



# THE CX FACTOR

1,000 consumers on what turns  
them on (and off) your brand

VALUE FOR  
MONEY

FAST  
DELIVERY

GREAT  
CUSTOMER  
SERVICE

EXPENSIVE  
RETURNS

POOR  
DELIVERY  
SERVICE

LONG  
QUEUES



# AT A GLANCE

What makes consumers fall in love with brands? And, just as importantly, what puts them off altogether?

These are questions that retail leaders have always asked themselves, but in this volatile market they have taken on a new meaning as retailers fight for every shopper's penny.

*The CX Factor – 1,000 consumers on what turns them on (and off) your brand*, brought to you in partnership with Manhattan Associates, examines what it is that attracts consumers to brands in today's market, and what that tells us about where retailers need to invest for tomorrow.

Retail Week surveyed 1,000 shoppers to determine what the new consumer wants from their shopping experience in 2021 and beyond, and, just as importantly, what the biggest drivers of basket abandonment are, both online and in-store.

We look in detail at the pre- and post-purchase shopping journey and advise where retailers should best invest in order to drive amazing customer experiences in their businesses.





How important is having a single view of stock? Are free returns a deal-breaker? Do shoppers care if the brands they buy from are ethically responsible? How paramount is price? What do shoppers expect from the store experience? And will shoppers continue to flock online despite stores reopening?

Read on to find the answers to these questions, as well as rankings of consumers' favourite brands based on value for money, online delivery, stores and website UX.

## METHODOLOGY

In April 2021, Retail Week surveyed 1,000 consumers to ask them what they love and hate about retailers and brands. In addition, Manhattan Associates surveyed 1,000 large-scale retailers across the UK, Italy, Germany, France, the Netherlands and the US in January and February 2021. The retailers spanned a range of sectors and generate more than \$100m in annual turnover. Respondents were c-suite or senior-manager level across operations, IT and marketing.

### Winning strategies in this report

	Brand relevance and evolution	✓
	Agility and partnerships	✓
	CX	✓
	Innovation and investment	✓
	Culture and purpose	

Retail Week has determined the five key strategies all retailers should focus on in 2021 and beyond in order to succeed in a market transformed by technology and shifting consumer attitudes.

# CONTENTS

## CHAPTER 1

### THE PRE-PURCHASE SHOPPING JOURNEY

Consumers reveal what attracts them to a retailer, both online and offline, and what stores must do to keep them on board in a post-pandemic world

## CHAPTER 2

### THE POST-PURCHASE JOURNEY

Convenient returns, reliable and fast delivery, and useful post-purchase communications are key to making shoppers want to buy again from a retailer

## CHAPTER 3

### RETAILER RANKINGS

Which retailers do consumers love when it comes to stores, online delivery, website UX and value for money? Find out who is leading the pack and why

## CHAPTER 4

### KEY TAKEAWAYS

How to make consumers fall in love with your brand

## THE CX FACTOR

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# PARTNER VIEWPOINT



## CRAIG SUMMERS

Manhattan Associates managing director, UK and Ireland

**T**he impact of Covid-19 has had a profound impact on consumer expectations and demands, driven by an accelerated shift to digital. This report explores the technology-enabled consumer trends emerging from this shift, based on their expectations and retailers' ability to meet them. These are the trends that retailers should focus on to mitigate risk, manage resilience and build for recovery through 2021.

### Trend #1 Fulfilling online growth

Retail respondents to our own research, and cited in this report, put customer service solutions within their organisation's top-three business priorities for the year ahead. But they must be able to:

- Compete over online delivery costs, even if that comes at the expense of more flexible delivery dates
- Increase the availability and speed of contactless/kerbside delivery to meet higher home delivery expectations
- Improve order management and supply chain planning and forecasting process orchestration to maximise fulfilment efficiency for customers

### Trend #2 Maintaining a single inventory view

Upgrading instore technology is one of their top three business priorities for the year ahead. This new investment must enable them to:

- Use a single view of inventory to optimise the total retail offer, which should include price, availability and flexible delivery costs or fulfilment options instore and online
- Make real-time product and inventory information available to a retailer's customers, store associates and other customer service staff to enhance service levels
- Improve reverse logistics processes

### Trend #3 Recognising what is relevant to customers

The factors most likely to make consumers loyal to retailers include value for money and great customer service, according to the research flagged in this report. This requires retailers to:

- Enhance their total offer with flexible, efficient and competitive ordering,

fulfilment and returns options that are consistent across online and their stores

- Empower store associates with a single, real-time view of inventory that enables them to gain product knowledge, so they can provide superior levels of service, and cross- and upsell
- Make it easy for customers to shop and communicate via any channel, and for them to self-serve or seek expert advice

As customer experience takes on an increasingly vital role for brands in 2021, having agile and scalable technology and tools in place across the organisation will go a long way to helping teams manage these long-term changes and challenges.

While there is no silver bullet for achieving customer experience nirvana, organisations that employ technology that allows for collaboration between remote team members; provides customer experience teams with the freedom and visibility to move between channels; and provides all the data about a customer into one place, will be best placed to deliver a more efficient, personalised and consistent experiences.

## MANHATTAN ASSOCIATES

Manhattan Associates is a technology leader in supply chain and omnichannel commerce. We unite information across the enterprise, converging front-end sales with back-end supply chain execution. Our software, platform technology and unmatched experience help drive both top-line growth and bottom-line profitability for our customers. Manhattan Associates designs, builds and delivers leading edge cloud and on-premises solutions so that across the store, through your network or from your fulfilment centre, you are ready to reap the rewards of the omnichannel marketplace.



## AT A GLANCE



**78%**

of consumers ranked value for money as one of their top three loyalty drivers – followed by great products (52%) and great customer service (51%)

**22%** want a shop assistant to have a product delivered to their home or a local shop if it is out of stock in store (the most popular response)

**56%** ranked an easy checkout process as one of the top three most important elements of a website



**37%** said it is important that the brands they shop with show respect for the environment

**67%** cited home delivery as the most sought-after fulfilment option for online shopping



**78%** would be more likely to shop with a retailer that offers free returns

**25%** would prefer a return to be picked up from their home – the highest proportion



**52%**

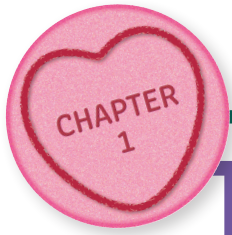
of consumers cited long queues as the biggest turn-off in stores

**78%** blamed expensive delivery for online basket abandonment

**55%**

said a so-called 'missed delivery', when they were actually at home, was the biggest annoyance about a delivery experience





# THE PRE-PURCHASE SHOPPING JOURNEY

**W**hen it comes to attracting consumers to a retail brand, delivering a great pre-purchase shopping journey is undoubtedly vital in driving repeat spend—the ultimate goal of any retailer.

So which CX factors are most important when it comes to driving shopper loyalty? What makes them first fall in love with a retailer?

When consumers were asked to name the top three things that made them loyal to a retailer, our research found value for money (78%) and great products (52%) were ranked the highest.

These were followed by great customer

service at 51%, then product availability and convenient store locations, both of which rated as important for 23% of those surveyed.

The good news is this largely reflects the investment priorities of retailers.

Manhattan Associates research conducted in January and February 2021 shows that more than 32% (the highest proportion) of senior retail decision-makers believe that great customer service is one of the three primary ways their organisation encourages customer loyalty, with over a quarter of respondents stating their organisation offers value for money (29%), followed by great products in third (28%).



**Price is gearing up to be a key battleground**





# ANYDAY

## JOHN LEWIS & PARTNERS

### Value is vital

Price, in particular, is gearing up to be a key competitive battleground for retailers as they look to attract value-driven shoppers. Even retailers not traditionally known for competing on price have recognised the importance of having a strong value proposition as the UK economy recovers from the pandemic.

