

White Paper

Personalization in Retail: A Reality Check

timetrade®

www.timetrade.com



Executive Summary

Though personalization has been a buzzword for many years, it rings even more true in today's world where consumers are inundated with email campaigns, mobile ads and digital marketing. More than ever, consumers crave a personal interaction with retailers. To find out if retailers are meeting this need, TimeTrade recently surveyed 100 C-level retail executives asking about their perceptions and plans around personalization and customer experience. More than half of retailers are confident they are already providing a personalized experience to their customers, but consumer data shows otherwise.

This is a reality check for retailers who mostly define personalization as providing a consistent experience across all channels, while only 26% of consumers feel retailers are actually doing it. As 90% of transactions still take place in stores, this is the chance for retailers to prove consumers wrong, engage with them and provide a highly personalized experience. For example, consumers who have loyalty rewards enter a store but remain anonymous until point of purchase and by then it is too late to offer a personalized experience.

In terms of in-store technology, more than half of consumers indicate that if they see associates using

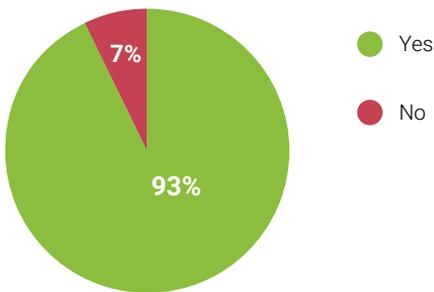
mobile devices to help customers, it makes them confident that they will receive prompt service and knowledgeable help. However, 43% of retailers report their store associates are not currently using mobile devices. This is a missed opportunity on retailers' part as it could greatly improve the in-store experience. And, as consumers rank brick-and-mortar as the second worst channel for customer experience, these type of initiatives are critical to the success of the brand.

The good news is that the retail decision makers surveyed cite the physical store as their top priority in terms of personalization, and training in-store associates as their top initiative to improve customer experience. So, there is awareness among the decision makers. The key will be for retailers to execute on these plans. There are many proven technologies that retailers can use that will help automate processes for store associates and also the consumer. Simple automation and self-service can enable consumers to have a seamless experience and help them engage sooner with associates for more prompt service. In the end, personalization is a top priority for both retailers and the consumer, and it is up to retailers to discover and act upon the gaps they need to close.

How Retailers Define and Prioritize Personalization

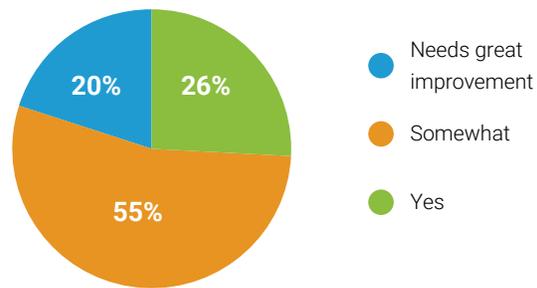
There is no doubt that retail decision makers consider the personalization of customer experience to be a major priority as 93% report it is a strategic initiative for their organization (**Figure 1**).

Figure 1. Is personalization of your customer experience a strategic initiative for your organization?



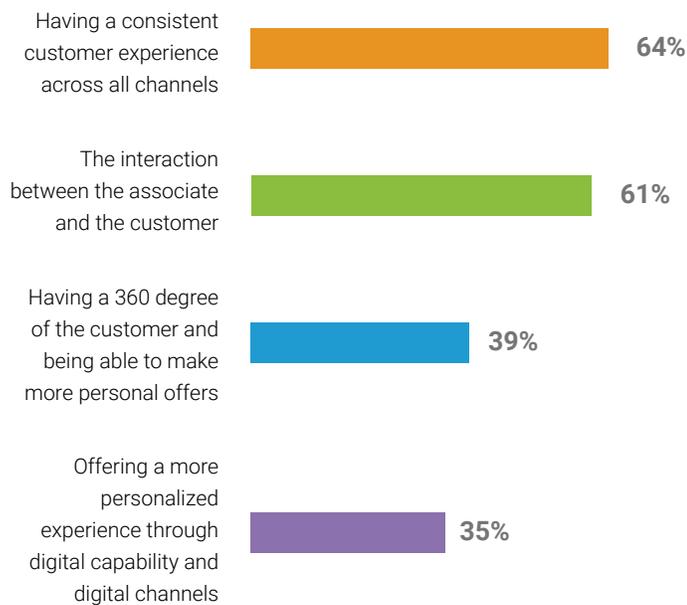
In contrast to **Figure 2**, where retail decision makers define personalization as “having a consistent customer experience across all channels,” only a quarter of the 2,064 consumers in the recent TimeTrade consumer study truly feel retailers today are providing a consistent customer experience across all channels. Fifty-five percent answered “Somewhat” with only 26% answering “Yes” and 20% responding “Needs great improvement” (**Figure 3**).

