

EBOOK

Digital Retail Customer Experience Trends

Key trends in digital retail customer experience
to pay attention to.



INTRODUCTION

Digital Retail Customer Experience Trends

In 1995, Amazon.com made its first sale. Now, over 25 years later, the retail landscape looks completely different — and it continues to evolve at a pace that's only getting faster.

During the pandemic, e-Commerce sales skyrocketed to \$870 billion in 2021 — a 50% increase over 2019, according to [US Census data](#).

Rising technology and changing customer demands are driving digital transformation forward. The digital customer experience is no longer a choice — it's a requirement.

Customer experience is a top priority for retailers striving to set themselves apart from their competition. In this guide, you'll gain insights into what customers expect today, discover key digital retail trends to watch, and receive guidance for delivering on your customers' expectations.



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Customer expectations have changed

Buying behaviors were already shifting online before COVID-19. For those who didn't shop online, a Eurostat report found "force of habit" was the most common driving factor. Suddenly, with a global pandemic, those habits became inaccessible. During quarantine when retail shops closed their doors, customers turned to technology as a necessity. It was online shopping or no shopping at all. Habits changed — fast.



How customer expectations have changed

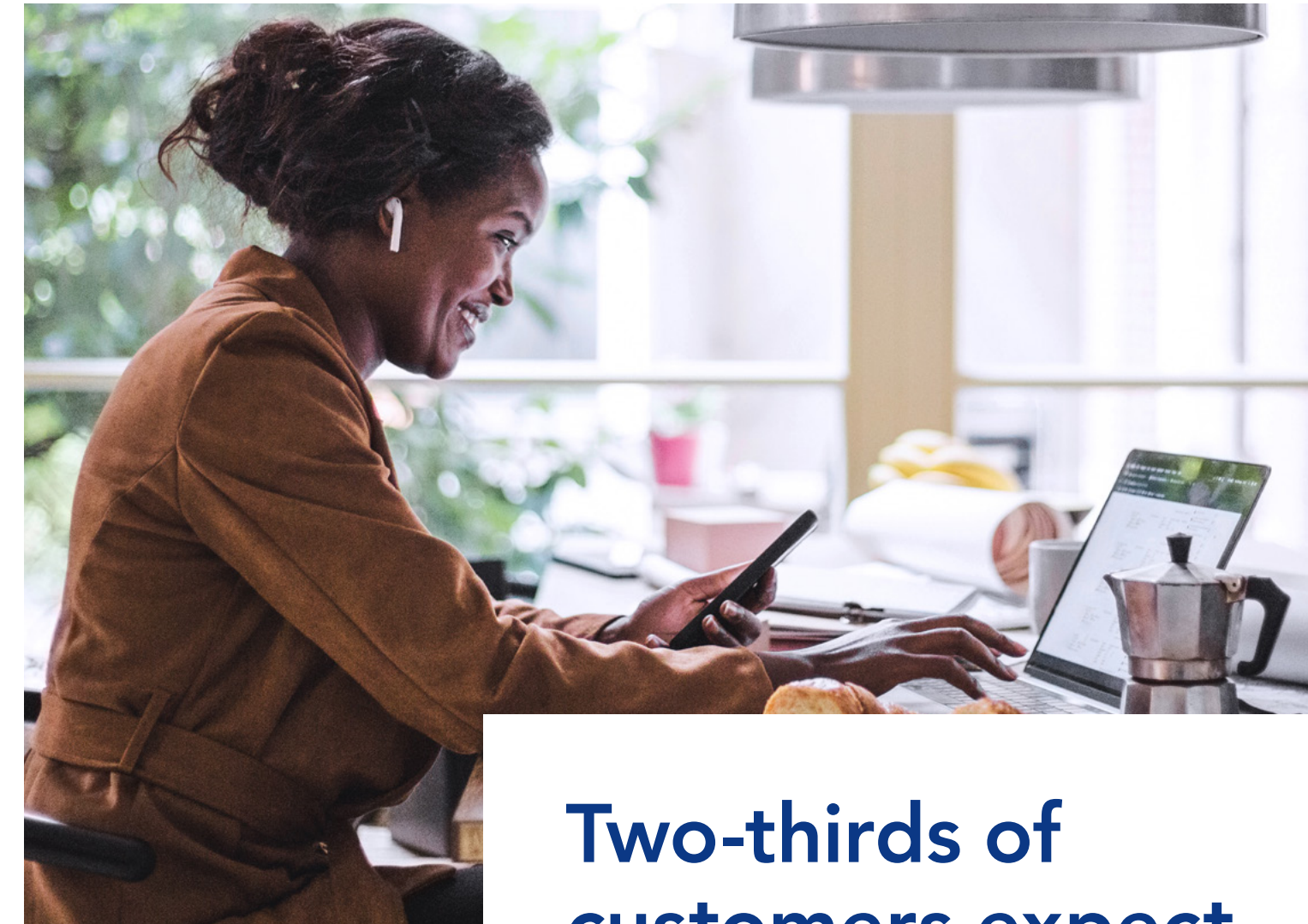
As we settle into this post-pandemic world, it's clear that some changes are permanent. One of those permanent changes is that when it comes to online experiences, customers expect more. Retail CX leaders who don't raise the bar to meet these expectations will suffer.

