WHY OMNICHANNEL SUCCESS STARTS WITH CUSTOMER EMPATHY

In the midst of extraordinary change, a simple frame of reference enables retailers to win – putting yourself in your customers’ shoes.
Opportunities by Another Name

The insights and recommendations highlighted in this study are intended to help retailers focus on what is important to consumers by analyzing the likes and dislikes shoppers express with the shopping experience. The aim is to help retailers prioritize investments that range from in-store and online interactions to omnichannel integration and flexible fulfillment.

The overarching themes that emerge are that retailers should strive to make shopping quick and easy, offer high value products at affordable prices, and avoid mistakes that disappoint shoppers. To help retailers accomplish these goals, this report uncovers practical tips and methods retailers can deploy.

By finding areas where retailers are underutilizing their capabilities — such as mobile apps — or poorly delivering them — such as loyalty programs — our intent is to highlight gaps that can be closed to produce revenue growth and satisfied customers. Looked at in a proactive way, gaps are really opportunities by another name.

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See Customers with Clarity

The fifth annual RIS/Cognizant Shopper Experience Study is a comprehensive way for retailers to see and understand their customers with greater clarity. As with earlier studies we wanted the respondent pool to mirror the prime shopper population, especially in such key areas as gender, age, and income. This was achieved through a total respondent pool of 5,311 global shoppers who were polled in May, 2014.

To add depth to the findings we expanded the focus to learn about shopper experiences beyond retail and included questions about travel, hospitality and consumer goods manufacturers. This provided several big takeaways in the study by comparing how retailers stack up against other industries.

We also expanded the global reach of the study and this year it includes insights from more than 5,300 respondents across the U.S., United Kingdom, Germany and China. The results from China, in particular, reveal a consumer market that is an outlier compared to other countries, which is an insight of major significance to retailers contemplating global expansion.

Note that while this report is filled with factoids, infographics, takeaways and key findings, it is only a portion of what can be found in the full data set. For those who want to learn more about the vast scope of the study, which includes in-depth analysis of key global markets, contact Cognizant at retail@cognizant.com.
Why Omnichannel Success Starts with Customer Empathy

Every year, in collaboration with RIS News, Cognizant conducts a comprehensive study to better understand shopper preferences and behaviors. Our goal is to translate on-the-ground opinions and trends into tangible insights our retailer clients can apply to their business strategies and technology investments.

In the midst of the extraordinary change being driven by online retailing, major retailers worldwide are continually adjusting strategy to create value. But competing priorities and distractions can lead retailers to forget perhaps the most important underpinning of all strategic imperatives: customer empathy. The irony of this, and the appeal, is that based on this simple frame of reference – putting yourself in your customers’ shoes – most retailers already know how to win.

The fifth annual Shopper Experience Study is a window to achieving those wins. To produce the 2014 version, we polled 5,311 shoppers in North America, Europe, and China. Of these, 2,414 were in North America.

This year’s study shows that customer empathy is more vital than ever. In the name of innovation, many retailers often implement new systems that are intended to reduce cost, improve sales and be good for customers, but, in fact, if they had listened to their customers the retailers would have learned they wanted something different.

OMNICHANNEL: SEAMLESS AND CONVENIENT

Perhaps the best example of this contradiction is found in omnichannel strategies. Most major retailers today are in the midst of one kind of omnichannel initiative or another. But the very word “omnichannel” implies a strategy focused on channels not customers, and, indeed, many of these efforts are inconvenient, non-continuous, and intrusive.

Customers are naturally baffled by many omnichannel efforts because they don’t think in terms of channels, they think in terms of experiences. For a customer there is only one true channel – the “my-experience-with-you” channel.

Although all industries are still in the midst of digital transformation, other industries, such as travel and banking, aren’t as fixated on channels and haven’t fallen into this trap. They have learned to deliver seamless, convenient, non-intrusive, enabling experiences. Retailers that do the same have the best chance of balancing returns on investment and increasing share of wallet with delighted, brand-loyal customers.

If, on the other hand, you don’t get omnichannel right, the risk is far greater than other failed IT initiatives. With the rapid growth of online shopping, a disappointment that goes viral could end up turning away large numbers of consumers.

