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Key Findings

E⁵ of Customer Experience

Educate

CUSTOMER Expectations
62%
check reviews/ratings before visiting a store

RETAILER Priorities
61%
offer consumer product reviews for research

Execute

CUSTOMER Expectations
73%
want ability to track orders across all points of interaction

RETAILER Priorities
42%
offer the ability to track orders across channels

Engage

CUSTOMER Expectations
64%
are fine with retailers saving purchase history and personal preferences if more personalization is offered

RETAILER Priorities
63%
make in-store and online shopping history available to associates to tailor the customer experience

Enhance

CUSTOMER Expectations
51%
will stop shopping at a retailer after 1-2 poor in-store shopping trips

RETAILER Priorities
62%
plan to improve their in-store customer experience within 3 years

Significant area of Opportunity

Enablers

CUSTOMER Expectations
68%
are more likely to choose a store offering an automated returns process

RETAILER Priorities
13%
currently offer an automated returns process

SOURCE: BRP 2018 Customer Experience/Unified Commerce Survey

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"Consumers expect the ability to shop seamlessly across channels, however, only 7% of retailers provide a complete unified commerce experience by allowing a customer to 'start the sale anywhere, finish the sale anywhere."

Perry Kramer, BRP Senior Vice President

Introduction

Today's consumers want to shop whenever, wherever and however they want. The customer journey continues to evolve as consumers move across channels to research, purchase and review products with easy access to merchandise and information right in the palm of their hands. These additional customer capabilities have helped to establish even higher expectations from each and every part of the customer journey. Each step along the customer journey offers retailers another opportunity to engage with the customer and strengthen the personal relationship to drive sales and customer loyalty.

Welcome to customer-centric retailing!

The new retail model ventures beyond omni-channel by breaking down the walls between internal channel silos and leveraging a common commerce platform with a single order management system to deliver a holistic, real-time, personal, customer-centric experience. Success today requires retailers to transform their organization and technology to support a unified commence experience.

It changes the definition and expectations of customer service as the need for retailers to have a single view of their customer across all touch points becomes a requirement. Without this, there is no personal connection between the customer and the brand, and retailers run the risk of providing a disappointing customer experience. And in a customer-centric world, one bad customer moment can mean the end of a long and fruitful brand relationship.

The complexity expands exponentially as the proliferation of social media, the Internet of Things, (IoT), artificial intelligence, virtual reality and machine learning influence the retail world and, more specifically, the customer journey. Stores must now encompass both worlds – 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.

Unified commerce is key – it is no longer the future of retail – it is the now.

As customer-centricity in a unified commerce world becomes the new normal, BRP conducted the 2018 Customer Experience/Unified Commerce Benchmark Survey to understand retailers' current and future customer experience priorities, and how the evolution of unified commerce helps provide retailers with the ability to meet today's customers' expectations for an optimal customer experience. This report compares retailers' priorities with customer expectations – based on the recent results from the 2018 Retail Consumer Study conducted by Incisiv and sponsored by BRP and Windstream Enterprise – to understand how retailer priorities are aligning with customer expectations.

> Look for the **VOICE OF THE CUSTOMER** call-outs outlining results from the 2018 Retail Consumer Study sponsored by BRP and Windstream Enterprises and conducted by Incisiv.

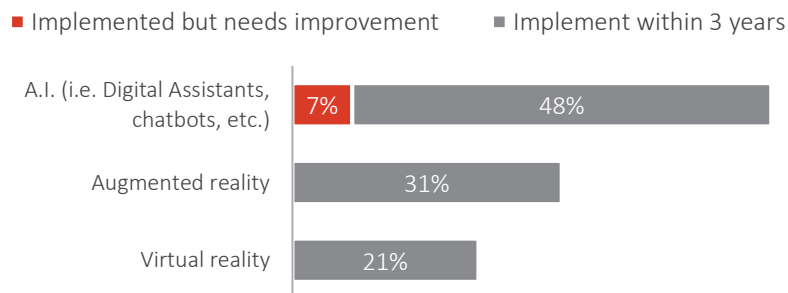**It's time to listen to the voice of the customer!**

The Customer Experience of the Future

The convergence of artificial intelligence with "traditional" customer service is transforming the shopping experience.

As artificial intelligence (AI) personas such as Siri, Alexa and "Google" become mainstream, with 16% of Americans currently owning a smart speaker according to NPR and Edison Research[1], we see chatbots increasingly replacing traditional human customer service. Many customers are comfortable with this replacement and some may even perceive human interaction as less efficient than artificial intelligence. While some retailers may find that human interaction within the shopping experience is too critical to move completely to AI, there is no denying that AI is having a big effect on the retail industry.

AI offers the ability to exploit the vast amounts of customer preference and transaction data gathered to personalize the customer experience. Amazon and other multi-channel retailers are currently experimenting with AI to offer purchasing suggestions based on answers to a series of questions and past purchase history. Sephora, using a Kik chatbot, offers customers "conversational commerce" by offering a one-on-one mobile chat experience to offer ideas on new makeup looks and identify

VOICE OF THE CUSTOMER:
New shopping tools and technology are critical to the shopping experience
- 50% find new shopping tools and technology to be important in determining where to shop
- 48% are more likely to shop at a retailer offering an augmented reality experience

products in tutorials to offer customers a better shopping experience. In-store, the chatbot becomes a personal shopping assistant by offering product recommendations, reviews and ratings. More retailers will be venturing into this arena with 55% of retailers planning to utilize AI as a means of offering customer service in the next three years, up from the 7% using AI today (Exhibit 1).

Other areas of interest include virtual reality (VR) and augmented reality (AR), which continue to grow after the introduction to the masses through Pokémon Go and virtual reality glasses, such as Google Cardboard, in the last few years. Both areas have the potential to have a positive impact on the customer experience of the future.

Apparel retailer Topshop supports its fitting rooms with AR. Customers can stand in front of a kiosk and see a digital reflection of themselves in different clothing using AR. They can easily use virtual buttons on the kiosk to change their virtual clothes. Not only does this enhance the customer's individual experience but it can also enable a social aspect with friends and family shopping together as they view and share opinions.

Disruptive technologies such as artificial intelligence, augmented reality, and virtual reality will continue to change the shopping experience and the customer journey.

Exhibit 1
Customer Service Technologies

- ■ Implemented but needs improvement   ■ Implement within 3 years

A.I. (i.e. Digital Assistants, chatbots, etc.)	7%	48%
Augmented reality	31%	
Virtual reality	21%	

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[1] "The Smart Audio Report," Fall/Winter 2017, https://www.nationalpublicmedia.com/smart-audio-report/

Achieving Unified Commerce

While retailers recognize the need for unified commerce to support a seamless, personalized customer experience, true unified commerce is still aspirational for many retailers.
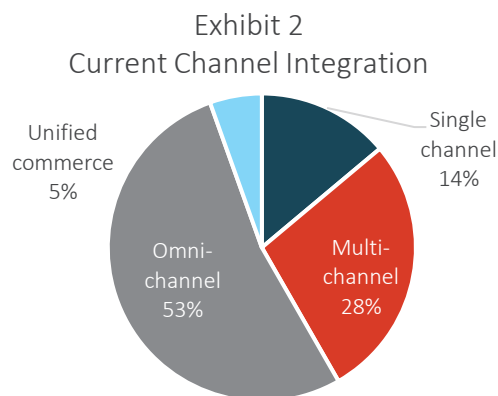
VOICE OF THE CUSTOMER:
Shopping across multiple channels easily and often is critical
- 86% shop frequently in a store
- 46% shop frequently online
- 44% shop frequently via their mobile device

Successfully delivering a seamless customer experience requires an approach that is enabled by unified commerce. A key element of unified commerce is leveraging a single commerce platform to eliminate channel silos and solve omni-channel integration challenges to offer a holistic customer experience across all customer touchpoints in real-time. This puts the customer experience first by leveraging real-time data, which is delivered by utilizing one common platform for all customer engagement points.

Retailers recognize the need for the required holistic customer experience, but most attempts fall short. Many retailers have taken the "just get something done" approach over the last few years to attempt to deliver a cross-channel customer experience. The unfortunate result of this quick fix approach is a "faux" omni-channel model that doesn't execute as promised and risks disappointing customers.

Exhibit 2
Current Channel Integration

- Unified commerce 5%
- Single channel 14%
- Omni-channel 53%
- Multi-channel 28%

With few exceptions, our research validates that retailers have embraced unified commerce as the answer and the best way to overcome and break down the traditional silos around individual channels. It is encouraging to see movement down the path to unified commerce with 81% indicating they operate a multi-channel or omni-channel environment, however, only 5% indicate they have reached a true unified commerce model (Exhibit 2).

E^5 of Customer Experience

While the customer journey is never a linear process, successful retailers strive to exceed expectations across the E^5 of customer experience.

The focus of retailers' customer experience priorities is to increase customer loyalty (53%) by delivering the optimal customer shopping experience (42%) and creating a unified experience across all channels (36%) (Exhibit 3). They are also focused on providing personalized promotions or recommendations (36%), flexible fulfillment options (36%) and enhancing the personalized service (28%).

To deliver on customer expectations means not only improving what customers see, but also everything behind the scenes that is required to provide a seamless customer experience.

