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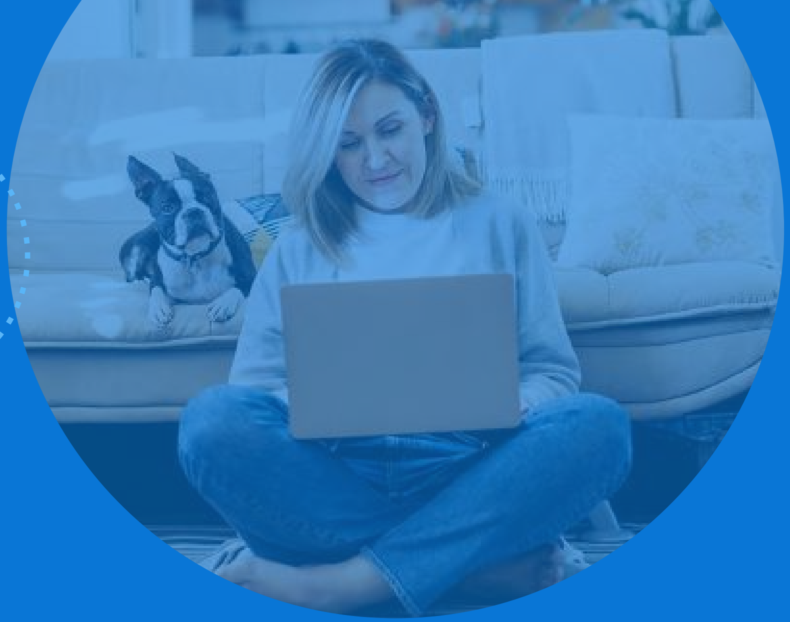
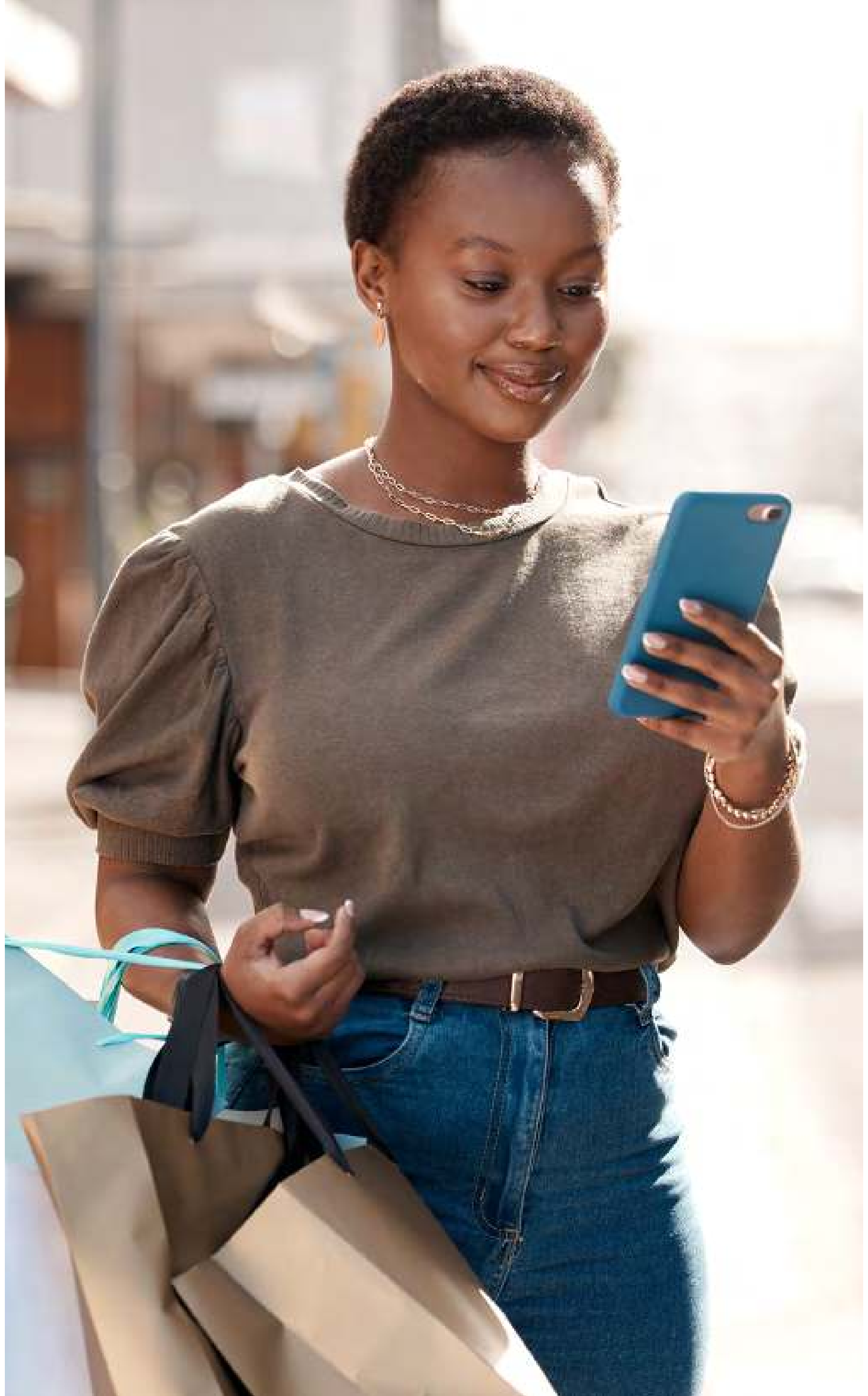


