RETAIL

2015 Eptica Multichannel Customer Experience Study

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1/ EXECUTIVE SUMMARY

Despite the UK climbing out of recession, pressure on the retail sector is actually increasing. Shoppers are still price sensitive, driving greater competition as newer, more agile entrants undercut traditional leaders in many parts of the industry. Consumers are continually demanding more – better prices, better service and a better experience. Retailers that cannot offer this across every channel risk losing out to those that are able to understand and meet customer needs.

Over the past five years the Eptica Multichannel Customer Experience Study has charted how retailers have evolved to meet these challenges. It evaluates leading brands on their ability to provide answers to ten routine questions via the web as well as their speed and accuracy when responding to email, Twitter and web chat.

Overall, the Study found that despite significant investment UK retailers are not meeting customer needs online.

They can only successfully answer just over half (55%) of all questions asked, and key channels have dramatically worsened since 2014. It took 8 hours longer to receive an answer via email in 2015, compared to last year, with an average time of nearly 44 hours.

The headline findings masked major differences between companies, sectors and channels – some retailers are excelling, while others are falling further behind. This guide therefore provides more information on the results of the Study, along with areas to address in order to improve the experience moving forward.

2/ KEY RETAIL SECTOR CHALLENGES

UK ecommerce sales hit £104 billion in 2014, essentially meaning that the equivalent of £1 in every £4 is spent online[1]. Additionally, much of the remaining 75% is influenced by digital channels through research, recommendations and other online interactions. The rise of mobile commerce, and growth in click and collect services, only increases the complexity of the multichannel world that retailers now have to operate in.

While 84% of retailers believe that overall sales will be slightly or much better in 2015[2], competition is fiercer than ever before, with customers now having a considerably wider choice of suppliers. Consumers are increasingly demanding, prioritising factors such as a seamless shopping experience that values their time alongside price and service.

Taken together, this means the previous rigid split between offline and online is blurring. As well as click and collect, consumers want the chance to physically examine goods before they buy, meaning that vendors such as Google and Amazon have launched physical shops[3], joining the likes of Apple and Samsung on the high street.

These challenges are driving three business imperatives:

1 MAKING THE CUSTOMER JOURNEY SEAMLESS

Rather than focusing solely on a particular channel, consumers want to shop in a way that minimises time and effort. This could mean researching a purchase on a smartphone on the way to work, ordering online at lunchtime from a PC and then picking up goods from a local store a few days later. 63% of retailers are prioritising getting a single view of the customer to help deliver this omnichannel, joined-up experience[4].

2 UNDERSTAND YOUR CUSTOMERS

Retailers currently have more data on their customers than ever before. At the same time consumers expect a personalised experience that meets their particular needs. The challenge for retailers is to use the knowledge they have on their customers to differentiate themselves and invest in innovation that will attract their custom and loyalty.

3 DELIVER EFFICIENTLY ACROSS OPERATIONS

While consumer spending is expected to increase in 2015, so is competition. Therefore the onus is on retailers to reduce costs where possible. Taking a multichannel approach can help drive efficiencies. For example, a single view of stock avoids inventory issues, while removing channel-based silos and integrating back office activities (such as dispatch and returns) with customer service teams reduces administration costs.

1 Source: IMRG in Internet Retailing: “Online sales grew by 14% to £104bn in 2014, according to etail trade association the IMRG”

2 Source: Retail Week/Kurt Salmon Retail Report 2015: “Definitive intelligence on the state of the industry, from the leaders in UK retail“

3 Sources: The Guardian “Amazon’s first bricks-and-mortar store opens in … Indiana“ and Internet Retailing: “Currys PC World hosts first Google shop”

4 Source: Retail Week/Kurt Salmon Retail Report 2015: “Definitive intelligence on the state of the industry, from the leaders in UK retail“

3/ AN INCONSISTENT APPROACH

UK RETAILERS AND THE MULTICHANNEL CUSTOMER EXPERIENCE

The 2015 Eptica Multichannel Customer Experience Study evaluated 40 leading UK retailers, split between four sectors (food & wine, consumer electronics, entertainment and fashion). As well as retailers, brands in the insurance, banking, utility, telecoms, travel and consumer electronics sectors were also surveyed. It replicated consumer behaviour by measuring them on their ability to provide answers to ten routine questions via the web as well as their speed and accuracy when responding to email, Twitter and web chat. Sample questions included:

- Can I add items to an order before it is delivered?
- Can I order online and pick up in store?
- Do you have an ethical sourcing policy? If so, where can I find details?