In April, John Lewis launched home and furniture brand Anyday as an entry-level equivalent to Waitrose's successful Essential brand. John Lewis boss Pippa Wicks admits that the business was "perceived as too expensive" by consumers, and says the Anyday range will help the retailer address that problem among existing and prospective customers.

The retailer said prices across the range, which consists of 2,400 products across homewares, technology, baby care and baby clothing, are on average 20% lower than its existing own-brand lines.

Grocers have also launched new price offensives. Last autumn, Asda brought back its 'Asda Price' campaign to promote a £100m investment in reducing prices on thousands of own-brand and branded products. Outgoing Asda chief executive Roger Burnley said the investment was a direct response to the financial strains being placed on consumers by the economic effects of the pandemic and recession.

The following week, big-four rival Morrisons unveiled price cuts to 400 products and, shortly afterwards, Tesco waded into the price war by rolling out hundreds of exclusive deals for its Clubcard members, as well as extending its Aldi Price Match to around 500 additional products.

Sainsbury's responded by lowering prices on around 1,500 everyday food products and promising "to cut many more prices over what will be challenging months ahead for our customers", according to chief executive Simon Roberts.

Sainsbury's is also looking to appeal to customers who favour great products by "reigniting food innovation" as part of Roberts' new strategy to put product back at the heart of the retailer's proposition. It has promised to triple the number of new lines it launches per year with a focus on high-growth categories such as meat-free, organic and dairy alternatives.

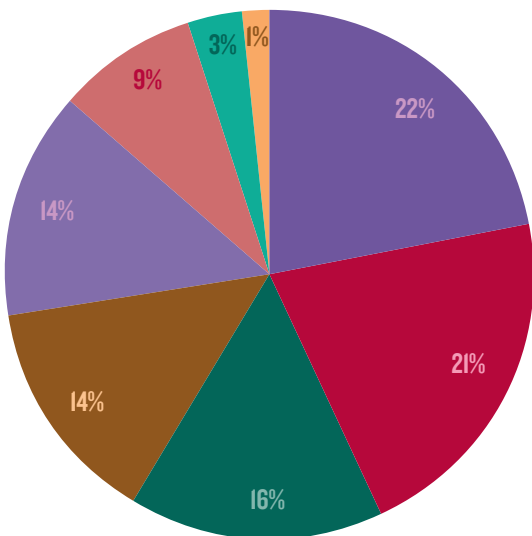
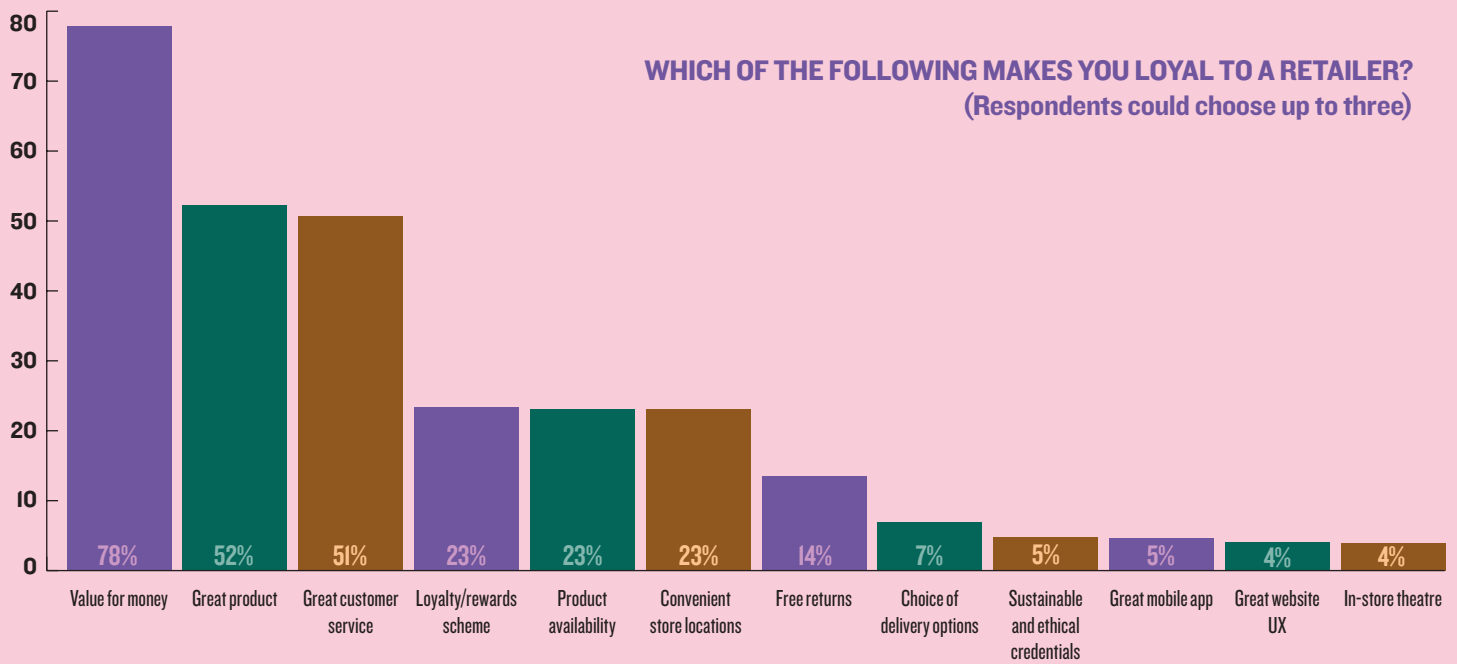
Service is the third key element of the loyalty equation according to consumers, and it is here where retailers that operate stores arguably have the greatest advantage over online-only rivals. As Waterstones retail director Luke Taylor told Retail Week in April: "People will return to bookshops because of the experience. You can't replace what a bookseller can do with an algorithm."

More than four in 10 (43%) of survey respondents cited knowledge about the product they are thinking of buying as the most important aspect of the service provided by a shop assistant.

Manhattan Associates research found that almost two-thirds (63%) of retailers also believe provision of product knowledge is among the top three duties performed by their shop assistants. Ensuring store managers are recruiting the right people and then training them in the right way is therefore critical.