Today's channel transparency makes the retailer's job more difficult as they can no longer differentiate on just product or price. In most cases, a personalized customer experience is the key differentiator for a brand
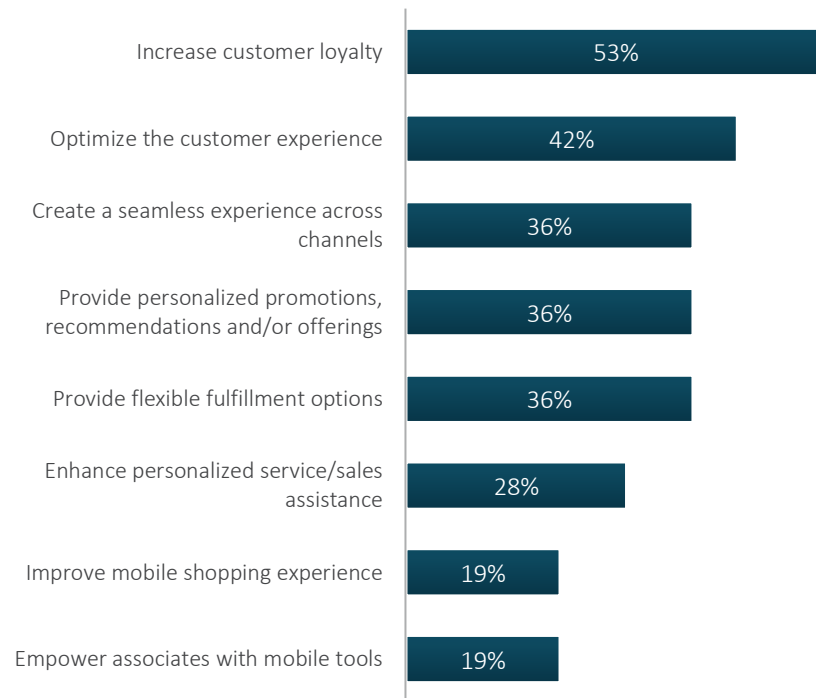
VOICE OF THE CUSTOMER:
Having a personalized brand experience across all channels is important
- 51% indicate it is important to get a personalized experience across all digital channels

and what drives customer loyalty. Successful retailers are developing a comprehensive customer journey map to identify all of the touch points and influence points in a customer's journey with a focus on the key moments of truth or decision points. With a keen understanding of the ideal customer journey for their brand, retailers are designing their systems and processes to support a customer experience that is seamless and frictionless.

As we explore this year's Customer Experience/ Unified Commerce Survey findings, we will delve deeper into what customer experience capabilities retailers are prioritizing and why these are critical for a true unified commerce environment.

Exhibit 3
Top Customer Experience Priorities

Priority	%
Increase customer loyalty	53%
Optimize the customer experience	42%
Create a seamless experience across channels	36%
Provide personalized promotions, recommendations and/or offerings	36%
Provide flexible fulfillment options	36%
Enhance personalized service/sales assistance	28%
Improve mobile shopping experience	19%
Empower associates with mobile tools	19%

To help with this analysis, we've organized the survey findings around the E^5 of Customer Experience:

Educate – Customers start the purchasing process by researching your brand and products, so it is critical to ensure they and your associates have information and tools that are easy to access and use.

Engage – The first step in customer engagement is to identify the customer early in the process and offer your associates the ability to leverage customer information to allow personalized interaction.

Execute – To meet and exceed today's elevated customer expectations, retailers must deliver unified commerce capabilities and empower associates with the right tools to optimize the experience.

E^5 of Customer Experience

Enhance – Gathering feedback to understand customers' likes and dislikes allows for a continuous improvement loop and helps empower associates to create a desired customer experience.

Enablers – Delivering a personalized customer experience requires the right technology and network to be in place – for both the customer and employee – and sets the stage for real-time retail on a unified commerce platform.
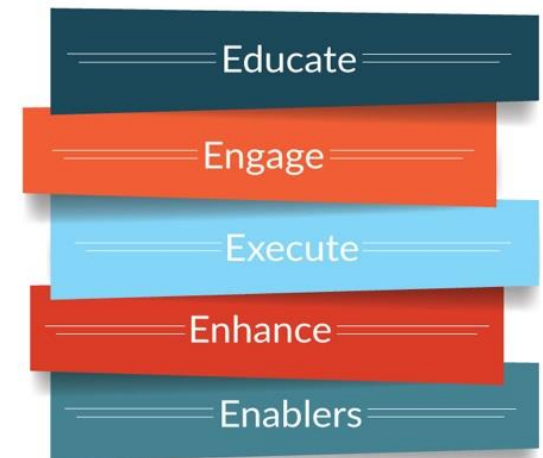
Educate

One of the areas of greatest opportunity is the offering of social media as a research option for customers to learn more about the brand and products.

Consumers' paths to evaluate, research and purchase products varies by retailer and product. To complicate matters more, it also changes for a customer every time she researches and purchases items. She may begin her research on a mobile device and then view the item in the store to con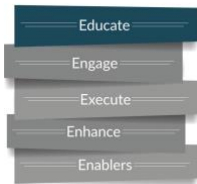firm sizing but decide to wait until she gets home to purchase it online. Conversely, she may view the item in the store and quickly research it on her phone, comparing prices and customer reviews, and then decide to purchase it in the store.

Customers expect to cross channels quickly and easily with consistent and reliable information readily available. This has to happen in real-time and there is no room for error, as customers will quickly move on to other options when disappointed or frustrated with their experience.

VOICE OF THE CUSTOMER:
Researching the brand and products via multiple channels before visiting a store is the new normal
- 76% compare prices
- 62% look up product information
- 62% check reviews/ratings

Customer Research

The means available for customers to research brands and products has never been more varied, from simple web searches, to consumer reviews, to asking Alexa. Every platform for research provides a different perspective, and retailers recognize that they must adapt to these outlets to keep up with the evolving customer journey.

Unsurprisingly, our data shows that most retailers offer product information on their website, with 84% offering this (Exhibit 4). However, there are still opportunities to improve with half of the

Exhibit 4
Research Options for Customers

	Utilize and works well	Utilize and needs improvement	Utilize within 3 years
Product information on website	34%	50%	6%
Social media	27%	58%	9%
Consumer product reviews	26%	35%	35%
Digital signage/kiosk in the store	19%	31%	25%
Brand advocates	16%	42%	16%
Educational/demo videos	15%	45%	24%
Third party app partnership (e.g. Shopkick providing product information)	13%	23%	32%
Online Q & A	9%	31%	38%
QR codes in the store	9%	6%	47%

BRP provides comprehensive consulting for retail and restaurant companies including: strategy, selection and implementation services.

retailers indicating their online product information needs improvement.

One of the areas of greatest improvement in customer interaction is the offering of social media as a brand and product research option for customers. Most retailers (85%) offer social media as a research tool, however, many retailers indicate that their current social media offerings need improvement.

Brand Interaction

We also asked about the forums available for customers to interact with brands, and most retailers indicate that they have room to improve and expand upon current capabilities. These findings demonstrate the importance of getting social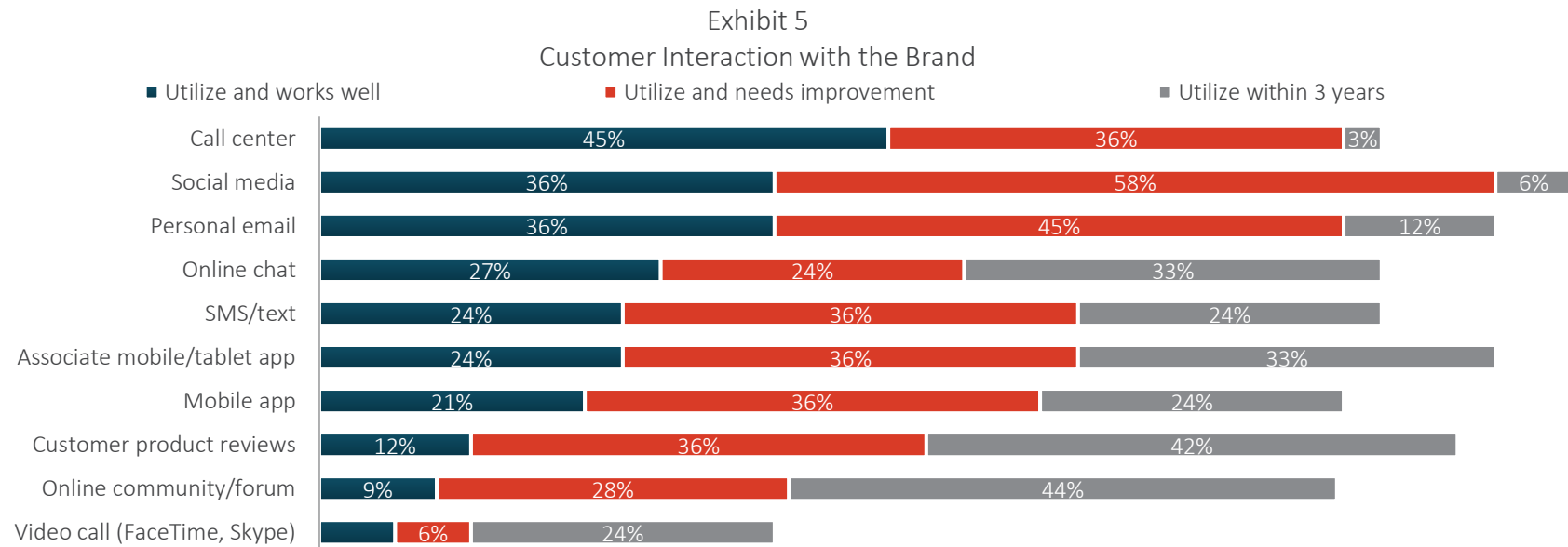 media right as part of the experience. This year, 94% of retailers support customer interaction via social media, however, 62% of those retailers feel that the current interaction needs improvement (Exhibit 5).

The most important piece of a social media strategy is to acknowledge the customer's voice and hear and respect what she is saying. If the communication is a complaint, retailers need to let the customer know quickly that the complaint is heard and being addressed – and then follow up with the customer as quickly as possible with a resolution. One area that has grown exponentially over the past few years is the use of personal email and text messaging as a means of successful customer interaction. As the majority of consumers have mobile phones where they can easily and quickly check email and texts, this is definitely an area of opportunity as 81% of the retailers utilize personal email and 60% use SMS/text but more than half of these retailers indicate these interactions need improvement.

