VERINT

EXPERIENCE INDEX: RETAIL

CSAT, NPS, and Customer Behavior Insights

V

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Retailers Should Blend Physical and Digital Experiences to Meet Customer Needs

Despite the growth and ease of online retail, trends in offline sales show that consumers are still heading to stores and making purchases. Customers are expected to spend more than $4 trillion in stores by 2028, accounting for 72% of the whole retail market. Reports of the death of in-store shopping have been greatly exaggerated.

This is reflected in the survey results for this year's Verint® Experience Index: Retail—more than 60% of customers start their purchase journeys in-store, and an even bigger percentage make their final purchase there.

This does mean, however, that 37% of all customer journeys still begin digitally. Making a purchase has become more complex than the traditional practice of "walk into a store, buy something" that existed in the pre-internet days.

Our data shows that younger consumers especially are likely to research a product via review sites or social media, use digital channels to find store information, or even collect their online purchases in-store.

Providing a consistent and connected experience across engagement channels is now non-negotiable for retailers. They need to understand the key customer touchpoints across their customers' journeys and ensure the same information is always available, as well as have solutions in place that create a constant feedback loop to ensure CX is constantly evolving and improving to meet customer needs.

Key highlights from this year's survey:

Amazon is the highest scoring retailer among U.S. consumers—topping the tables for both CSAT (customer satisfaction) and NPS* (Net Promoter Score) in this year's survey.

The appeal, quality, and variety of **merchandise** ranks as the highest driver of better customer relationships for the top 25 U.S. retailers.

Shoppers see **price** as the most important factor when choosing to shop with one of the top 25 retailers.

*Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

Retail Rankings: CSAT*

RANK	COMPANY	CSAT RATING
1	Amazon	85.6
2	Ace Hardware	84.7
3	Publix	83.8
3	Costco	83.8
5	The Home Depo	82.7
5	T.J. Maxx	82.7
7	Lowe’s	82.6
8	Kroger	82.1
9	Target	82.0
10	Apple	81.7
11	ALDI	81.6
12	Walgreens	81.1
12	Meijer	81.1

RANK	COMPANY	CSAT RATING
12	H-E-B	81.1
15	Macy’s	81.0
16	Food Lion	80.7
17	CVS	80.4
18	Albertsons	80.2
19	Best Buy	79.9
20	Dollar Tree	79.0
21	7-Eleven	78.9
22	Dollar General	78.1
23	Verizon Wireless	77.9
24	Walmart	77.9
25	AT&T Wireless	75.4
AVERAGE		81.0

To rank CSAT (customer satisfaction) for the top 25 U.S. retailers, Verint measured overall satisfaction with each company, how well it meets expectations, and how the brand compares to an ideal retailer.

Amazon is the highest rated retailer ranked on customer satisfaction for this year’s survey, scoring 85.6, with a 10-point difference between the highest and lowest rated companies in 2023.

*The 2023 Verint Experience Index: Retail ranks the omnichannel experiences of the top 25 retailers in the U.S. as determined by the National Retail Federation (NRF).

Retail Rankings: NPS*

RANK	COMPANY	NPS RATING
1	Amazon	57.6
2	Ace Hardware	52.8
3	Lowe's	50.8
4	Costco	48.4
5	Publix	48.0
6	T.J. Maxx	46.8
7	The Home Depo	45.2
8	ALDI	41.6
9	Meijer	40.0
10	Target	38.8
11	H-E-B	36.8
12	Kroger	35.2
13	Apple	34.4

RANK	COMPANY	NPS RATING
14	Macy's	34.0
15	Food Lion	33.6
16	CVS	30.4
17	Dollar Tree	26.4
17	Walgreens	26.4
19	Verizon Wireless	26.0
20	Albertsons	25.6
21	Best Buy	24.4
22	7-Eleven	24.0
23	Walmart	22.8
24	Dollar General	18.8
25	AT&T Wireless	17.2
AVERAGE		35.4

*The 2023 Verint Experience Index: Retail ranks the omnichannel experiences of the top 25 retailers in the U.S. as determined by the National Retail Federation (NRF).

Net Promoter Score (NPS) measures a customer's intent to recommend a company. It can be a good indicator of business growth, customer experience and/or loyalty.