The research found a growing gulf between best and worst, both within individual sectors and across different parts of the retail industry. Overall just over half (55%) of all questions asked via the email, Twitter and web channels were successfully answered. The performance of many companies worsened compared to 2014 – despite the same questions being asked.

ON THE WEB

As in previous years, company websites were the most successful channel for customer service. Overall, 65% of questions were answered accurately, up 5% since 2014.

While fashion retail, which has topped the overall study for the past three years, dropped behind banking, it still provided answers to 78% of questions. Electronics and food & wine retailers both saw significant improvements, increasing average scores by 13% to 70% and 64% respectively. However entertainment lagged behind, scoring just 52%, exactly the same as in 2014. Four entertainment retailers improved, but the performance of four worsened, while two stayed the same.

Last year the research identified a gulf between best and worst, with 10% of companies scoring 9 or 10 and 17.5% only able to answer 3 or fewer questions. **This gulf has widened into a chasm – 20% of retailers answered 9 or 10 questions, while 33% scored 5 or fewer. In competitive markets this inability to provide responses to basic questions could cost laggards in revenue and customer loyalty.**

20% of companies answered between **9-10** questions online

47% of companies answered between **6-8** questions online

33% of companies only answered **0-5** questions online

3/ AN INCONSISTENT APPROACH

EMAIL

When contacting brands, email remains the most popular channel for customer service, leading to a huge increase in the number of messages received by retailers. The strain is showing, with too many suffering from inadequate resources or broken processes. 98% provided consumers with the ability to email them but then under three quarters (73%) answered messages sent to them. 15% provided a response that didn't answer the question, **meaning that only 58% of queries were successfully responded to.**

Overall performance has worsened considerably since 2014. The average time taken by retailers to answer questions sent by email has increased by over 8 hours to 43 hours 52 minutes between 2014 and 2015, well above the overall Study average of 29 hours 27 minutes across all ten sectors.

The percentage of retailers successfully answering a query sent via email dropped from 63% to 58%.

Again, there were big differences between individual sectors and the retailers within them – electronics retailers answered 80% of emails, while entertainment retailers managed just 40%. One retailer successfully answered an emailed question in 9 minutes yet another took over 30 days.

3/ AN INCONSISTENT APPROACH

TWITTER

2014 was the first time that Twitter was surveyed, and performance has improved over the last 12 months. However, the social network also suffered from gaps between what was offered and reality. 88% of retailers were on the social network (up from 83% in 2014) yet only 43% successfully responded to a tweet and 45% simply did not answer, suggesting that insufficient resources have been put in place to cope with the growing demands of the channel. All retailers that responded on Twitter successfully answered the question, a major difference compared to email.

Response times ranged from the lightning fast to the incredibly slow. Two food and drink retailers answered in 2 minutes, while one fashion retailer took over 35 hours to reply. Yet again entertainment ranked bottom, with just one company responding to a tweet, while six electronics retailers answered successfully.

Despite improving, Twitter still lagged behind email for accuracy – 58% of email questions were successfully answered, against 43% of tweets.

While **88%** of companies were on Twitter

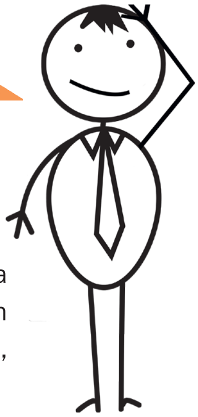
only **43%** of them responded to a tweet sent directly to them

but these all were succesful so **43%** of questions received an accurate response.

