

# Build Lasting Customer Connections With Better Digital Experiences



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# Meet The Experts

## IMRG

“We are thrilled to present you with our ‘Build Lasting Customer Connections With Better Digital Experiences’ report, supported by Epsilon EMEA. Time and again we hear retailers speak of the perils of operating an ecommerce business around times of turbulence and changes in customer behaviour, such as with the Covid-19 pandemic and the cost-of-living crisis in the UK. By questioning 1000 UK respondents on their customer experience preferences, retailers can be better equipped to optimise their performance and improve customer loyalty ahead of peak trading.”

### About IMRG:

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing, and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.



Andy Mulcahy, Strategy & Insight Director at **IMRG**



Ellie-Rose Davies, Content Executive at **IMRG**

## Epsilon

“Kantar recently discovered that brands who can differentiate themselves can command 14% more in price. How brands interact with their customers has a lasting impression beyond the sale and we believe that those who can truly take their customer experience to the next level will not only grow sales but, more importantly, build closer connections and more profitable relationships.”

### About Epsilon:

Epsilon is a global advertising and marketing technology company positioned at the center of Publicis Groupe. We connect advertisers with consumers to drive performance while respecting and protecting consumer privacy and client data. Epsilon accelerates clients’ ability to harness the power of their first-party data in order to enhance, activate and measure campaigns with confidence. We believe in an open, privacy-first advertising ecosystem. Over decades, we’ve built the industry’s most comprehensive identity graph to give brands, agencies, and publishers the ability to reach real consumers across all channels and the open web. For more information, visit [epsilon.com](https://www.epsilon.com).



Amiee Stroud, Senior Director, Business Development at **Epsilon**



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### Methodology

This report outlines what customer experiences customers want and how to inspire loyalty. An online survey was used to gather information about customer preferences.

1000 UK citizens, aged 18-54+, were asked 20 questions about their thoughts on customer experiences and how their expectations compare when they shop online versus in-store. Data analysis provides retailers with valuable guidance on effective ways to engage customers, such as by delivering desired information and online services.

Multiple and single-choice questions are used, and most results are presented in percentage form. When it was more appropriate, some questions were structured in a sliding scale or ranking system.

The survey was conducted in July 2023. There are a couple of references to other IMRG research throughout the report.

### Introduction

Excellent customer experiences are the key driver of online retail growth. However, few retailers know what facilitates these experiences in light of customer preferences. This report offers valuable advice on enhancing the customer journey and provides top strategies for building loyalty, especially during challenging times.

Read on to find out customers' ratings of experiences, their ideal ways to communicate with retailers, their online versus in-store expectations, the information and elements they consider most useful, and much more.



# Revolutionising The Customer Experience

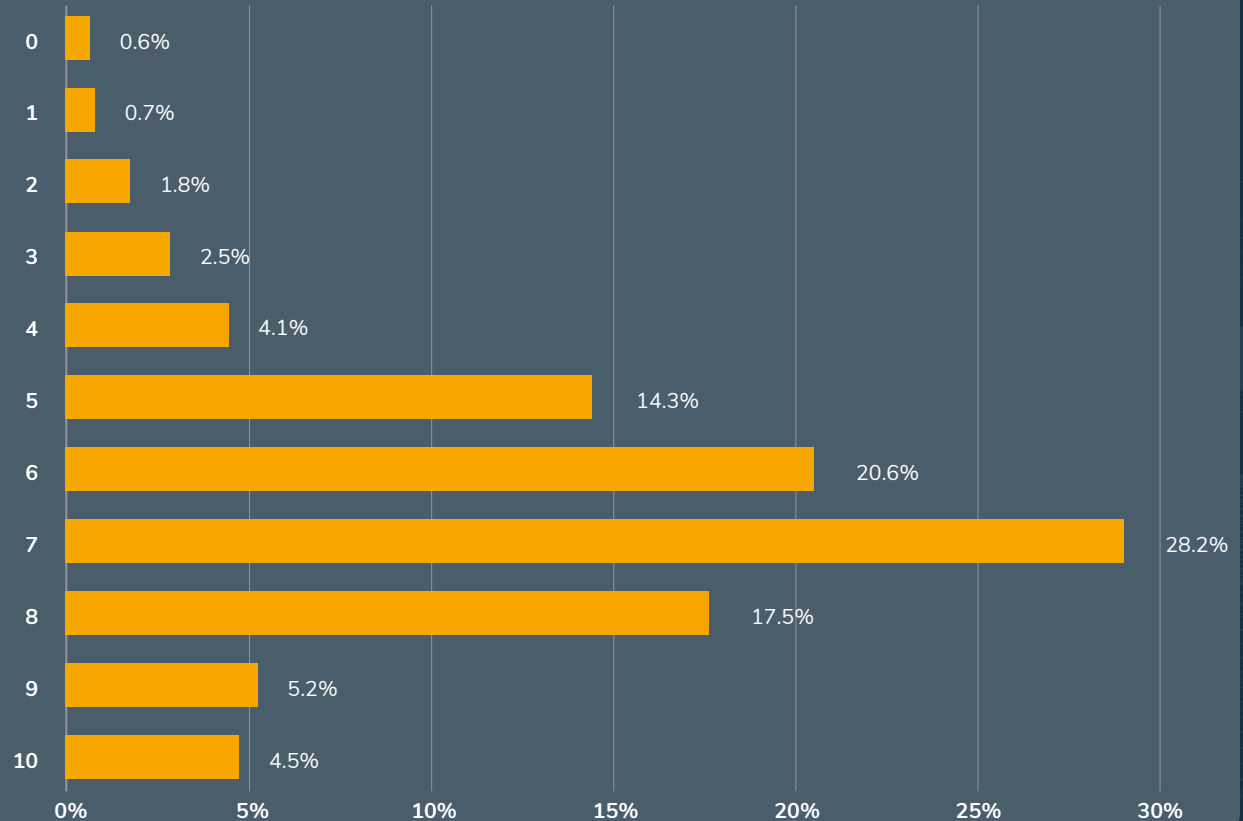
### Customers rate the level of customer experience offered by retailers

To decipher whether the average customer experience in the UK is of a high standard, we asked 1000 respondents to rate the level of experience that they think most retailers offer, where 0 is very bad and 10 is exceptional.

Most respondents rated the average level of customer service as a 7 out of 10, signalling that service is of a good standard. Compared to the sparsity against either end of the scale, most respondents rated the experience between 5 and 8, with a close to even split between these scores (especially between 6 and 7).

It is promising that just 1.3% of respondents answered 0 or 1 out of 10. However, given that just 9.7% of respondents think the experience is top-end, answering either 9 or 10, there is room for improvement.