Figure 3. Consumers: Do you feel that retailers today are providing a consistent customer experience across all channels (web, email, social media, call center, in-store, mobile and text)?



When asked how they define personalization, more than half (64%) of retail decision makers define it as “having a consistent customer experience across all channels” and 61% define it as being “the interaction between the associate and the customer.” (**Figure 2**).

Figure 2. How do you define personalization? (Choose all that apply)



When it comes to plans for personalization, most retail decision makers (69%) feel they already provide a personalized experience every single time to every customer (**Figure 4**). However, this is a great contrast from the data in **Figure 3** and is a reality check for the 69% of retail decision makers, as the consumer data proves otherwise. Meanwhile, 23% of retail decision makers plan to take initiatives for personalization in the next 18 months and 8% report they have no plans for personalization at all.

Retailers' Plans for Personalization

For those who are taking action, the top initiatives retail decision makers are using today to provide a more personalized customer experiences are: Training in-store associates (83%), Targeted marketing campaigns (63%) and Social selling (getting to know customers through social networks) (49%) (**Figure 5**). These are also the initiatives retail decision makers plan to use in the next 18 months, but with the percentages being 74%, 60% and 53% respectively.

Figure 4. What are your organization's plans for personalizing your customer experience? (Choose all that apply)



The trend with brick-and-mortar continues as the channel that is top priority for retail decision makers when it comes to improving customer experience is the physical store (45%) followed by Social Media (19%), Web (14%), Call Center (11%), Mobile and Text (6%) and E-mail (5%) (**Figure 6**). Clearly, by a very wide margin, the physical store is the top priority of retailers. And, as previously mentioned, anonymous store traffic is lost opportunity as retailers must use technologies that will give them insight into the customer even before they enter the store.

Figure 6. What channel is the top priority for improving customer experience in 2016?

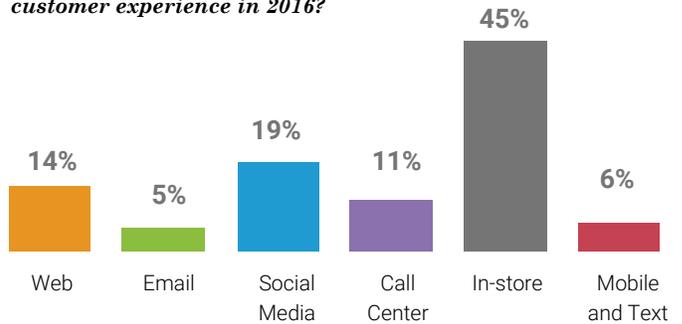
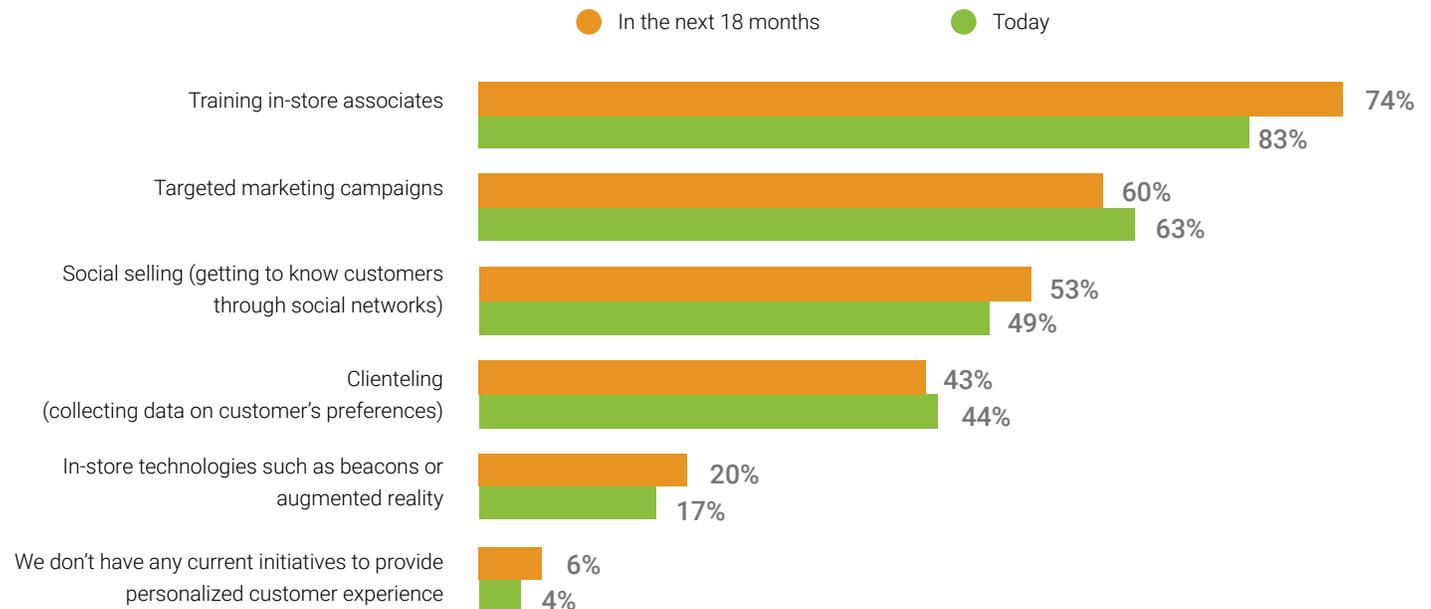