3/ AN INCONSISTENT APPROACH

CHAT

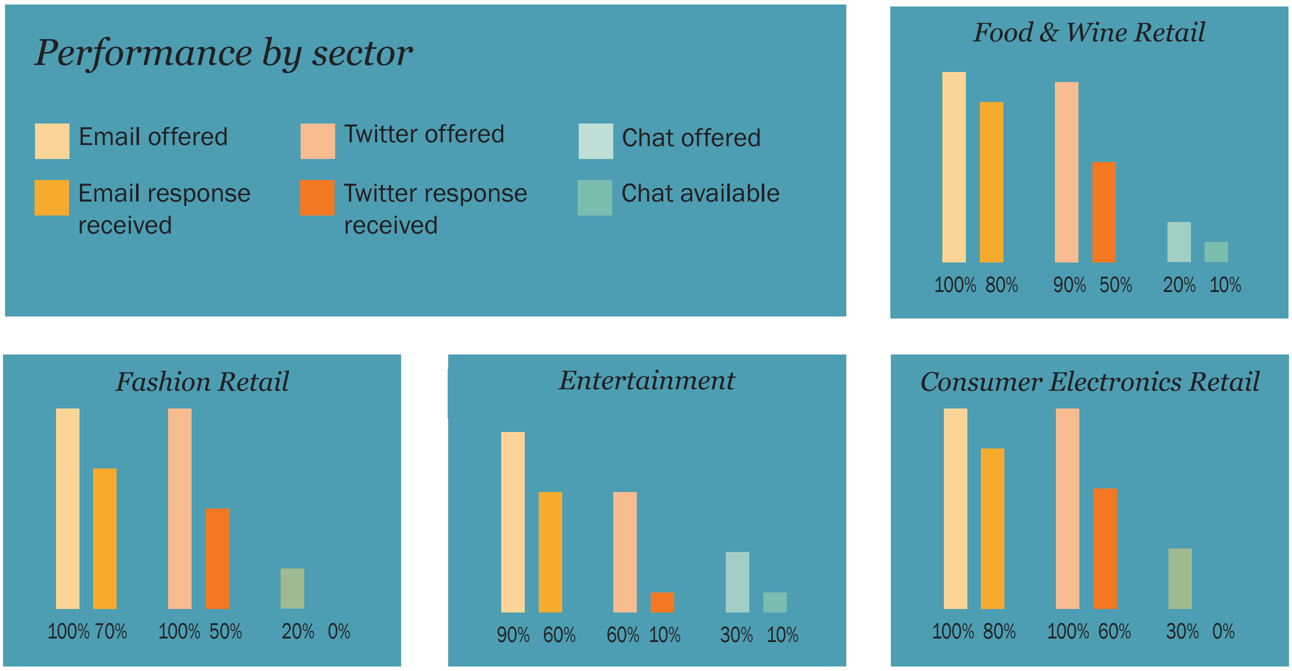
While 25% of retailers claimed to offer chat, just two retailers (5% of the total) had this working when tested, down from 8% in 2014. Many companies seemed to hide chat away, not providing it to non-customers, or perhaps had insufficient resources to staff it during working hours.



Given the advantages chat offers in terms of speed, engagement and the ability to upsell, this is a wasted opportunity for brands. Both retailers with chat successfully answered the query raised with them. The average time of the session increased from 4 minutes in 2014 to 5 minutes 30 in 2015, although given the small sample size this is not necessarily significant.

CONSISTENCY

Retailers may be talking about multichannel service, but the majority are nowhere near offering it. While 98% offered email and 88% provided Twitter, less than a third (32.5%) successfully answered on two channels.



Just one company offered (and responded) on email, Twitter and chat. Interestingly this retailer provided a consistent answer across all three channels, one of just 16% that delivered similar responses between email and Twitter.

This shows some improvement as last year only 13% of retailers provided a consistent response.

4/ RETAIL SECTOR COMPARISON

ENTERTAINMENT

In 1994 the first recorded ecommerce transaction took place, with the purchase of a CD. Twenty years later, the majority of entertainment products are now purchased online, even if physical CDs, DVDs and books are being supplanted by digital versions.