5 TRENDS that will impact the retail customer experience in 2023



Supply chain issues, ongoing inflation, and fear of a worsening economy have caused a ripple effect across the global retail market. Consumers are planning to shop less, have higher expectations of their retail experiences, and are interacting with brands in more complex ways.

But through this challenge comes an opportunity to provide the value customers are seeking. By understanding consumers' changed habits + behaviors, retailers can pivot their strategy, drive improvements, and deliver stronger customer experiences.

To get you started, we've compiled the **top 5 consumer trends retail brands should be tracking**. Based on proprietary SMG research across the US + UK, these trends—along with a list of questions to ask of your current CX program—**should serve as a guide for 2023 + beyond.**

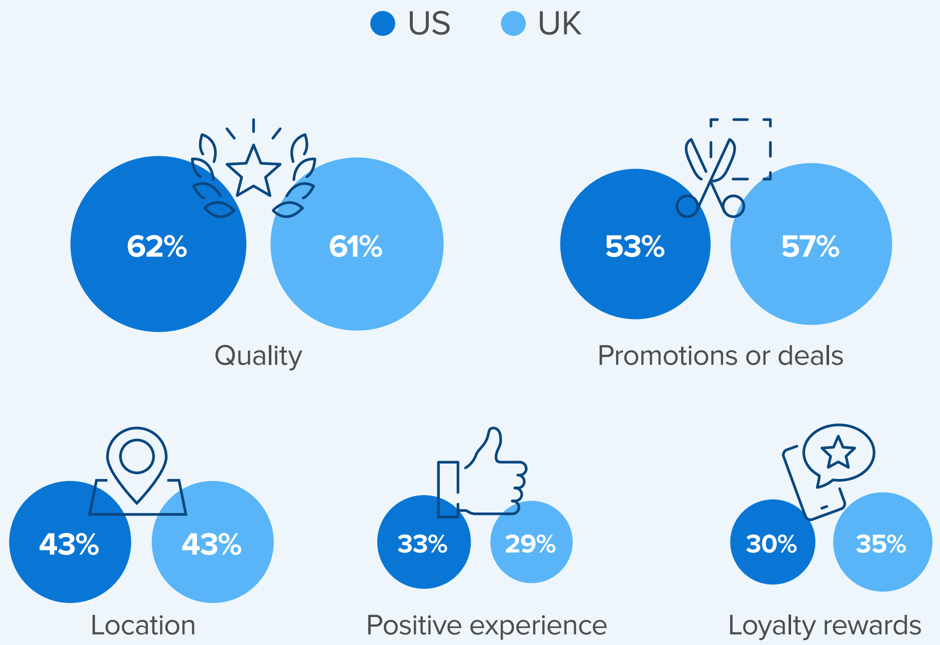
TREND #1

Value will be a top CX driver + brand differentiator

Economic challenges are impacting consumers' discretionary spending, with 60% of UK consumers + nearly half of US consumers planning to cut back on retail shopping. But winning their business isn't necessarily about providing the cheapest option. To stand out, retailers must take a value-forward approach, leaning in on what it is that keeps loyal customers coming back.

Using CX data and insights is a great way to not only determine what those key drivers of value are, but also to assess the effect your efforts have on customer sentiment, and ultimately, your bottom line.

Which of the following are most important when choosing which retail store to purchase from?