Please rate the level of customer experience you think most online UK retailers offer (Where 0 is very bad and 10 is exceptional)





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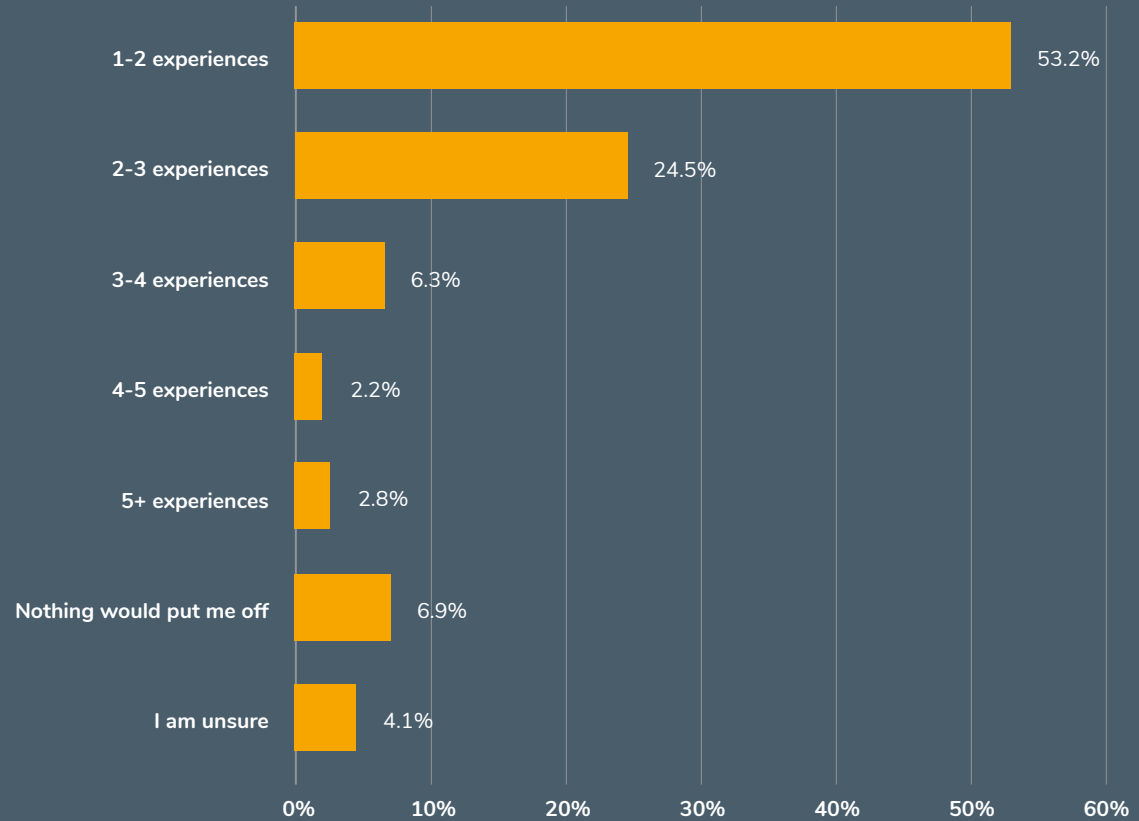
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### The number of bad experiences that would facilitate a lost customer

Luckily, most customers feel that most retailers offer good customer service because it will take just one or two bad experiences for them to stop shopping from their favourite brands. An astonishing 53.2% of respondents revealed this to be the case, and at most, 24.5% of customers will accept 2-3 bad experiences before they lose complete faith in the retailer.

Just 6.9% of all respondents exclaimed that nothing would put them off shopping from their favourite brands. The least popular answer is 4-5 bad experiences, which in the average loyalty duration of 40 months (according to IMRG data), is not that many chances for retailers. From these results, we can infer that people are not very forgiving of any mishap in their customer journey, meaning that retailers will have to work extremely hard to provide a consistent service and meet all their needs.

How many experiences of bad customer service would put you off shopping from your favourite brand/s?



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### The type of experiences customers expect before purchase

We have learned that customers are mostly content with their customer experience and do not expect more than two bad experiences from their favourite brand. Now it is time to consider the experiences that customers expect from retailers before they purchase to avoid bad service and improve retention and conversion rates.

The most important expectation is that there are 'multiple delivery and returns options available' (64.5%), followed by 'all charges clearly presented before checkout' (63.4), and 'multiple payment options available' (60.2%). The predominance of 'options' answers suggests that customers do not want to feel limited. They also do not want to waste their time adding items to their basket, for there only to be hidden fees upon payment. Being upfront with all costs and putting the customers in control by allowing them to make choices is an effective method to reduce checkout bounce rates.

Respondents also value the value of membership or loyalty options (43.1%), as well as providing customers discounts on their first purchase (34.8%). These niceties are a clever way to show customer appreciation, and in turn, customers will likely mimic the same feelings back and shop with you again.



#### Epsilon's take:

Many retailers underestimate the importance of making their customers feel truly special. With an average rating of 7 for customer experience, the bar is already quite high. For brands to differentiate themselves they need to be aiming for a score of 9 or 10.

While this score can be hard to build, we see it is very easy to destroy. Just two bad experiences can undo all your hard work. Measurement is geared towards affirming that the actions a brand takes are having a positive impact, not towards understanding the actions that have had a negative impact. It's important to also understand if you are doing something which doesn't obviously add value for the customer, risking giving them a negative experience and no longer shopping with you.



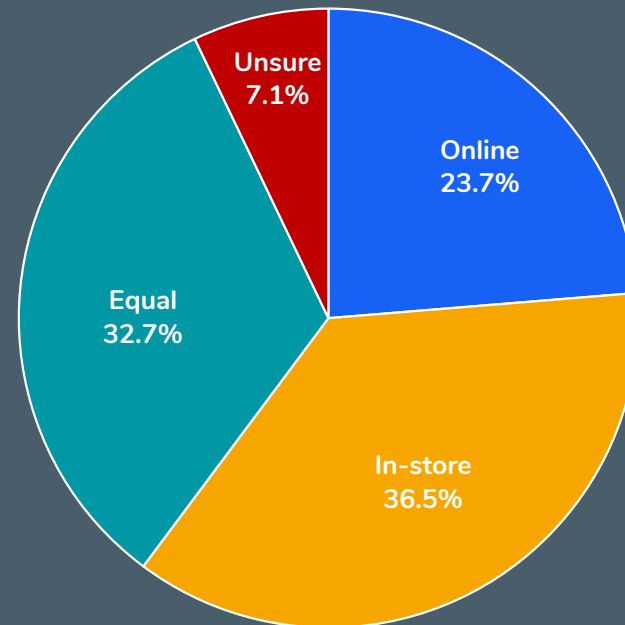
# What Customers Want From Their Experience Online Versus In-Store

## Is the customer experience better online or in-store?

The respondents were asked whether the retail customer experience is typically better online or in-store, and the majority answered 'in-store' (36.5%). But this was closely matched by those who answered 'equal' (32.7%), suggesting neither is superior to the other.