Given the fact that multiple retailers are selling the same product, they can only differentiate on either price or customer experience. On the positive side, there have been improvements in the experience in 2015, with 40% of questions answered by email (up from 30% in 2014), although the overall average speed of response was slower by 3 hours.

As in many sectors this masked big differences – 1 company answered 100% of web questions, another just 2, leading to an average score of 52%, which was identical to 2014. Twitter performance remained dire, with a single company answering on the channel – despite 6 providing details of their Twitter handle.

Too many companies seem to be solely competing on price, pointing to further market consolidation as 2015 unfolds.

Web questions answered:

10/10 *questions answered online (One company) - Highest score*

2/10 *questions answered online (One company) - Lowest score*

Twitter response:

1/10 *companies successfully responded on Twitter*

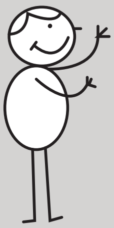
Response received:

23 min (down from 23 hrs 45 min)

Successful email:

4/10 *companies successfully responded to email*

Fastest response		Slowest response	
00	25	47	18
HOURS	MIN	HOURS	MIN



One company made chat available with 100% success

Companies surveyed: (Alphabetical)

Amazon / Apple iTunes / Google Play / HMV / Rakuten Play / Tesco / The Book People / Waterstones / WH Smith / Zavvi

4/ RETAIL SECTOR COMPARISON

FOOD AND WINE

The combination of improved online offerings and greater consumer acceptance is increasing the percentage of food and wine spending through digital channels. As well as major supermarkets it also includes specialist retailers, in areas such as wine, with the opportunity to reach a wider market.

On the web, companies saw dramatic improvements, with an average of 70% of questions answered, up from 40% two years ago. More companies scored 8 or 9 out of ten than before, with fewer laggards, although 1 company scored just 5.

Email dropped significantly, from 70% of companies successfully responding in 2014 down to 60% this year. Average time to respond to email improved, from over 55 to around 22 hours. The company that was fastest in 2014, was actually slowest in 2015, showing the need to invest to ensure retailers are meeting increasing customer demands.

Half (50%) of companies answered successfully on Twitter, but this was slower on average than 2014, and 40% of retailers failed to respond to tweets. One retailer managed to answer consistently on the email, web and chat channels, showing a multichannel strategy that others lack.

Web questions answered:

9/10 *questions answered online (One company) - Highest score*

5/10 *questions answered online (One company) - Lowest score*

Twitter response:

5/10 *companies successfully responded on Twitter*

Fastest correct response: 2 min

Slowest correct response: 2 hrs 3 min

Successful email:

6/10 *companies successfully responded to email*

Fastest response: 00 HOURS 10 MIN

Slowest response: 50 HOURS 31 MIN

One company made chat available with 100% success

Companies surveyed: (Alphabetical)

Asda / Hotel Chocolat / Laithwaites / Majestic Wines / Morrisons / Ocado / Sainsbury / Tesco / Thorntons / Waitrose

4/ RETAIL SECTOR COMPARISON

ELECTRONICS MANUFACTURERS

In an increasingly digital world, it is natural that consumers look at digital channels when they are researching, buying and connecting consumer electronics.

On the web, performance in the sector seemed to drop, from 70% in 2014 to 67% in 2015. However this was affected by 1 company that failed to answer any questions at all, pushing down the sector average and masking overall improvements.

The same number of companies (5) allowed non-customers to contact them by email as in 2015, but accuracy increased, with 40% of companies now providing a successful answer. This is just half the score of electronics retailers, so manufacturers risk being sidelined when it comes to building customer relationships.

As in 2014, Twitter performance was also disappointing – 70% were on the network, but only 30% responded and delivered a useful reply. Again, these figures are half those of electronics retailers. There is also a reality gap on chat – four companies advertised it, but none had it working when being tested, pointing to a lack of resources being invested in staffing the channel.