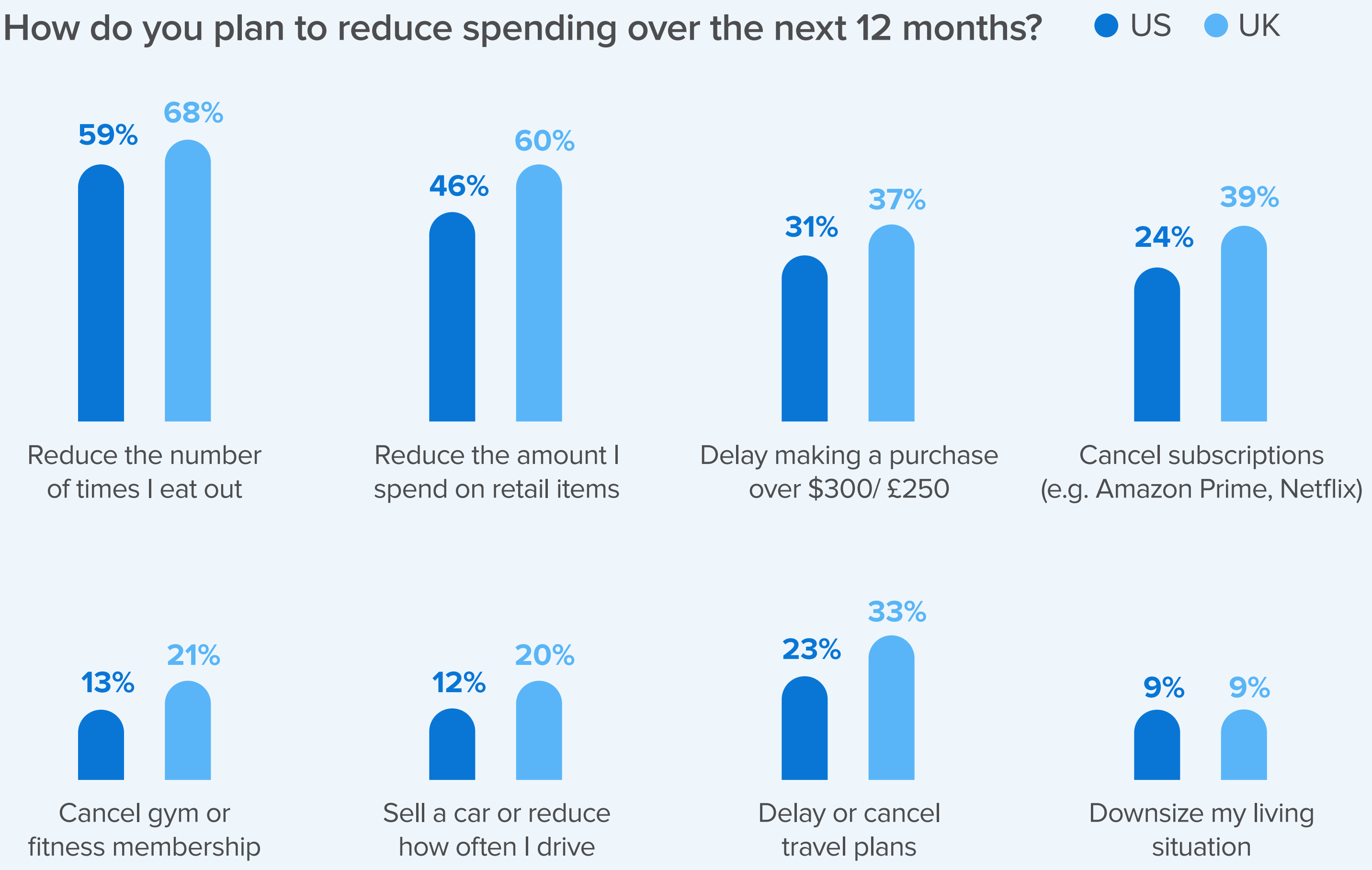


The interrelation of value, customer satisfaction, and price

Where are consumers cutting back?

To help you better understand how consumers are changing their purchasing habits, here's a deeper look at where US + UK consumers are scaling back + the different ways they plan to allocate their spending.

How do you plan to reduce spending over the next 12 months?