Mobilization continues to be of huge importance, with 93% of retailers indicating they have, or plan to have, a mobile/tablet application for associates within three years (up from 81% planning to have within three years in last year's survey). Retailers recognize that this is the future of brick and mortar retailing and where the greatest impact around the convergence of the digital and physical experience will be felt.

Exhibit 5
Customer Interaction with the Brand

	Utilize and works well	Utilize and needs improvement	Utilize within 3 years
Call center	45%	36%	3%
Social media	36%	58%	6%
Personal email	36%	45%	12%
Online chat	27%	24%	33%
SMS/text	24%	36%	24%
Associate mobile/tablet app	24%	36%	33%
Mobile app	21%	36%	24%
Customer product reviews	12%	36%	42%
Online community/forum	9%	28%	44%
Video call (FaceTime, Skype)		6%	24%

BRP provides comprehensive consulting for retail and restaurant companies including: strategy, selection and implementation services.

Associate Training

A key piece of the customer's shopping experience in the store is the engagement with associates. While AI and chatbots can augment the customer experience in the store, sales associates are still vital. Unfortunately, this is also one of the greatest challenges for retailers as they are constantly attempting to hire, train and keep good associates while managing costs.

Consumers now have a plethora of information available at their fingertips to educate themselves in real-time on your brand and products. Associates need better information and further education to be a vital part of the in-store experience. Not surprisingly, retailers struggle to get pertinent customer and inventory information into the hands of their associates. Some retailers have invested in mobile technology to educate and enable their associates.

Studies have shown that associates who undergo comprehensive new hire training are more productive and loyal. We asked retailers what type of training they offer associates. The good news is that 97% of retailers offer their new hires a formal training program, however 73% of retailers indicate the training needs improvement (Exhibit 6). In addition to a formal new hire training program, ongoing training

programs to expand associates' abilities is critical to optimizing the performance of employees and the level of service they provide customers. On-demand training offers associates the ability to incrementally improve their retail operations knowledge and further enhance the customer experience. According to the survey, 64% of retailers offer on-demand training capabilities but most indicate it needs improvement.
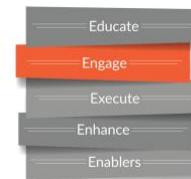
Engage

While education is the catalyst for successful customer experiences, customer engagement is the hook that creates an enhanced personal experience to increase customer loyalty.

Customer engagement continues to become more challenging for retailers as the balance of power has shifted from retailers to consumers. While customers now have more information and tools available, the customer experience remains a key differentiator for successful retailers.

As consumers "check-in" on retailers' e-commerce and mobile sites, they automatically receive personalized offers and recommendations based on their purchase and browsing history. However, most shoppers are still anonymous when shopping in a physical store and don't get the same level of personalized service.

Exhibit 6
Customer Service Training for Associates

- Implemented and working well
- Implemented and needs improvement
- Implement within 3 years

	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Formal training program for new hires	24%	73%	3%
On-demand micro-training/ education	12%	52%	21%
On-demand training/ education available via mobile devices	%	30%	48%
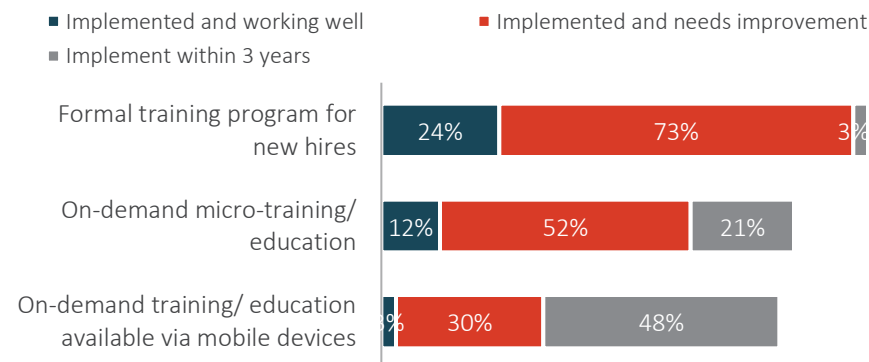
VOICE OF THE CUSTOMER:
Permitting retailers to save personal customer information if it eases the checkout process and provides more personalized experiences
- 64% allow saving of purchase history and personal preferences
- 61% allow saving of personal details

Customer Identification

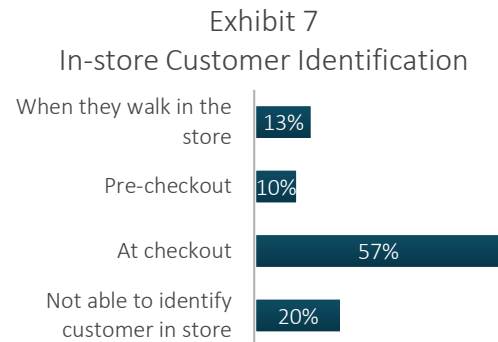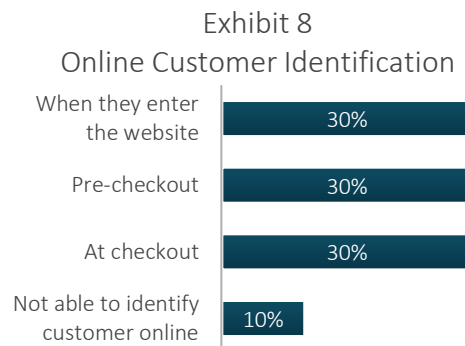The first step in engaging the customer is identifying them and accessing their information so that the dialogue and relationship building can begin. One of the keys to enhancing the customer's shopping experience is to identify the customer early, as soon as they enter the store or begin researching online. This allows retailers to personalize the experience and influence customers' shopping behaviors.

Exhibit 7
In-store Customer Identification

When they walk in the store	13%
Pre-checkout	10%
At checkout	57%
Not able to identify customer in store	20%

Unfortunately, in most cases customer identification still happens at the point of checkout in the store, which is too late to empower the associate to influence the current purchase decision. Only 23% of retailers surveyed can identify their customer before checkout (Exhibit 7). Without early identification of the customer, retailers miss critical engagement opportunities, such as clienteling and guided selling, which can increase sales and deliver a better customer experience. Even more concerning is the 20% of retailers who still have no ability to identify their customers in the store which eliminates any opportunities for improving the experience or customer loyalty.

Online customer identification fairs better with 60% of retailers able to identify customers before checkout (Exhibit 8). Identifying customers online is generally easier as it doesn't rely on customers to opt-in via their mobile phones.

Exhibit 8
Online Customer Identification

When they enter the website	30%
Pre-checkout	30%
At checkout	30%
Not able to identify customer online	10%

Customer Incentives

Offering incentives is a smart way to encourage customers to provide retailers their personal information for customer identification. It is important for retailers to offer compelling benefits to ensure that the customer feels they are getting value in return for handing over personal preference and purchase information. The optimal incentive will vary greatly based on retailers' customer demographics. Younger generations are much more willing to share their contact information; however, they also have much higher expectations for constant content refreshes and value associated with sharing their information.

We asked retailers what types of incentives they offer customers to encourage identification and found that the answers varied much more than last year with personalized service (37%) and product incentives (30%) the top answers. (Exhibit 9).

Exhibit 9
Customer Incentives

More personalized service	37%
Product incentives	30%
Specialized offers	27%
Product information	27%
Event information	27%
Maintenance of purchase history for ease of returns/exchanges	27%
Interaction with in-store technology (e.g. smart mirrors)	23%
Option to email customer receipt	17%
Credit towards future purchases	13%
We do not offer any incentives	37%

Specialized offers could be in the form of a specific offer only available to current customers or a personalized offer based on a customer's purchase history. The number of retailers that don't offer customers any incentives to identify has increased from 18% last year to 37% this year. Unfortunately, this means that fewer retailers see the value in gathering customer information. In practice, incentives create a strong correlation to the rate in which customers identify themselves, and identification creates opportunities to personalize the shopping experience and or offer special discounts and promotions, which typically translate into higher sales.

Exhibit 10
Tailoring the Customer Experience

- ■ Available and working well
- ■ Available and needs improvement
- ■ Available within 3 years

	Available and working well	Available and needs improvement	Available within 3 years
Contact information	28%	41%	17%
Transaction look-up	21%	55%	14%
Purchase summary	21%	45%	21%
Shopping history (in-store and online)	20%	43%	27%
Loyalty program status	17%	28%	41%
Social media shares/likes	17%	27%	37%
Customer attributes/ preferences	13%	53%	27%
Product recommendations	7%	37%	40%