Yet a significant 23.7% of respondents answered 'online.' These customers might be familiar with online retailers that offer more bespoke experiences that have overcome the hurdle of on-screen limitations. Retailers that have optimised size guides, utilised user-generated content (UGC), targeted customers with relevant marketing, or implemented augmented reality to help customers visualise products are good examples.

Do you think retail customer experience is typically better online or in-store?

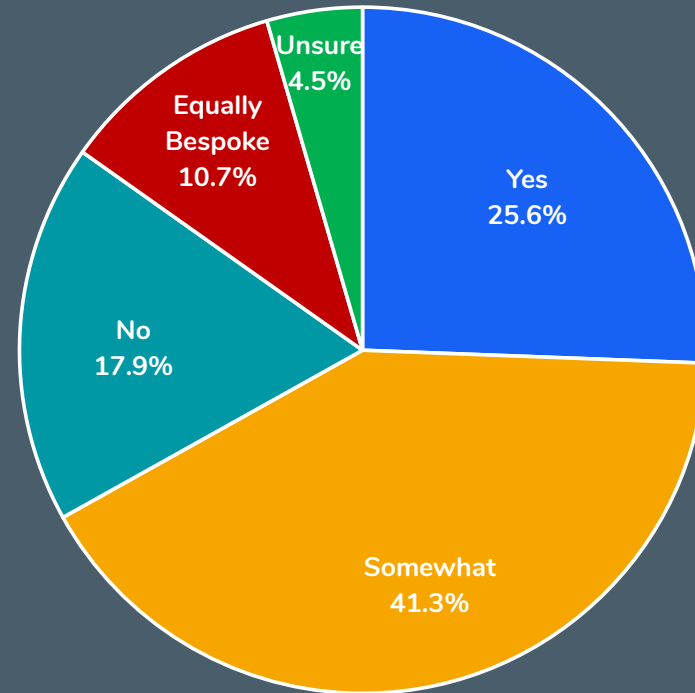


### Should online retail be more bespoke to the customer?

Almost 70% of respondents expect online retail to be more, or at least somewhat more, bespoke to their needs than in-store retail. Besides those who feel unsure about this, the lowest scoring answer was those who think that it should be equally bespoke (10.7%), emphasising how retailers should spend more time understanding their customers' preferences online, such as through data analysis, responding to feedback, and taking a bottom-up, personalised approach.

Taking this insight, knowing that fewer respondents feel that online retail offers better customer experiences, work is needed to meet expectations.

Do you expect online retail to be more bespoke to your wants and needs than brick and mortar shopping?





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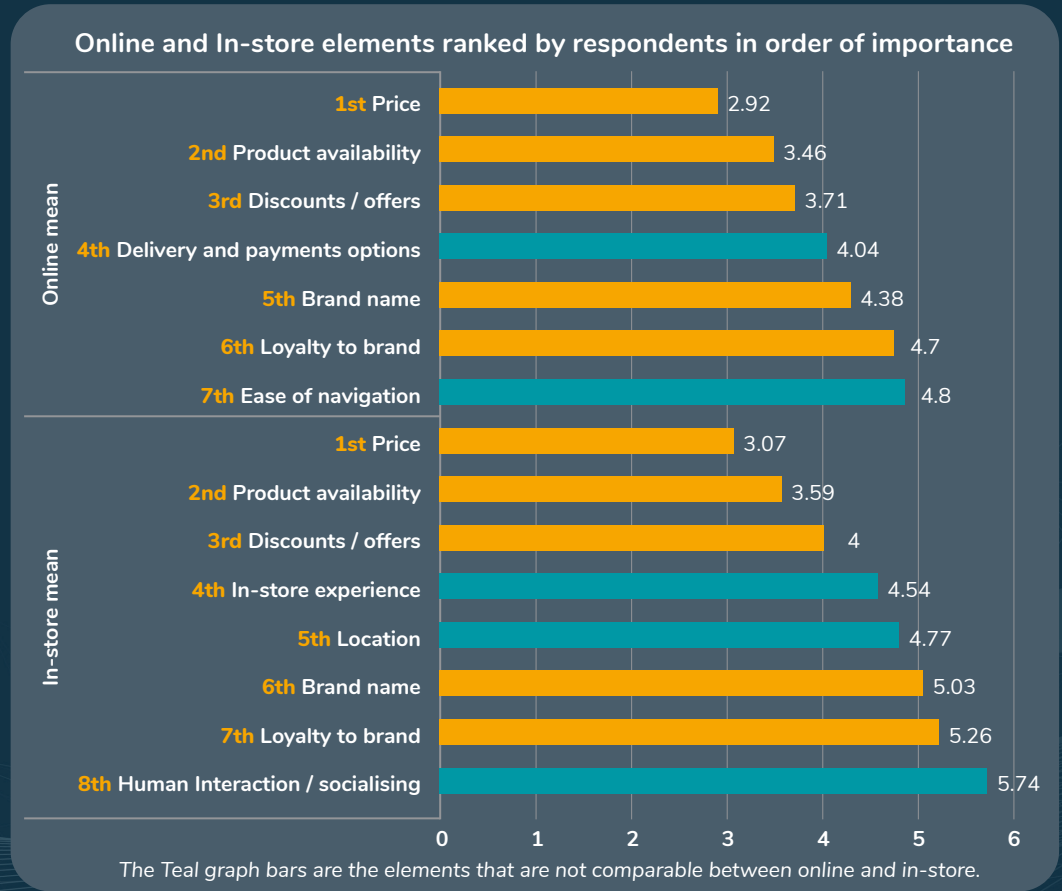
## The elements customers find most important online and in-store

To help understand what type of experiences customers prioritise online and in-store, respondents were asked to rank a series of elements in order of importance.

Out of the same answer choices for online and in-store, there is a minor difference between the scores, and the top three elements ranked most highly by respondents for both are price, product availability, and discounts/offers. As cost is a common thread, retailers should reflect on their pricing and target audience.

Loyalty to a specific brand is one of the lowest scoring elements both online and in-store. However, brands who have additional loyalty strategies in place are likely to be more able to challenge this through better customer understanding and creating the correct value exchange to keep them engaged.

The lowest-ranked element for in-store retail is human interaction/socialising. This result hints at the pandemic effect, where human interaction is less of a necessity for customers, and elements such as location and the in-store experience are more highly valued.