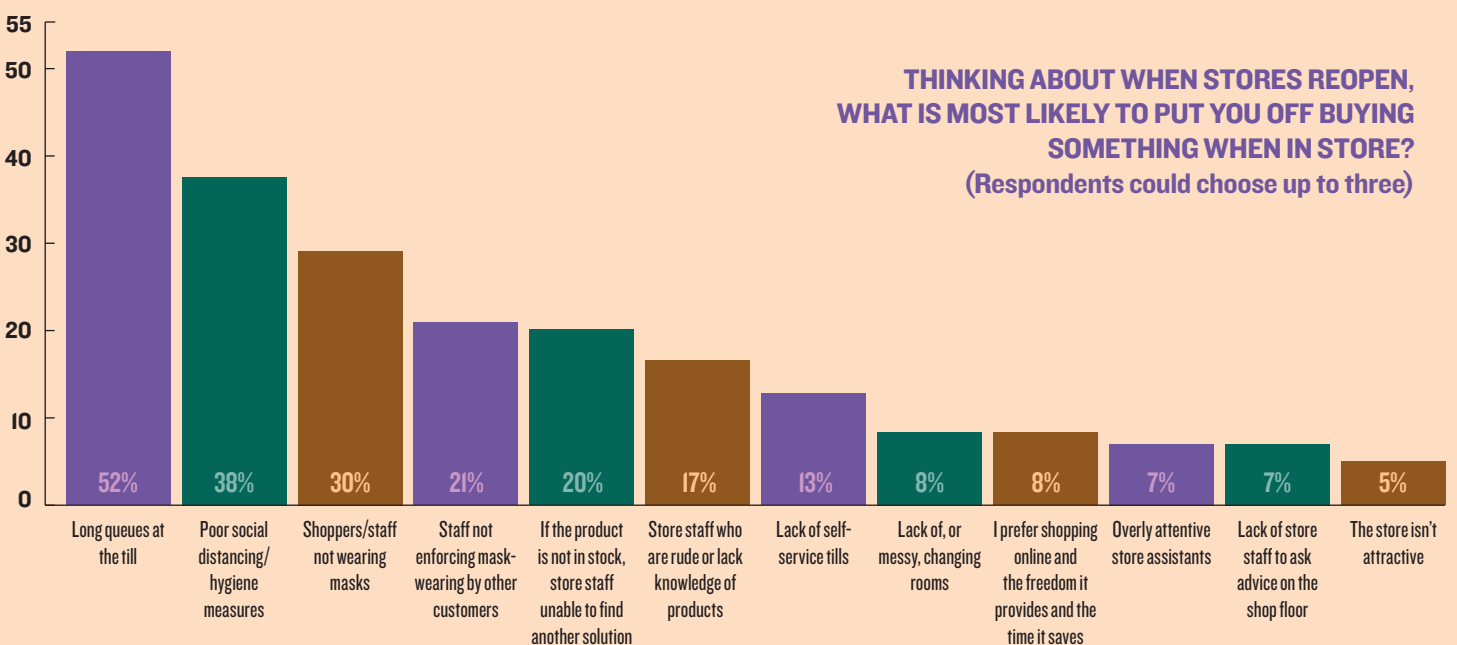






**IF YOU WENT TO A SHOP AND THE PRODUCT YOU WANT IS OUT OF STOCK, WHAT WOULD BE THE BEST COURSE OF ACTION?**

- Shop assistant orders online for me and has it delivered to my home or in store ASAP
- Order myself online at home
- Find an alternative product in the same store
- Shop assistant checks stock in nearby stores and I go and collect
- Find another retailer that stocks the product
- Order myself online from my mobile there and then
- Consider not purchasing the product
- Consider not purchasing the product and unlikely to shop with that retailer again



## Out of stock

Product availability was cited as important by 23% of consumers, ranked fifth out of 17 factors, so there is scope to add value to the customer experience here. When asked what would be the best course of action if they went to a shop and the product they wanted was out of stock, the most popular response (22%) was for the shop assistant to check stock online and have the product delivered to the customer's home or local store as soon as possible.

"It's the classic situation where you're in a store and they don't have the size you want," explains Manhattan Associates UK and Ireland managing director Craig Summers. "The store associate at that point can say: 'You're in Southampton, we've got one in Portsmouth and we can get it to you at home for tomorrow'. That's the sort of experience we want."

Manhattan Associates research found the vast majority (81%) of retailers' in-store and online operations are interconnected, with almost half (48%) stating that if a product is out of stock in store, they can order online and provide advice on fulfilment options.

The key to achieving this high level of visibility, says Summers, is to effectively marry people, process and technology. "It means empowering your people in today's world with the right view [of stock]. Trust and visibility of inventory across the supply chain is everything."

Still, having a single view of stock remains out of reach for a lot of retailers, particularly legacy businesses with systems sometimes decades old. "There's a view of inventory in the warehouse or distribution



centre, but not that single joined-up view of stock across the entire network," says Summers. "Then, on top of that, you've got to have a basic understanding of what's already committed. You might have 100 of an item but there might be 90 of them committed to an order. If you can be really smart and link that to your customers, you're building up a picture of things that are of value."

For retailers that manage their stock effectively, there is an opportunity to win custom from those businesses that don't: 14% of consumers visiting a store would go elsewhere if the product they are looking for is out of stock.

US-based retailer Pet Supplies Plus is an example of a business that is investing in improving its stock availability. The pets retailer operates more than 500 stores across the US, many of which are locally owned. The retailer's brand proposition is based on having well-stocked stores, great levels of customer service and making things as convenient as possible for customers. As well as in-store retail, Pet Supplies Plus offers kerbside pick-up and delivery from most stores.

At the start of 2020, the retailer was already running several business applications in the cloud and was considering doing the same with its supply chain technology. When Covid-19 struck, the subsequent shift to ecommerce persuaded the business to implement Manhattan Active® Warehouse Management solution.

The solution enables Pet Supplies Plus to automatically scale stock replenishment to meet demand fluctuations, adding greater speed and flexibility to the retailer's operations.



**Trust and visibility  
across the supply chain  
is everything**







## ETHICS STILL RESONATE

The existence of the ethical shopper is a controversial matter. Businesses of all breeds are shouting about their own ethical credentials to win plaudits and attract custom, yet it seems as if the consumer is playing catch up. According to our research, just 5% of shoppers listed ‘sustainable and ethical credentials’ as one of three things that make them loyal to a retailer (see page 7). It was only the ninth biggest driver of loyalty.

Yet, perhaps driven by it simply being ‘the right thing to do’ or new regulations that are coming that will enforce such ethical business practices, many retailers have doubled down on efforts to improve their environmental, social and corporate governance (ESG) credentials during the pandemic. In a sign of changing times, Dixons Carphone in April appointed a new group sustainability and ESG director, Moira Thomas, in order to “elevate the business’ sustainability strategy across the group”.

Asda opened a pilot “sustainability store” in Middleton, Leeds, in October that includes product refill options, loose and unwrapped produce and a pledge that “customers will not pay more for greener options”.

DIY group Kingfisher even agreed a credit facility in June 2021 that hinges on its ambitious sustainable and community-based targets. Kingfisher will be given a lower interest rate if it achieves specific targets aligned with its responsible business plan, which includes battling climate change and tackling poor housing.

The Co-op, meanwhile, promised to double the representation of Black, Asian and minority ethnic leaders and managers across its business by the end of 2022, moving from 3% to 6%, and then to 10% by 2025. Meanwhile, Asos has launched its Future Leaders programme aimed at helping to propel the careers of its more than 200 ethnic minority women who are in mid-level roles at the fashion retailer.

This chimes with the concerns of a significant cohort of consumers who increasingly want to see retailers taking a strong position on ethics. Of those that care about business ethics, more than a third (37%) say showing respect for the environment is important when choosing which retailer to shop with.

Good working conditions (36%), fair payment of suppliers (31%), playing an active role in supporting local communities (30%), and a proactive stand on diversity and inclusion (20%) influence the choice for a sizeable minority, with more women than men in each case scoring these issues as important.

Consumers are increasingly choosing to shop with retailers and brands that align with their moral and ethical stances across a range of concerns.

Retailers must take heed of this trend and understand the value of taking a position on sometimes controversial issues – something that is perhaps outside of the comfort zone for many business leaders.





## Stores CX

While poor stock availability is a bugbear for many shoppers both on- and offline, the main turn-off in stores is long queues at the till, with 52% of consumers saying it puts them off purchasing. With customers still nervous about close physical contact with others (see The Covid Factor, page 11), contactless shopping experiences are increasingly in demand, and this is especially relevant where payments are concerned.

M&S is one retailer that has put payment technology at the heart of its response to the pandemic. Launched in 2020 as a trial at a small number of London stores, by the start of 2021 the retailer's Mobile Pay Go technology – which offers customers the option to scan their shopping using the M&S app on their smartphone or a handheld scanner and pay without having to visit a till – was live at all UK M&S stores.

Mobile Pay Go has recently been rebranded as Scan & Shop to make it as easy as possible for customers to understand, and the focus is now on driving customer adoption. Hosts at the entrance to stores have been inviting every customer who walks through the door to use the tech – which has opened many customers' eyes to how easy it is to use, according to M&S product manager for apps Dave Howell.

"We've made improvements to our store Wi-Fi and to the M&S app itself, so customers can download it quicker, sign up to Scan & Shop quicker, and start shopping quicker," says Howell.

M&S ranks third behind Tesco and John Lewis as the retailer consumers consider to operate the best stores according to our ranking in chapter 3. This suggests that new digital innovations, along with its all-round product and service propositions, are resonating with shoppers.