This year's study shows a 40-point difference between the highest and lowest NPS scores. As we saw with the CSAT scores, **Amazon** and **Ace Hardware** rank as first and second for NPS.

Verint's Predictive Model

What good are high CSAT scores unless they have a proven impact on loyalty, trust, revenue, and cost savings?

Verint uses a proprietary methodology to quantify the factors that drive better customer relationships. Specifically, we quantify the factors that are within the scope of business control, and we calculate how much influence they have on CSAT.

As shown here, our predictive model measures satisfaction in a way that also allows us to predict the influence it has on customers' future loyalty, likelihood to purchase again, use less costly channels such as web and mobile, and trust the retailer.

DRIVERS

DIGITAL EXPERIENCE: responsiveness, ease of finding products, providing needed information

MERCHANDISE: appeal, quality, variety

PRICE: value, competitiveness, clarity

SERVICE REPRESENTATIVE: availability, responsiveness, answering questions

CSAT

What is your overall satisfaction with this company?

How well does this company meet your expectations?

How does this company compare to an ideal retailer?

OUTCOMES

- Purchase in store
- Purchase online
- Recommend company (used to calculate NPS)
- Return online
- Return to store
- Trust

Retail Rankings: CSAT

Merchandise ranks as the highest driver of customer satisfaction across the top 25 US retailers—but there are differences by retailer type.

Having a positive digital experience is the biggest driver of customer satisfaction for retailers in the grocery and technology sectors, with less importance placed on responsive and knowledgeable service representatives. However, both aspects are given equal importance for customers of home improvement brands.

This makes sense; not everyone is a home improvement expert—having access to a knowledgeable service representative to guide people through their purchase process can be essential for delivering great customer experiences.

Good digital interactions can also facilitate positive in-store experiences. Using digital channels to schedule an in-person appointment for a personalized customer experience is an excellent way to blend physical and online engagement and provide a seamless connected journey.

WHAT FACTORS DRIVE CUSTOMER SATISFACTION?*

	TOP 25	GROCERY	HOME IMPROVEMENT	MASS MERCHANTS	TECHNOLOGY
Digital Experience: responsiveness, ease of finding, information	2	1	1	2	1
Merchandise: appeal, quality, variety	1	2	3	1	2
Price: value, competitiveness, clarity	3	2	4	2	3
Service Representative: availability, responsiveness, answering questions	4	2	1	4	4

*Factors are ranked according to how important they are in driving higher customer satisfaction.

Cost Is King in Difficult Economic Conditions

RELATIVE IMPORTANCE OF 10 PURCHASE CONSIDERATIONS IN 2023

During times of rising interest rates and high inflation, it's no surprise that price is the most important consideration for consumers or that it's so far ahead of every other factor.

Broad product selection and in-store shopping in second and third positions reflect the popularity of store visits seen in Verint's customer journey data, while the growth of online shopping is reflected by the relative importance of free deliveries and free and easy returns.