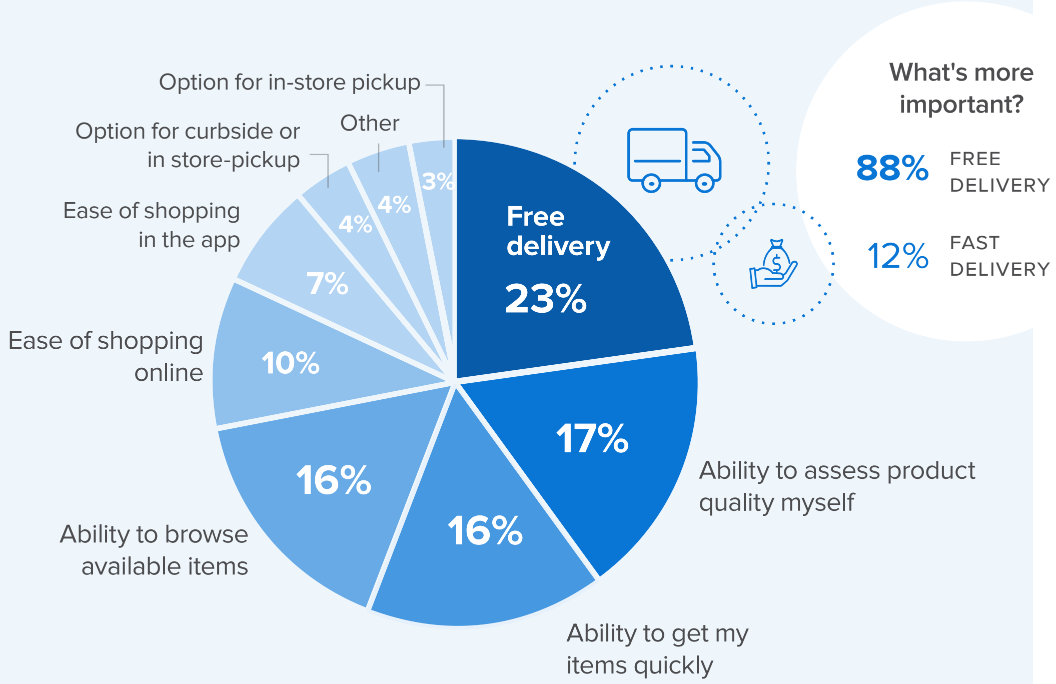
TREND #2

Customers will expect free (not necessarily fast) delivery

As consumers continue to look for ways to save, their willingness to pay extra costs—like shipping fees—is diminishing. And when they *do* have to pay for delivery, they're harder to please, often citing lower satisfaction with their experience.

