# Future Customer Journeys

**How Customers Themselves are Driving the Next Big Changes in eCommerce**
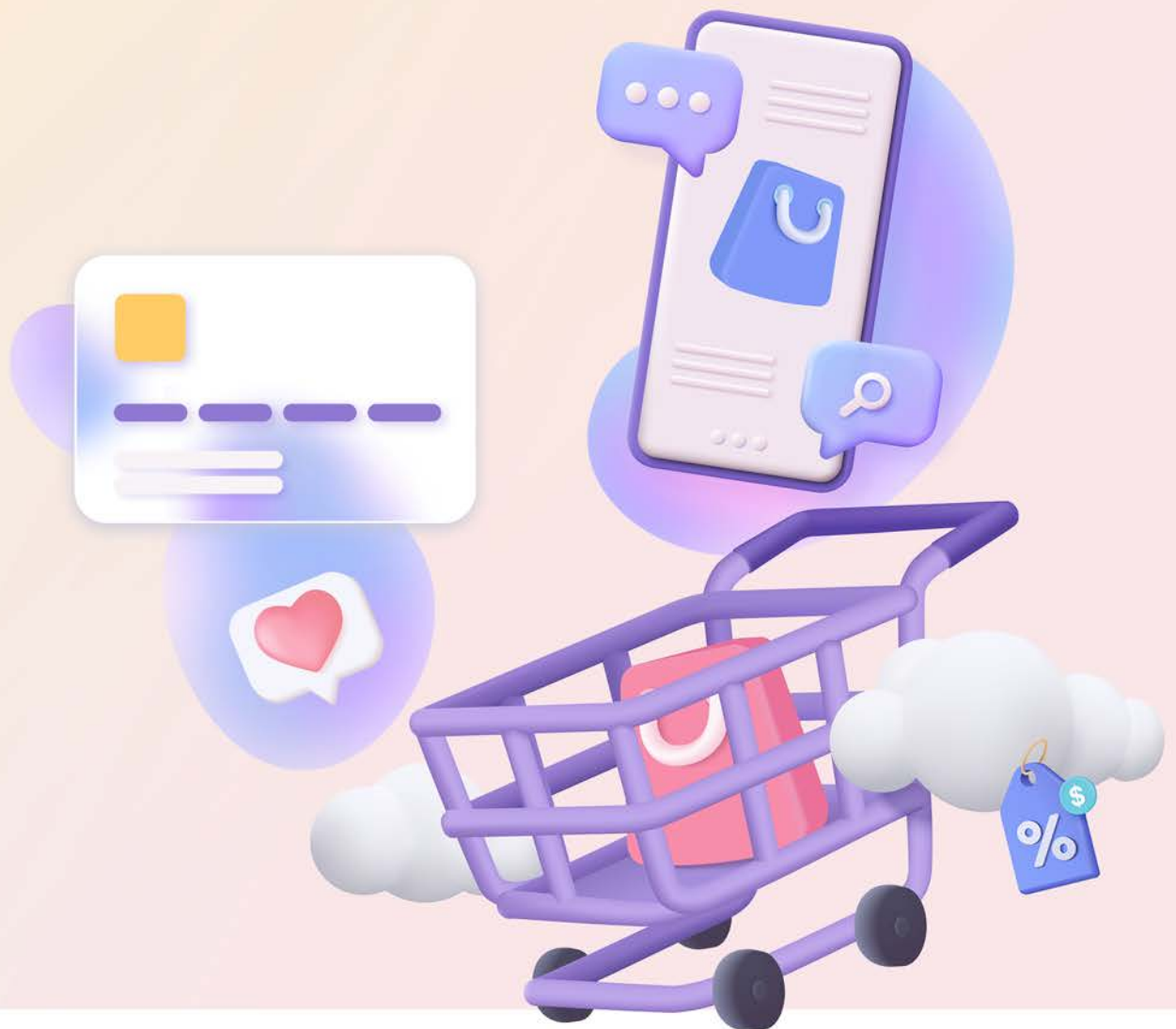
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# Executive Summary

Consumers have fully adopted digital commerce and will continue to make many of their purchases online. Giants like Amazon still dominate the eCommerce playing field, but some organizations are discovering they can win market share by offering products and customer experiences that can't be found elsewhere.

Customers themselves are now driving the biggest changes in eCommerce. By defining their preferred buying journeys, they are providing retailers with a roadmap for the next-gen customer experience. As evidenced by the popularity of subscription models and boutique eCommerce stores, consumers have shown themselves to be loyal to brands that offer them exceptional products, valuable discounts, and unique experiences.