Web questions answered:

9/10 *questions answered online (Two companies) - Highest score*

0/10 *questions answered online (One company) - Lowest score*

Twitter response:

3/10 *companies successfully responded on Twitter*

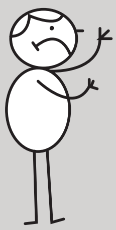
Fastest correct response: 54 min

Slowest correct response: 8 hrs 1 min

Successful email:

3/10 *companies successfully responded to email*

Fastest response		Slowest response	
01	15	49	22
HOUR	MIN	HOURS	MIN



No companies offered web chat!

Companies surveyed: (Alphabetical)

Apple / Dell / LG / HP / Microsoft / Nintendo / Panasonic / Samsung / Sony / Toshiba

4/ RETAIL SECTOR COMPARISON

ELECTRONICS RETAILERS

In contrast to electronics manufacturers, retailers of TVs, computers, phones and other gadgets have fully embraced digital channels. They seem to understand the need to explain complex technology and reassure consumers that they are buying the best product for their needs.

After web performance worsened between 2013 and 2014, dropping from 58% to 52%, it rebounded in 2015, with 64% of questions answered online.

Email remained strong, with the sector scoring highest of all for the second year in a row. 80% of companies successfully responded to questions, but the range between best and worst widened. One company answered in 24 minutes – another took over 30 days.

Last year electronics retailers were slowest of all on Twitter, with an average of over 25 hours and just 3 responses, but this year saw major improvements, with 6 companies answering in an average of just over 5 hours.

As with electronics manufacturers, web chat flattered to deceive – 3 companies claimed to offer it, but none had it working when being tested. Again, further investment is needed to ensure that the customer experience is truly multichannel.

Web questions answered:

10/10 *questions answered online (One company) - Highest score*

4/10 *questions answered online (Three companies) - Lowest score*

Twitter response:

6/10 *companies successfully responded on Twitter*

Fastest correct response: 3 min

Slowest correct response: 24 hrs 44min

Successful email:

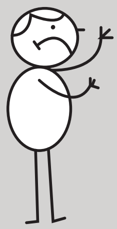
8/10 *companies successfully responded to email*

Fastest response

00 HOURS 24 MIN

Slowest response

30 DAYS!



No companies offered web chat!

Companies surveyed: (Alphabetical)

Argos / Carphone Warehouse / Currys / ebuyer /
Euronics /Game / Hughes / Jessops / John Lewis / Maplin

4/ RETAIL SECTOR COMPARISON

FASHION

Over the past three years fashion retailers have led the way for the digital customer experience, with the highest scores for answering questions on the web, and above average email response rates.

On the positive side, little has changed in 2015, with 78% of online questions answered (against 79% last year). However the improved web performance of the banking sector relegated fashion to second in the Study, and, while email performance was faster than 2014, it was less accurate, dropping from 70% to just half (50%). This is based on asking similar or the same questions, showing that fashion appears to have rested on its laurels rather than moving forward.

Results on Twitter backed this up – while all 10 companies offered it, just 5 responded and answered the question tweeted to them. This was down from 7 in 2014, and fashion was one of the few sectors where Twitter performance was slower in 2015, ballooning from 3 hours to over 10.

Fashion retailers need to be more proactive when it comes to improving the customer experience – at a time when consumers are ever more demanding, standing still is not an option.

Web questions answered:

9.5/10 *questions answered online (One company) - Highest score*

6.5/10 *questions answered online (Two companies) - Lowest score*

Twitter response:

6.5/10 *companies successfully responded on Twitter*

Fastest correct response:

2 hrs 10 min

Slowest correct response:

35 hrs 2 min

Successful email:

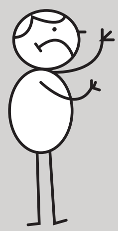
5/10 *companies successfully responded to email*

Fastest response

00 HOURS 09 MIN

Slowest response

67 HOURS 57 MIN



No companies offered web chat!