To meet these demands, retailers should prioritize ways to offer free delivery. Not a possibility for your brand? Be sure delivery dates + costs are accurate so you're setting expectations from the start.

Which of the following is most important to you when choosing how to shop for retail purchases?



While fast shipping isn't the top priority for delivery customers, speed + convenience mean everything to BOPIS (buy online, pick-up in store) customers.

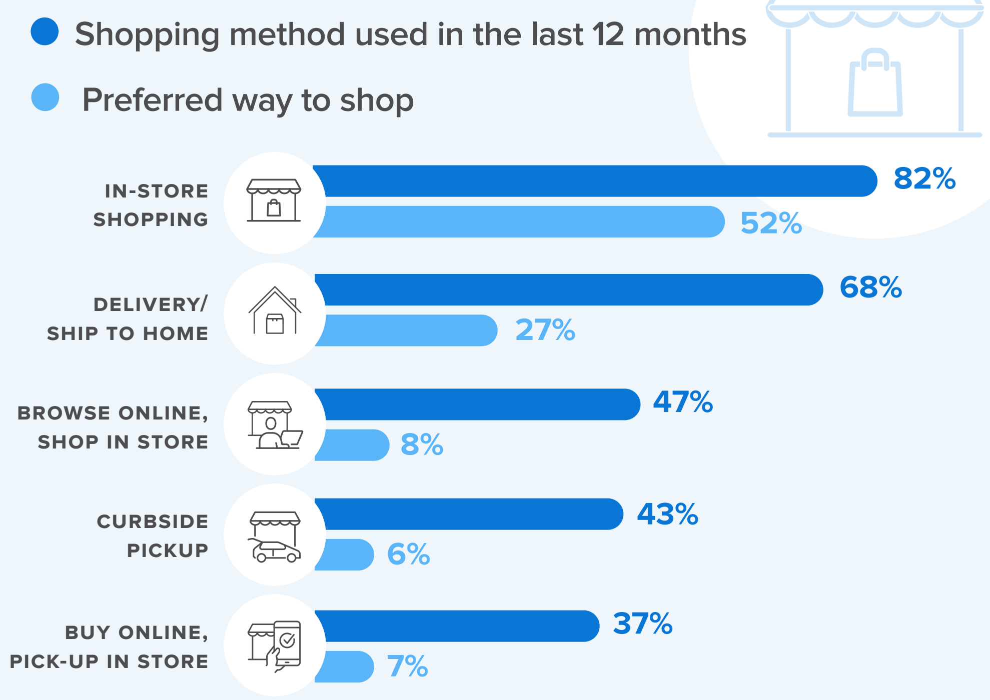
When they arrive to pick up their order, they expect to wait no more than **6 minutes.**

TREND #3

The hybrid retail experience will continue to dominate

The in-store experience is back—with more than half of consumers preferring to shop in person vs. online. But often those on-site visits include a digital touchpoint, with 1 in 2 customers browsing retailers' sites or apps beforehand to compare prices or check out promotions.

As consumers continue to conserve their spending, this cross-channel behavior will only increase. Brands must continue prioritizing their cross-channel efforts and create a connected experience across touchpoints.



How consumers use online channels to support in-store visits varies by industry segment

APPAREL
Seeking offers + promotions

HOME IMPROVEMENT
Searching for BOPIS opportunities

ELECTRONICS
Comparing products + price

SPORTING GOODS
Budgeting before shopping in store

TREND #4

Concerns about the supply chain will drive in-store traffic

With supply chain issues expected for the foreseeable future, consumers will continue to be uneasy about product availability and opt to make purchases in person. These customers are shopping in-store to get hands-on with products, check out what's available, and make a quick purchase.

Make sure your in-store experience reflects these most critical needs of your customers. Though much of product availability is out of a retailer's control, factors like store cleanliness, associate assistance, and fast checkout will have a big impact.