WHAT SHOPPERS TOLD US THIS YEAR

Our 2014 Shopper Experience Study is an investment in how to make your customers happier (and avoid driving them away). For the sake of brevity, we’ve highlighted some bottom-line takeaways in six key areas essential to any retailer’s transformation strategy: mobile, social media, personalized marketing, cross-channel integration, loyalty, and digital shopping.
**Mobile** – Mobility is perhaps the most important channel of all. The vast majority of shoppers are now connected almost every waking hour of their day. But retailers haven’t caught up. The study shows that the power of mobility is vastly under-utilized and often poorly delivered. In fact, less than half of shoppers surveyed are satisfied with retail mobile experiences. Retailers need to adopt a “mobile-first” model for deployment to shoppers and associates given the inherent rapid change and ubiquity of mobile interaction.

**Social Media** – Social media represents the proverbial bull in the china shop, and retailers are the bull. Although shoppers are very active on social media, it’s their platform and they really don’t want the noise that many retailers generate: more than 60% of surveyed shoppers said their purchases are not influenced by social media.

**Personalized Marketing** – Personalization runs hot and cold. Retailers understand the power. Shoppers are hungry for more relevant, customized experiences. But they also see that the cost can be high. Surveyed shoppers are very concerned about data privacy and security (61%) and most retailers have not sufficiently earned their trust.

**Cross-Channel Integration** – Over the past 12 months, cross-channel integration has significantly moved the needle of shopper interest. Customers want it all – the convenience of online shopping with the comfort and immediacy of the in-store experience. And they want to use their devices to research and price check while in stores. The tip of the omnichannel spear is “buy online pickup in-store.” It’s the most tangible, proven way to engage and identify customers across channels. But while surveyed shoppers want it (more than 60%), retailers are generally not dealing well with the pitfalls of added complexity and new points of failure. Forty-nine percent of surveyed shoppers told us they have experienced service failures with their buy online pickup in-store orders. In this risky territory, where there’s no room for mistakes, many retailers are making them and paying the consequences.

**Loyalty** – Loyalty programs, when done well, are good for retailers and their customers. But retailers are not leveraging loyalty anywhere near as well as airlines and hospitality companies. Shopper satisfaction with retail loyalty programs is generally low. Although retail loyalty programs do create loyalty, and shoppers are enrolling (92%), impact could be substantially increased by improving perceived value and ease of use. We recommend that retailers analyze successful airline and hotel loyalty programs to see how it’s done.

**Digital Shopping** – Digital shopping (Web and mobile) continues to be an important – and threatening – channel both for transacting and influencing in-store purchases. More and more shoppers are looking to brand Web sites, e-tailers and other online competitors. With increased price transparency and expectations for faster, lower-cost delivery also comes increased threat to the bottom line. What do shoppers want? A collective experience online! No single feature is more important than the rest. Shoppers want robust information, easy access to service, a variety of payment options, stored profile information, and real-time offers. Retailers must rely on their online experience, price and product selection to differentiate themselves from the competition.

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Retailer Focus Meets Customer Expectations

CONSUMERS WANT ROBUST DIGITAL SHOPPING EXPERIENCES AND RETAILERS ARE UNDER EXTRAORDINARY COMPETITIVE PRESSURE TO DELIVER THEM

One of the guiding principles in retail is to show you care. It is a simple key to success and for most retailers it is much easier to describe than execute effectively.

This report uncovers practical tips and methods retailers can deploy to show customers they care. It does this by analyzing the likes and dislikes of more than 5,300 shoppers.

The insights and recommendations highlighted here are intended to help retailers focus on what is important to shoppers and extend the “we care” philosophy throughout the retail enterprise. The aim is to help retailers prioritize investments that range from in-store and online interactions to mobile apps and social media, from omnichannel integration and

SHOPPER ADOPTION OF MOBILE — BY THE NUMBERS

- 91% Have a mobile device
- 78% Do product research on a mobile device
- 71% Have a tablet
- 52% Have made a purchase on a mobile device
- 52% Are satisfied with the mobile shopping experience
- 45% Specialty product purchases made on mobile devices
- 13% Consumable product purchases made on mobile devices
- 52% Have made a purchase on a mobile device
flexible fulfillment to personalized marketing and loyalty programs.


The overarching themes that emerge from the findings are that retailers should strive to make shopping quick and easy, offer high value products at affordable prices, avoid mistakes that disappoint shoppers, and create an environment that says “yes” almost always and “no” almost never.

Consistent execution of a robust digital shopping experience will show customers you care about their ease and convenience and, in return, they will care about you.