**While poor stock availability is a bugbear for many shoppers, the main turn-off in stores is long queues at the till**







## THE COVID FACTOR

Shoppers are still understandably wary about going back into stores and retailers need to take heed of these concerns.

When asked what retailers can do to make them more comfortable about going back into stores, well over half of those surveyed (58%) said retailers must demand shoppers wear masks, while 48% want shop staff to limit the number of people in store at any one time. Offering hand sanitiser, operating traffic-light systems and maintaining social-distancing measures were also considered important. These demands are likely to persist for the rest of this year as people take their time to adjust to normality.

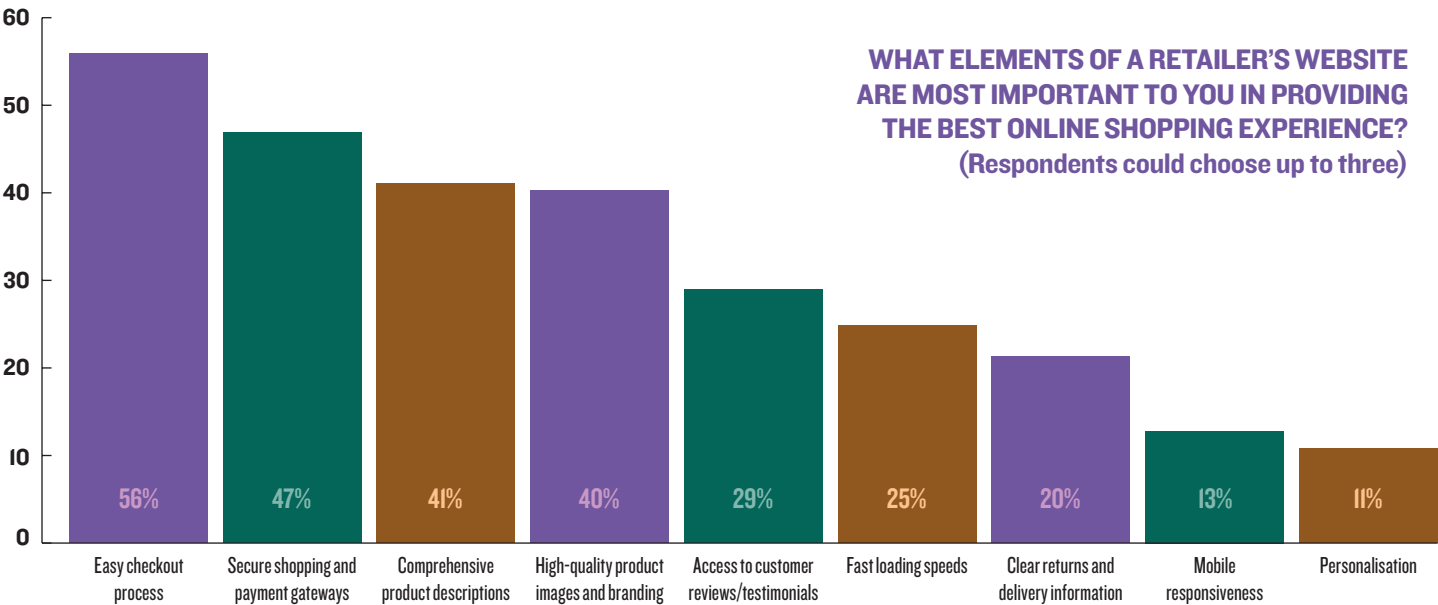
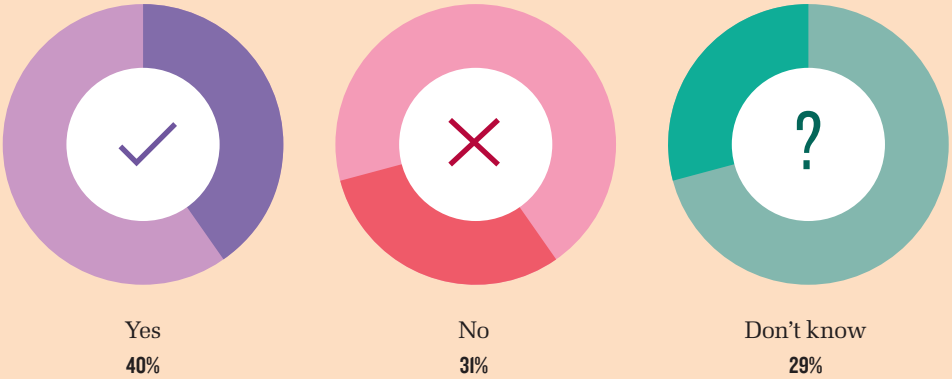
The Entertainer founder and executive chair Gary Grant says, since stores reopened in April, a lot of the focus from the toy retailer has been on the welcome its customers receive. “We need to do what you can’t achieve on the internet,” says Grant. “It’s about recognising people, welcoming people, valuing people. It’s more than just spending money; it’s an experience.”

To help customers feel comfortable, The Entertainer has made its shops feel bigger by removing obstacles to create more passing spaces. “We’ve taken a lot of gondolas out [and] we’ll have less FSDUs (free standing display units) in store to create an atmosphere of safety,” says Grant.

Digital technology will also have an increasingly important role to play in delivering a socially distanced, contactless experience. For the Co-op, this has meant investing in customer-facing scanners in its 2,600 food stores that are capable of reading its new digital membership app on shoppers’ smartphone screens.

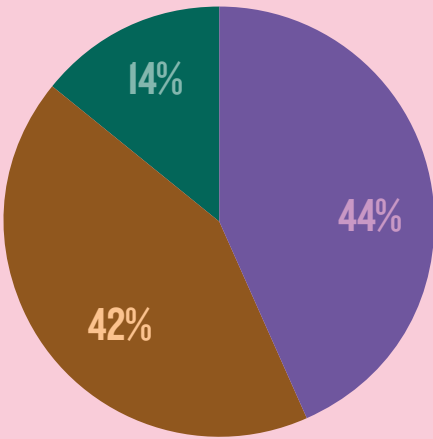


WILL YOU TAKE ADVANTAGE OF ONLINE SERVICES LAUNCHED DURING LOCKDOWN, SUCH AS VIDEO PRODUCT DEMONSTRATIONS/ONLINE CONSULTATION SERVICES, EVEN AFTER STORES OPEN?



WILL YOU CONTINUE TO SHOP ONLINE DESPITE STORES REOPENING?

- Yes, just as much as I did through lockdown when stores were closed
- Yes, but not as much as I did during lockdown
- No, I plan to do most of my shopping in stores