> **More than half** of executives do not expect a return to a 'normal' supply chain until the first half of 2024 or beyond, **while 22 percent** expect disruptions to continue until the second half of 2023.
>
> **RETAILWIRE**

Top reasons customers shop in-store

1. Ability to assess product quality myself
2. Ability to browse available items
3. Ability to get my items quickly

TREND #5

Front-line employees will be essential to a value-forward experience

Despite a steady rise in digital engagements with brands, 1 in 3 customers prefer in-person interactions and want the support of an on-site experience. Empower your front-line teams to provide the differentiated service in-store customers expect—because when those customers are happy with the assistance they receive, they spend more.

Remember: Value is not just about the price or product but the customer's perceived value of their overall experience—and your staff is key to that unique value offering.

WHY THE EMPLOYEE EXPERIENCE MATTERS

Companies with highly engaged teams can outperform their less engaged counterparts by:

Overall customer satisfaction
▲5%

Customer likelihood to recommend
▲10%

Comp sales
▲8%

Turnover
▼18%

Leverage these resources to empower your front line

Every brand knows the importance of an engaged field team, but not all are taking the necessary steps to drive engagement + improve the employee experience. Check out these resources for ways to optimize your efforts and create happier, more engaged associates.

BEST PRACTICE GUIDE

Why customer-centric organizations prioritize the employee experience

LEARN MORE

BRAND SUCCESS STORY

How Books-A-Million partnered with SMG to attract + retain top talent

LEARN MORE

BRAND SUCCESS STORY

TBC improves speed perception + loyalty with focus on front-line communication

LEARN MORE

EMPLOYEE ENGAGEMENT

smg360® employee experience (EX)

LEARN MORE

Can your CX insights answer these 5 questions right now?

1

What does value mean to our customers?

Consumers are placing emphasis on value, but that doesn't mean they're always wanting the cheapest option. To win + keep loyal customers, you need to leverage CX feedback to identify which elements (e.g., convenience, service, consistency) matter most to your customers and prioritize those differentiators.

2

How are we performing against consumers' delivery expectations?

Whether you decide to focus on free or fast delivery (or neither), today's consumers are prioritizing cost + convenience and paying attention to how your brand is meeting those demands. Leverage location + industry benchmarks to see how your brand is performing on these measures over time and how you stack up against competitors.

3

Are there gaps in our customer journey?

As customer journeys expand across touchpoints, consumer expectations + behaviors can change rapidly—often shifting with each point of contact. Brands need to implement multiple listening touchpoints to capture consumer feedback + behavioral data across all channels.

4

Are we providing an optimal in-store experience?

With ongoing supply chain issues, retailers will continue to see residual impact on their product availability—prompting many consumers to make in-person purchases. Avoid customer frustration by ensuring a seamless in-store experience, from start to finish.

5

How is the employee experience (EX) impacting customer satisfaction?

Though digital engagement with retailers is on the rise, many customers still prefer shopping in-store—and one interaction with a disengaged employee could ruin that experience. If you're not measuring employee engagement + using that feedback to improve EX, it's hurting your bottom line.

A successful CX strategy starts with an ROI-driven solution

You have a lot of choices when it comes to selecting an experience management (XM) partner. But if you can't answer those questions today, you're not delivering consistent and significant impact across your enterprise.

SMG's differentiated approach is ROI-centered. Our top priority is helping brands drive tangible business outcomes from their XM programs—and do so quickly.

Within 3 years, the average SMG client sees:

551% ROI

$15M Total benefits

$2.8M Turnover recution

$800K Cost reduction from process improvements

Learn more about how we can bring these results to your business

Request demo

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About Service Management Group

SMG is a leading experience management (XM) provider, accelerating value by changing how brands act on customer + employee insights. With a rich 30-year history rooted in The Service Profit Chain, SMG is the industry's only software with a service (SwaS) provider—uniquely pairing an enterprise platform with professional services to help brands generate new revenue, grow existing revenue, reduce churn + detractors, and drive operational efficiencies. To learn more about our customer, employee, and brand experience management solutions, visit www.smg.com.

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