MOBILITY: GREAT POTENTIAL, IMMATURE OFFERINGS
Study data shows that 91% of shoppers have a mobile device (Smart Phone and/or Tablet) and 71% have a tablet. Since mobile phones are personal devices used for both lifestyle activities and business, these findings indicate the vast majority of shoppers are connected 24/7 unless, of course, they are sleeping.

Although still emerging as a major channel for retail sales, the study finds that 52% of shoppers have made a purchase on a mobile device, although this is only a small fraction of their total purchases. This represents a large number of shoppers and a big market for retailers.

How often have you researched purchases on a mobile device before making a purchase in the last year?

- Never or almost never: 22%
- Some of the time: 36%
- About half the time: 18%
- Most of the time: 18%
- Always or almost always: 6%

Consistent execution of a robust digital shopping experience will show customers you care about their ease and convenience and, in return, they will care about you.
to seek out competitive opportunities.

The reason this number isn’t larger is the study finds a high level of dissatisfaction among shoppers with current m-commerce apps and mobile sites operated by retailers. Only 45% of shoppers say they are satisfied with the mobile shopping experience they encounter. This means the vast majority are dissatisfied and turned off by what they are experiencing with current mobile offerings.

These findings point out that the growing power of mobile shopping is vastly underutilized and often poorly delivered. For those retailers who get it right, the m-commerce opportunity is a big one. It is big not only because mobile devices are everywhere, but also because 42% of shoppers regularly research products using mobile devices and 78% use them at least some of the time for research. So, shoppers are actively involved in the shopping/browsing process even though they are not satisfied with the experience.

As shoppers seek out mobile shopping opportunities they are not finding mature m-commerce apps and websites delivered by retailers compared to other industries. For example, in the airline industry 65% of shoppers say they have overall mobile satisfaction compared to 45% in retail.

One interesting finding is that shoppers are split 50-50 between their preference for using mobile apps versus the mobile web.

Mobile devices in the hands of consumers have strong potential to generate future revenue growth and they are also becoming the primary tool for retailers to integrate digital and physical shopping experiences. However, it is clear there is a gap that needs to be closed between mobile shopper experiences and retailer deliverables.

**SOCIAL MEDIA: RETAILER BEWARE**

Just as shoppers love their mobile phones they also love their social networks. For retailers, this appears to be a golden opportunity to engage with shoppers in a modern, popular medium, and because the barrier of entry is low, many fast-moving retailers are already several years into their Facebook and Pinterest strategies.
However, several major learnings have emerged from early social selling efforts. One of the big ones is that retailers risk triggering a culture clash with shoppers if they do not understand and follow the rules of social media engagement. Data-based findings indicate that the best advice to follow in your social media strategy is — retailer beware.

Retailers have known for several years that shoppers have become heavily engaged with social media and view it as an important way to express themselves and communicate with family and friends.

Study data finds that 86% of shoppers say they regularly use social media. Facebook is by far the most popular social network (75%) followed by LinkedIn (42%) and Twitter (32%). Pinterest is popular in the U.S. with 25% of shoppers but globally the figure is 16%.

The problem is that while shoppers love social media, they want to use it on their own terms. In large part, this means they do not want to engage with retailers on their social networks. This may come as a shock to some retailers, but 63% of shoppers express a negative reaction to retailers who use social media to influence purchases, recommend products or share deals.

Breaking this down into specific tactics we find that shoppers dislike postings in social media that are

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**RETAILER SOCIAL MEDIA TACTICS THAT SHOPPERS DISLIKE**

- **Using Social to Personalize Experiences**: 83%
- **Product Recommendations Based on Social Network Preferences**: 81%
- **Influence Purchases**: 79%
- **Request Customer Service**: 72%

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**WHICH SOCIAL NETWORKS DO YOU REGULARLY USE?**

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>75%</td>
</tr>
<tr>
<td>LinkedIn</td>
<td>42%</td>
</tr>
<tr>
<td>Trip Advisor</td>
<td>38%</td>
</tr>
<tr>
<td>Twitter</td>
<td>32%</td>
</tr>
<tr>
<td>Google+</td>
<td>24%</td>
</tr>
<tr>
<td>Yelp</td>
<td>17%</td>
</tr>
<tr>
<td>Pinterest</td>
<td>16%</td>
</tr>
</tbody>
</table>
intended to influence purchases (79%) or use data from social networks to personalize experiences (83%). They also react negatively to retailer attempts to make product recommendations based on their social networks (83%) or as a channel to request customer service (72%).