## The rise and rise of online

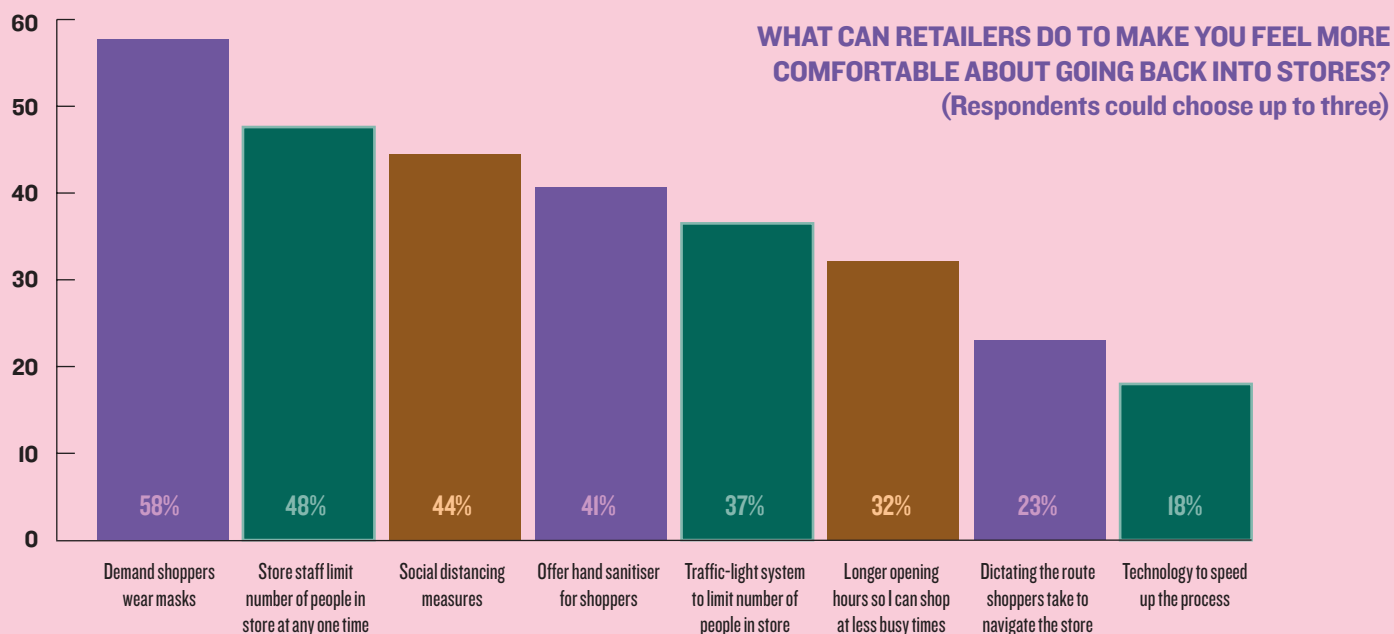
Of all the consumer trends accelerated by the pandemic, the shift to online shopping is perhaps the most significant. The proportion of retail sales generated online hit a record high of 36% in January this year, according to Office for National Statistics data. Although that number fell back to 32% in March, it still represents a huge uplift from the 22% reported in March 2020.

Lockdown forced shoppers online and, for some, buying digitally has become habitual, even among those consumers who had never shopped online before. This is borne out in our data, which shows that, for many people, shopping habits acquired during the pandemic will sustain following the full reopening of society: 44% of people say they will continue to shop online just as much as they did through lockdown when stores were closed – a figure that peaks at 56% for 25- to 34-year-olds. Just 14% of people surveyed said they plan to do most of their shopping in stores, with the remainder (43%) planning to keep shopping online, albeit less so than during lockdown.

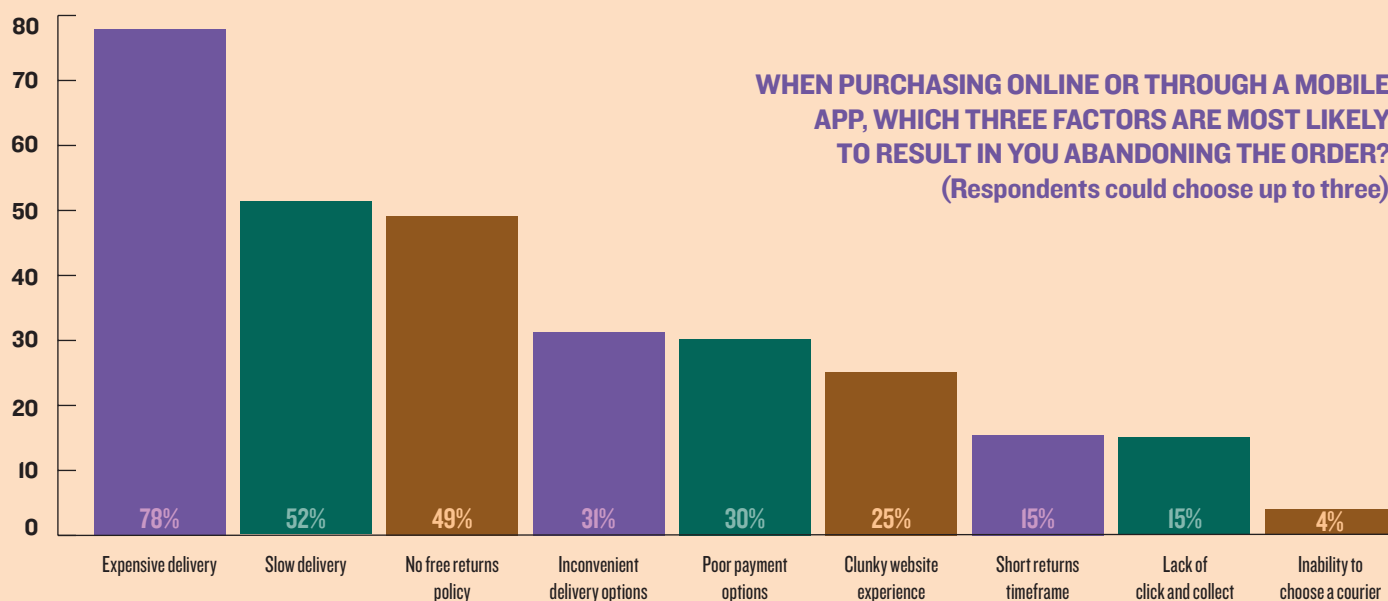
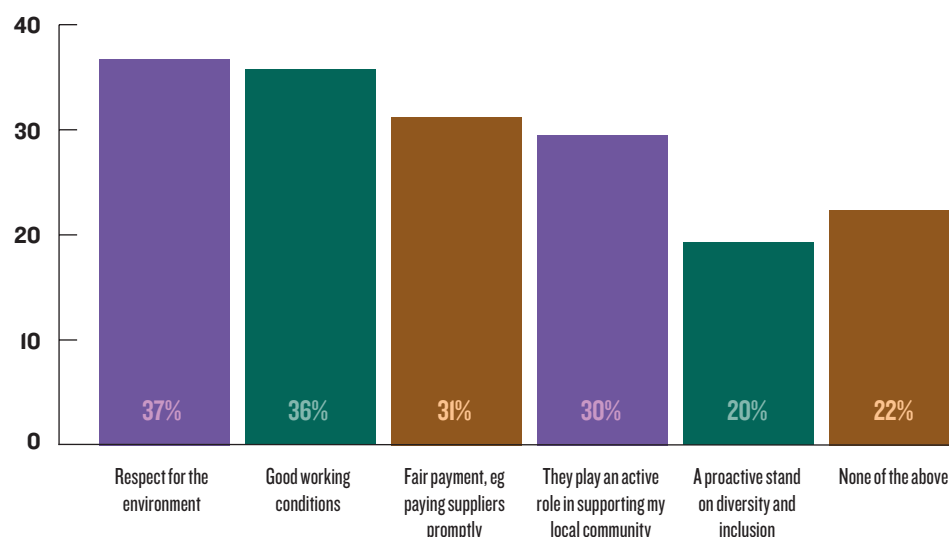


With a much larger ecommerce customer base to play for, retailers such as John Lewis and Dixons Carphone launched innovative online services to try to capture spend as stores were closed, including online product demonstrations and tutorials. Dixons Carphone launched its ShopLive video shopping service, which gives customers face-to-face advice from experts in store. Boss Alex Baldock said at the end of last year that Currys PC World ShopLive customers were “twice as likely to buy and spend over 50% than unassisted online customers”.





**ARE ANY OF THE FOLLOWING IMPORTANT TO YOU WHEN CHOOSING WHICH RETAILER TO SHOP WITH?**  
(Respondents could choose all that applied)





## Winning website UX

When asked whether they would continue to take advantage of such online services even after stores reopen, 40% of consumers said yes, versus 31% who said no and 29% who weren't sure. This could be an area of investment worth pursuing for those retailers who are having to shrink their store estates but want to offer the compelling customer service that a store provides.

Added sales through virtual consultations would also increase the return on investment of those stores and would mean retailers are extracting more value out of the expertise of their store colleagues.