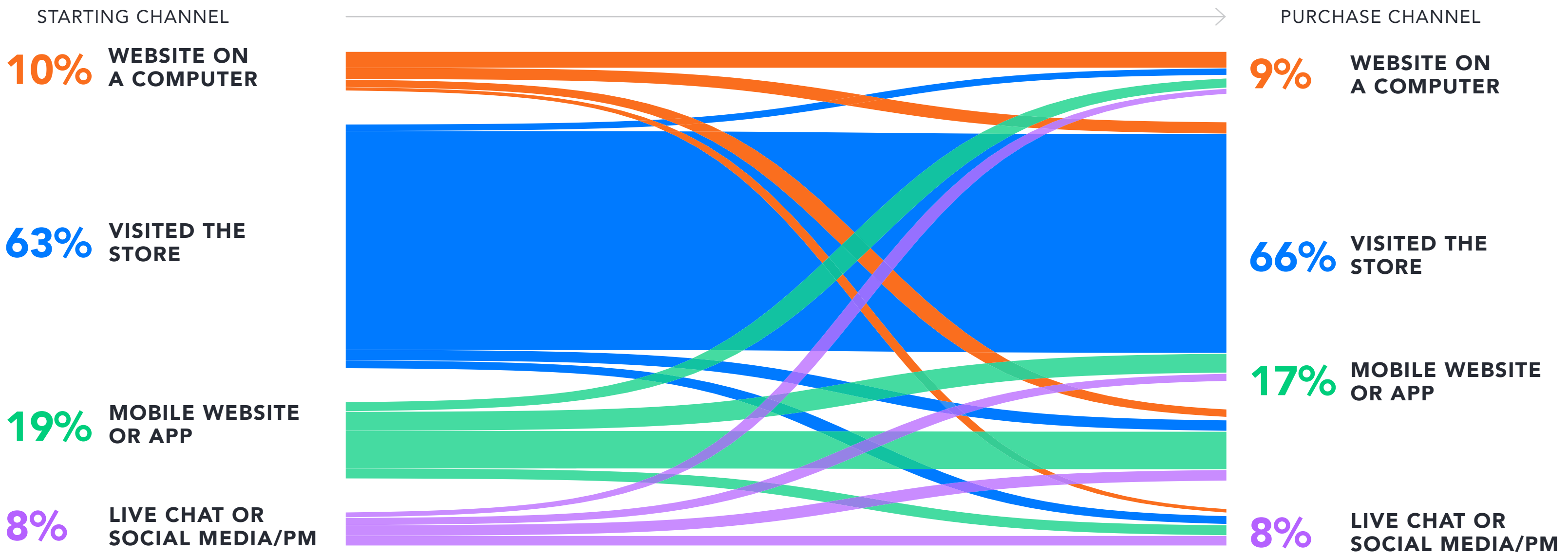
"When corporations and their CEOs make record profits each quarter, but we have little money to spend in their stores or to buy things to eat, there's something seriously wrong with that imbalance!"

ALBERTSONS CUSTOMER, GENERATION X

"Improve on sales and [offer] better quality products for a better deal."

T.J. MAXX CUSTOMER, GENERATION Z

Customers Favor the In-Store Experience



Despite the growth in popularity of digital channels in recent years, the store is still the most selected place for customers start and end a shopping journey. The survey revealed a split of around two-thirds/one-third between in-store and digital for both starting and purchase channels.

Even though **66%** of customers visit stores to complete a purchase, connected customer journeys across all channels have never been more important.

Twenty percent of the most recent interactions with a retailer were consumers planning a store visit or researching products, while **7%** visited stores to pick up an online purchase. This highlights the non-linear nature of modern customer journeys and the need for consistency across all channels—whether that's looking up store opening hours, checking up-to-date merchandise availability, or find instructions for collecting an item.

Reason for Most Recent Interaction with a Retailer

13%
PLANNING A STORE VISIT

7%
RESEARCH A PRODUCT OR SERVICE

7%
PICK UP A PRODUCT I PURCHASED ONLINE

Digital Channels Offer More than Online Purchases

MOST RECENT RETAILER INTERACTIONS

REASON OTHER THAN MAKING A PURCHASE			MAKE A PURCHASE	
70%	64%	54%	59%	60%
Generation Z (18 to 26)	Millennials (27 to 42)	Generation X (43 to 58)	Baby Boomers (59 to 77)	Silent Generation (78 to 95)

There are considerable generational differences when it comes to contacting a retailer. In their most recent interactions, the majority of older consumers made a purchase, while the opposite is true for younger shoppers. Between **64%** and **70%** of Gen Z and Millennials interacted for different reasons, ranging from browsing for products to contacting customer service or returning an item.

These differences are reflected in the data for task completion. It's no surprise that fewer than **43%** of younger consumers visited stores to complete their tasks, because the majority weren't making a purchase. This further emphasizes the complexity of the digital native generations' relationships with retailers and the need for digital channels to be more than just points of sale.

How did you first interact to complete your task?

	Visited the Store
Gen Z (18 to 26)	40%
Millennial (27 to 42)	42%
Generation X (43 to 58)	60%
Baby Boomer (59 to 77)	67%
Silent Generation (78 to 95)	71%

Customers Do Their Homework

CUSTOMERS WHO BASED THEIR PURCHASING DECISION ON A RESOURCE OTHER THAN IN-STORE OR DIGITAL CHANNELS

Used at Least One Other Resource

Generation Z (18 to 26)	Millennials (27 to 42)	Generation X (43 to 58)
82%	76%	55%

The analysis above shows where purchase journeys start and end, but there are plenty of steps that go on in between as well. More than half of Generation X use at least one other resource when deciding to make a purchase, and that percentage increases considerably for Millennials **(76%)** and Generation Z **(82%)**.