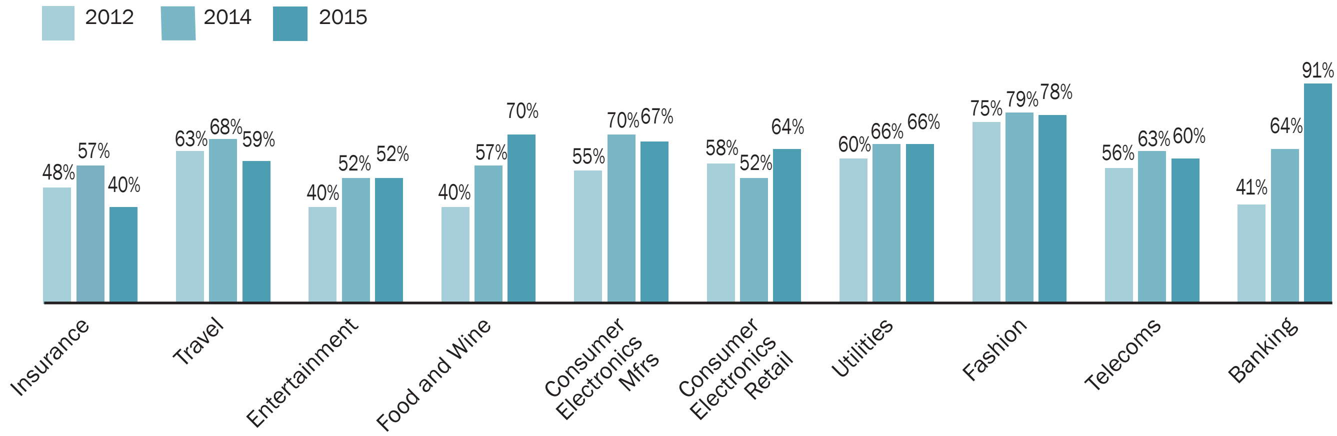
Companies surveyed: (Alphabetical)

Asos / Debenhams / House of Fraser / Marks and Spencer / Monsoon Accessorise / New Look / Next / River Island / Top Shop / The White Company

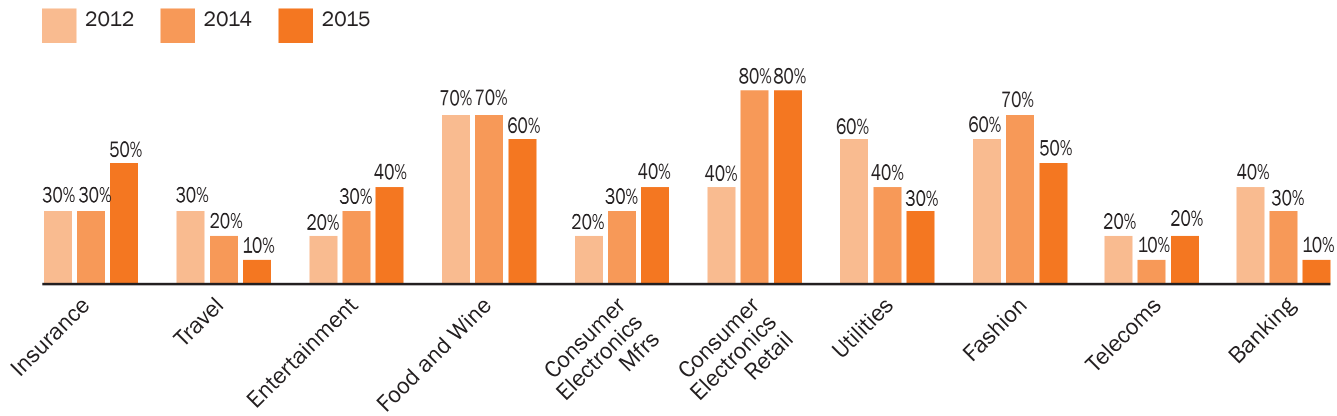
4/ RETAIL SECTOR COMPARISON

HOW DO UK RETAILERS COMPARE TO OTHER SECTORS?

