze and disseminate customer, product, pricing and inventory data instantly and across all channels.

While delivering a seamless customer experience is the driver, technology allows customers and retailers to uniquely tailor the shopping experience. A unified commerce platform is key to enabling the cross-channel experience consumers expect.

CUSTOMER EXPECTATIONS

Customers expect a personalized and seamless experience across channels and will choose retailers that offer it.

Customers want access to a single cart to shop across channels and access their cart via phone, computer, or even in the store – they want to "start anywhere and finish anywhere." In fact, in enVista's Consumer Study, 51% indicated that

they were likely to shop at a retailer that allowed them to have a shared cart across channels. Consumers also want the ability to buy anywhere, ship anywhere with 65% indicating this is a critical factor in choosing where to shop.

> # 72%
> **of consumers are likely to choose a brand that offers the ability to purchase/return across channels**

Three-quarters of consumers also indicate a strong preference for shopping at retailers that offer consistent pricing/promotions and product assortment across all channels. Therefore, a single data source and version of the truth for all retail and customer data is required, so customers have a consistent brand experience wherever and however they choose to shop.

A SINGLE COMMERCE PLATFORM

Retailers are focused on implementing a common unified platform to deliver the required consistent, relevant shopping experiences across all channels.

A single commerce platform, with solutions built on a common data model, centralizes data and simplifies real-time access to information across the ecosystem (stores, distribution centers, suppliers, etc.). Leveraging retail solutions on a common data model (OMS, POS, PIM, EDI) enables retailers to obtain a single enterprise view of customer, inventory, order, item and payment information that is required for delivering a consistent, customer-centric brand experience for buy, ship, return anywhere commerce.

Platforms built with a microservices architecture on a multi-enterprise integration framework will deliver significant benefit in the forms of rapid integration, time to value and lower cost of ownership.

Retailers' current and planned implementations of a single commerce platform continues to increase, with 95% of retailers indicating they have implemented or plan to implement a single unified commerce platform within three years. Many retailers continue to work on their implementations since a number of retailers (42%) indicate there is need for improvement (*Exhibit 9*).

EXHIBIT 9: Single Commerce
Platform Implementation Status
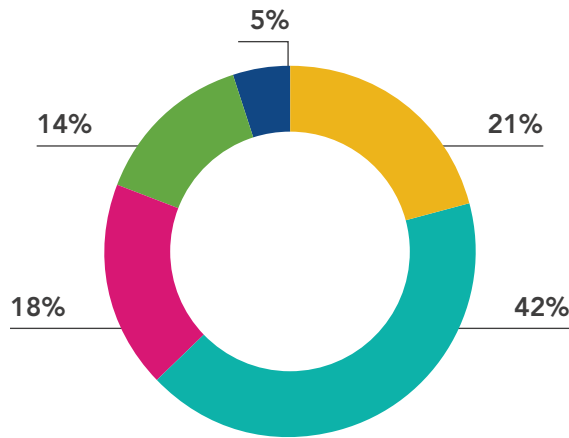
5%

14%

21%

18%

42%

- ● Implemented and working well
- ● Implemented but needs improvement
- ● Implement within 12 months
- ● Implement in 1-3 years
- ● No plans to implement

As retailers and solution providers continue down the path to unified commerce, more and more capabilities are being centralized or offered as cloud-based services. Retailers are embracing this move to the cloud, as it is key to enabling real-time capabilities and technology environments that are scalable and agile enough to support evolving business needs.

CLOUD-BASED SOLUTIONS

A cloud approach enables retailers to significantly reduce infrastructure, improve security and increase operational effectiveness by centralizing management of data and processes.

Leveraging cloud computing and IT outsourcing makes sense for many retailers. IT is not a core competency or differentiator for most retailers — it is a necessity. Retailers are embracing this move as they realize cloud-based unified commerce is key to accelerating their path to a single version of the truth.