Figure 5. Which of the following initiatives is your organization currently using to provide a more personalized customer experience today? (Choose all that apply)



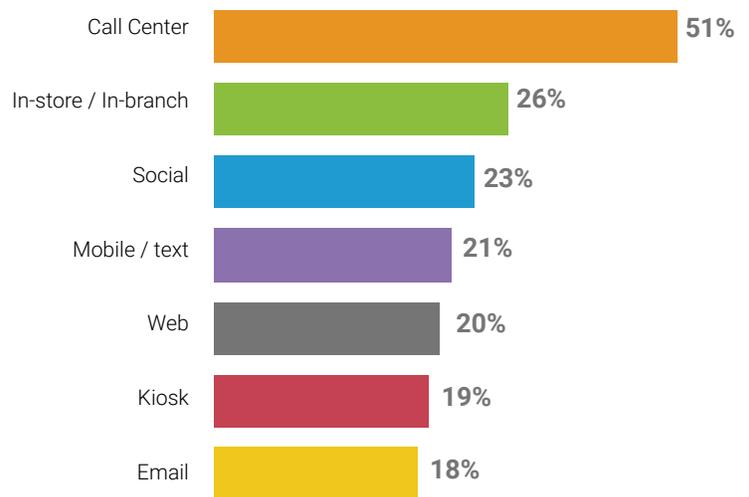
Elie Tahari's President, Jake Pleeter, noted at a recent Intersect Retail conference that even with his company's online efforts, "Our physical retail stores and the data from these stores are still viewed as a very, very important resource for the company."

“In-store experience is the retailer’s opportunity to differentiate. Brick-and-mortar is just as important as ever, as almost 90% of transactions still occur in the store. However, investment in store technology and associates continues to lag. Close to 50% of store associates believe they do not know enough about the products and services they are selling. In fact, over half of store associates admit they have lied to a customer due to a lack of product knowledge.”

— Scott Duby, Director, Global Consumer Industry, IBM

In comparison, when consumers were asked what channels retailers are the poorest in terms of providing customer service, consumers top three choices are Call Center (51%), In-store (26%) and Social (23%) (Figure 7). So, it does behoove retailers to focus on improving on the the in-store experience as it is viewed by consumers as one of the poorest channels.

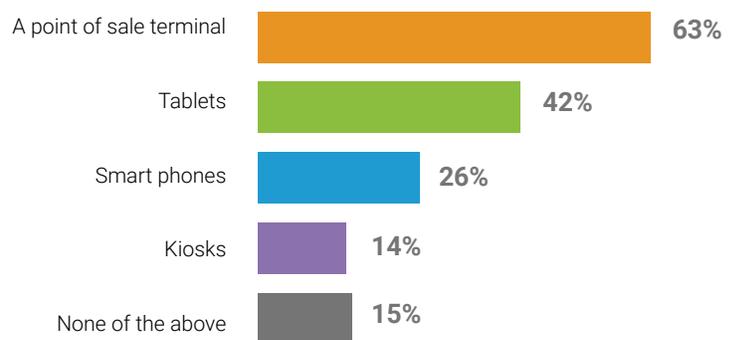
Figure 7. Consumers: What channels do you feel are the poorest in terms of retailers providing customer service? (Choose all that apply)