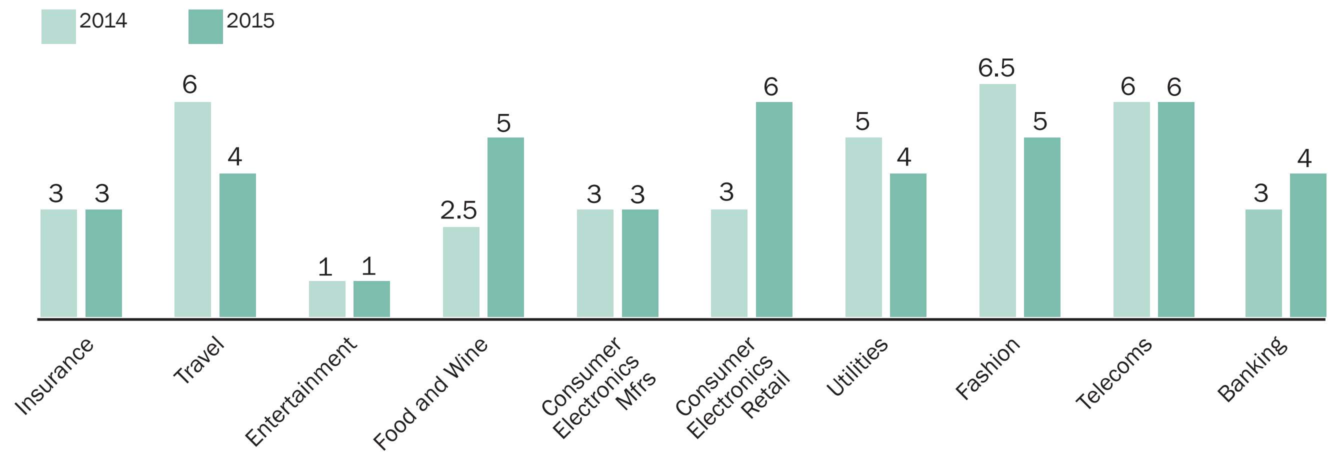
Web performance by sector



Email: Successful answers



Twitter response rates for successful answers (out of 10)



5/ KEY TAKEAWAYS

Retailers are struggling to cope with the joined-up, multichannel demands of today's consumers. They understand the need to invest in integrating channels, with Retail Week research finding that 63% are prioritising building a single view of the customer, and that 56% see improving customer service as one of their top three priorities[5]. However the process of change is complex, difficult and continuous. As soon as retailers hit key milestones, competitors introduce new innovations and consumers raise expectations.

In this ever-changing market, here are five imperatives for retailers if they want to successfully meet customer needs:

1 INTEGRATE YOUR CHANNELS

Too many companies still have a silo-based approach to service, prioritising some channels above others. In a multichannel world, customers want a response on their channel of choice, without needing to switch – and in too many cases are not currently receiving this. Unifying customer service and sharing resources amongst everyone dealing with customer interactions not only delivers consistency, but will also increase efficiency and therefore reduce costs.

2 MAKE IT EASY FOR CUSTOMERS

Shoppers are looking for a seamless, easy experience that runs across different channels. Listen to them, understand their needs and ensure you deliver this across the online and offline worlds. How can you design processes and provide information that makes the customer journey simple and values their time, whatever channel they chose?

3 ENGAGE WITH YOUR CUSTOMERS

The questions consumers ask deliver vital insight into what they are looking for from your brand. Make sure you are tapping into this source of feedback, for example by using technology such as linguistics to analyse what they are asking, the context and their tone. This can then power decision making, such as changing processes, updating products or investing in more training for staff working in particular areas.

4 CONTINUOUSLY BENCHMARK YOUR SYSTEMS

The 2015 Eptica Multichannel Customer Experience Study aims to replicate how consumers behave, asking the questions that they do, across their channels of choice. Run similar, regular mystery shopper exercises to see how you perform and benchmark yourself against competitors and leaders in other industries.

5 USE TECHNOLOGY TO HELP

The days of handling customer service through basic desktop email or Twitter software are long gone. The rising tide of digital interactions mean that brands simply cannot function without specialist customer service technology to underpin their activities. From a centralised knowledgebase that automatically suggests relevant answers to workflow that analyses incoming interactions and uses linguistics to understand tone and context, technology provides the framework for success and fast return on investment.