Cloud computing, either public or private, offers the quickest and surest path to implement and integrate systems including e-commerce, mobile commerce, customer care, point of sale, enterprise order management, inventory management, marketing, supply chain and financials.

Many retailers have made the shift to the cloud over the past few years as a means of centralizing their store systems, although we are still seeing some retailers hesitate, which may prove to be their downfall as the shift to the cloud enables an agility necessary in today's environment (*Exhibit 10*).

EXHIBIT 10: Cloud-based Systems

- ● Currently operate as a cloud application/service
- ● Moving to cloud application/ service within 3 years

Point of Sale

| 55% | 37% |

Loss Prevention

| 50% | 39% |

Returns Processing

| 47% | 48% |

Business Intelligence/Enterprise Reporting

| 42% | 47% |

CRM

| 39% | 53% |

Task Management

| 39% | 47% |

Workforce Management

| 32% | 26% |

Order Management

| 26% | 32% |

Pricing

| 11% | 13% |

REAL-TIME RETAIL

Real-time data provides associates necessary information to tailor the shopping experience.

Real-time retail enables retailers to identify the customer and gather, analyze and disseminate customer, product, pricing, and inventory data across all channels – instantaneously. Real-time retail is imperative to improving customer engagement, as without real-time data, information provided internally and externally is out-of-date and, therefore, risks being inaccurate and out of context.

It is still very challenging for retailers to effectively execute real-time retail. Many retailers indicate that they can access analytics, inventory and order status/tracking in real-time, but most of the processes still need improvement (*Exhibit 11*). In our experience, many retailers can check inventory, but the inventory data they are able to access is from yesterday, versus the real-time data required for an improved customer experience. Retailers that leverage a unified commerce platform can access all inventory available to promise (ATP) across the retail enterprise in real-time (stores, distribution centers, suppliers and third-party logistics partners).
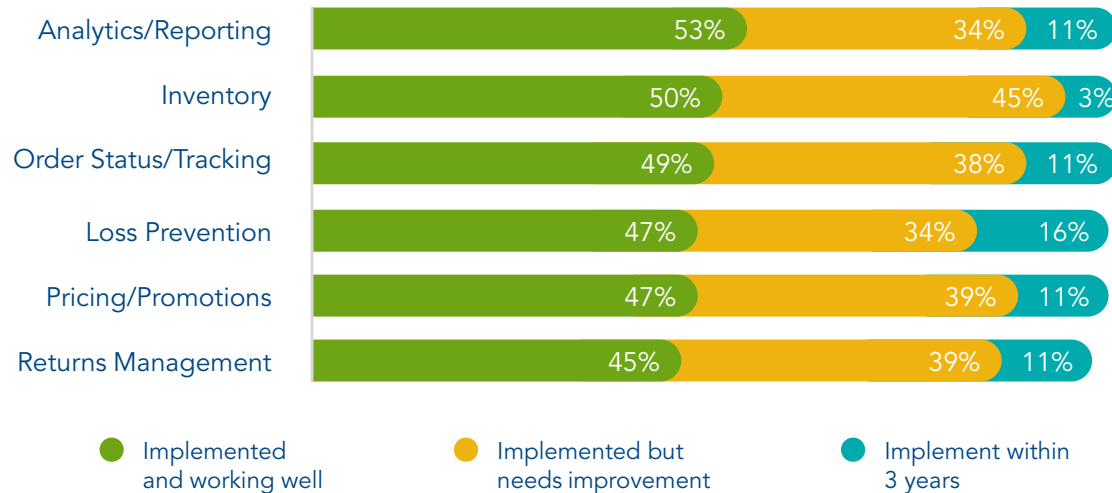
RETAILER OPPORTUNITIES

As consumer expectations have increased, the need for real-time access to product /customer information has grown exponentially.