This report explores how retailers are relying on customer-centricity to develop the buying experience of the future. It includes key insights from retail and eCommerce leaders, as well as suggestions on how to design future customer journeys.

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# About the Respondents

The WBR Insights research team surveyed 100 omnichannel retail and brand leaders from across the U.S. and Canada to generate the results featured in this report.

The respondents are C-suite executives (23%), vice presidents (26%), department heads (25%), and directors (26%).

The respondents occupy a variety of roles at their organizations, including marketing (39%), operations (17%), and customer analytics (16%).

## What is your seniority?
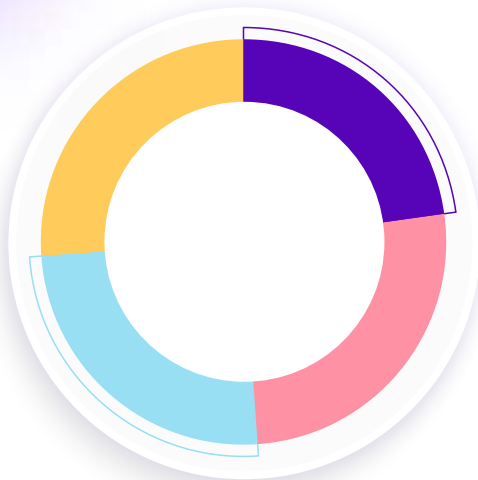
- **23%** C-Suite
- **26%** Vice President
- **25%** Department Head
- **26%** Director

## What is your role?
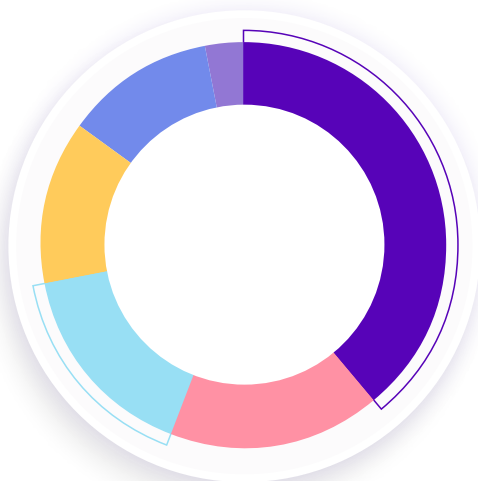
- **39%** Marketing
- **17%** Operations
- **16%** Customer Analytics
- **13%** eCommerce
- **12%** Customer Experience
- **3%** Digital Experience

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# About the Respondents

## What type of retailer do you represent?

- **8%** Department Stores
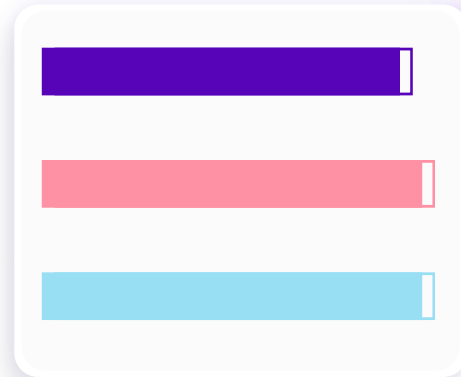- **8%** Specialty Retail
- **7%** Apparel
- **7%** Entertainment, Food, and Travel
- **7%** Hardware, Electronics, and Appliances
- **7%** Home Furnishing
- **7%** Sporting Goods
- **7%** Supermarkets
- **7%** Telecommunications
- **7%** Toys & Hobbies
- **7%** Health & Beauty
- **7%** Pet & Animal
- **7%** Food & Beverage
- **7%** Auto & Transportation

## What is your annual revenue?

- **32%** $100 million to $250 million
- **34%** $250 million to $1 billion
- **34%** More than $1 billion

The respondents represent a wide variety of retail types, including department stores (8%), specialty retailers (8%), apparel stores (7%), and entertainment, food, and travel retailers (7%).

Over one-third of the respondents (34%) represent organizations that make more than $1 billion in annual revenue. Another 34% represent organizations that make $250 million to $1 billion in annual revenue.

# Key Insights

## Among the respondents:

**1** Their customers' top-two biggest complaints about the digital buying journey are **challenges with their eCommerce interface (40%) and long shipping times (29%).**

**2** 57% say it is very important for their business to **leverage their digital customer journeys to drive omnichannel experiences.**

**3** **44% say they are prioritizing customer journeys** for both acquisition and retention purposes.

**4** **68% say they have a loyalty program,** while 26% claim they do not have one but want one.

**5** **66% of those who have a loyalty program have a separate journey map for it,** as it is not incorporated into their overall customer engagement strategy.