5 Source: Retail Week/Kurt Salmon Retail Report 2015: "Definitive intelligence on the state of the industry, from the leaders in UK retail"

5/ ABOUT EPTICA

Eptica is the European leader in multichannel and multilingual customer interaction management software, covering the email, web, social media, web chat and agent channels. Available on premise or as a Software as a Service (SaaS) solution, the Eptica Customer Engagement suite enables organisations to improve engagement with customers, increase efficiency and drive sales by delivering fast, consistent and personalised responses to their queries, through their channel of choice.

The Eptica customer engagement platform is designed around a central knowledgebase, powerful workflow and Eptica Linguistic Services™, advanced linguistic capabilities that enable organisations to quickly understand the tone, sentiment and context of digital interactions and automatically deliver personalised service.

Today, more than 400 organisations across all industries and in 15 countries rely on the power of Eptica's platform. They include AXA, Dixons Carphone, Domestic & General, AirAsia, Hastings Direct, L'Occitane, TUI, Debenhams, Capita and Ageas Insurance Solutions. Eptica's continuing innovation and strong performance has resulted in the company's inclusion in Gartner Magic Quadrants for the last four years. In 2014 it was the sole European company in the 2014 Magic Quadrant for the CRM Customer Engagement Center.

For more information visit www.eptica.com, connect with us on LinkedIn, follow us on Twitter, Facebook or read our blog.

APPENDIX 1: METHODOLOGY

The 2015 Eptica Multichannel Customer Experience Study evaluated the customer service capabilities of 40 leading UK retail companies in four ways – through the web, email, social media and chat.

The aim was to replicate the actual consumer experience to provide effective, meaningful results across each channel.

WEBSITE METHODOLOGY:

1. Visit each website and look for answers for each of the ten sector-specific questions
2. Use the following order to look for information:
    - Begin with the home page and scan for the answer
    - Look for the most obvious search box and ask the question
    - Look for the help/FAQ section and search under this area
    - Record the answer – score 1 for a complete answer, 0 for not found or ½ for partial answer
    - Work to a time limit of 2 minutes per question – stop searching when limit reached

EMAIL METHODOLOGY:

1. Visit each website, search for email option
2. Email 1 sector-specific question if possible, note down if no email option
3. Record if auto-response email received
4. Record if auto-response provides a time frame within which the question will be answered
5. Record the time taken to respond – was it within the promised timeframe?
6. Did the response answer the question - score 1 for a complete answer, 0 for not found or ½ for partial answer

APPENDIX 1: METHODOLOGY

SOCIAL MEDIA/TWITTER METHODOLOGY:

1. Visit each website
2. Record if there is a user forum on the site
3. Record if there is a link to the company Facebook page
4. Record if there is a link to the company presence on Twitter
5. Note down if there is a specific customer service Twitter handle for the company
6. Record if there is a link from the self-service section of the website to the user forum and/or social media as part of the answering process
7. Go to Twitter and tweet the company directly with the sector specific question
8. Record the time taken to get a response
9. Did the response answer the question - score 1 for a complete answer, 0 for not found or ½ for partial answer
10. Did you have to ask a follow up question? Yes/No
11. Time the session from first tweet to end
12. Compare the Twitter answer with those received via chat and email. Were they consistent? Score 3 if consistent across all three channels, 2 for two channels and 0 if all three answers are different.

CHAT METHODOLOGY:

1. Visit each website, search for web chat option
2. Note down if there is web chat or not
3. Start chat session and ask sector-specific question
4. Time the session from initiation of conversation to end
5. Record whether you were given the option to have the conversation emailed to you. If so, request this
6. Did the response answer the question? Score 1 for a complete answer, 0 for no or ½ for partial answer
7. Compare the web chat answer with those received via Twitter and email. Were they consistent? Score 3 if consistent across all three channels, 2 for two channels and 0 if all three answers are different.

The research across all four channels was carried out in Q4 2014 with companies in the retail sectors, to link to their busiest time of year.

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