### Epsilon's take:

We see time and again that consumers expect to see more individualised experiences. Adopting a strong and persistent online ID will allow you to target people, not devices. Extend your marketing beyond the confines of your website so you can deliver personalised messages and offers to your customers.

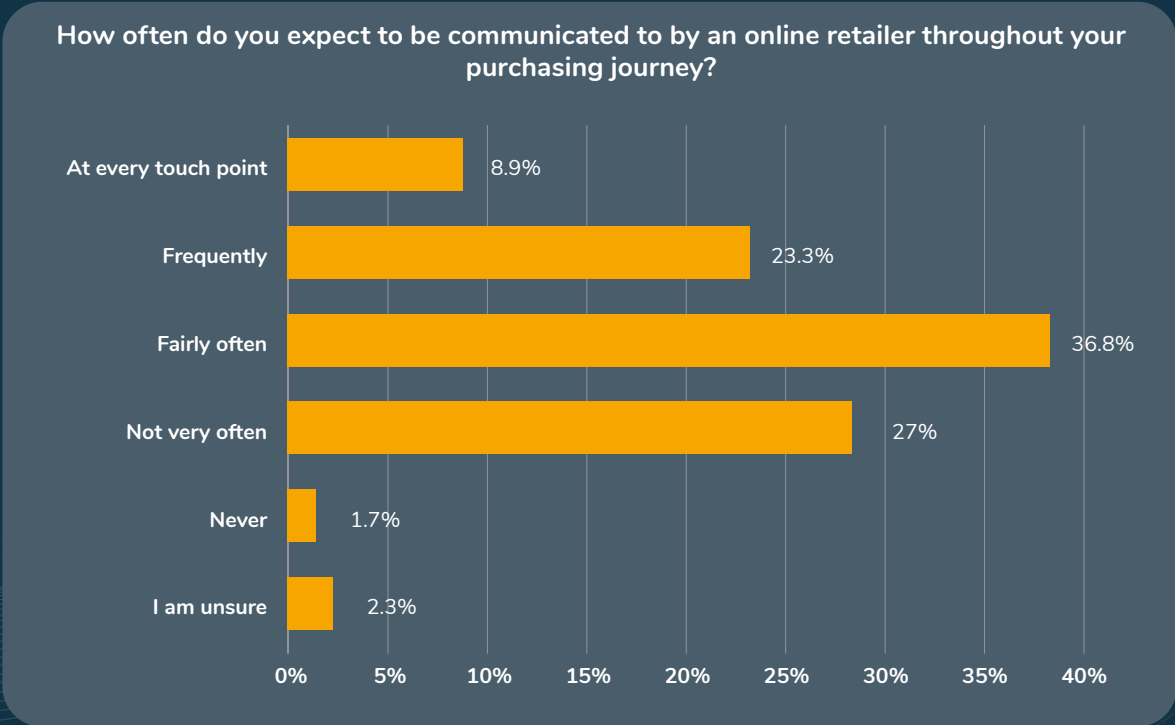
One of the ways to build a strong ID is through a loyalty programme. While the respondents ranked loyalty low, brands need to understand that consumers are not going to consider loyalty to your brand in the same way you do. A loyalty strategy, if you do it correctly, will be very helpful to create more loyal customers. Consider creating a framework that encourages people back by enhancing your understanding and creating the correct value exchange to keep them engaged.

# The Communication Customers Expect From Online Retailers

## The frequency customers expect to be communicated with

The chart shows that just under 70% of respondents expect retailers to communicate with them at some point on their purchasing journey, and most expect communication 'fairly often' (36.8%). 23.3% expect frequent communication but just 8.9% expect online retailers to communicate with them at every touch point.

The second most popular frequency is 'not very often,' totalling 27% of the 1000 respondents surveyed. This demonstrates just how important it is to ensure communication is right for the individual customer, not only by personalising the message itself, but also keeping the message frequency in line with each customers' expectations.