With rising online penetration, website UX is becoming increasingly vital. An easy checkout process came out top as the most important element of a website with 56%, ahead of secure shopping and payment gateways (47%), comprehensive product descriptions (41%) and high-quality product images and branding (40%). Any tools that make the process simple, secure and visually appealing must be near the top of retailers' investment priorities.

When asked which three factors are most likely to result in them abandoning an online order, at 78% by far and away the bête noire for consumers is expensive delivery – a figure that rises to well above 80% in some

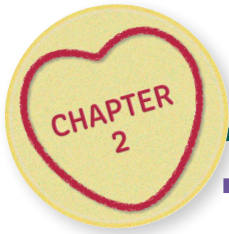
parts of the UK, such as the East Midlands (88%) and Scotland (87%). Slow delivery is a major issue for 52% of shoppers, with the absence of a free returns policy cited as a key impediment to completing a transaction by just under half of those surveyed (49%).

Whatever the priorities of shoppers, retailers need to be transparent early on in the online shopping journey around the fulfilment proposition, making it clear to consumers what the fees are and why they are being charged more for one service over another.



**An easy checkout process came out as the most important element of a website**





# THE POST-PURCHASE JOURNEY

**W**e've looked at the elements of the customer experience that drive loyalty in the pre-purchase journey, but what about once they have transacted? What is it about the post-purchase journey that makes shoppers, either in store or online, fall in love – and stay in love – with brands?

Delivery, as we have already discovered, is a key preoccupation for consumers and the main reason for them abandoning an online order before they even complete it. Where fulfilment is concerned, home delivery is by far the most sought-after delivery service among consumers, with 66% citing it as their preference versus 14% for click and collect and just 3% for contactless or kerbside.

A small but still significant proportion (14%) simply want the cheapest option.

Deloitte retail director Gillian Simpson says: “The complexity in fulfilment is going to be one of the next key big challenge areas for retailers in connecting up their store estate and supply chain network, and understanding where the most efficient place to fulfil that order is from, which carrier to use. All of that intelligence is the only way they are going to be able to deliver efficiently, both in terms of getting it to the customer in the fastest possible way but also at the least cost for the retailer. That cost of delivery is going to be a crippling factor in the profitability of online fulfilment going forward.”





In light of this, retailers are passing on extra costs to those consumers willing to pay for a delivery service above and beyond the norm.

When asked what additional delivery services they would be willing to pay for, 29% of people surveyed said timed delivery slots, with slightly fewer saying same-day delivery (27%) and next-day delivery (24%).

Delivery has been a key battleground for grocery retailers during the pandemic as online orders have surged.

Sainsbury's hired a net of about 6,000 new full-time staff during 2020, the vast majority of whom are in roles involving picking and packing online orders and driving delivery vans. Sainsbury's boss Simon Roberts explained to Retail Week what the key drivers of investment for the business are: "We've got to be where our customers expect us to be. So having online delivery slots when customers need us to have them, expanding the number of orders available online, is a key focus in the additional investment in roles."

Roberts also shared the retailer's plans to invest over the next three and a half years in building 30 more fulfilment centres to support Argos' fast-track collection and delivery proposition, "so that we can get products to customers faster and have

products in the right place, closer to the point where customers are ordering them from", he explained.

Sainsbury's, in common with other supermarkets, is also ramping up its capabilities for rapid delivery in urban centres. In April, it announced the expansion of its partnership with Deliveroo from 10 stores in London to 100 stores nationwide. It means around 30% of the total UK population in Deliveroo zones can now access more than 1,000 products from Sainsbury's and have them delivered in as little as 20 minutes.

"Working with Deliveroo has helped us offer home grocery deliveries to even more customers, bringing them a super-fast service when they need something in a hurry," says Sainsbury's director of ecommerce Nigel Blunt.

Co-op is another grocer that has partnered with Deliveroo to offer customers greater speed, flexibility and choice, with Co-op Food stores acting as mini distribution hubs. It is also working with same-day home-delivery specialists Gophr in Scotland and Zoom 1Hr Delivery in Wales and Welsh/English border towns to make deliveries up to 4km from a store in as little as two hours.



**When asked what additional delivery services they would be willing to pay for, 29% of people surveyed said timed delivery slots, with slightly fewer saying same-day delivery and next-day delivery**





## Diminishing returns

If there is an understanding among consumers that fast delivery should command a price premium, they are less amenable when it comes to the cost of returns. In fact, 78% of those surveyed hate having to pay and say they would be more likely to shop with a retailer that offers free returns – bad news for those retailers that currently charge.

Returns have always been a necessary evil for retailers, but with the growth of ecommerce they are likely to become an even greater drag on profitability. Items bought online and returned in the UK are worth £5.2bn annually, according to estimates by buy-now, pay-later payments provider Openpay, released last year.

Fashion return rates in particular can be upwards of 50%, according to experts, incurring a huge cost for retailers. Returned products have to be sorted and graded on arriving back at the distribution centre. Some may be damaged and have to be scrapped, while others may need reworking to make them fit for resale.

Often goods need to be repackaged, while seasonal items may have to be discounted if peak selling season has passed by the time the product has worked its way through the system.

There are a number of different channels through which retail returns can be made, with shoppers far from agreed over their preferred method. The highest proportion (25%) prefer an item to be picked up from their home (it is noteworthy that this rises to 46% for the over-65s and drops to just 12% for 18-24s and to 11% for those aged 25-34); 20% prefer to return the item to the main till of a store; and a further 15% favour a manned designated returns area in store.

Manhattan Associates' Summers believes that making it easy to return an item to a store should be a "massive advantage" for retailers with stores. He notes, however, that a lot of retailers struggle to recognise the item as saleable inventory, thereby preventing a quick return to the shelf.

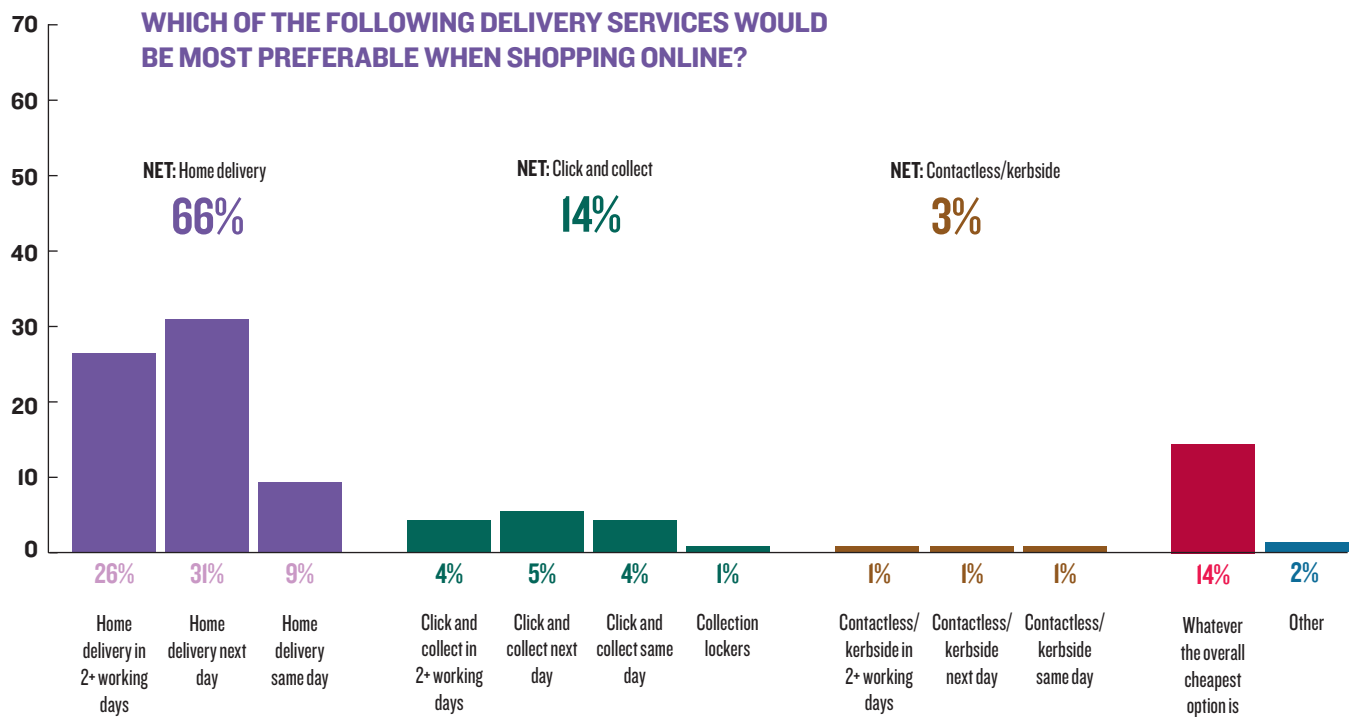
"There are certain items that will always need to go back to the DC to be repackaged or QA (quality assurance) checked, but there are probably many things that would be pretty straightforward to get back on the shelf if the system allowed it to," he says.