Personalizing the Experience

Consumers continue to spend time in stores because they seek unique experiences and the ability to touch and feel products. Associates are an integral component of this experience, which means retailers need to effectively train, educate and motivate store employees to ensure that they fulfill customers' desire for a personalized experience.
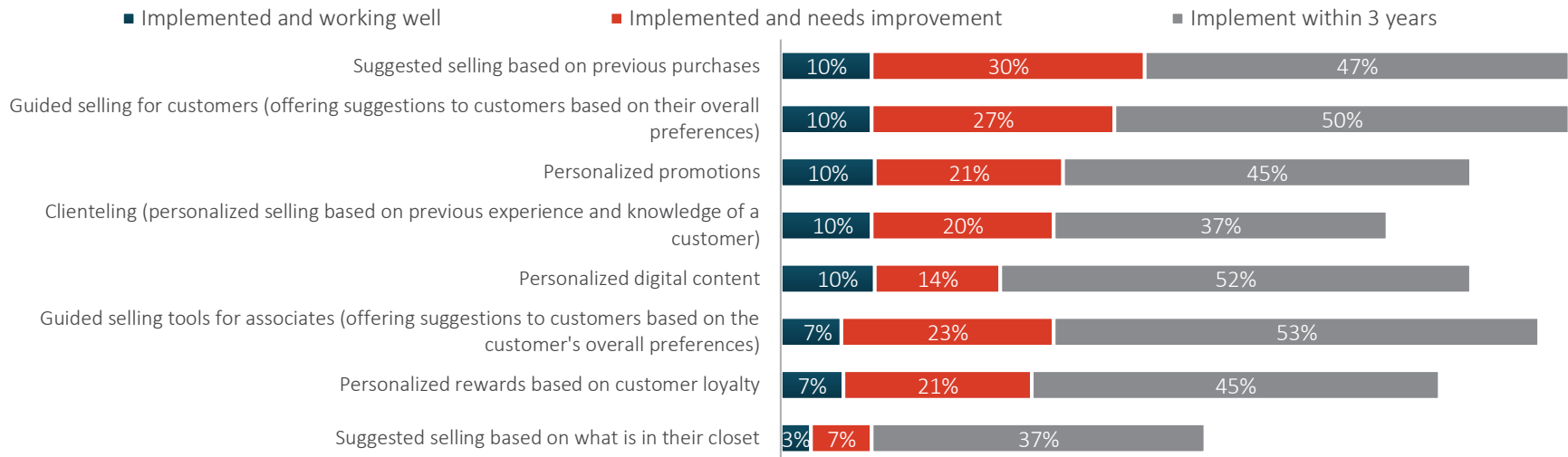
Once a customer is identified, it is up to retailers to provide associates with the information needed to personalize the shopping experience based on customer context. Customer context is the interrelated factors of customer insights and environmental conditions that make the shopping experience relevant. It enables the associate to personalize the shopping experience based on preferences, purchase history, the customer's closet, their most recent online browsing history, time of day, weather, current in-store item assortment, and their physical location – all based on real-time information.

We asked retailers what type of customer information they provide to their associates to help personalize the experience. More than two-thirds of the respondents provide contact information, the ability to look up past transactions, and purchase summary data to associates on the floor (Exhibit 10).

Delving deeper into how associates are able to tailor the customer's shopping experience based on available information uncovers that the capabilities are still limited but increasing. The most prevalent customer personalization capabilities involve suggested selling based on previous purchases and guided selling for customers (Exhibit 11). Most telling this year are the plans that retailers have to offer personalized services with half of the retailers surveyed indicating plans to implement guided selling for customers, guided selling tools for associates and personalized digital content.

Hopefully this year retailers will also work on improving these services, as the number of 'implemented and needs improvement' still significantly outweighs the 'implemented and working well' services.

Exhibit 11
Personalized Services Offered

■ Implemented and working well   ■ Implemented and needs improvement   ■ Implement within 3 years

Service	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Suggested selling based on previous purchases	10%	30%	47%
Guided selling for customers (offering suggestions to customers based on their overall preferences)	10%	27%	50%
Personalized promotions	10%	21%	45%
Clienteling (personalized selling based on previous experience and knowledge of a customer)	10%	20%	37%
Personalized digital content	10%	14%	52%
Guided selling tools for associates (offering suggestions to customers based on the customer's overall preferences)	7%	23%	53%
Personalized rewards based on customer loyalty	7%	21%	45%
Suggested selling based on what is in their closet	3%	7%	37%

Clienteling and guided selling are important pieces of the equation to enhance the shopping experience. Clienteling empowers store associates to leverage customer data (purchase history, personal information, preferences, etc.) and deliver highly personalized customer engagement, provide exceptional in-store shopping experiences, and timely follow-up communication with customers. To be effective, guided selling and any other customer engagement tactics can't operate with yesterday's information – they need real-time data, context and analytics.

Execute
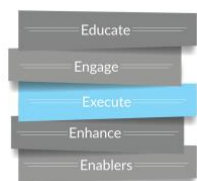
Once the customer is engaged, often the ultimate success or disappointment in the shopping experience comes down to the execution of cross-channel capabilities.

The ubiquitous use of mobile devices has enabled the customer journey to transcend channels and enhanced expectations for the shopping experience to be seamless. Consumers think in terms of a brand – not channels. Retailers have responded by shifting their focus to unified commerce because it is now a requirement for survival. Retailers can't afford – both financially and competitively – to operate from within channel silos, and must transform their organization, business processes and technology to align with their customers' expectations. A unified commerce environment that enables a real-time customer experience model with a single code base as a foundation is required to make this transformation.

Cross-Channel Capabilities

Many retailers have started down the path to unified commerce by offering services that emulate the holistic shopping environment that the customer expects but, in many cases, the process to offer customers

VOICE OF THE CUSTOMER:
Visibility to order tracking across all brand channels
• 73% want the ability to track orders across all points of interaction with the retailer

a seamless experience is still manual and involves complex integration across multiple systems and processes, and doesn't work in real-time.

Unfortunately, most retailers are finding it much harder than they thought to implement unified commerce capabilities. As a result, many retailers are still running a "faux omni-channel" environment even though consumers have indicated that a holistic, unified shopping experience is expected.

We continue to see progress made as retailers implement cross-channel capabilities such as consistent promotions, product assortments and order visibility across channels; however, the number of implementations that need improvement is still very high (Exhibit 12).

While only 7% of retailers offer 'start the sale anywhere, finish the sale anywhere' capabilities today, it is promising that another 52% plan to offer this to consumers. It is good that this is an area of focus for

retailers, because 73% of consumers want the ability to track orders across all points of interaction. This is a key element involved in implementing a complete unified commerce model and supporting a single shared shopping cart that travels anywhere with the customer.

Obviously, the key concern is the number of capabilities that emulate unified commerce. Since many of these capabilities are likely cobbled together via manual processes and disparate systems, a large percentage of these need improvement. Retailers may have the ability to access some of the necessary information to personalize the customer experience but being able to do it operationally and effectively during interaction with the customer is not convenient or efficient. This environment sets the stage for retailers to adopt a single commerce platform.

Exhibit 12
Cross-Channel Capabilities

- ■ Implemented and working well
- ■ Implemented and needs improvement
- ■ Implement within 3 years

Capability	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Consistent pricing/promotion across channels	31%	34%	17%
Consistent product assortment across channels	28%	38%	14%
Returns visible and accepted across channels	21%	24%	38%
Order tracking across channels	14%	28%	41%
Inventory visibility across channels	14%	25%	39%
Order visibility across channels	10%	28%	38%
Endless aisle	3%	28%	24%
Start anywhere, finish anywhere (shared cart across channels)		7%	52%

Exhibit 13
Fulfillment Options

■ Implemented and working well   ■ Implement and needs improvement   ■ Implement within 3 years

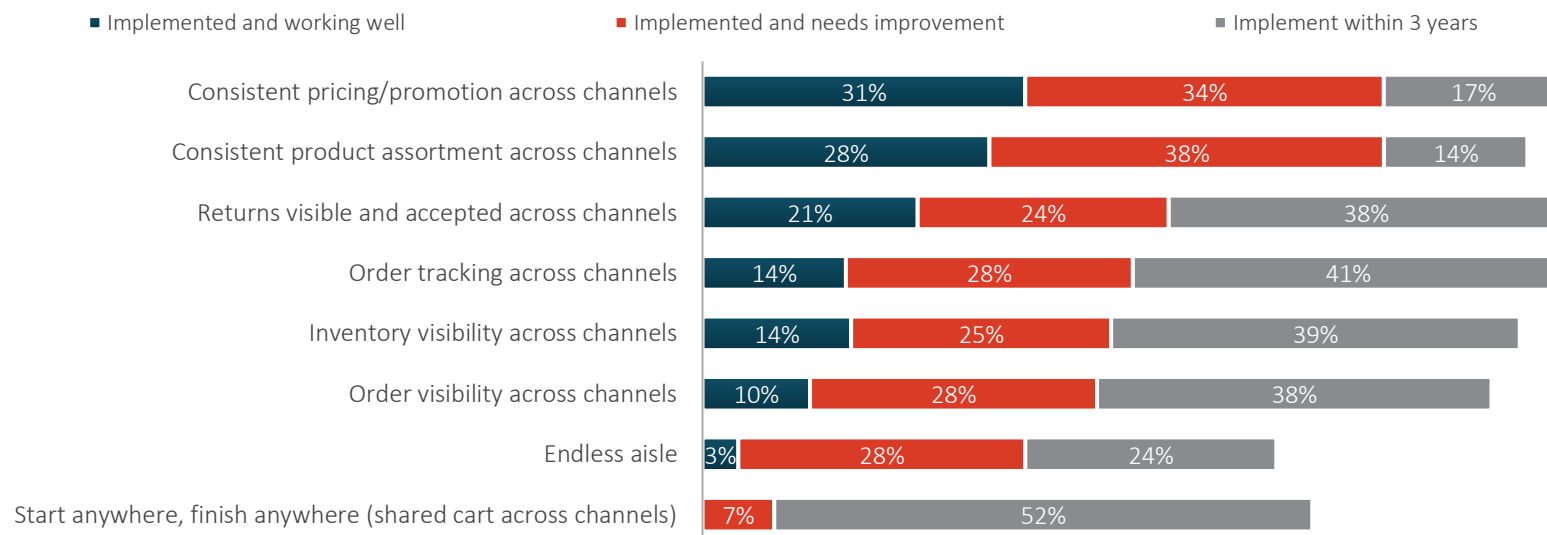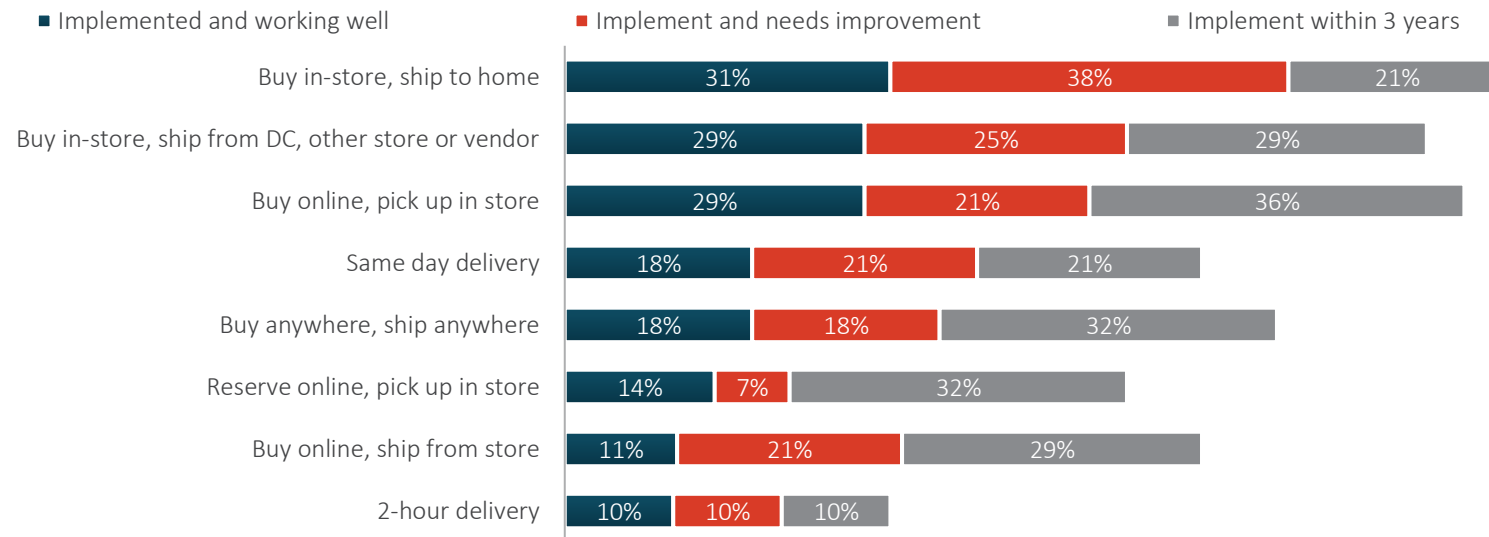| Option			
Buy in-store, ship to home	31%	38%	21%
Buy in-store, ship from DC, other store or vendor	29%	25%	29%
Buy online, pick up in store	29%	21%	36%
Same day delivery	18%	21%	21%
Buy anywhere, ship anywhere	18%	18%	32%
Reserve online, pick up in store	14%	7%	32%
Buy online, ship from store	11%	21%	29%
2-hour delivery	10%	10%	10%