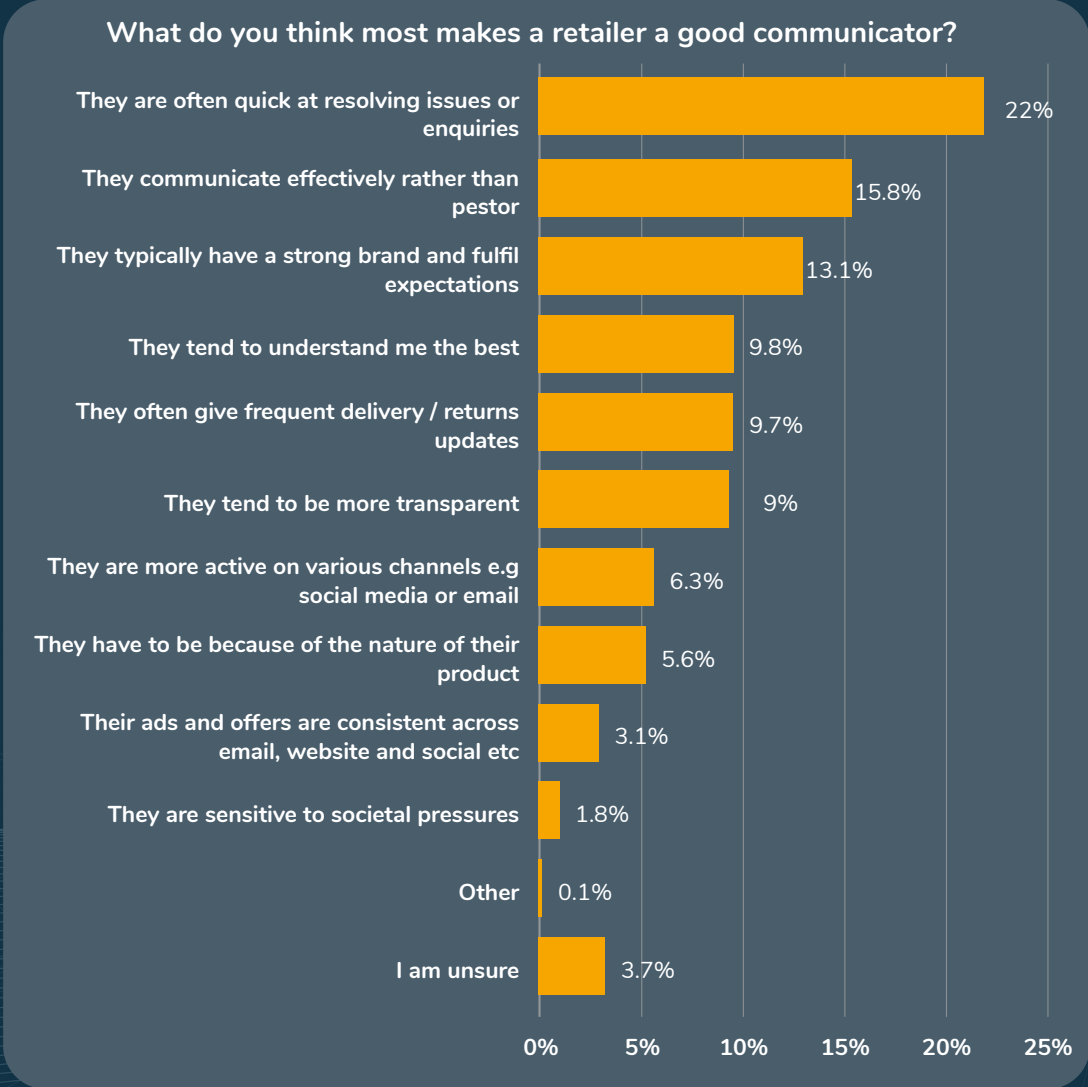


## Customers say what makes a retailer a good communicator

Respondents were then asked what it is that makes a retailer a good communicator. Following with the frequency analysis which reveals that some customers do not like to be communicated to very often, these results reverberate how customers like it when retailers ‘communicate effectively rather than pester’ (15.8%).

The top thing a retailer can do to be a good communicator is to make sure that ‘they are often quick at resolving issues or enquiries’ (22%), and this directly feeds into the third most popular answer, which is ‘they typically have a strong brand and fulfil expectations.’ Retailers can offer excellent customer service by ensuring help is on hand 24/7, particularly for large retailers who may receive hundreds of enquiries at any second.

Respondents are less interested in whether retailers ‘ads and offers are consistent across email, website, and social, etc,’ and out of all the answers available, they do not believe that being ‘sensitive to societal pressures’ is what most makes a retailer a good communicator. Therefore, retailers should not be put off testing offering deals in-app only, for example, to drive app downloads, and they do not have to prioritise being overly sensitive in their communication.



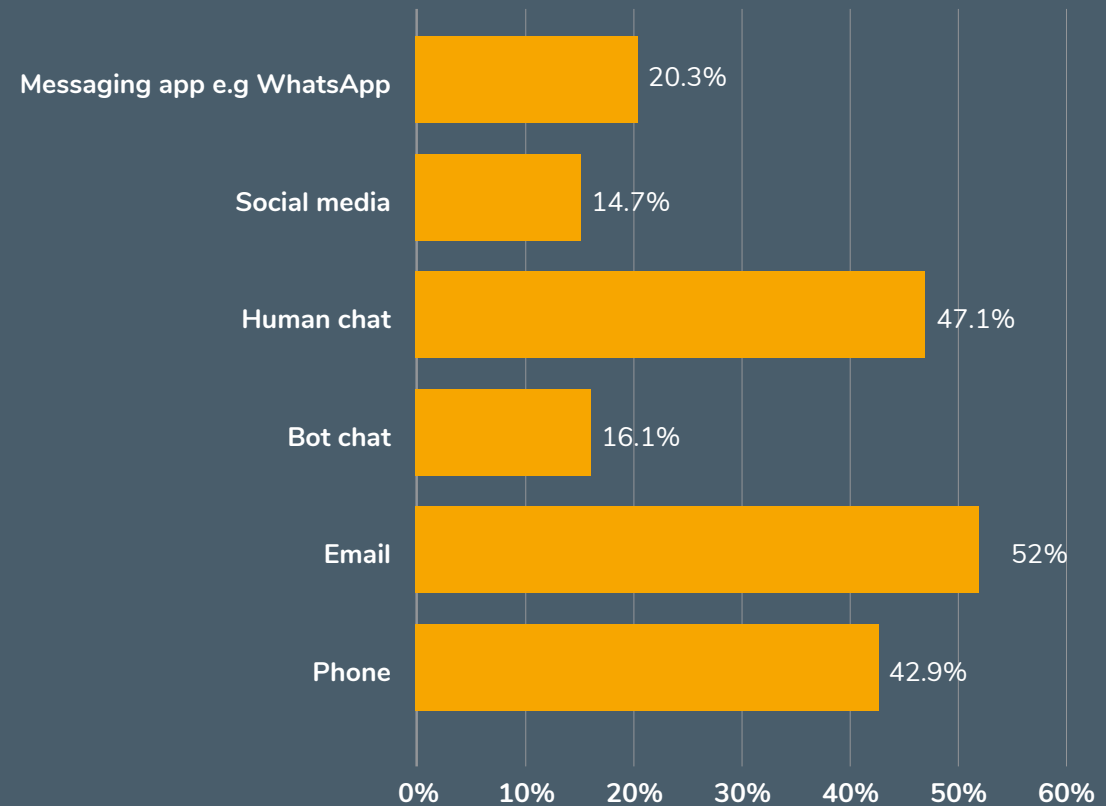
### The top places customers prefer to engage with customer services

As respondents favour quick resolution of issues or enquiries, retailers would benefit from knowing how they wish to reach customer services. The results show that most customers want to engage with customer services online via email, by human chat, or by phone.

Email is the most popular answer, chosen by over half of all respondents. This result might be surprising given that it is often the slowest at generating responses compared to things such as bot chats, which is the second to last preferred option for customers. It is worth noting that the top three answers have a human-to-human element to them, and therefore customers might see them as a more reliable stream for resolving any issues.

A recent IMRG study conducted in June 2023 complements these findings, as it revealed that 42.8% of customers do not find AI chatbots more useful than human-controlled customer service. Customers would prefer to communicate with retailers via a messaging app (20.3%), such as WhatsApp, than to use a bot chat, and they would even choose this over social media.