Retailers realize that the process of offering customers the ability to shop anywhere, fulfill anywhere is complex as technology and consumer behaviors continue to evolve. A new model is necessary to succeed, and the new model requires an unprecedented level of agility. The key to profitability and competitive advantage is to map out a comprehensive customer-centric strategy and to vigorously execute against the plan.

Over the last few years, many retailers advanced processes and technology in piecemeal fashion with little integration, in an effort to keep up. However, this approach has only taken retailers so far and has resulted in high-cost gaps in service levels, inefficient and ineffective processes, and lost sales.

Retailers can no longer afford to operate within channel silos; they must completely transform their organization, business processes and technology to align with the new shopping behaviors and expectations of today's customers. A unified commerce platform is imperative to provide the necessary customer, inventory and order information across the organization and process in real-time.

EXHIBIT 11: Enterprise-wide Real-time Features

Feature	Implemented and working well	Implemented but needs improvement	Implement within 3 years
Analytics/Reporting	53%	34%	11%
Inventory	50%	45%	3%
Order Status/Tracking	49%	38%	11%
Loss Prevention	47%	34%	16%
Pricing/Promotions	47%	39%	11%
Returns Management	45%	39%	11%

● Implemented and working well   ● Implemented but needs improvement   ● Implement within 3 years

FUTURIZATION OF THE STORE

FUTURIZATION OF THE STORE

Transforming the store requires offering personalized services, taking advantage of mobile capabilities and synchronizing information across all channels to encompass the physical and digital environments.

Retailers must infuse digital features into the store environment to exceed customer expectations, compete more effectively with online retailers and offer a more personal, relevant and engaging shopping experience.

Even with the proliferation of mobile digital devices, the physical store remains the foundation of retail; however, the traditional store model must transform to succeed.

CUSTOMER EXPECTATIONS

Stores must provide and reflect a unified and customer-centric digital and physical commerce experience for consumers.

The physical and digital aspects of commerce will become even more intertwined as we look to the future. Customers want the sensory experience generally available in the physical world, such as touching and feeling merchandise and personally interacting with a knowledgeable associate, married with the unique and personalized shopping experience

common in the digital world. They want to pick up and return products they ordered online in the store and ship the products they purchase in-store to their home.

Consumers have shown they love the theater of shopping, which is why we are seeing many pure-play online retailers opening brick and mortar stores, and store concepts continue to change to incorporate more entertainment and unique experiences. Customers want a multi-dimensional shopping experience that leverages all of their senses.

Customers are willing to try new technologies if it improves their in-store shopping experience. According to enVista's Consumer Study, 23% of consumers are likely to shop at a store offering an augmented reality or virtual reality experience as part of their shopping environment and 31% are likely to choose a store offering virtual mirrors to allow them to virtually try on items like make-up and apparel.
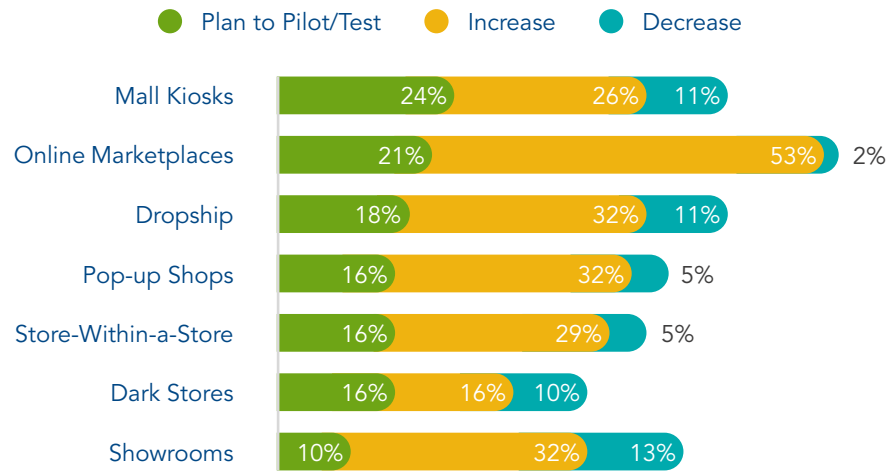
They are also very interested in utilizing self-service technology instead of human interaction if it means the process be quicker and easier. For example, 54% are more likely to shop at a store with self-checkout versus a store without and 47% will choose a store offering automated returns to avoid unnecessary human interaction.