When asked about fulfillment options, many of the same issues arise. 69% of retailers surveyed have implemented the ability for customers to buy in-store and ship the product to their home, but more than half of these indicate the process needs improvement (Exhibit 13). Again, these business processes are likely manually patched together and cannot effectively support this capability. Another issue may be a lack of real-time inventory visibility leading to safety stock issues and low pick rates.

Customers have grown to expect the ability to research, shop, purchase and ship across channels. Furthermore, if customers have a substandard experience due to over-promised or disappointing services, retailers will often suffer from lost sales, diminished customer loyalty, and quite often, brand degradation on social media and other forums.
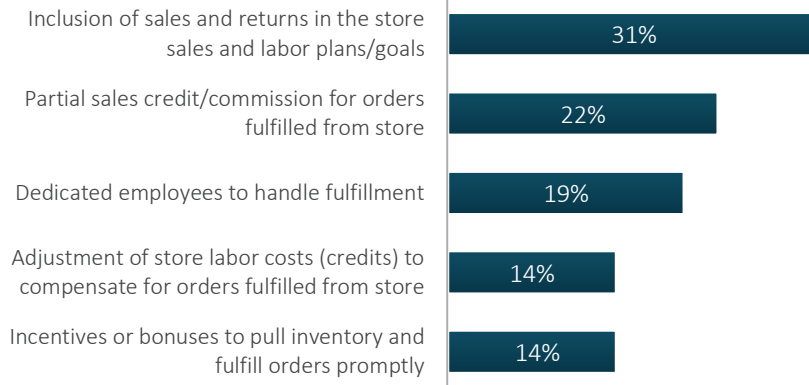
Empowering the Organization
The challenge for retailers is understanding and providing effective tools to associates and customers to enhance the customer experience. The entire organization has to be encouraged, motivated and rewarded to enhance each customer's shopping experience. Some retailers have focused on releasing the associate from the constraints of a traditional cash wrap station to allow better interaction with customers on the sales floor. Educating and empowering customers to obtain service through their own mobile devices is another way to enhance the customer experience. Regardless of the path, enhancing the customer's shopping experience involves all parts of the organization, not just the store associates. The processes, technology, organizational structure and compensation need to be aligned to ensure customers' expectations are met.

When we asked retailers how they motivate store associates to fulfill cross-channel orders, we found improvement over last year's results but there are still gaps in organizational incentives that may limit the effectiveness of efficiently executing non-traditional fulfillment processes (Exhibit 14).

Exhibit 14
Ways to Encourage Employees to Effectively Fulfill
Cross-Channel Orders

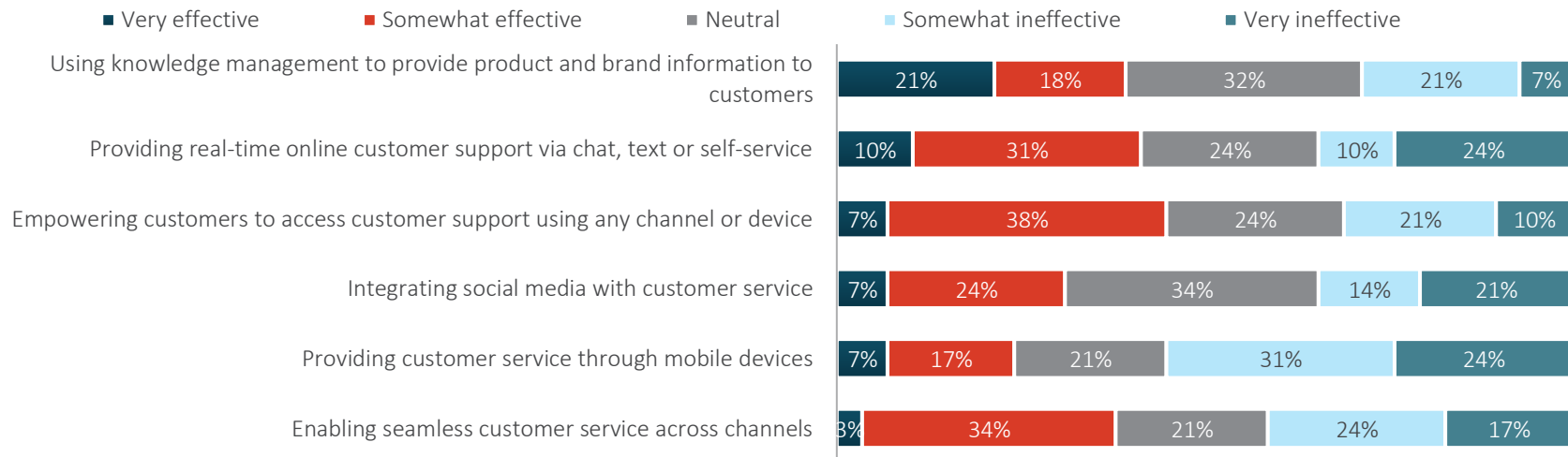|	
Inclusion of sales and returns in the store sales and labor plans/goals	31%
Partial sales credit/commission for orders fulfilled from store	22%
Dedicated employees to handle fulfillment	19%
Adjustment of store labor costs (credits) to compensate for orders fulfilled from store	14%
Incentives or bonuses to pull inventory and fulfill orders promptly	14%

There has also been improvement in the number of retailers who have dedicated employees to handle fulfillment from 16% last year to 19% this year. Retailers realize that when they fail to motivate and compensate their sales associates adequately, they risk subpar
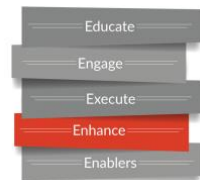
customer experiences. With an increased demand for two-day delivery, and next-day or same-day delivery in urban areas, some retailers are realizing that the only way to effectively execute fulfillment is to have dedicated employees assigned to these non-traditional in-store tasks.

There are varying levels of confidence with regard to the effectiveness of customer services provided. This year's survey reveals that retailers feel confident about their ability to empower customers to help themselves, with nearly half indicating this as very or somewhat effective. In contrast, providing customer service through mobile devices is far more often ineffective than effective with 55% indicating ineffectiveness (Exhibit 15). The percentage of retailers who find their current customer service through mobile devices capability effective has actually decreased from last year (34%) to this year (24%). Today's consumers do nearly everything with their mobile device so this is an area where retailers need to focus to prevent poor customer experiences that reduce satisfaction and loyalty.

Exhibit 15
Organization Effectiveness

■ Very effective   ■ Somewhat effective   ■ Neutral   ■ Somewhat ineffective   ■ Very ineffective

	Very effective	Somewhat effective	Neutral	Somewhat ineffective	Very ineffective
Using knowledge management to provide product and brand information to customers	21%	18%	32%	21%	7%
Providing real-time online customer support via chat, text or self-service	10%	31%	24%	10%	24%
Empowering customers to access customer support using any channel or device	7%	38%	24%	21%	10%
Integrating social media with customer service	7%	24%	34%	14%	21%
Providing customer service through mobile devices	7%	17%	21%	31%	24%
Enabling seamless customer service across channels	3%	34%	21%	24%	17%

BRP provides comprehensive consulting for retail and restaurant companies including: strategy, selection and implementation services.

Enhance

Gathering customer experience feedback to understand customers' likes, dislikes, preferences and shopping habits, allows for a continuous improvement loop.