So, what is a retailer supposed to do? Rather than risk getting it wrong and clashing with social media culture, retailers are best advised to listen, analyze and learn. Social media is a great place to hear what shoppers think of you and your competitors. It is a great place to learn what inspires and frustrates shoppers. And it is worthwhile to develop social campaigns that generate followers, likes and tweets to create better engagement with the brand.

But as we see in other sections of the study, the best advice is to tread lightly.

PERSONALIZED MARKETING

Personalized marketing, a method that targets promotional messages to shoppers based on their preferences, is another area in the study where there is a wide gap between customer expectations and tactics deployed by most retailers. If managed correctly, personalized marketing could be a solution that cuts through the clutter of a growing array of marketing messages that inundate shoppers today.

However, study data indicates there is a problem of trust that retailers must understand and overcome. Personalized marketing requires that shoppers turn over personal information to a retailer. Unfortunately, turning over personal information runs counter to a deep strain of skepticism that consumers have with how this data will be used and secured.

### Identifying Information That Can Be Used to Personalize Marketing

<table>
<thead>
<tr>
<th>Not Willing to Share</th>
<th>Willing to Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit card #</td>
<td>Loyalty</td>
</tr>
<tr>
<td>Social networks</td>
<td>Personal preferences</td>
</tr>
<tr>
<td>Household information</td>
<td>Events (e.g. birthday)</td>
</tr>
<tr>
<td>Browsing behavior</td>
<td>Name/address/e-mail</td>
</tr>
<tr>
<td>Home/mobile phone #</td>
<td>Location-based services</td>
</tr>
</tbody>
</table>

### Shoppers That Have a Negative Reaction to Retailers Using Social Media for Influencing Purchases, Recommending Products and Sharing Deals

63%
When we drill down into the findings, we discover that shoppers prefer retailers proceed with caution in most areas of personal data. Not surprisingly, 68% of shoppers say they are not willing to share personal information from social networks, which is an area of high sensitivity we uncovered in the previous section.

Other areas that are high on the list of data not willing to be shared by customers are credit card numbers (69%), online browsing behavior (61%), household information (64%) and phone numbers (61%).

What’s a retailer (or more specifically a marketer) to do if all of this information is difficult to pry from shoppers? One answer is to focus on sources of information that shoppers are willing to share. These include: loyalty program data (43%), personal shopping preferences (33%), and events like birthdays and anniversaries (29%). Shoppers are even fairly willing to enable location-based services (22%), if handled with care.

Admittedly, the figures are relatively low for sharing even this kind of data, so another option retailers can deploy is a campaign to promote a value-for-value exchange of personal information for points, discounts, relevant offers or tailored services.

Despite the concern shoppers have about privacy and security, the truth is they respond to personalized messages far more positively than to mass-marketing blasts. Study data finds that 51% of shoppers will respond to personalized marketing when it provides improved services.

The key takeaway is that retailers need to earn permission from skeptical shoppers before using personal information for marketing purposes. Retailers have a responsibility to be vigilant about security, provide value in return, and avoid becoming a spammer by sending messages that are truly personalized and relevant.

“THE KEY TAKEAWAY IS THAT RETAILERS NEED TO EARN PERMISSION FROM SKEPTICAL SHOPPERS BEFORE USING PERSONAL INFORMATION FOR MARKETING PURPOSES.”
“BUY ONLINE PICKUP IN-STORE IS SIMPLE FROM A CUSTOMER’S PERSPECTIVE, BUT VERY DIFFICULT FROM A RETAILER’S. IT TAKES NEW POLICIES, ROBUST SYSTEMS, RE-ENGINEERED PROCESSES AND A WELL-TRAINED TEAM TO EXECUTE.”

CROSS-CHANNEL INTEGRATION: DELIVER FLAWLESS EXECUTION

The days of single-channel shoppers are long gone but they are not a distant memory. Many retailers still find themselves struggling to catch up to the omnichannel world that shoppers operate in today. Although the mash up of digital and physical retailing into a seamless shopping experience is the new normal, many retailers have yet to make the leap in an effective way that delivers high satisfaction to shoppers. This has produced gaps in omnichannel services between what shoppers expect and what retailers deliver.