CHANGING STORE FORMATS

While e-commerce and mobile continue to grow and garner attention, the store remains a key component of the customer's brand experience.

The physical store is still the central point of the shopping journey. However, the role of the store continues to change. The advent of digital commerce and mobile devices offer consumers new ways and 'places' to research and shop. These digital possibilities, along with mobility, have modified consumer expectations and behaviors. Retailers must adapt their stores and technology to new customer expectations to succeed.

The concept of the store is also evolving with new formats, such as pop-ups and store-within-a-store, or even stores as mini distribution centers. 45% of retailers are testing or increasing the number of store-within-a-store concepts and 48% are planning to pilot or increase the number of showrooms and pop-up shops (*Exhibit 12*).
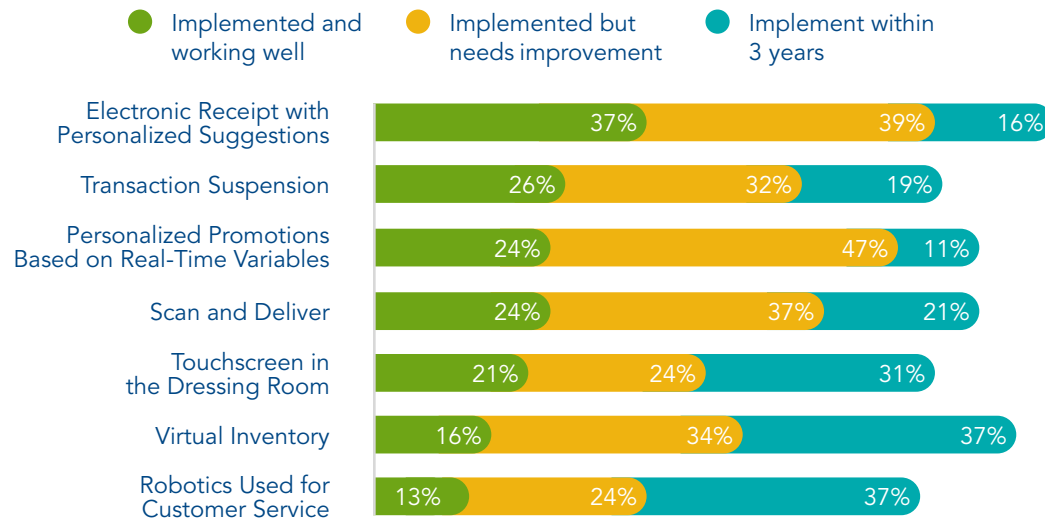
EXHIBIT 12: Future Expansion Plans

● Plan to Pilot/Test　　● Increase　　● Decrease

	Plan to Pilot/Test	Increase	Decrease
Mall Kiosks	24%	26%	11%
Online Marketplaces	21%	53%	2%
Dropship	18%	32%	11%
Pop-up Shops	16%	32%	5%
Store-Within-a-Store	16%	29%	5%
Dark Stores	16%	16%	10%
Showrooms	10%	32%	13%

EXHIBIT 13: Potential Customer Services

● Implemented and working well　　● Implemented but needs improvement　　● Implement within 3 years

	Implemented and working well	Implemented but needs improvement	Implement within 3 years
Electronic Receipt with Personalized Suggestions	37%	39%	16%
Transaction Suspension	26%	32%	19%
Personalized Promotions Based on Real-Time Variables	24%	47%	11%
Scan and Deliver	24%	37%	21%
Touchscreen in the Dressing Room	21%	24%	31%
Virtual Inventory	16%	34%	37%
Robotics Used for Customer Service	13%	24%	37%

NEW SELLING OPTIONS

Retailers are exploring other locations/ options to ensure they get products in front of the customer.