To determine current customer expectations, Salesforce Research surveyed over 15,000 consumers and business buyers. According to their report, [State of the Connected Consumer](#), today's digital customer expects:

- **A great customer experience** - 80% of customers now consider the experience a company provides to be as important as its products and services.
- **Consistency** - Over three-fourths of customers expect consistent interactions across departments, and 74% have used multiple channels to start and complete a transaction.

- **Personalization** - Two-thirds of customers expect companies to understand their unique needs and expectations (yet 66% say they're generally treated like numbers).
- **Innovation** - Digital initiatives and even entirely new products and services are now an expectation, not a bonus.
- **Data protection** - Personal and payment information is expected to be secure. Unfortunately, customer trust is declining.

While technology innovations are catalysts for many of these changes, one expectation that remains constant on any platform — especially in retail — is one-on-one, human customer service. Service that's compassionate, welcoming, personal, and that can only be delivered with a human touch. A digital transformation in retail shouldn't lose sight of the importance of person-to-person connection, which can help fulfill rising customer demands and improve trust.



Two-thirds of customers expect companies to understand their unique needs and expectations



Digital retail CX trends to watch

About half of retail IT executives surveyed by DemandScience said they're prioritizing upgrades to their digital CX, as published in a Comcast Business report.

Retailers are shifting their focus to CX, and for good reason: customers care more about experience than ever before. The days of competing on price alone are gone, and businesses must improve the end-to-end customer journey if they want to thrive in the future.

Here are nine digital retail CX trends to consider incorporating in your strategies moving forward.



#1 Personalization continues to be the heart of retail transformation

According to a survey of 1,000 consumers, 80% are more likely to buy from a brand that provides personalized experiences.

Personalization is nothing new. But it continues to evolve to enhance the customer experience. Retailers have more granular information than ever before — information down to the individual. This allows for hyper-personalization and the ability to craft engaging customer experiences.

The power isn't in the data itself, but how it's used. Data is just data. Retailers that capitalize on that data by combining insights with creativity will come out on top.

The power isn't in the data itself, but how it's used.



#2 Augmented reality (AR) and virtual reality (VR) technologies improve the shopping experience

AR and VR allows shoppers to virtually try on clothes, shoes, or makeup. Or visualize furniture in their living room. We're only at the tip of the iceberg when it comes to augmented reality experiences in retail, and it has the potential to completely change the retail landscape.

50% of U.S. adults have either used or are interested in using augmented reality or virtual reality while shopping.

– Jamie Enberg, Shopping with AR on Social Media. Insider Intelligence, Dec. 2021.

IKEA uses AR technology to give customers the ability to see how products would look in their homes. Many glasses companies like Warby Parker allow customers to virtually try on glasses. NIKE allows customers to design and try on a pair of Air Force 1s, and also offers a digital bra-fitting service. These are just some of the many examples of how retailers are using AR and VR to improve the shopping experience.

Moving forward, we're likely to see even more customization in these experiences that give customers confidence in their buying decisions and has the added benefit of reducing return costs.



#3 Online and in-store come together in a new “phygital” world

Retail apps are bridging online and in-store experiences. Instead of one or the other, digital enhances the in-store experience.

Examples include:

- Retail apps sending offers as customers walk past items, offering real-time inventory information
- Buy online and pick up in-store/curbside as options
- Display of online reviews near in-store items

Merging physical and digital can create personalized, seamless customer experiences that develop trust and loyalty. “Phygital” is a buzzword now, but this is a trend to watch, as we're only going to see these experiences and integrations get smarter and better.