How Retailers Use Mobile Technology

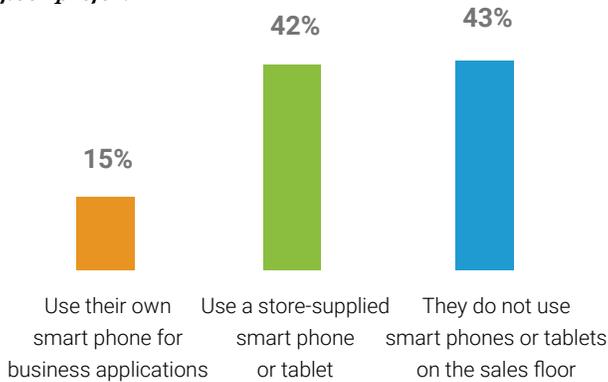
One way retailers are looking to improve the in-store experience is by using mobile technology to assist their store associates. When asked what devices their store associates use on the sales floor, 63% of retail decision makers report: A point of sale terminal, followed by Tablets (42%), Smartphones (26%) and Kiosks (14%) while 15% report None of the above (Figure 8).

Figure 8. What devices do your store associates use on the sales floor? (Choose all that apply)



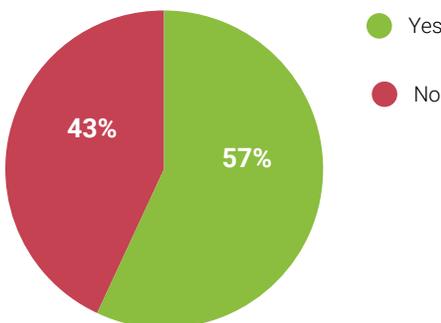
Though 43% report their store associates do not use smartphones or tablets on the sales floor, 42% of retail decision makers report that their store associates do use a store-supplied smartphone or tablet, and 15% of store associates use their own smartphone for business applications (Figure 9).

Figure 9. What devices do your sales associates on the retail floor prefer?



When consumers were asked if they would feel more confident they were going to receive prompt, personal service if they saw associates collaborating with each other on mobile devices in a retail store, 57% answered “yes.” (Figure 10). So there is a boost in consumer confidence when they see store associates working with mobile devices and there is a perception of prompt service and knowledgeable help.

Figure 10. Consumers: Would you feel more confident that you were going to receive prompt personal service if you saw that associates in a retail store were collaborating with each other on mobile devices?



Consumers were asked if they would be willing to schedule an in-store appointment (from any device) with a store associate at a time that is most convenient for them, 59% said “Yes.” (Figure 11). And, when retail decision makers were asked if they were able to offer appointment scheduling to their customers, what related services would they also like to offer, the top answers were “Text notifications about the status of the appointment,” (60%) followed by “In-store collaboration among sales associates (on mobile devices) to handle lobby flow” (29%) (Figure 12).

Figure 11. If you could schedule an in-store appointment (from any device) with a store associate at a time that is most convenient for you, would you?

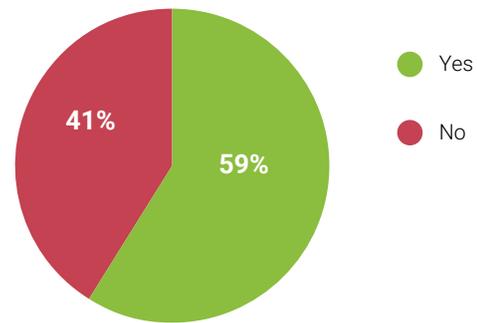
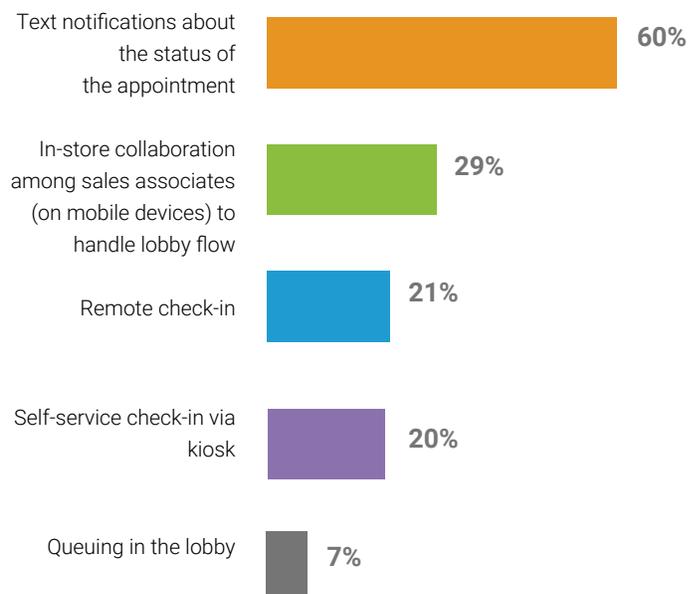