Selling options are also increasing in different forms via online marketplaces (21% plan to pilot/test and 53% plan to increase the use of online marketplaces) and vendor dropship (18% plan to pilot/test and 32% plan to increase their vendor dropship plans) where retailers can take advantage of suppliers' inventory to expand and test item assortments (*Exhibit 12*).

Many retailers are quickly adopting drop shipping relationships with their trading partners (manufacturers and distributors) as an effective way to compete against Amazon and other retailers with extensive product offerings. Leveraging a dropship model, retailers can quickly expand their product offerings with minimal inventory carrying costs to increase sales and customer satisfaction while reducing shipping times and costs.

CUSTOMER SERVICE CAPABILITIES

New technology brings creative and innovative ways to provide customers the necessary services to enhance the experience.

Within three years, 91% of retailers plan to offer electronic receipts with personalized suggestions for their customers (*Exhibit 13*). Offering customers an electronic receipt after a purchase in a physical store gives consumers the peace of mind that they will have a copy on file. In addition, retailers are using electronic receipts as a means for suggested selling by offering recommendations for potential purchases based on previous purchases, elevating the customer's current and future shopping experience.
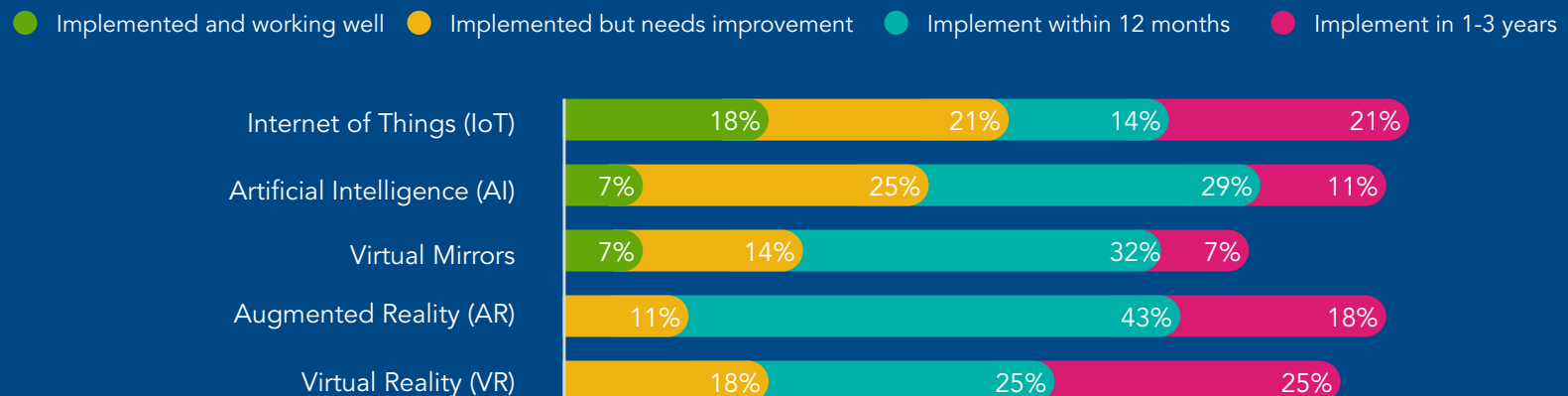
Offering customers personalized promotions based on customer context (real-time location, weather or other analytics) is the future of the store experience and is gaining traction, although again much improvement is needed to ensure that customer context is available in real-time (*Exhibit 13*).

Younger customer segments, such as Millennials, have grown up in the digital age where they expect access to everything via their smartphone, and they have high expectations for service. They assume they will receive the same level of personalized recommendations they receive on Amazon when they visit a store. With higher expectations for personalized experiences, younger shoppers believe sales associates should cater to their needs.