#4 Omni-channel service and support offers seamless experiences

Customers expect a seamless journey. They may change from mobile browser to mobile app to desktop, all in the same purchase, and expect their experience and shopping cart to be consistent. Solutions like Shopify's Persistent Cart address this issue and allow customers to move between multiple devices without losing their cart.

The same is true for retail customer service. If a customer receives help from social media and then an online chat, they expect cohesiveness. They don't want to repeat information, or have to search for the exact right item, color, and size again. To meet the need, retailers are investing in omni-channel solutions that drive not only a better digital customer experience, but also help achieve greater efficiencies.



#5 Artificial intelligence (AI) helps customers and customer support teams

Another trend that helps create efficiencies and improve the customer experience is artificial intelligence. Chatbots simulate conversations using natural language on messaging applications. These bots can provide customer service, answer basic customer questions, and gather information.

Customers love that AI allows them to get support 24/7. Customer service agents love that chatbots can empower them to focus on customers with more complex needs. This win-win is why the number of brands using chatbots is growing rapidly.

Companies will save 2.5 billion customer service hours using chatbots by the end of 2023.

– Abbas, Aslam, Chatbot 2019 Trends and Stats with Insider Reports ChatBotsLife, Feb. 2019

#6 Contactless transactions make buying quicker and easier

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#7 Customers demand instant gratification

Widespread digital adoption has shortened the attention span of consumers. When a customer need arises, you need to fill it now or risk losing them to a quicker competitor.

Retailers are honing in on every micro-moment along the customer journey to reduce friction and give customers the seamless experience — and instant gratification — they seek. This can mean giving customers the ability to tap and purchase a product directly from social media. Further in the customer journey, it could mean ensuring self-help content is quickly and easily available 24/7. Whatever the customer seeks, "later" isn't an option — we're living in a time of now.



#8 Improving the agent experience boosts customer satisfaction

As businesses in nearly every industry are facing hiring challenges, there's a heightened focus on the customer service agent's experience.

Customer service interactions are critical to the overall customer experience. By giving agents the support and tools they need, retailers can improve the customer experience while increasing employee satisfaction and productivity.

Additionally, customers are getting more invested in brand culture and values. When you treat your employees well, it will show, and your customers are more likely to be loyal.

For example, CRM platform HubSpot focuses on developing employees both personally and professionally. Employees receive comprehensive benefit packages, flexible schedules, unlimited vacation, and career development opportunities. Employees are encouraged to build strong connections with customers, and they're given the resources and support they need to make that happen. It's unsurprising that HubSpot was named the best company for employee happiness, and this employee success carries over to customers: HubSpot Marketing Hub earned the No. 1 spot in TrustRadius' Ten Most Loved Products of 2022. TrustRadius measured sentiment in customer reviews to select award recipients.

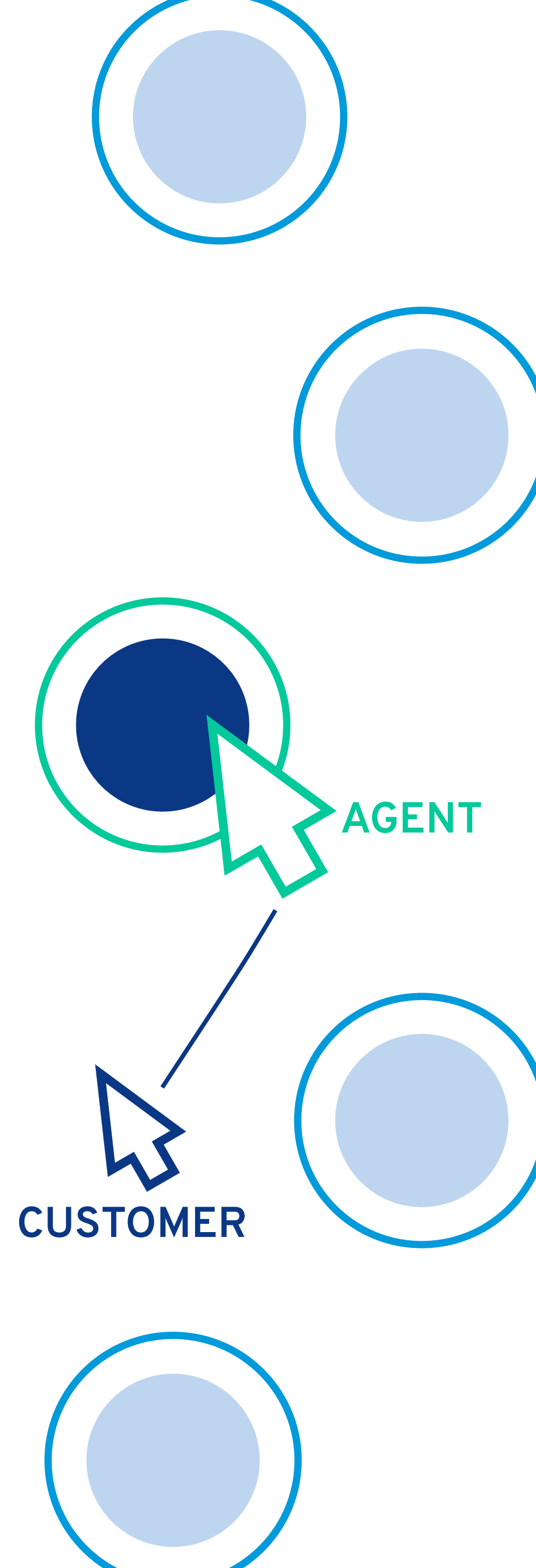
#9 Authentic culture and values take priority