Understanding what customers like and don't like about the shopping experience enables retailers to continuously enhance customer service and offerings. Dissatisfaction affects customer loyalty and, according to the UPS Pulse of the Online Shopper survey, 55% of online shoppers tell friends and family when dissatisfied and 28% are likely to comment on social media.[2] This underscores the importance of retailers' understanding their customer expectations and satisfaction levels.

Customer Satisfaction

In a world where consumers have easy access to public forums to air their grievances, it is even more critical to ensure customer satisfaction at each point of the customer journey, not just the act of purchasing. It's clear that retailers must continuously listen, enhance and evolve the customer experience. This is essential to continue to improve the customer experience and look for opportunities to enhance brand loyalty. Today, the most utilized customer satisfaction measurement is social media comments with 75% of retailers utilizing this venue. What is concerning though, is that 61% of the retailers using social media comments indicate the area needs improvement. As consumers utilize social media more and more to communicate with friends and family

> **VOICE OF THE CUSTOMER:**
> Poor in-store shopping experiences will drive customers away
> • 51% will stop shopping at a specific retailer after 1-2 poor in-store shopping trips

[2] "UPS Pulse of the Online Shopper," June 2016. https://solvers.ups.com/ups-pulse-of-the-online-shopper/

and to air their grievances, retailers need to be able to quickly and easily identify and utilize social media comments to interact with their customers (Exhibit 16).

Because retailers' use of social media is still developing, it is not surprising that many retailers are dissatisfied with their current methods of measuring customer satisfaction across social media. However, in most cases, customers are far ahead of retailers in their utilization of social media as part of the customer journey; therefore, retailers need to quickly educate themselves on the best methods and processes so they can continue to improve their social media listening and interaction. According to the UPS Survey, 42% of survey respondents

Exhibit 16
Customer Satisfaction Measurement

■ Utilize and works well   ■ Utilize and needs improvement   ■ Utilize within 3 years

	Utilize and works well	Utilize and needs improvement	Utilize within 3 years
Social media comments	29%	46%	21%
Mystery shoppers	28%	24%	10%
Customer reviews on brand website	21%	28%	31%
Online customer surveys	17%	41%	14%
Customer reviews on third party website	17%	34%	21%
Net promoter score	14%	21%	24%
Custom research	10%	38%	28%
Lifetime customer value	10%	14%	45%
In-store customer surveys	3%	48%	28%

are likely to promote a brand via social media when satisfied.[3] As retailers refine their social media interactions, they can utilize this information to continually improve the customer experience.

Overall, there has been advancement in all areas of measurement, however, the areas needed for improvement have also increased. As with the discussion on social media comments, it looks as though retailers are expanding their measurement methods to ensure they are gathering more data at more points throughout the customer journey. However, most have not been able to step back and look at improving their reporting and analytical methods to make the data truly actionable.
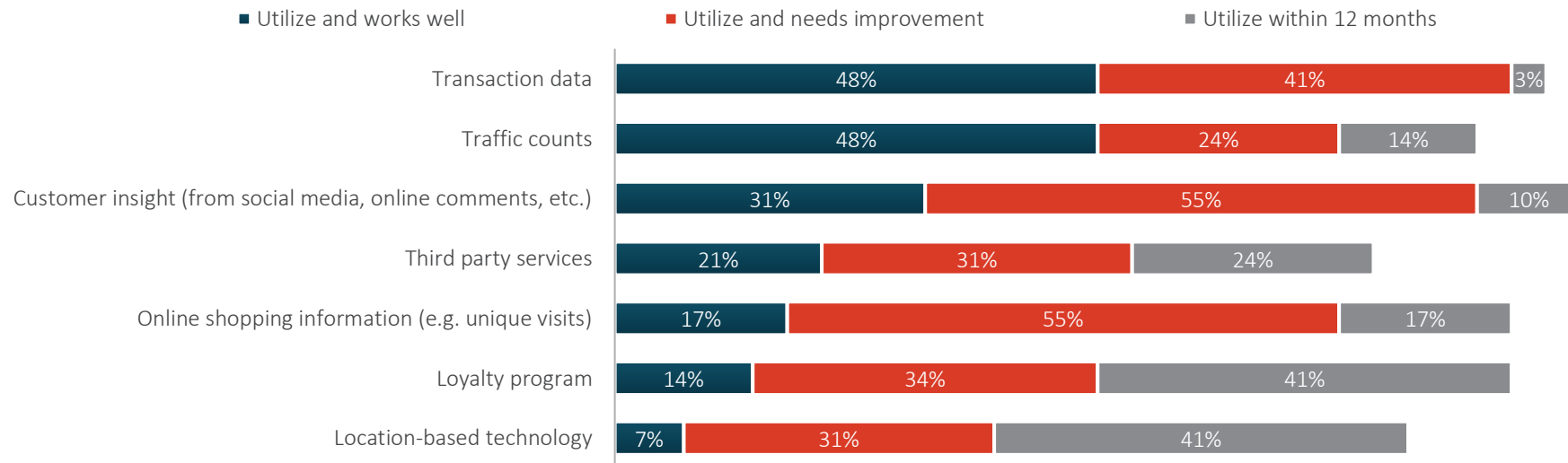
Customer Insight

The quantity of customer data available to retailers continues to increase, and retailers continue to struggle with how to manage the vast array of data they are collecting. In addition to traditional areas such as traffic counts and loyalty programs, now social media, location-based technology and chatbots offer a plethora of information on customers' likes, dislikes, friends, movements, etc. (Exhibit 17). These interactions produce data that can be instrumental to understanding customer context and tailoring the customer experience. Knowing the customer better than the competition empowers retailers to create personalized promotions and marketing campaigns to drive sales and enhance customer loyalty.

Retailers need to fully maximize every engagement with the customer using the abundance of physical and social outlets available to them. The means available to customers for research of brands and products has never been more varied, from simple web searches to consumer reviews to Pinterest to YouTube videos. Retailer investment and focus on social media will undoubtedly continue to grow, given that social

Exhibit 17
Sources of Customer Information

	Utilize and works well	Utilize and needs improvement	Utilize within 12 months
Transaction data	48%	41%	3%
Traffic counts	48%	24%	14%
Customer insight (from social media, online comments, etc.)	31%	55%	10%
Third party services	21%	31%	24%
Online shopping information (e.g. unique visits)	17%	55%	17%
Loyalty program	14%	34%	41%
Location-based technology	7%	31%	41%

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[3] "UPS Pulse of the Online Shopper," June 2016. https://solvers.ups.com/ups-pulse-of-the-online-shopper/

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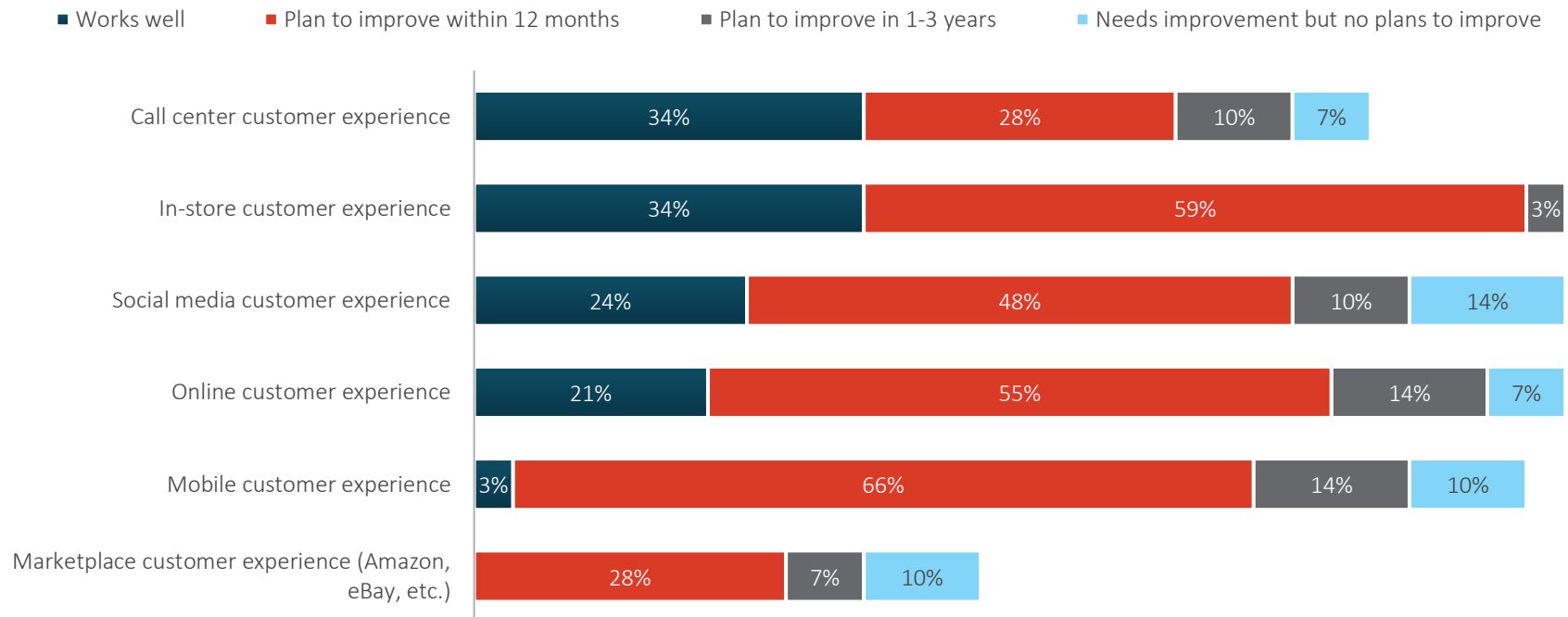
media has become part of consumers' day-to-day lives and it provides retailers with unprecedented visibility into their interests and desires. It provides a venue that allows retailers to directly communicate with their customers and it is an extremely powerful tool for collecting and using customer insights to improve planning decisions. Social media offers retailers the opportunity to listen to their customers, understand who they are, and leverage their feedback based on comments, likes of products with similar affinity, and interactions with the brand.