Although, as long as they get the information and service they expect, they do not care if it is delivered by a human or via technology.

While automation can be a way to cut overall costs and improve customer service options, it probably will not make sense to adopt automation to replace humans for some highly personal product decisions and luxury brands. The process of customer engagement, context (incorporating the time of day, weather, how the customer is dressed, what department they are shopping, etc.) as well as cross-selling and up-selling require a finesse that robotics will likely not completely replace.

EXHIBIT 14: Disruptive Technologies

- ● Implemented and working well
- ● Implemented but needs improvement
- ● Implement within 12 months
- ● Implement in 1-3 years

Technology	Implemented and working well	Implemented but needs improvement	Implement within 12 months	Implement in 1-3 years
Internet of Things (IoT)	18%	21%	14%	21%
Artificial Intelligence (AI)	7%	25%	29%	11%
Virtual Mirrors	7%	14%	32%	7%
Augmented Reality (AR)		11%	43%	18%
Virtual Reality (VR)		18%	25%	25%

DISRUPTIVE TECHNOLOGIES

Disruptive technologies such as artificial intelligence, virtual reality and the Internet of Things (IoT), offer further possibilities to leverage emerging technology and digital capabilities in the store.

Artificial Intelligence (AI) offers the ability to pair the vast amounts of data gathered on customers and their preferences and synthesize this information to help predict customer behavior and personalize the customer experience. Some retailers are experimenting with AI to offer product recommendations based on answers to a series of questions.

The disruptive technology that is of most interest to retailers is the IoT, with 39% of retailers currently having this capability, although much improvement is needed to gain the full benefits available. IoT describes an environment where the Internet is connected to physical objects embedded with sensors that can then communicate (*Exhibit 14*). The IoT is not just about gathering data, but also about the analysis and usage of that data. It has the potential to change the way the customer shops and will also change the checkout experience and transform the point of sale. We see IoT and similar technology as examples of how commerce will continue to evolve into the

future and further shape the customer's experience and their associated expectations.

Virtual reality (VR) and augmented reality (AR) remain hot topics with more options in the marketplace putting the technology in everyone's hands. While only 11% of retailers claim to be using AR technology, all of these companies indicate the technology needs improvement. With 72% of retailers planning to use AR within three years, we expect to see a lot of traction in improved AR technology and processes. A few unified commerce platform providers are incorporating AI into their order management offering to be able to optimize inventory and shipping decisions for order fulfillment.

Virtual mirrors allow shoppers to easily envision themselves in different garments, glasses or cosmetics. Currently, 21% of the retailers surveyed offer virtual mirrors to their customers and another 32% plan to add it within three years. These technologies, coupled with a personal digital assistant, can make recommendations based on customer information, purchase history and current promotions within the store.

RETAILER OPPORTUNITIES

As customer behavior and expectations continue to advance, stores will need to evolve with new customer engagement models.

While retail continues to go through challenging times, the transformation is exciting for consumers and retailers alike with new technologies and opportunities arising to enhance the changing customer journey. For retailers to survive (and thrive), the key is a personalized, mobile, synchronized customer journey powered by an agile unified commerce platform with solutions built on a common data model and integration framework.

The future is now as today's retail transformation is driving fundamental changes in the customer engagement model. This is the time to increase and enhance customer engagement across the retail enterprise and to innovate and reinvent the customer experience by reimagining your retail operations for this new customer journey.

Let's Have a Conversation.

SURVEY METHODOLOGY

enVista conducted the 2020 Customer Engagement Survey through an online survey program in November and December of 2019. The objective of the survey was to gain an understanding of U.S. retailers' planned initiatives, priorities and future trends concerning customer engagement in the store and online.