This is reflected in Manhattan Associates' retailer research, with only around a third (34%) of retail leaders stating that when their organisation receives a return they put it back onto the shop floor and make it available online – the holy grail. At the other end of the scale though, almost one in 10 (9%) report that they ship it back to a distribution centre first, making returns a potentially slow and difficult process.

Some retailers have decided the cost of processing certain returns is such that it is more cost-effective to refund customers the purchase price and still allow them to keep the product. Amazon and Walmart are among the businesses using artificial intelligence to decide whether it makes financial sense to process a return.

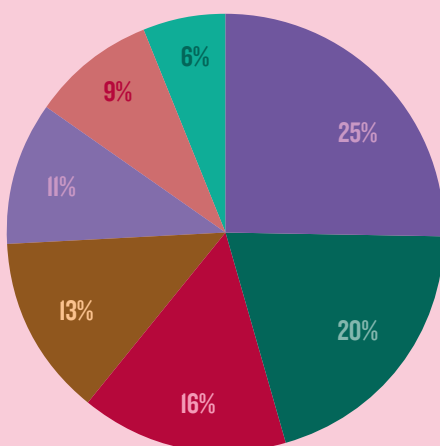
Either way, it is vital that retailers consider technologies that can help reduce return rates, such as virtual mirrors, augmented reality and tools to help shoppers understand certain brands' sizing, which retailers such as Asos are leading the way on. Outside of fashion, home and DIY retailers such as Ikea have been experimenting with augmented reality to enable shoppers to better visualise products in their own home.



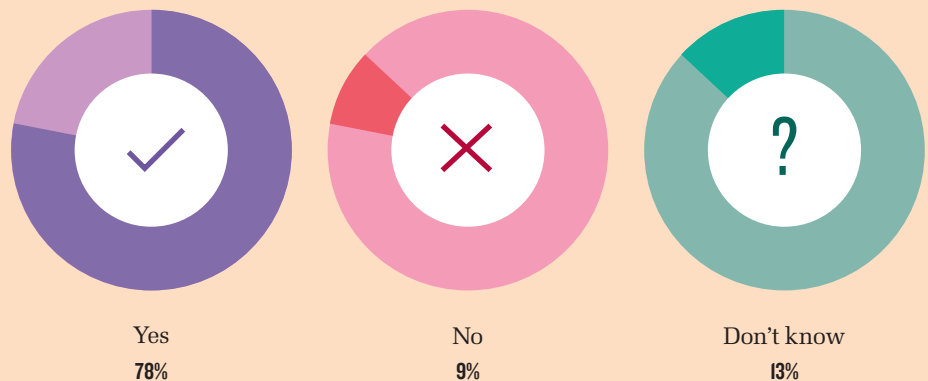


### HOW WOULD YOU PREFER TO RETURN A PRODUCT?

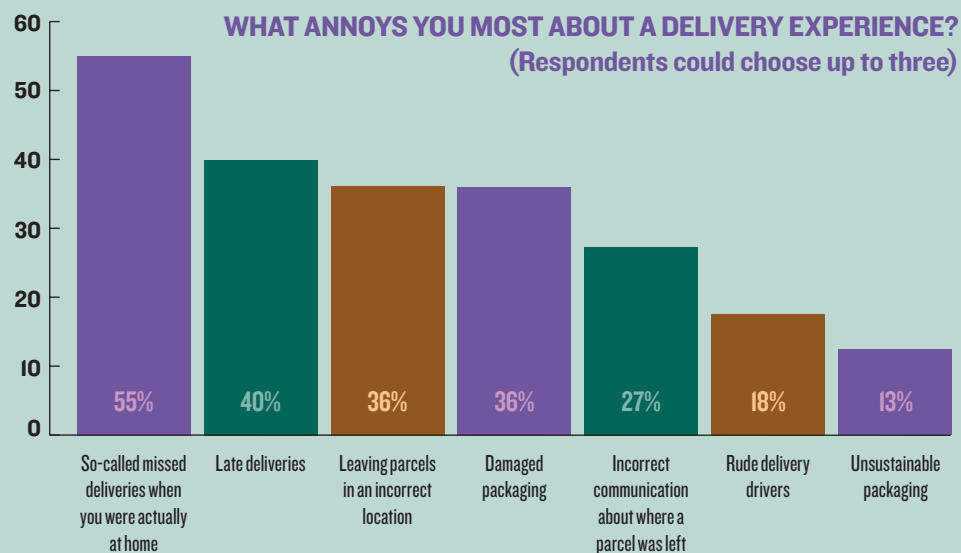
- Pick up from home
- In a store, at the main till
- In a store, in a manned designated area
- Post Office
- Drop-off to a partner store of the retailer, eg Collect+
- In the store, at a self-service designated area
- In the store, to a member of staff with a mobile device



### WOULD YOU BE MORE LIKELY TO SHOP WITH A RETAILER THAT OFFERED FREE RETURNS?



### WHAT ANNOYS YOU MOST ABOUT A DELIVERY EXPERIENCE? (Respondents could choose up to three)





## Missed deliveries when at home came top of the gripes listed



There is also a sustainability argument to be made against high rates of returns since significant resources go into transporting, cleaning and repackaging unwanted items. Any gains retailers can make here would chime with consumers, too.

When asked how important it is that retailers they purchase from consider sustainability when it comes to packaging, over 80% of people said it is very important (29%) or important (52%). Almost two-thirds (65%), meanwhile, agreed with the statement that, given the option, they would choose to shop with a retailer that shared infrastructure, such as delivery vans, with other businesses to deliver their products in a more sustainable way.

When asked what annoys them most about the delivery experience, so-called missed deliveries when they were actually at home (55%) came top of the gripes listed by consumers. This was followed by late deliveries (40%), leaving parcels in an incorrect location (36%) and damaged packaging (36%).

This highlights the importance of working with reliable and trustworthy fulfilment partners that are a key touchpoint between a brand and its online customers. Nothing seems to annoy consumers more than a delivery experience gone wrong, and it is a big factor in why consumers fall out of love with brands. Indeed, consumers themselves often have a preference when it comes to couriers and, according to our research, 51% regard it as important or very important to be able to choose at the point of check-out which courier will deliver their items.

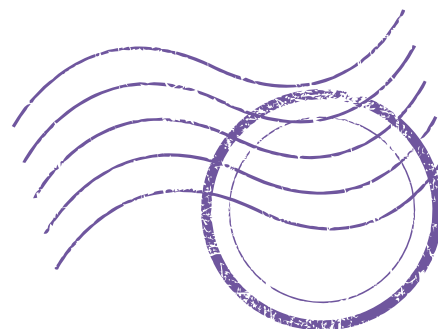
Of course, the customer experience doesn't end with a delivery or returned item. Effective post-purchase communications are an important differentiator for retailers

and key to shoppers deciding whether to buy from the brand again.