Among the most popular sources of information are word of mouth and online review sites. This means that retailers need more than a well-designed website and attractive in-store displays to influence a purchase. One bad experience leading to a one-star review or thumbs down from a family member or friend could cause a potential customer to choose a rival brand.

The purchasing experience is only one facet of a customer's journey—aspects such as delivery, customer service, and post-purchase communications need to also be optimized through continual assessment and improvement to ensure exceptional CX.

In-Store Experiences Are Less Important for Technology Customers

PREFERRED METHOD FOR ENGAGING WITH A RETAILER

VISITING THE STORE

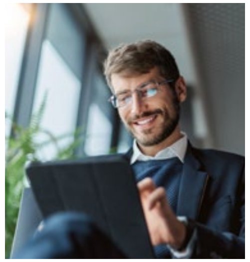
74%
Home Improvement Customers

Where and how customers engage varies depending on the type of retailer. Around three-quarters of home improvement customers prefer to visit a store. For this type of retailer, service is one of the top CSAT drivers, and it's often easier to use the expertise of a store assistant than trying to find products through digital channels.

70%
Grocery Customers

Similarly, grocery store shoppers likely prefer to see produce in-person compared to ordering online, which explains one reason why **70%** might favor in-store shopping.

DIGITAL CHANNELS*



62%
Technology Customers

The majority of consumers engaging with technology retailers, however, prefer digital interactions. Of the **62%** who use digital channels, **74%** will use either mobile websites or app or a website on a computer. Buying the best television is quite different than finding the ripest apple—accessing technical specifications and doing price comparisons is more straightforward online and gives buyers a much more holistic understanding of their purchase compared to visiting a store.

"We so appreciate knowledgeable salespeople who know the store and the products. Cuts in good personnel lowers my opinion of the store"

LOWE'S CUSTOMER, BABY BOOMER

* Digital channels include: mobile website or app, website, social media/private messaging, live chat with customer service agent/bot.

What's Important to Retail Customers?

PURCHASE CONSIDERATIONS RANKED BY IMPORTANCE TO CUSTOMERS*

RETAILER TYPE	IN-STORE SHOPPING	FAST DELIVERY	FREE DELIVERY
GROCERY	2ND	9TH	7TH
HOME IMPROVEMENT	2ND	8TH	5TH
TECHNOLOGY	6TH	3RD	4TH

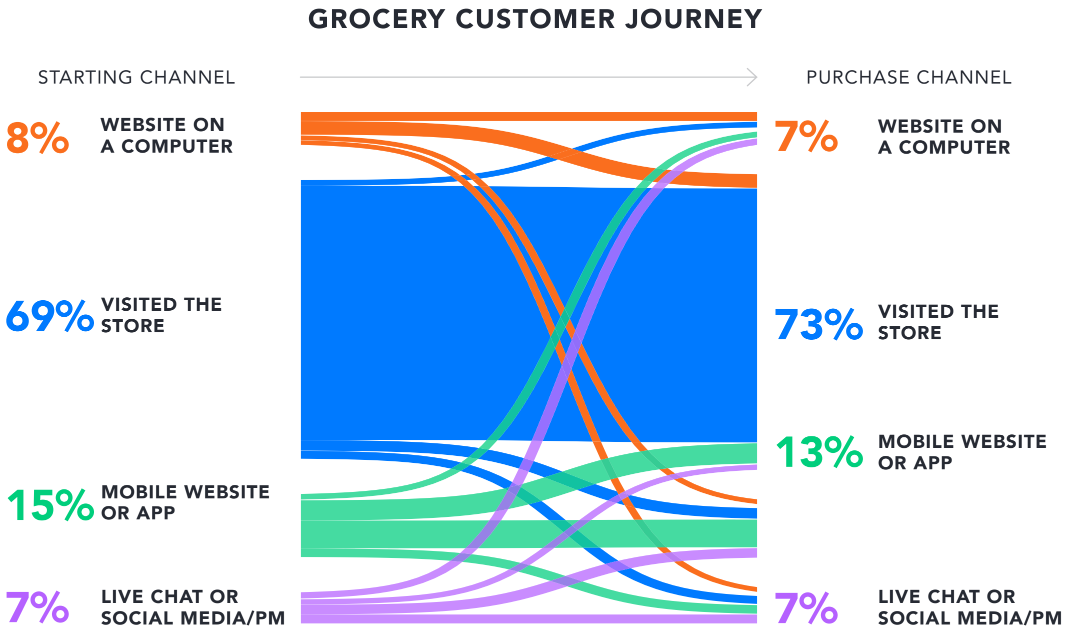
There's a correlation between why a customer chooses a particular retailer and their preferred engagement channel. Overall, in-store shopping was the third most likely to influence shoppers, but it's a more important factor for both grocery and home improvement store customers.