One example to illustrate this point is buy online and pickup in-store (BOPIS). Customers love BOPIS for a number of reasons, most of them based on convenience, speed and money savings. The study finds that 62% of shoppers use BOPIS today, which is a high number that is likely to grow in the future.

Retailers love BOPIS, too, because it is a way to increase customer engagement, drive shoppers to stores to increase traffic, and produce incremental sales when shoppers enter the store.

For all of these reasons, BOPIS is a win-win for retailers and shoppers alike. As retailers make their omnichannel transformations, one of the first things they tackle is BOPIS, and then when they roll it out they discover just how hard their omnichannel transition is going to be.

BOPIS is simple from a customer’s perspective, but very difficult from a retailer’s. It takes new policies, robust systems, re-engineered processes and a well-trained team to execute. Without everything working flawlessly the impact on shoppers will inevitably be disappointment instead of delight.

### REASONS FOR SERVICE FAILURES DURING BUY ONLINE PICKUP IN-STORE

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Wait in Line</td>
<td>27%</td>
</tr>
<tr>
<td>Inconvenient Pick-Up Location</td>
<td>19%</td>
</tr>
<tr>
<td>Order Not Ready for Pick-Up</td>
<td>14%</td>
</tr>
<tr>
<td>Associates Not Well Trained</td>
<td>14%</td>
</tr>
<tr>
<td>Order Could Not Be Found</td>
<td>10%</td>
</tr>
<tr>
<td>ID and Payment Verification Was Excessive</td>
<td>9%</td>
</tr>
</tbody>
</table>
Study data finds that 49% of shoppers experience bad execution during BOPIS trips to stores, which illustrates just how difficult it is for retailers to get it right. Among the top reasons for BOPIS failures are issues with in-store policies execution such as: long wait in lines (27%), inconvenient pickup location (19%), orders not being ready for pickup (14%), and poorly trained store associates (14%).

As these problems indicate, many issues shoppers encounter are not due to failures of technology. However, they indicate that the omnichannel transformation in retail must proceed on a two-pronged path — one that removes siloed technologies that manage orders, inventory and store operations, and another that re-engineers processes, policies, job training and communication.

Retailers have made significant progress along their omnichannel journeys and more are offering BOPIS than ever before. In fact, it is well on the way to becoming a mainstream customer service. However, all of the benefits it promises to shoppers and retailers alike will be wiped away if it is not executed flawlessly. There is no better way to lose a customer than to make a service promise and then not deliver it.

LOYALTY: PROTECT THE PRIVILEGE

One of the major takeaways in the study has to do with the opportunity retailers have to close a gap in the area of customer loyalty. Retailers are not leveraging loyalty programs as well as they should and the result is that customers are dissatisfied with them based on a low level of perceived value and ease of use.

Retailers as a whole have mixed feelings about the value of loyalty programs, because there is an uneven track record of success going back many years. However, shoppers do not have such mixed feelings. They support loyalty programs in overwhelming numbers. We find that shoppers have a high degree of interest in loyalty programs — 75% of shoppers belong to up to 10 loyalty programs across industries and 92% belong to at least one retail loyalty program. And, fully 62% of shoppers across industries believe being a member of a loyalty program is beneficial. Yet, only 26% of shoppers believe retailers have compelling loyalty programs.

The problem is that retailers are not good stewards of loyalty programs compared to other industries. The ultimate goal of any loyalty program is to acquire customers and ensure they are loyal to the brand over the
long-term. Airline loyalty, for example, influences 84% of customers to engage with a particular brand. The hotel industry also achieves a highly influential rating from 67% of shoppers.

However, the level of influence that loyalty programs have for retailers is much lower. We broke this number out by retail segments to get a clearer picture and it reveals an overall portrait of consumer disenchantment. For example, the segment that has the highest rating in retail is grocery at 42%, which is far below the levels of influence scored by the airline and hotel industries. At 42%, this means well over half of shoppers don’t make their shopping choices based on a consideration of loyalty programs operated by retail’s most visited

### INFLUENCES OF LOYALTY PROGRAMS BY INDUSTRY/SEGMENT

<table>
<thead>
<tr>
<th>Industry/Segment</th>
<th>Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airline</td>
<td>84%</td>
</tr>
<tr>
<td>Hotel</td>
<td>67%</td>
</tr>
<tr>
<td>Grocery</td>
<td>42%</td>
</tr>
<tr>
<td>Car rental</td>
<td>39%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>31%</td>
</tr>
<tr>
<td>Department store</td>
<td>20%</td>
</tr>
<tr>
<td>Specialty store</td>
<td>20%</td>
</tr>
<tr>
<td>Apparel</td>
<td>14%</td>
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</tbody>
</table>
destinations — grocery stores and supermarkets. And this is the high-water mark in the retail vertical.