Retailers and brands in every sector have always had culture and values. What's new is the importance of sharing those values very openly with customers.

According to Forrester, 41% of US consumers seek to buy from a company associated with social, environmental, and political ideals, and 68% report that a company's social responsibility reputation has at least some influence on their purchasing with that company. Those with strong brand values yield better business results: 37% of values-driven businesses report double-digit year-on-year revenue growth.

68% of US consumers say that a company's social responsibility reputation has at least some influence on their purchasing with that company. Source: Nail, Jim, *The Power Of The Values-Based Consumer — And Of Authentic Brand Values*. Forrester, Feb. 2020.

Global disruption has only heightened this trend. Customers want to shop with retailers who share their social, political, and ethical values. We expect to continue to see retailers be more socially conscious and ethically transparent.



5 questions to help evaluate *your* digital customer experience

When the COVID-19 pandemic closed retail doors throughout the country, companies quickly pivoted.



5 questions to help evaluate your digital customer experience

Companies acted 27 times faster to meet increasing customer demand for online purchasing and services than they'd have done before the COVID-19 crisis, according to a [study](#) from McKinsey & Company.

Now that we've entered a new normal, it's time to take a closer look at the digital customer experience. Decisions were made quickly out of necessity, but now we have the opportunity to optimize.

Here are five questions to help evaluate your digital customer experience, which can lay the foundation for what comes next.

1. **Are you delivering a true omnichannel experience for your retail customers?**
2. **How and where can you personalize customer interactions throughout their journey?**
3. **Does your digital experience incorporate a human element to establish trust and provide one-on-one service?**
4. **Where are the pain points in your customer's journey?**
5. **Do you have monitoring and metrics in place to assess your customer experience and track improvement?**

Providing a personal experience means anticipating and meeting the specific needs of your customers. Through the right technologies and strategies, you can provide a seamless, frictionless customer experience that aligns to your business goals.



Technology with empathy

Technology has transformed retail. Never before have we been able to deliver such personalized content and experiences at scale — in many cases giving customers better recommendations than a sales person simply because a sales person couldn't possibly have all the information and browsing history that technology can harness.

However — and this is a big however — there's a critical element of retail that some are leaving behind as they embrace new technologies: empathy.



The future of the Guided Customer Experience.

Humans crave connection. It's one of the biggest benefits of shopping in-store. They get one-on-one connection and service from staff, which has a positive effect on brand perception and loyalty. Shouldn't your online customer experience reflect your in-store brand experience?

Today's retail customers expect more from their online experience, but they still expect compassionate, human service. Bots are helpful, but they haven't replaced humans. Websites and algorithms can be powerful, but so are relationships. Technology and empathy aren't opposing forces. In fact, empathy should be the heart of digital CX.

How empathy can shine through technology:

- Thoughtful micro-details across your website to show that someone cares
- A thought-out user experience that makes your website as friction-free as possible
- Transparency in how personal data and information is stored and used
- Personalized communications
- Personal customer service through human-to-human support (Guided CX)

Research from [Harvard Business Review](#) reveals that an emotional connection matters more than customer satisfaction. We all want satisfied customers, but their research concluded that emotionally connected customers are more than twice as valuable as highly satisfied customers.

The future of retail CX is more human and more technology. One doesn't replace the other; they work synchronously to deliver highly-personalized and connected shopping experiences.



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