### How do you prefer to engage with customer services online?



Respondents were asked to select all that apply

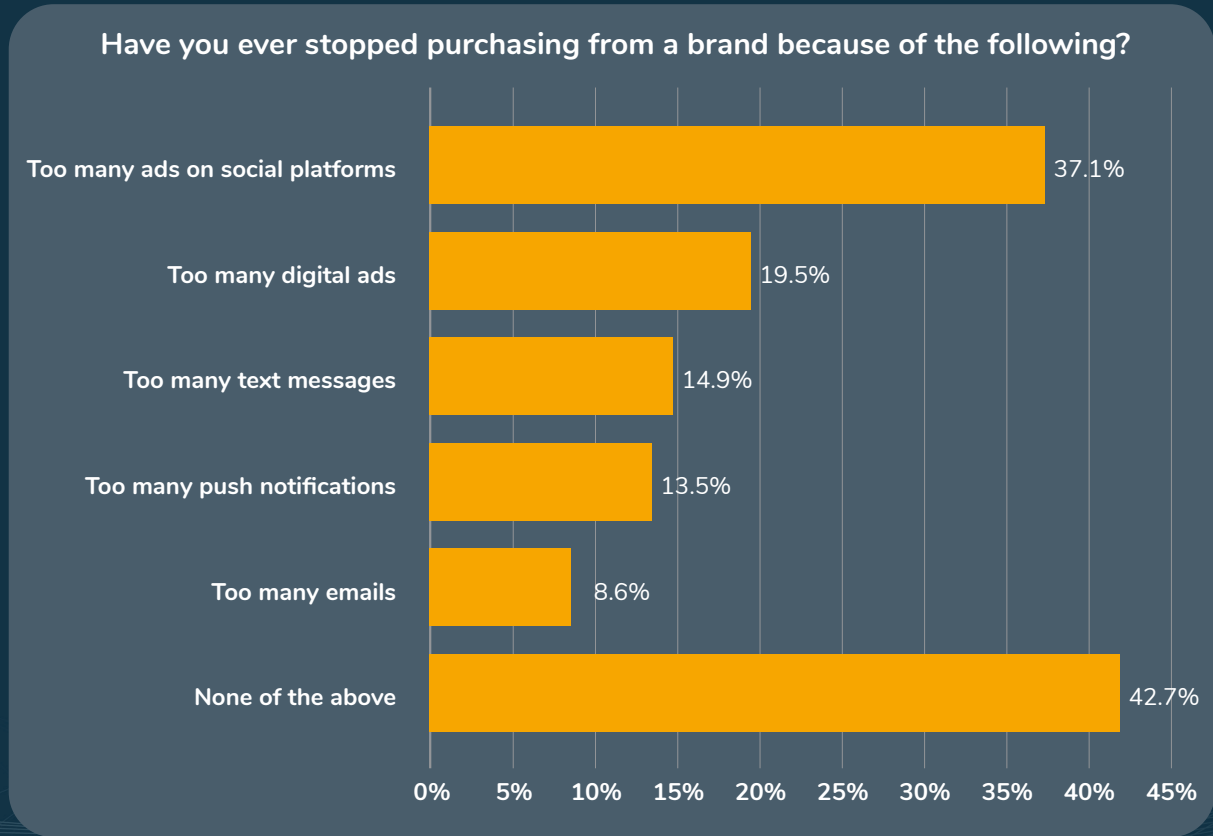


## What communication is too much for customers?

42.7% of respondents, with the choice of five selected communication methods with high communication frequencies, answered that 'none of the above' would stop them from purchasing from the brand. While this is the most popular answer, it suggests that more than half of customers would look away if they felt overcome by communication.

The top reason customers are likely to stop purchasing from a brand is 'too many ads on social platforms' (37.1%). In second place is 'too many digital ads,' chosen by 19.5% of respondents. Customers distaste for too many ads could be exacerbated if they are not personalised to their taste.

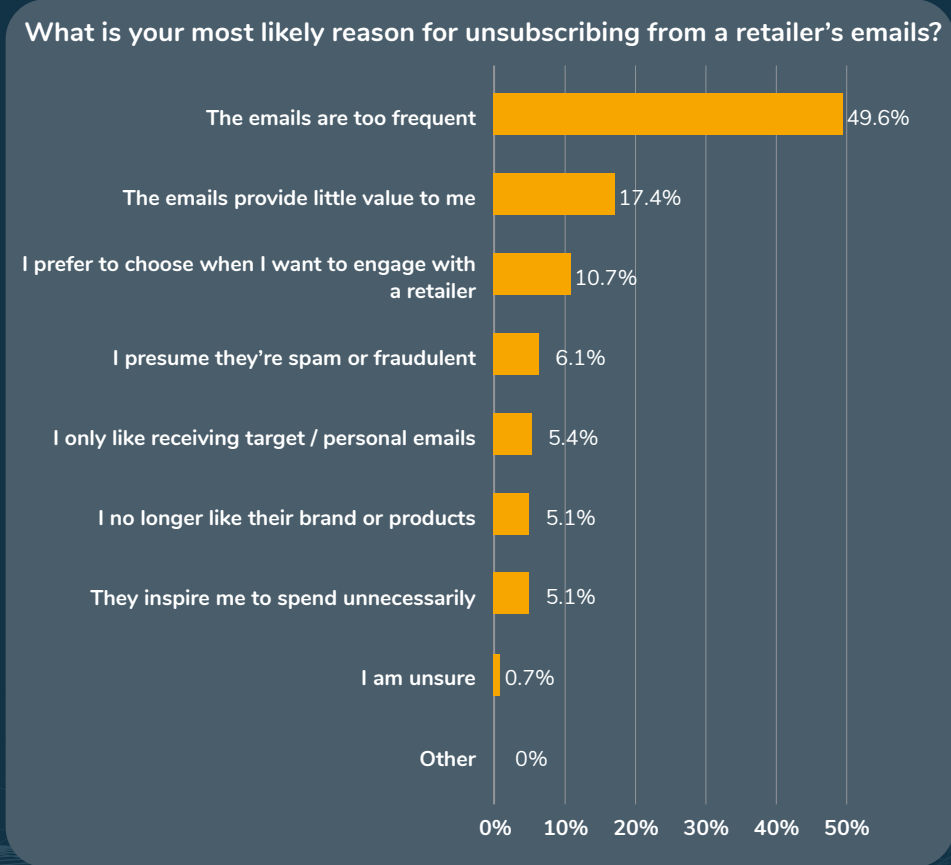
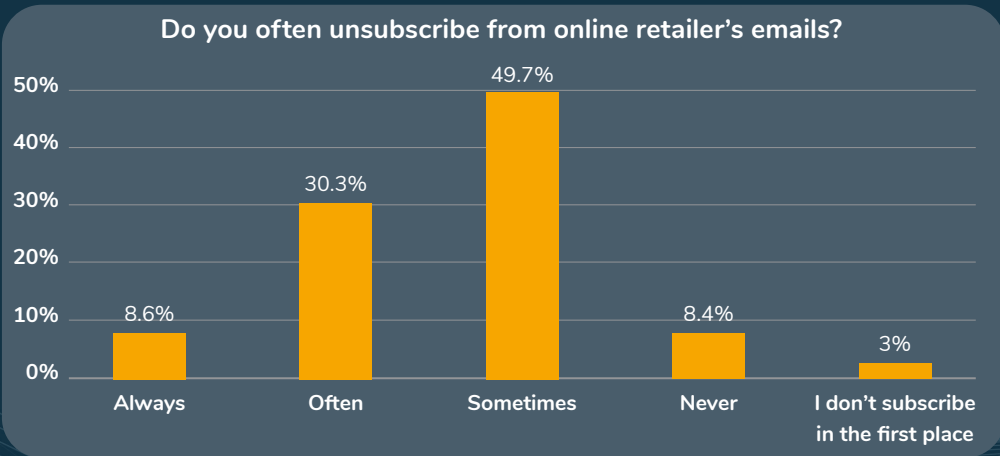
Fewer customers are likely to stop purchasing from a brand because of too many emails. Still, retailers should be conscious of the 8.6% of customers that could drop them for this reason indefinitely.