Figure 12. If you were able to offer appointment scheduling to your customers, what related services would you also like to offer (Choose all that apply)

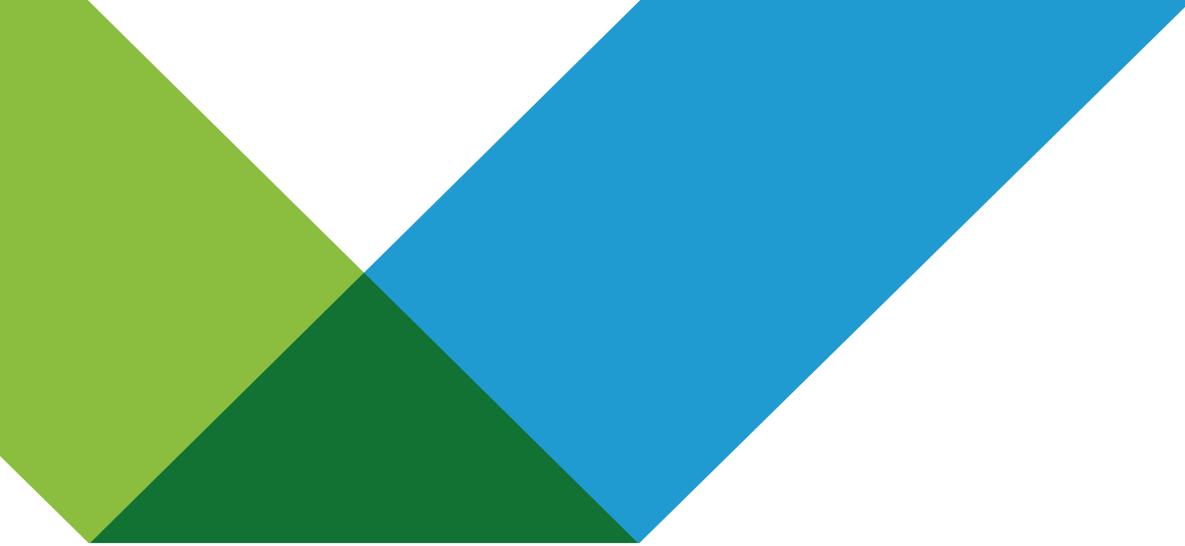


Conclusion

The following are the conclusions that TimeTrade has come to after surveying C-level decision makers in retail:

- More than half of retailers today are confident that they are currently providing a personalized customer experience, but consumers report otherwise.
- Retailers must train in-store associates to provide prompt and knowledgeable service.
- Retailers can improve the in-store experience by using modern-day technologies to identify loyal customers and provide personalized service as soon as they come into the store.
- Retailers must keep in mind that, through the digital first touch all the way to the in-store purchase, it is all about the customer's path and how to provide the most personalized service across all these touch points.

So, although TimeTrade's research may be somewhat sobering for retailers, feedback from consumers is clear about wanting more personalization, and complacency about current customer experience is not an option if retailers want to retain and gain marketshare.



About the Author

Sarah Wallace currently works as the Principal Market Analyst for TimeTrade. Wallace provides market research and analysis of the retail, banking, financial services, health and wellness, higher education, insurance and telecom vertical markets. Wallace previously served as a research analyst for the telecom industry covering topics such as OSS/BSS, cloud, SDN/NFV, IoT, Big Data Analytics, enterprise mobility, Social CRM and CEM.

About TimeTrade

TimeTrade provides an appointment-driven personalization solution to consumer retail, retail banking, health and wellness, higher education and telecom customers. TimeTrade's appointment-centric customer experience solution enables customers to convert digital first touch interactions into a high-value, in-person meeting. TimeTrade has driven more than 400 million connections between consumers and businesses, directly translating into more than \$3 billion in commerce every year.

timetrade[®]

www.timetrade.com

TimeTrade acknowledges the sponsorship and assistance of IBM for this white paper.