Further down the retail list are loyalty programs for pharmacies (31%), department stores (20%) and apparel stores (14%). Clearly these findings expose a major gap between what retailers are offering through their loyalty programs and what is required to engender shopper loyalty. And just as importantly, retailers are failing in an area where other industries are succeeding. One of the more valued attributes of loyalty programs, which other industries do better than retail, is recognizing shoppers based on their status (76%).

To be fair, a sizable number of retailers do not have formal loyalty programs and of these many don’t believe they should have them. Whether this is the correct decision or not should be determined by each retailer based on its business model, but one thing is clear — shopper recency, frequency and long-term engagement, the foundational elements of loyalty — are critical metrics for success. Every retailer should have a plan in place to increase these metrics to ensure their survival even if they do not use a traditional loyalty program that relies on points, rewards and discounts.

As previously stated, this is one of the biggest findings in the study because it highlights a gap between what shoppers expect and what retailers are deliver-
ing. Gaps are opportunities by another name, and one exists for retailers who have the ability and foresight to skillfully play the loyalty card.

DIGITAL SHOPPING: CONVENIENCE AND EASE

As social media messages and online videos have gone viral they have taught us that shoppers have high expectations for retailers and low tolerance for failure. This has always been a fact of retail life, but in the omnichannel world a big difference is that shopper expectations are frequently set by online experiences and many of these are set by the power and innovative skill of Amazon.

To emphasize this point, we find that the top four usability influencers that shoppers want when making online purchases are ease of finding information (72%), ease of returning products (71%), fast and easy checkout (66%), and consistent cross-channel experiences (55%). These are at the top of the list and they stand out because there is clear separation between them and the others farther down. So, if you are setting priorities for future investments based on shopper preferences for omnichannel services, then these influencers should figure prominently in your plans.

Other factors we find that rank high among shoppers’ wants when they make a purchase in any channel are competitive price (69%) and product quality (59%). These evergreen shopper values emphasize the point that nothing has changed in retail even while everything is changing.

While many retailers think that self-checkout in stores...
is an isolated capability, one that is appropriate only for select retail segments, study data uncovers the insight that this belief is not held by shoppers. In fact, 63% of shoppers say they prefer self-service capabilities.

This is an interesting insight that could point to a future where retailers are advised to support a host of self-service capabilities in stores. These could include making appointments with service departments, setting up and following through with warranties, arranging for home shipment of products, and a variety of other functions currently handled by store associates.

One interesting finding uncovered in the study has to do with the popularity of mobile coupons. A surprisingly high 28% say they are more likely to use a mobile coupon than a traditional coupon. This is surprising because there are relatively few retailers that offer mobile coupons today and it indicates that when fast-moving retailers make the mobile-coupon move it will be well received by shoppers.

This point is backed up by the finding that 37% of shoppers say they will use print and mobile coupons equally, which is a finding that will probably come as a shock to many retailers. One way to interpret this finding is that mobile coupons are convenient. Shoppers always carry their mobile phones with them, but they have to make an effort to carry traditional coupons. Essentially, mobile coupons make it easy for customers to use them and ease of use beats complexity every time.

Shoppers are looking for a robust digital shopping experience that includes clear preferences for convenience, consistency, product value, data security and relevant engagement. Retailers are under extraordinary competitive pressure to deliver these capabilities through cost-effective methods.

As retailers set their strategies to adapt to marketplace shifts they are faced with competing priorities. Many things need to be done and the to-do list is long, but not all things can be done at once. The purpose of this study is to give consumers a voice at the decision table and let retailers know what they are thinking, their likes and dislikes, and how they are being treated during the shopping experience.