This research also included a separate consumer survey conducted in December 2019, which reflects the general population of U.S. shoppers, to understand what customers want when they are shopping online and in the store, including the related technology and overall shopping experience. The combination of the retailer and consumer surveys offers a valuable tool to compare customer expectations with retailer capabilities.

This report summarizes the results and findings of the survey, offers insights based on our consultants' engagements with hundreds of retailers and their overall experience, and identifies current and future trends in the industry. These insights are intended to aid retailers compare their customer-facing operations/technology and identify areas to enhance their customers' experience.

The primary retail segments of the survey respondents were general merchandise with 34% of respondents and specialty – hard goods with 26% of respondents (Exhibit 15). The others fell into other categories such as specialty – soft goods, grocery, food and beverage.

Of the retailers surveyed, the breakdown in size based on gross annual revenue included a broad selection of Tier 1, 2 and 3 retailers, with 66% of the retailers having more

than $1B in sales (Exhibit 16).

enVista also recognizes the challenges that retailers face as they shift from single, multiple or omni-channel environments to a unified commerce environment. While most of the retailers fall within a multi-channel/omni-channel environment, 11% of the respondents indicate they have a true unified commerce environment and offer a seamless experience to their customers (Exhibit 17).

The retailers included in the survey consider themselves on the leading edge of technology within the industry with 29% indicating they are innovators and 36% considering themselves early adopters (Exhibit 18).

The specific respondents for each company were comprised of vice presidents and directors of store systems or IT, and C-level executives.
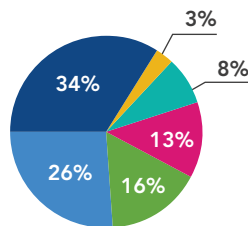

EXHIBIT 15: Company Category
- General Merchandise
- Drug Store/Health & Beauty
- Convenience & Fuel
- Grocery, Food & Beverage
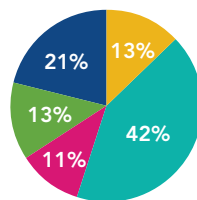- Specialty-Soft Goods
- Specialty-Hard Goods

EXHIBIT 16: Annual Revenue
- $100M to $499M
- $500M to $999M
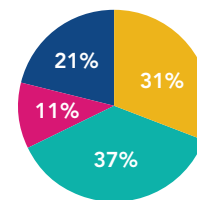- $1B to $4.99B
- $5B to $9.99B
- $10B or more

EXHIBIT 17: Current Channel Integration
- Single Channel
- Multi-channel
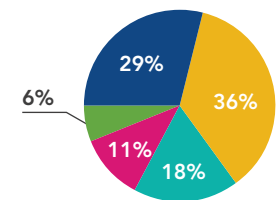- Omni-channel
- Unified Commerce

EXHIBIT 18: IT Implementation
- Innovator
- Early Adopter
- Mainstream Adopter
- Late Adopter
- Laggard

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About enVista

enVista, a leading global consulting and software firm, is the only solutions provider in the market that optimizes and unifies both supply chains and omni-channel commerce end-to-end, from order capture to fulfillment, and from supplier to end consumer. We have twenty years' experience helping thousands of the world's leading brands drive digital and omni-channel transformation; optimize enterprise efficiencies and savings; turn data into actionable, predictive customer insights; and deliver nimble, unified, optimized, customer-centric digital and physical commerce.

Our consultants bring exceptionally deep domain expertise and a "strategy first" approach to consult, implement and operate across omni-channel commerce, supply chain, material handling automation and robotics, global transportation, information technology (IT), business intelligence (BI), Microsoft enterprise solutions, and emerging technologies including, artificial intelligence (AI), Internet of Things (IoT) and machine learning (ML).

enVista's agile, cloud-native Enspire Commerce Platform uniquely and strategically built from the ground up as microservices architecture, provides a single enterprise view of customer, inventory, orders, items and payments.

Agile, profitable, customer-centric commerce starts here.

Let's have a conversation.™

enVista®
enabling enterprise commerce™

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