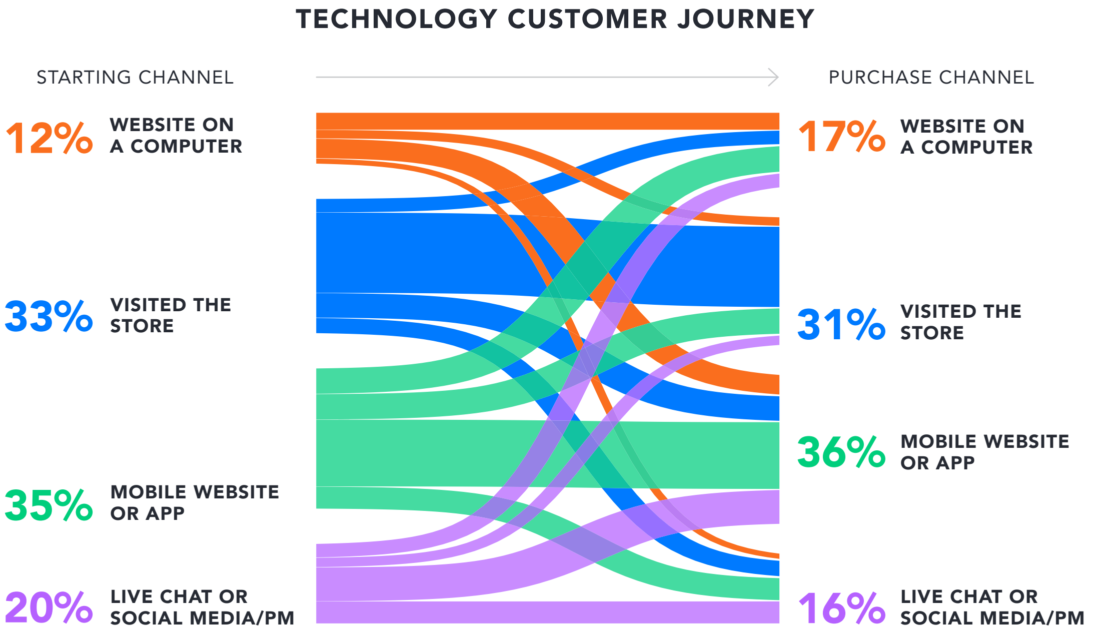
Given the importance placed on in-store shopping, retailers in these two sectors should look to build CX strategies that focus most on elevating the in-store experience to maximize the impact of a retail experience and build loyal customer relationships.

The opposite is true for technology retailers, and, to a lesser extent, mass merchants. In-store shopping is not unimportant, but good digital experiences have a bigger impact on whether a customer chooses their company for their next purchase. Seamless and free online deliveries are more likely to bring a customer back to a technology brand than the promise of an excellent in-store experience.

*Rankings based on what factors are most important to customers when deciding to make a purchase from a specific retailer type.

Technology Retail Customers Favor Digital Channels





The difference in shopping habits between grocery and technology customers is highlighted by seeing their purchase journey paths side-by-side.

The journey for all customers in the survey, shown on page seven, closely mirrors the results for grocery brands, with store visits making up the majority of start and end points of a purchase. In fact, the proportion is higher for both with grocery customers. The importance of in-store experiences to grocery customers makes even more sense when seen alongside this data.