## The reasons why customers are unsubscribing from retailer's emails

In answer to whether they often unsubscribe from retailers' emails, just shy of 50% of respondents said they 'sometimes' unsubscribe, and only 8.4% 'never' unsubscribe.

The most likely reason that they would unsubscribe from retailers' emails is that 'the emails are too frequent' (49.6%). Another reason is that the emails provide little value to them, meaning that the emails retailers send should always hold significance for the customer.



### Epsilon's take:

The survey demonstrates just how important it is to ensure communication is right for the individual customer. It's important to consider just because you can message someone, do you need to? Understanding who are your most engaged customers can help drive revenue if communicated with relevant messages, respecting their relationship back to the brand.

Along with frequency and relevancy, understanding which channels your customers prefer to be communicated to ensures that you provide the best experience for them, and optimise your budgets.



# Strategies To Improve Customers' Interest In Your Online Retail Business

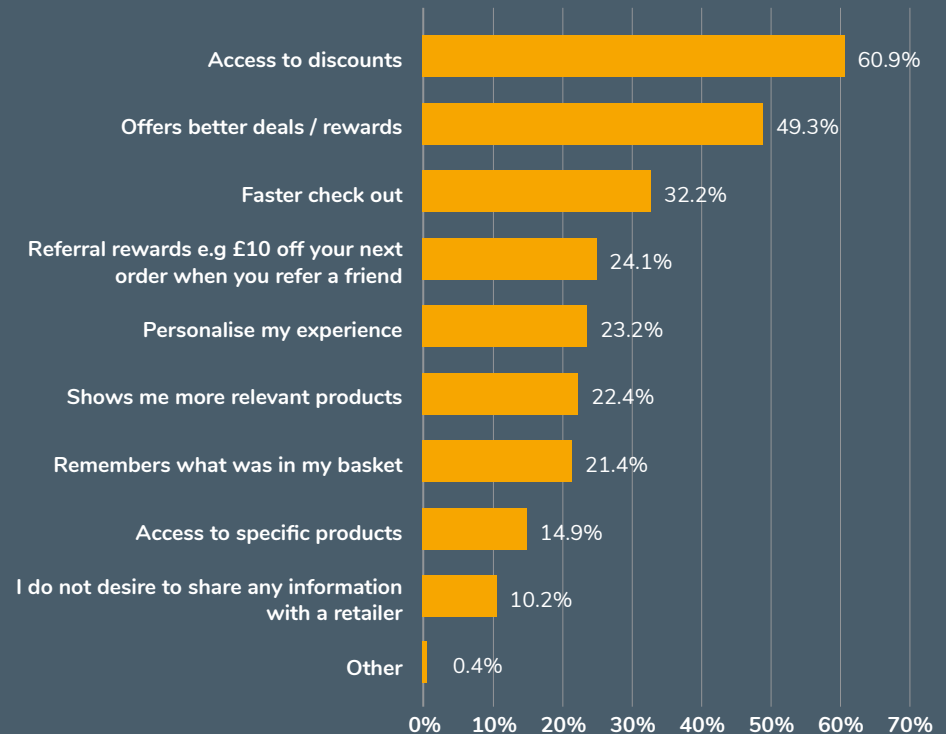
## In what instances are customers happy to share their information?

Customers may be sceptical about sharing personal information with a retailer, especially if they are unaware of how their information will be used. Therefore, be transparent with how you use customer data to provide exceptional customer experiences and build trust early on.

The instances that would make customers happy to share their information are access to discounts (60.9%) and offers better deals/rewards (49.3%), re-emphasizing how customers associate value heavily with price. Rewarding customers who provide data with exclusive offers is one way to entice loyalty. This strategy is effective around key ecommerce events such as Black Friday, where your most loyal, reciprocal customers can get extra discounts on sale products.

32.2% of respondents also noted that they would be happy to share their information for faster checkout. These customers would favour things such as name, address, and payment autocomplete to boost checkout time. This tool is great for when customers are trying to secure a high in demand product before it quickly sells out.

In what instances are you happy to share your information with a retailer?



## What type of information interests customers the most?

Unsurprisingly, 46.2% of respondents marked ‘notice of sales e.g., sitewide discounts’ as the most interesting piece of information a retailer can provide, given the price-centricity displayed in the survey results.

Of similar interest is ‘customer reviews,’ chosen by 46.2% of respondents. Positive reviews concerning the customer experience can inspire prospective customers to convert, and product reviews placed on the product page can help customers make more informed purchases, reducing the number of costly returns for the retailer (and the customer if retailers include a returns fee).

Retailers should consider their environmental initiatives, seen as respondents are more interested in this than ‘early access to products,’ ‘product video content,’ and ‘information on the history of the company.’ Also, while ‘industry trend reports’ may be fascinating, it is the least interesting information a retailer can provide for their customers.

### Epsilon’s take:

The survey shows that, while customers are justifiably concerned about sharing personal information, this is significantly less important if they are communicated to transparently and there is a perceived benefit to them in sharing their data.

Whilst discounting ranks highly, it is vital that brands work hard to understand the drivers for the other 50% of their customers as this is where they can look to build margin.

What type of information interests you the most from online retailers?