Many of the insights in the study uncovered gaps between the way customers are treated and areas where retailers are or should be making investments. When retailers close these gaps and execute properly they can win new customers and amplify revenue. If they don’t close the gaps, the negatives will also be amplified. Being in retail means you serve shoppers every day. To do this successfully requires establishing a bond with the customer and it has to be earned every day.
Priorities for Closing the Gap on Customer Empathy

Focusing on shopper likes and dislikes so retailers can prioritize investments

78% Shoppers who use mobile devices at least some of the time to research products and of these 42% do it regularly

54% Number of shoppers who belong to up to 10 loyalty programs across industries (e.g. retail, travel)

75% Shoppers who prefer self-service

65% Shoppers who are interested in using mobile coupons

63% Shoppers that have a negative reaction to retailers using social media for influencing purchases, recommending products and sharing deals

63% Evolution of Buy Online and Pick-up In-Store (BOPIS)

- 62% Use BOPIS for fulfillment
- 49% Experience BOPIS service failures
- 16% Use BOPIS frequently
Wearing the Customer’s Shoes

Across all six investment areas the easiest path to pleasing customers is greater empathy

The RIS/Cognizant Shopper Experience Study reveals that what your customers want most of all from their retail experiences is what most of us want these days: excellent service, digital research (product information), integrated cross-channel experiences, rich loyalty programs, meaningful communication through preferred channels, and mobile coupons.

They don’t want: marketing and selling through social media, ability to “check in” when walking into a store, mobile ads, and the intrusive gathering of personal information without a seriously worth-it exchange of value.

Ask Yourself First
Retailers need to ask simple empathetic questions such as:
• “Would I want those irrelevant coupons in my e-mail every day?”
• “Would I like it if a mobile application took me down a tunnel to a five-step checkout?”
• “Would I want my loyalty rewarded with a lot of noise I didn’t want to hear?”
• “Would I want to be asked for my e-mail address every time I checkout?”
• “Would I want to have to follow different policies to return a purchase made online versus in-store?”

The answers to these questions are the secrets to real and rewarding empathy-based customer experiences and success for retailers who adopt them.

East vs. West:
How Chinese Shoppers Define Value

Shoppers in China are much quicker to adopt new digital experiences. They are more engaged with mobile and social media and looking for more personalized experiences, according to our study.

They also tend to be more trusting of retailers and more heavily influenced by marketing efforts. This is perhaps driven by the different ways they define value from the rest of the world. Chinese shoppers value service and the opinions of others more highly while convenience and price are lesser priorities (although still important).

Retailers in other markets can look to shoppers in China as a leading indicator of where preferences will be within the next several years.

<table>
<thead>
<tr>
<th>Shopping Preferences</th>
<th>China</th>
<th>All Shoppers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of mobile coupons</td>
<td>90%</td>
<td>65%</td>
</tr>
<tr>
<td>Mobile request for customer service</td>
<td>76%</td>
<td>36%</td>
</tr>
<tr>
<td>Retailer presence on social media is important</td>
<td>76%</td>
<td>25%</td>
</tr>
<tr>
<td>Personalized offers</td>
<td>73%</td>
<td>38%</td>
</tr>
<tr>
<td>Check-in through social</td>
<td>68%</td>
<td>27%</td>
</tr>
<tr>
<td>Location-based mobile marketing messages</td>
<td>67%</td>
<td>26%</td>
</tr>
<tr>
<td>Social media influences purchase decisions</td>
<td>66%</td>
<td>17%</td>
</tr>
<tr>
<td>Influenced by recommendations on social networks</td>
<td>55%</td>
<td>15%</td>
</tr>
<tr>
<td>Share browsing behaviors</td>
<td>50%</td>
<td>4%</td>
</tr>
<tr>
<td>Share home/mobile phone number</td>
<td>44%</td>
<td>9%</td>
</tr>
</tbody>
</table>
ABOUT COGNIZANT’S RETAIL BUSINESS UNIT
Cognizant leverages deep domain, consulting, and enterprise architecture expertise to deliver competitive advantage to supermarkets, department stores, specialty premium retailers, and large mass-merchandise discounters across the grocery, general merchandise, apparel, home and office, and consumer electronics segments. Working with 11 of the top 30 global retailers, the business unit provides comprehensive business solutions in the areas of supply chain, merchandising, stores, e-commerce and retail analytics to enable retailers to transform their businesses, drive innovation, and address rapidly changing shopping needs, preferences, and methods of retail customers. The business unit helps retailers embrace the future of shopping by applying innovative platforms which leverages social, mobile analytics and cloud technologies (the SMAC Stack™) to deliver superior customer experiences.

ABOUT COGNIZANT
Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world’s leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 75 development and delivery centers worldwide and approximately 178,600 employees as of March 31, 2014, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.