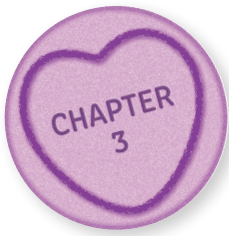
For over a third (39%) of shoppers, good post-purchase communications means rewarding their loyalty, for example with money off their next order. A similar proportion (37%) appreciate the retailer checking that they are happy with the product.

Most retailers have a range of platforms through which they communicate with customers post-purchase, but among those surveyed it is email (71%) that is by far and away the most popular channel, well ahead of online live chat (20%), call centres (15%) and other channels, such as web forms, SMS, mobile apps and social platforms.

Lidl has seen success in revamping its customer emails, working with start-up ParcelLab to send online shoppers personalised shipping messages that have encouraged 85% of recipients to visit the Lidl website to check their order status, driving loyalty.







# RETAILER RANKINGS

There are few industries as competitive as retail. Leaders are constantly benchmarking their own businesses against their rivals to see how they stack up.

This is not an egotistical exercise but a vital one if retailers are going to stay ahead of the competition and convince shoppers to spend with them rather than the shop, or website, next door.

In this chapter, we unveil rankings across four key CX drivers. We asked consumers which retailers got their hearts racing when it comes to stores, online delivery, website UX and value for money, so leaders can discover which businesses are leading the pack, and why.

It was an open ended question, with consumers asked to fill in a box rather than choose from a list of options, and yet Amazon overwhelmingly came out top in three of the four rankings. Find out why on page 22.

## Tesco on top

Tesco just beat John Lewis into first place when consumers were asked which retailer operates the best stores, perhaps due to the grocery giant's quick response to the pandemic.

Tesco was among the first retailers to encourage social distancing at tills and introduce new signage to explain the new rules, as well as provide hand-sanitising stations. These measures go a long way for shoppers who are nervy about going into stores during a pandemic.

Tesco has also been trialling new partners in store to try to increase its appeal, including most recently with food-to-go giant Pret a Manger, which is opening shop-in-shops in its supermarkets.



### WHICH RETAILER OPERATES THE BEST WEBSITE?

1	<b>amazon</b>	<b>48.9%</b>
2	<b>TESCO</b>	<b>5.6%</b>
3	<b>ebay</b>	<b>5.1%</b>
4	<b>next</b>	<b>4.1%</b>
5	<b>asos</b>	<b>3.1%</b>
6	<b>JOHN LEWIS &amp; PARTNERS</b>	<b>3%</b>
7	<b>M&amp;S</b>	<b>2.8%</b>
8	<b>ASDA</b>	<b>2.8%</b>
9	<b>Argos</b>	<b>2.4%</b>
10	<b>H&amp;M</b>	<b>1.7%</b>

### Amazon's triple threat

There is one retailer that inspires love among consumers like no other: Amazon. Almost half (49%) of people named the online giant as the retailer that operates the best website – when considering factors such as loading speed and product information – putting Amazon streets ahead of second-placed Tesco (6%). Amazon also outpaces the competition when it comes to representing value for money, with a quarter of consumers putting it at number one, with Tesco once again in second (9%). Amazon's scale, level of investment and lack of store overheads allow it to sell products at highly competitive prices. It also has an advantage by way of a breadth of assortment that few, if any, retailers can rival.

But it is perhaps the reliability of its delivery offer that really inspires customers to truly fall in love with it.

Rather unsurprisingly, given its history as a delivery pioneer, Amazon is considered the

retailer with the best delivery proposition by more than half of consumers – far ahead of the next best retailer Tesco, which secured just 4.4% of consumers' votes.

Its ability to automate deliveries, manage inventory and accurately forecast demand allows it to offer fast, reliable delivery that customers are willing to pay a premium for through a Prime subscription. "Often you can get the same item cheaper than Prime, but there's something reassuring about the promise," says Manhattan Associates' Summers. "You know it's going to be delivered." The whole fulfilment process is built to maximise speed. For example, by employing sophisticated AI technology, Amazon has the ability to forecast consumer demand for a particular product and move it to a local distribution hub, ready to be delivered as quickly as possible. The location of an item is then tracked using computer vision technology, which creates an optimal delivery route and adds further speed to the process.

### WHICH RETAILER REPRESENTS THE BEST VALUE FOR MONEY?

1	<b>amazon</b>	<b>25%</b>
2	<b>TESCO</b>	<b>8.5%</b>
3	<b>ALDI</b>	<b>7.4%</b>
4	<b>ASDA</b>	<b>7.3%</b>
5	<b>ebay</b>	<b>6%</b>
6	<b>PRIMARK</b>	<b>5.2%</b>
7	<b>LIDL</b>	<b>4.1%</b>
8	<b>Argos</b>	<b>2.4%</b>
9	<b>next</b>	<b>2.2%</b>
10	<b>Morrisons</b>	<b>1.7%</b>

### WHICH RETAILER HAS THE BEST DELIVERY PROPOSITION?

1	<b>amazon</b>	<b>51.4%</b>
2	<b>TESCO</b>	<b>4.4%</b>
3	<b>ASDA</b>	<b>4.1%</b>
4	<b>JOHN LEWIS &amp; PARTNERS</b>	<b>3.4%</b>
5	<b>ebay</b>	<b>3.3%</b>
6	<b>next</b>	<b>3%</b>
7	<b>M&amp;S</b>	<b>2.9%</b>
8	<b>asos</b>	<b>2.6%</b>
9	<b>Argos</b>	<b>1.9%</b>
10	<b>H&amp;M</b>	<b>1.5%</b>





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# HOW TO MAKE CONSUMERS FALL IN LOVE WITH YOUR BRAND

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Shopping habits acquired during the pandemic will sustain following the full reopening of society. Online sales will not go back to their pre-Covid levels and retailers will need to adapt their multichannel capabilities accordingly.



Safety and hygiene measures will be important in attracting shoppers back into stores. Over time, however, the onus will be on store-based retailers to deliver the excitement and experience that can't be recreated online.



The key drivers of loyalty are value for money, great products and great customer service. Retailers should invest accordingly.

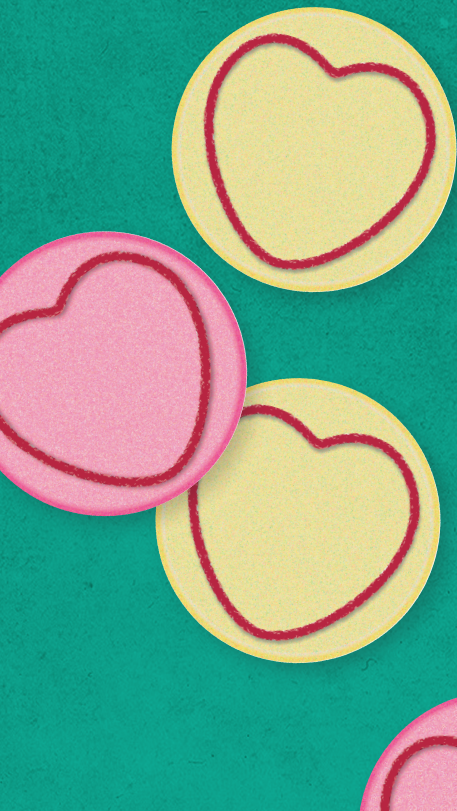


The ability for shop assistants to check stock availability in store and order for a customer online can add value and drive loyalty. Retailers that have a single view of inventory across their entire supply chain are best placed to capitalise.



Fulfilment will continue to be a key battleground as online sales grow. Depending on the category, consumers expect quick, cheap, flexible delivery options and free returns. Retailers must balance shopper demands against profitability.





**LOVE THIS REPORT?** Why not book in one of our experts to present the findings to your team, examining what they mean for you and your business?

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