

Retail industry lags behind in customer experience strategy

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Despite ambition for customer experience success, lack of data and analytics hinders delivery

LONDON, UK, 23 February 2021: [NTT Ltd.](#), a world-leading global technology services provider, today announces its [Retail Guide to the Global Customer Experience Benchmarking Report](#) which shows that the retail sector is particularly lagging behind in customer experience (CX) compared with the all industry benchmark. However, retailers have the ambition to improve their CX strategies and recognize that organizational change is essential to make improvements.

- Only 17.9% of retail organizations have enterprise wide CX analytics compared to 26.4% of the all industry benchmark.
- One third (34.1%) of retail organizations are aligning data capture needs with desired outcomes in contrast to 49.7% of all industry businesses.

In 2020, most businesses experienced a shift in customer behaviour as consumers were forced online, regardless of their previous shopping habits, due to global lockdowns. As a result, retailers have experienced accelerated digital transformation, but their CX strategies have fallen behind.

"The so-called 'retail apocalypse' did not begin with the recent pandemic but was exacerbated by it. For over a decade, consumers have fled to e-commerce providers who deliver the digital options they prefer," says Sheila McGee-Smith, Founder and Principal Analyst, McGee-Smith Analytics. "In 2021, traditional retailers need to step-up to the customer experience preferences of consumers or risk further extinction."

Remaining relevant in a complex, changing environment

NTT's all industry research found that delivering a positive CX is a clear priority for businesses, with 70.5% of organizations citing improved CX as the top factor driving their digital transformation. However, NTT predicts that CX success will depend on whether businesses have a data-driven and well-documented strategy in place.

Without a clear understanding of customers' behaviour, retailers are missing out on a huge opportunity to deliver a seamless CX. The evidence is clear – organizations with access to enterprise-wide CX analytics systems have reduced the percentage of dissatisfied customers to 21.4%. The immense amounts of customer data that most organizations access, capture and manage from multiple sources is only set to grow in the year ahead too, highlighting the complexity of this challenge and need to tackle it urgently.

To remain relevant in this changing environment, retailers must be able to gather insights from data analytics that allow them to improve CX by:

- 1. Implementing personalization:** 75.6% of retailers have some personalization available, but only 4.8% of retail organizations can proactively personalize CX, which is about two thirds less than the global (all industry) benchmark. Business need to meet and serve customers where, when and how they choose to connect. Personalization is the crux of meaningful communication in the digital world.
- 2. Engaging with omnichannel and automation:** 61.5% of retailers at best collaborate in part and 25.6% don't collaborate at all when defining customer journeys and designing CX. Automation goes a long way towards improving efficiencies to streamline and provide an enhanced real time experience. This is likely to come with a greater adoption of chatbots and AI-driven natural language processing bots - which will increasingly undertake businesses' first-and early-stage interactions with customers. As a result, 82.1% of retailers report that more AI, robotics and digital programming skills will be needed in the next two years.
- 3. Optimising and accelerating performance:** Most retail organizations now see the need to evolve and be agile, with one in five (21.0%) now proactive and growth-orientated and another half (46.8%) open to change. To optimise and accelerate performance, organizations need a digital-first strategy that embraces new technology and allows them to adapt.

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“Retailers need to remove the barriers between aspiration and action when it comes to their CX strategy,” says Robert Allman, Global SVP Customer Experience at NTT. At the moment many retailers are missing an understanding of behavioral patterns that allow them to empathize, contextualize, and better connect with customers. With CX so critical to business success over the next 12 months, the winners will be those who truly understand the customer journey and use these insights to engage their customers by providing valuable personal, proactive, and content rich experiences.”

For more guidance on how retailers can implement successful customer experience strategies – visit our dedicated Retail Guide to the Global Customer Experience Benchmarking Report [webpage](#).

Methodology

The all industry benchmark research, spanned across 13 industry verticals, is based on a probability sample of strictly random participants involved in the provision of CX services. The report is based on research data gathered through an online questionnaire that ran from July to November 2019. The Retail Guide includes participants from both the retail and wholesale industry in order to reflect an end to end cohesive CX strategy which stretches throughout the retail value chain.

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