Technology customers don't favor a particular channel. **Around a third** of journeys start and end in-store, but that means at least two thirds are happening on digital channels with a particular focus on mobile interactions. Yet if we consider the largest driver of CSAT for all three types of retailers, a good digital experience ranked first with each of them. Building technology into the customer journey which blends the physical and digital experience, for tasks such as booking an in-person appointment, ensures no matter where a journey starts or ends, it will be connected across all touchpoints.

How to Build Connected Customer Journeys

A retail journey connected across all channels is vital to satisfy modern consumers, but for brands where so many purchases start and end in-store, such as grocery retailers, ensuring that experience delivers exceptional CX is key to maintaining high CSAT and NPS levels.

For retailers whose customers who may favor starting their journey on digital channels, such as websites, mobile apps, and social media or private messaging, the in-store experience is likely to play a smaller part in their purchase. A straightforward home delivery or easy BOPIS (buy online pick up in store) process might be the difference between a loyal relationship and turning to a rival retailer.

LISTEN TO THE CUSTOMER

Collect, analyze, and act on data collected during in-person or digital interactions. Creating listening points to gather feedback when consumers are in-the-moment will give the most accurate insights into the shopping experience.

Retailers should make the questions relevant to the business—if a grocery brand knows that merchandise or service levels are big drivers of CSAT, then tailoring the survey to focus on those factors will help to build strategies that maximize customer satisfaction.

COMBINE YOUR INSIGHTS

Brands need more than customer feedback to succeed—by merging the information with data from the contact center, interactions analytics, and digital behavior on a website, retailers can get a better understanding of customer needs and expectations.

Feedback surveys are a key component understanding customer experience, but building a unified view of collective insights from across the customer journey gives a richer understanding of where and how a company can elevate CX.

BLEND DIGITAL AND PHYSICAL EXPERIENCES

Connecting all customer touchpoints gives a holistic experience for consumers and helps bring consistency no matter where an engagement takes place.

In-store experiences can be supported through digital technology. For instance, home improvement customers place huge value on in-store customer service, so a digital solution that enables them to book a time slot with an in-store expert would only further enhance their CX.

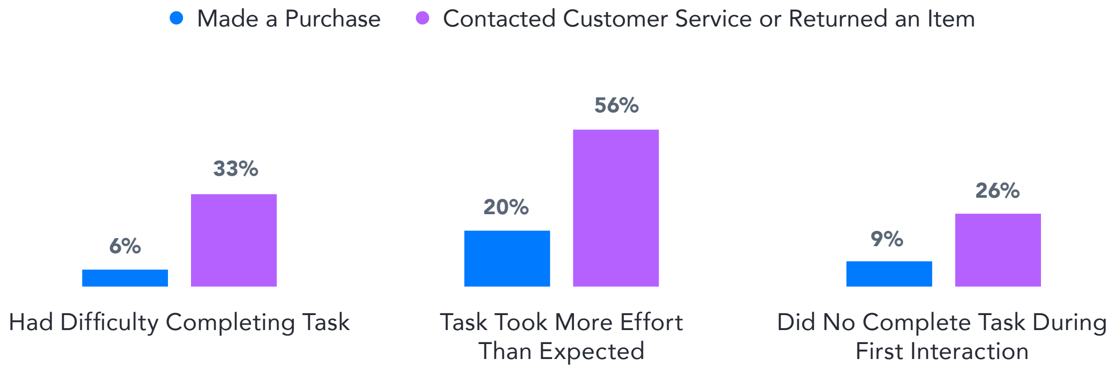
BUILD A FLEXIBLE WORKFORCE

Whether a retail brand needs to focus more on in-store or digital experiences, employees are always at the heart of exceptional CX delivery. Multi-skilled staff who are as comfortable in the contact center as they are in-store are vital to managing the complexity of customer journeys.

With the right workforce management solutions, retailers can analyze and forecast the most demanding periods across every engagement channel and build schedules that increase productivity as well as customer and employee satisfaction.