Customer Expectations

Customer expectations have been reshaped by the digital retail experience. In many cases, the physical store struggles to meet customer expectations for personalization. This has added to the difficulties that brick-and-mortar retailers are facing and has likely hastened some of the recent store closings. When customers can easily shop and order from Amazon nearly as quickly as going into a store, and receive personalized service, brick-and-mortar stores need to find new ways to attract customers and make sure they have a satisfying experience to become or remain a loyal customer. Retailers realize that they need to improve the customer experience as this is a priority for more than half of the retailers across the in-store, online and mobile channels over the next twelve months (Exhibit 18).

Exhibit 18
Customer Experience Opportunities

■ Works well   ■ Plan to improve within 12 months   ■ Plan to improve in 1-3 years   ■ Needs improvement but no plans to improve

	Works well	Plan to improve within 12 months	Plan to improve in 1-3 years	Needs improvement but no plans to improve
Call center customer experience	34%	28%	10%	7%
In-store customer experience	34%	59%	3%	
Social media customer experience	24%	48%	10%	14%
Online customer experience	21%	55%	14%	7%
Mobile customer experience	3%	66%	14%	10%
Marketplace customer experience (Amazon, eBay, etc.)		28%	7%	10%

Enablers

The right technology foundation is critical to support the desired customer shopping experience across channels.

As retailers focus on engaging the customer and delivering a customer-centric experience, they are realizing that integrating disparate systems and processes in real-time is not a successful or sustainable strategy. In many cases, retailers are still trying to offer customers the services they desire but at a high cost to the retailer as these processes are inefficient and ineffective. The greatest cost to the retailer is actually the poor customer satisfaction as a result of over-promising and under-delivering on cross-channel services. In this highly competitive retail market it is often better to not offer a service than to offer it and deliver it with poor results.

What's the solution? Unified commerce with a single commerce platform supporting all customer touch points and channels simplifies integration and supports real-time visibility, enabling a unified view of the customer, inventory and fulfillment.

VOICE OF THE CUSTOMER:
Frictionless processes help enhance the shopping experience
- An automated returns process would make 68% of customers more likely to shop at a retailer
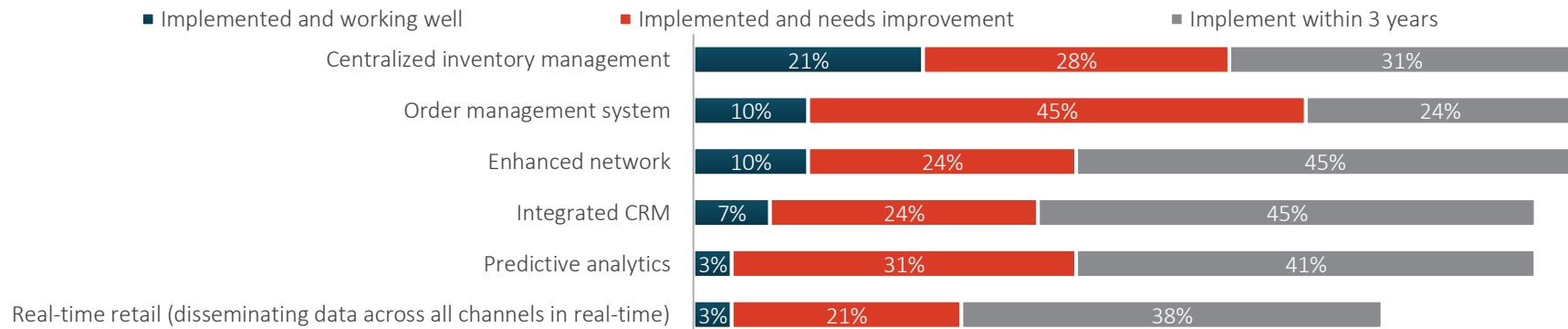
Unified Commerce Platform

Unified commerce is the cornerstone for delivering the holistic real-time customer experience by breaking down the walls between internal channel silos and leveraging a common commerce platform. A unified commerce platform is not simply the future in-store or Web platform, but combines in-store POS, mobile, Web, order management, call center and clienteling into one integrated platform. It has become the new retail imperative.

The industry has wholeheartedly embraced the concept of unified commerce with 81% of retailers in BRP's 2018 POS/Customer Engagement Survey indicating they have or plan to implement a single, unified commerce platform by the end of 2020. However, when discussing unified commerce capabilities, it is apparent that this is a slow process.

Exhibit 19
Unified Commerce Initiatives

■ Implemented and working well   ■ Implemented and needs improvement   ■ Implement within 3 years

Initiative	Implemented and working well	Implemented and needs improvement	Implement within 3 years
Centralized inventory management	21%	28%	31%
Order management system	10%	45%	24%
Enhanced network	10%	24%	45%
Integrated CRM	7%	24%	45%
Predictive analytics	3%	31%	41%
Real-time retail (disseminating data across all channels in real-time)	3%	21%	38%

The survey results show that centralized inventory visibility, order management and an enhanced network are all significant considerations with nearly 80% of retailers focused on all of these elements in their unified commerce plans over the next three years (Exhibit 19).

Order Management Solution (OMS)

Increasingly, retailers are turning to order management solutions (OMS) to establish the platform for a unified customer experience. The order management system is key, as this is the heart of any unified commerce platform because it provides the needed order visibility across channels and hosts the single shared cart that is the unified commerce holy grail capability of 'start anywhere, finish anywhere.'

A single order management solution provides many benefits to help solve the challenges facing retailers as they try to offer a unified commerce experience to their customers, including increased sales by offering more purchasing options and decreased costs by simplifying the store-level technology environment.

Real-Time Retail

Real-time retail is pivotal to enhancing the customer experience through personalization and it is fundamental to delivering a unified commerce experience. Real-time retail allows a customer to shop whenever, wherever or however they want, while simultaneously gathering, analyzing, and disseminating customer data across all channels in real-time. Real-time capabilities and analytics enhance the customer experience based on customer context – the interrelated factors of customer insights and environmental conditions that make the shopping experience relevant. This allows retailers to personalize the shopping experience based on preferences, purchase history, the customer's closet, their online browsing history, time of day, weather, and their physical location – all based on real-time information. It is promising to see that 62% of retailers plan to have real-time retail capabilities within three years (Exhibit 19).

Cloud-Based Services

While there are different options available to operate a given commerce platform, our survey found that 32% of retailers currently operate a software-as-a-service (SaaS) commerce solution which is up significantly from the 19% last year and another 25% plan to migrate to a SaaS within the next three years (Exhibit 20). These numbers indicate a strong movement towards a SaaS model.

Exhibit 20
Cloud-based Commerce Platform Plans

Currently operated as cloud-based or SaaS solution 32%

No plans to migrate 43%

Planning to migrate in 1-3 years 25%

While retailers understand the importance of moving to a unified commerce model, it can be a daunting project when considering the scope of a commerce platform that enables and supports every customer touch point – and in real-time. An additional complexity is the rapidly evolving vendor landscape for unified commerce solutions. Throughout this evolution, more capabilities are being moved out of point solutions, like POS, and being centralized or enabled as cloud-based services. Retailers are embracing this move to centralized data as they realize that it is key to accelerating their path to a unified commerce platform that is affordable, supportable, integrated, scalable and flexible to support evolving business needs.

The Network is an Enabler

As retailers move more application to the cloud and infuse more mobile and digital capabilities into physical stores, the fast and reliable network is key. It is encouraging to see the number of retailers planning to enhance or replace their networks over the next three years (76%). The network is a critical element of the technology platform – providing
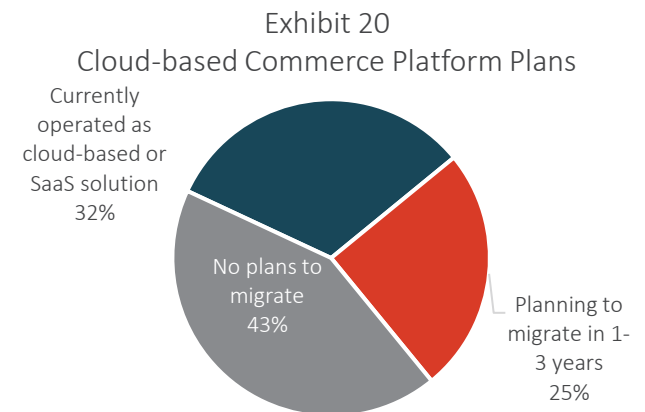
connectivity, security and reliability. Today's networks are robust, fast, reliable and resilient, which is key to supporting a common commerce platform across channels. As retailers are deploying more applications in the cloud, the new norm has become hybrid cloud environments, with a mix of private and public cloud-based services. This is where the network plays a central role in the future of unified commerce platforms. A robust, secure, well-architected and properly managed network solution is imperative for unified commerce success in the cloud.