The respondents were asked to select up to three answers



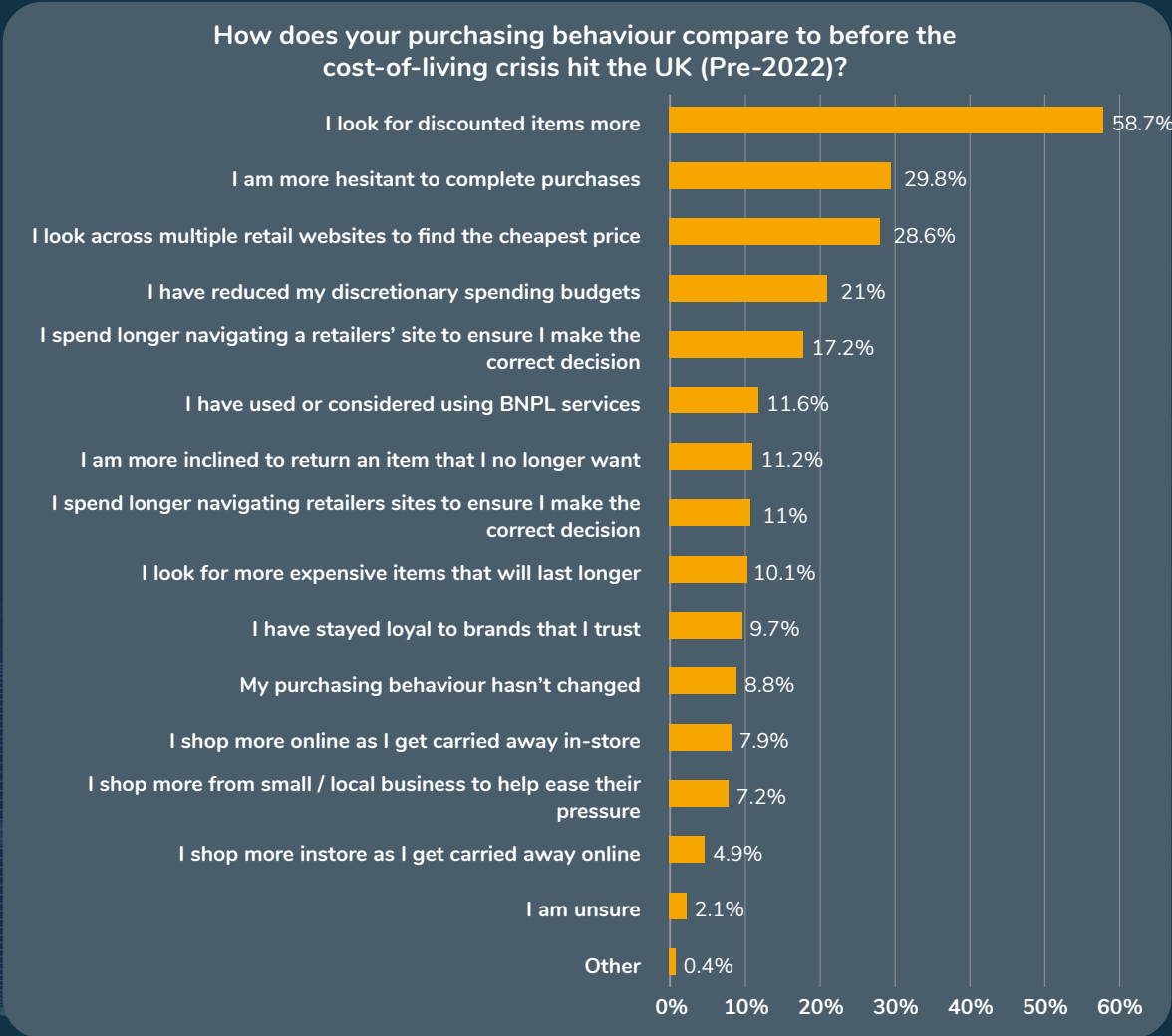
# Growing Loyalty Through Unprecedented Times

## Customer behaviour now compared to when the cost-of-living crisis hit.

Throughout 2022, when the cost-of-living crisis began, IMRG's Online Retail Index reported year-on-year declines across key metrics, suggesting that customer behaviour changed online. Looking at how customer behaviour as of July 2023 compares to before the cost-of-living crisis hit the UK (pre-2022), retailers can understand the long-term consequences of a struggling economy.

The results reveal that customer loyalty has been heavily affected, with just 9.7% of respondents staying loyal to brands they trust. 27.8% now look across multiple retail sites to find the cheapest price, and 'I look for discounted items more' is the greatest behaviour change (58.9%). The second most noteworthy change is that 29.8% of respondents are more hesitant to complete purchases.

Promisingly for online-only retailers, more respondents are shopping online because they get carried away in-store (7.9%), relative to those who are shopping more in-store as they get carried away online (4.9%).



### Where do customers look for specific products first?

There are signs of diminishing loyalty as most customers often 'search on Google shopping' (52.4%) to find specific products, or they will likely 'look on Amazon' (52.2%). Nonetheless, at least 44.1% of respondents often explore the many retailers they have used before. Yet, fewer answered that they would go to their favourite brand (29.7%) to find what they are looking for.

To put this in context, going to their favourite brand ranked fourth out of nine actions respondents are likely to take – this result could be better, but it could also be worse. Retailers might find solitude knowing that customers are more likely to visit their favourite website than look at pre-loved apps or websites, or go to the shopping centre.

When shopping for specific products do you often:





### What type of loyalty programmes do customers want?

To help retailers grow loyalty, particularly towards peak season when competition is at its fiercest, respondents were asked to reflect on the type of loyalty programmes they find themselves signed up to.

The trend is that more customers are likely to have a variation in the types of loyalty programmes they are a part of; Most customers are signed up to programmes with different loyalty rewards (35.3%), and for different product categories (33.2%). This means that retailers are unlikely to be limited by the type of loyalty programme they offer or by the product sector they are in. All loyalty benefits are likely to draw in a crowd, and the level of participation is likely to be high as just 14% of respondents are not a member of multiple loyalty programmes.

Since customers like variety, it would be beneficial for retailers to provide a loyalty programme that includes a range of perks, e.g., exclusive deals and fast delivery, like Amazon's programme.

If you're a member of multiple loyalty programmes, are they:



#### Epsilon's take:

Additional client research by Epsilon of omnichannel retailers has shown that when customers buy both in-store and online, they generally have a higher lifetime value (LTV). There's value in understanding which customers are driven by the in-store experience but could also be encouraged to increase purchase frequency by shopping online too.

If your competitors are also operating loyalty programmes, the best way to differentiate yours is by offering unique rewards and stand-out functionality built around your brand. Loyalty initiatives that combine rational incentives, such as discounts, with emotional appeals, such as a sense of belonging, will be best positioned to win customers' deep and ongoing loyalty.

# Conclusion

With the cost-of-living crisis and wider uncertainty in the market currently, customers are proving to be less loyal to their favourite brands, instead favouring lowest price points, deals and offers. That being said, customers are also more aware that they have the ability to unsubscribe/ opt-out from marketing efforts or stop buying from a brand all together should they experience a negative shopping experience or excessive and irrelevant marketing.

This means that retailers should consider how they communicate their messaging, look at the platforms they use, and consider their level of customer service, and the types of information and benefits they provide.

It will be no surprise to most retailers that pricing and discounting are the main drivers for many of their customers; a loyalty program that reduces customers' costs could be beneficial here. Whilst this is important to understand, the survey has also shown the wide range of other motivators that brands need to start connecting with their customers on if they want to stand out from the crowd and boost profit.

The bar is set so high now for customer experience and customers do not want to be pestered. Retailers that are too focused on short-term and direct response impact could end up undoing all their good work. After all, the survey reveals that 53% of customers would stop shopping from their favourite brands after 1-2 bad experiences with customer service.







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