Post-Purchase Issues Are Impacting CX

WHERE CUSTOMERS HAVE EXPERIENCED DIFFICULTIES DURING INTERACTIONS WITH A RETAILER

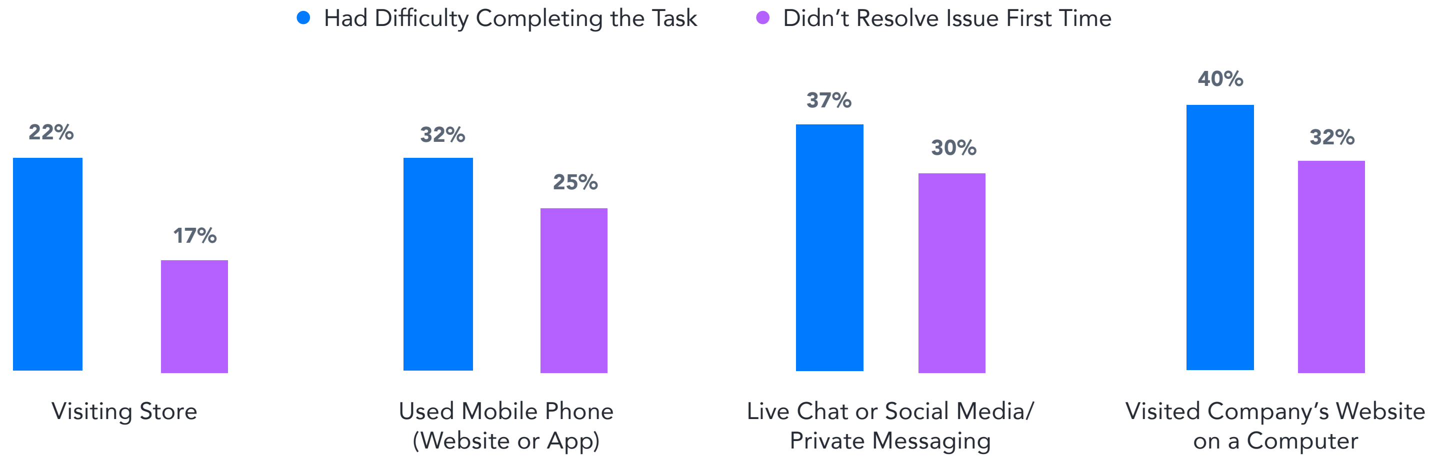


Not every retailer interaction can be perfect, but customers are more likely to experience difficulties during certain tasks. Our analysis shows that making a purchase is relatively straightforward and easy to do in one step. It's a different story for contacting customer service or returning a purchase. A **third of customers** find these tasks difficult, more than half expend more effort than expected, and over one quarter take more than one attempt to complete them.

Poor CX increases the risk of customer churn. Verint's State of Digital Customer Experience found that **69%** of consumers have stopped doing business with a company following a bad experience. Having a smooth purchase process, whether in-store or on digital channels, counts for nothing if retailers offer a substandard experience when trying to speak to the contact center or send an item back.

Improvement Is Needed in Digital CX

CUSTOMERS REACHING OUT TO CUSTOMER SERVICE OR TRYING TO RETURN AN ITEM - BY CHANNEL



Contacting customer service or returning an item is a more difficult task when consumers try to do it via a digital channel. In a store, generally, the customer-service desk is also where you return items, so it's not a surprise that **83%** were able to complete the task in-person.

Seventy-seven percent of businesses say that customer expectations for digital engagement have increased, so difficulty resolving any issue is likely to affect CSAT and risk the chance of customer churn.

If **32%–40%** of customers are struggling to contact customer service or complete a return, leading to at least **25%** failure in first contact resolution, that causes extra strain for the contact center and back office.

Single customer queries end up with multiple tickets attached, and, if the company doesn't have effective channel automation, the customer may have to repeat themselves multiple times to resolve an issue.

"Please be as helpful as you can. If we ask a question on how to do [something], we need the easiest answer possible so anyone can understand."

HARDWARE CUSTOMER,
SILENT GENERATION

How to Ensure Smoother Issue Resolution

Verint's State of Digital CX study found that **50%** of consumers use social media and private messaging to contact a business. Customers reaching out on a wider range of digital channels than ever before means retailers need to be able to effectively engage across these digital touchpoints or risk customer churn.