Customer Service Technology

As retailers infuse more digital capabilities into physical stores, consumers have new ways and 'places' to research and shop. These digital possibilities, along with mobility, have modified consumer expectations and behaviors, and are the drivers for today's retail transformation. While e-commerce and mobile commerce will continue to grow, the store remains a vital component of the customer's overall brand experience. Customers utilize their mobile phones when they are in a store, utilize kiosks to order products in the store, and even interact with chatbots to gather product information or get personal recommendations.
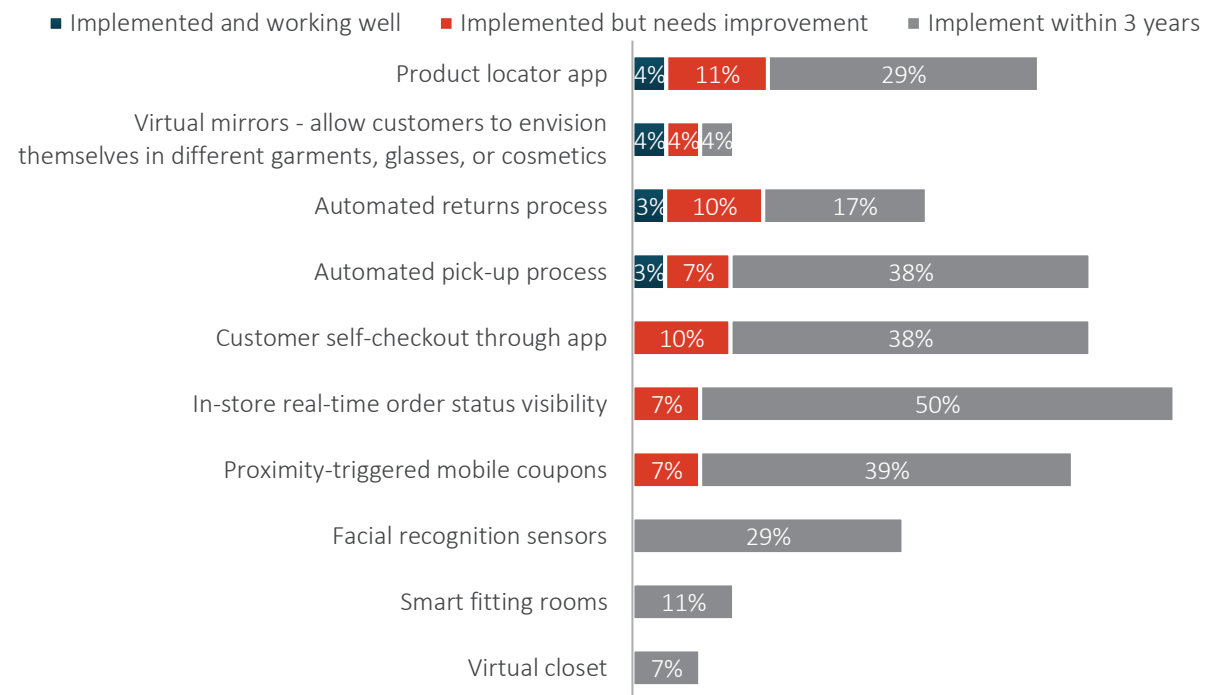
Offering customers tools they can access on their mobile phone within the store enhances the shopping experience. Allowing customers to understand their current order status in real-time helps to bridge the channel gap and offer a more seamless experience – currently 7% offer this ability and another 50% plan to within three years (Exhibit 21). A growing number of customers prefer to use self-service and only seek associate help when they are uncertain or are done shopping. The opportunity to build

self-shopping tools that are interactive, relevant and enhance the experience has moved from a future opportunity to a reality for retailers.

The ability to offer customers self-checkout through an app on their phone continues to be a topic of interest. While this ability has not rolled out as quickly as originally thought – currently only 10% offer this ability and all implementations need improvement – we expect that the adoption of this ability will increase quickly once customers become comfortable with this concept and the technology improves.

Another in-store tool is offering the ability for customers to access a product locator app, which is especially beneficial in larger stores with

Exhibit 21
Customer Service Technologies

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

	Implemented and working well	Implemented but needs improvement	Implement within 3 years
Product locator app	4%	11%	29%
Virtual mirrors - allow customers to envision themselves in different garments, glasses, or cosmetics	4%	4%	4%
Automated returns process	3%	10%	17%
Automated pick-up process	3%	7%	38%
Customer self-checkout through app		10%	38%
In-store real-time order status visibility		7%	50%
Proximity-triggered mobile coupons		7%	39%
Facial recognition sensors			29%
Smart fitting rooms			11%
Virtual closet			7%

extensive product assortments. While 15% offer this ability, another 29% of retailers plan to implement it within three years.

As discussed earlier, customer incentives and personalizing the shopping experience, are key features often available on the web that need to be extended to the store. Once this happens, the stores have an advantage as they can add a tactile experience and human factor that is not available in a pure e-commerce environment. Tools such as interactive mirrors and video systems allowing the customer to see themselves in the product from different angles and in different colors will increase the "fun" factor. A few retailers are already experimenting with these technologies, although not always smoothly. We found 8% of retailers are trying virtual mirrors although half need improvement. Facial recognition sensors are still a little further in the future with 29% planning to implement them within three years.

Unified Commerce Challenges

The challenge for retailers is to overcome organizational, budgetary and resource constraints to change the traditional retail model to the unified commerce experience customers expect.

For many retailers, delivery on their customer experience vision through unified commerce is a transformative enterprise initiative, so it is no surprise that budgetary, system and resource constraints (47%) are the biggest obstacles. (Exhibit 22). That said, the cost of doing nothing or trying to leverage less than effective options, such as manual processes and disparate systems, comes with its own cost, in missed expectations, disappointed customers and lost sales. Retail has never been more transparent than now, and your customers will quickly and easily let you know if you are missing the mark.

Exhibit 22
Biggest Unified Commerce Obstacles

Obstacle	Percentage
Budgetary constraints	47%
Disparate systems	47%
IT/business resource constraints	47%
Other priorities taking precedence	47%
Organizational challenges (siloed organizations)	42%
Business model does not allow all products available in all channels	22%
Process challenges	19%
Lack of executive support	14%
Lack of mature software in the marketplace	8%

Conclusion

While retail is going through major changes, the transformation is exciting with new technologies and opportunities to further enhance the customer engagement model.

In retail, the motto has always been "the customer is always right" and in today's always-on, easily accessible mobile world of opportunities, that makes the customer the center of the universe. Retailers know they need to provide customers the optimal shopping experience because not providing it means the customer will likely go elsewhere – the challenge is transforming the organization to meet today's customer expectations.

The advent of the digital world offers consumers new ways and 'places' to research and shop in addition to new ways for retailers to assist customers through artificial intelligence and augmented reality. These digital possibilities have modified consumer expectations and behaviors, and retailers must transform to succeed.

The time is now to innovate the customer experience by transforming retail operations and infrastructure for the new customer journey. This transformation requires a true unified commerce approach, delivering the convergence of the digital and physical shopping experiences to create a holistic customer shopping experience. Unified commerce and a customer experience that transcends channels are the foundation of the new retail model.

Survey Methodology

The goal of the survey was to take the pulse of the top North American retailers to gain an understanding of their planned initiatives, priorities and future trends.

BRP utilized an online survey system to contact more than 500 retailers in March and April of 2018 to conduct the 2018 Customer Experience/Unified Commerce Survey. This report summarizes the results and key findings of the survey, offers insight based on BRP's client engagements and overall retail experience, and identifies current and future trends in the industry. These insights are intended to help retailers compare their customer-facing operations and technology and identify opportunities to enhance their customers' experience.

The primary retail segments of the survey respondents were specialty soft goods and specialty hard goods with 29% each of the respondents (Exhibit 23). The remainder fell into various other categories such as general merchandise and grocery, food and beverage. This focus on the specialty retail segment remains consistent. Last year's survey also focused on the specialty retail segment with 40% falling into the specialty soft goods category and 24% in the specialty hard goods category.

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 45% of the respondents having $500M to $5B in sales (Exhibit 24). This is higher than last year's 37% with sales of $500M to $5B.

The specific respondents for each company were primarily vice presidents and directors of store systems or IT, and C-level executives.
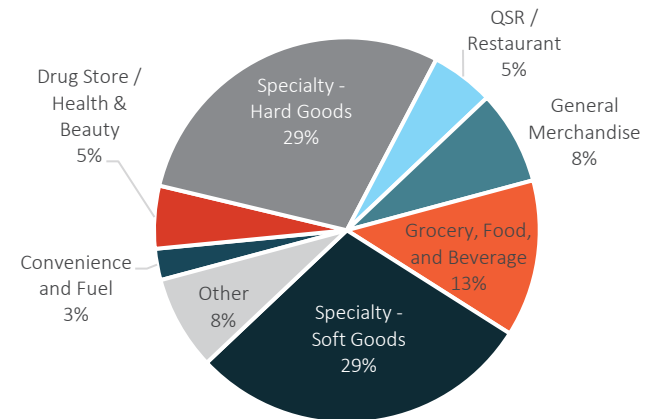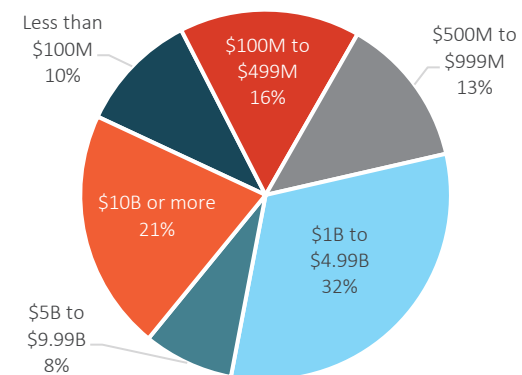
Exhibit 23
Company Category

- QSR / Restaurant 5%
- General Merchandise 8%
- Grocery, Food, and Beverage 13%
- Specialty - Soft Goods 29%
- Other 8%
- Convenience and Fuel 3%
- Drug Store / Health & Beauty 5%
- Specialty - Hard Goods 29%

Exhibit 24
Annual Revenue

- Less than $100M 10%
- $100M to $499M 16%
- $500M to $999M 13%
- $1B to $4.99B 32%
- $5B to $9.99B 8%
- $10B or more 21%

About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

Strategy	Business Intelligence	Business Process Optimization
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CRM	Unified Commerce	Customer Experience & Engagement
Order Management	E-Commerce	Merchandise Management
Supply Chain	Networks	Private Equity

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