Retailers need to find a solution to the problem of customers having to struggle to contact customer-service representatives so they can return items—a solution that is more economically viable than simply hiring more agents. AI should be an integral part of modern customer service. When deployed to address high volume service issues, it will ensure elevated CX and a more efficient contact center. automated interactions into purchases.

OMNICHANNEL ENGAGEMENT

Retailers should adopt a customer-centric channel engagement strategy. Understand where they are reaching out and deploy solutions that enable agents to work across channels such as live chat, email, or Facebook Messenger asynchronously.

This omnichannel experience makes it more straightforward to interact with contact center agents while also breaking down silos between channels, leading to connected engagements and offering a better chance of resolving issues quickly.

BRING OUT THE BOTS

The survey shows that returns are a regular issue for retail customers—specifically on digital channels. The solution? A bot that automates the task across engagement channels.

Routine contact center tasks are important but often don't require human input. Deploying an IVA (intelligent virtual assistant) to handle returns gives customers access to the service 24/7, ensures brands can scale to meet demand, and ensures more consistent first-contact resolution for customers.

LISTEN EVERYWHERE, ACT FASTER

With the number of engagement channels constantly growing, it's never been more important to capture actionable data following an interaction.

Retailers need to understand what's happening in the moment across the entire customer journey. With this holistic view, they can use the insights to swiftly pinpoint where customers are struggling to contact customer service or return their purchases and use this feedback to rectify the problem in minutes and hours, not weeks and months.

Definitions of CSAT, Drivers of Satisfaction, and NPS

Customer Satisfaction (CSAT)

Customer Satisfaction (CSAT) is calculated using a composite of the responses from three questions about a respondent's experiences with the retailer. Each question requests a rating on a scale of 1–10.

- What is your overall satisfaction with this company?
- How well does this company meet your expectations?
- How does this company compare to an ideal retailer?

The CSAT score is the average of the three responses using optimal weighting, rescaled from a 1–10 response scale to a 0–100 score scale.

Drivers of Satisfaction (used in this study)

Driver scores for each respondent are calculated as composites of the responses to three questions asked on a 1–10 scale. The three responses are averaged using optimal weighting and then rescaled to a 0–100 score scale:

DIGITAL EXPERIENCE

- Responsiveness
- Ease of finding products
- Providing information

PRICE

- Value
- Competitiveness
- Clarity

MERCHANDISE

- Appeal
- Quality
- Variety

SERVICE REPRESENTATIVE

- Availability
- Responsiveness
- Answering questions

Net Promoter Score (NPS)

Net Promoter Score (NPS) is calculated using the question:

How likely are you to recommend this company to someone else?

- Respondents answering 0–6 are assigned a score of -100
- Respondents answering 7–8 are assigned a score of 0
- Respondents answering 9–10 are assigned a score of 100

NPS is the average of all respondent scores and is recorded on a scale of -100 to +100.

About the Verint Experience Index

The Verint Experience Index is a web panel survey report chronicling experiences across key industries. The 2023 retail edition ranks the omnichannel experiences of the top retailers in the U.S. as determined by the National Retail Federation (NRF). The study uses one panel sample with 250 responses for each retailer. Respondents need to have interacted with one of the retailers in the past 30 days to qualify for the study.

Rankings are based on customer satisfaction (CSAT), using a scale of 0–100. NPS is also shown, on a scale of -100 to 100. When two or more scores are identical at one decimal place, the next decimal place is used to break ties and determine rankings.

Whether or not a company is a Verint client has no bearing on their inclusion or exclusion in the list.

Data was collected from September 8–October 5, 2023, with a total of 6,250 survey responses. CSAT margin of error is ±1.89 and NPS margin of error is ±7.92.

Note that respondents who participate in online surveys may have more experience and comfort with the Internet and digital transactions compared to the general population.

Data analysis incorporated the calculation of influence scores, which provided the relative influence each categorical variable had on satisfaction score. The knowledge gained from evaluation was combined with the Verint predictive model to help inform the direction of further analysis.

About Verint Experience Management

Verint Experience Management Solutions™ help you process and analyze data, automate and speed decision making, and operationalize across the organization—so you can compete on better customer experience.

Contact xm@verint.com to discuss your company's customer engagement challenges, ask questions, or share comments about this report.

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