**6** 53% say they currently **use automated, personalized offers as part of their customer engagement strategy.**

**7** 74% of those that use automated offers say they are **very important to their customers.**

**8** 77% rate their current ability to **promote a positive customer journey across all channels as "good" or "excellent,"** but 23% say they "need improvement" in this area.

**9** **62% will pursue partnerships with third-party locations for returns and fulfillment to improve the customer experience in the next 12 months,** while 61% say the same about subscription eCommerce services.

**10** 88% are somewhat satisfied and **7% are very satisfied with their ability to use data to understand customer journeys** and engage with customers in a meaningful way.

**11** The top-two technology gaps they are experiencing occur when **integrating online and offline shopping experiences (50%)** and **engaging in customer journey analysis (49%).**

# Retailers Must Leverage Digital Customer Journeys to Drive Omnichannel Experiences

In the retail sector, digital customer journeys can be short and quick, or they can last for years on end. When a consumer needs a product, they may search quickly online for the best possible price and the fastest delivery time. Often, they turn to eCommerce giants like Amazon and Walmart because they host a massive catalog of items at affordable prices.

**Are you prioritizing customer journeys for acquisition or retention purposes?**



- **44%** Yes, for both acquisition and retention
- **30%** Yes, for acquisition only
- **26%** Yes, for retention only

However, many consumers establish long-term relationships with eCommerce retailers not only because they offer quality products at affordable prices, but also because they provide them with other benefits and opportunities. Loyalty programs, subscription programs, and omnichannel purchasing (buying both in-store and online) are quickly becoming ubiquitous.
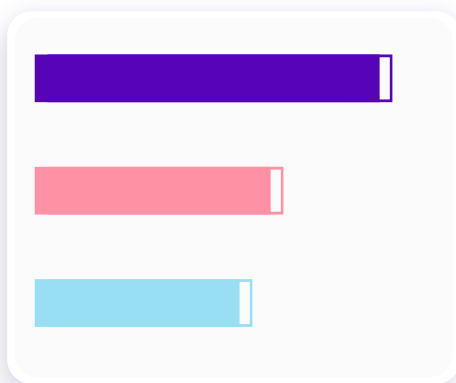
However, retailers differ in how they are prioritizing customer acquisition and retention. For example, 30% of the respondents say they are prioritizing customer journeys for acquisitions only, while 26% are doing so for retention. Nonetheless, almost half of the respondents (44%) are prioritizing customer journeys for both.

In verbal responses, many of the respondents who are prioritizing customer journeys for both acquisition and retention purposes say they are prioritizing one more so than the other, although there was no clear consensus among the responses on which was more important.

For example, one C-level marketing executive from a food and beverage retailer says, "Retention is the most important to the customer journey because we can keep adding value to customers and their purchasing experience on a regular basis rather than just that single interaction."

However, another C-level marketing executive from a sporting goods retailer says, "In a highly competitive market, acquisition leads to the initiation of new customer relationships."

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# Retailers Must Leverage Digital Customer Journeys to Drive Omnichannel Experiences

Prioritizing retention or acquisition may depend on the nuances of each business and the types of products they sell. A food and beverage retailer may prioritize retention because their business is dependent upon perishable products that consumers buy regularly. Apparel, sporting goods, and specialty retailers may prioritize acquisition because consumer purchases are more infrequent, so they depend on new business for a significant amount of their revenue.

The challenge for retailers is tailoring the customer journey to meet the needs of every type of customer as they relate to their vertical. Although most retailers recognize the importance of capturing customer loyalty and maintaining long-term relationships to generate repeat business, they must also design customer experiences to support impulse and one-time purchasers.

Achieving this often boils down to adjusting the customer experience so it is optimized moment to moment, such as when the customer logs on, searches for items, adds them to a cart, and hits the buy button. It then extends to what happens after the purchase, as it relates to shipping and fulfillment, as well as returns, loyalty rewards, and personalized offers or marketing campaigns.

At 40%, many of the respondents say challenges with their eCommerce interface is one of the biggest complaints customers have about their digital buying journey. This suggests that sometimes small UX issues can play an outsized role in determining whether a customer is satisfied with their buying experience and will return for more.

Many customers also complain about logistics issues like long shipping times (29%) and product availability (27%). However, the respondents say customers have also voiced concerns over inconsistent customer experiences between digital channels like mobile and social media (28%) as well as a lack of personalization.

**In your experience, what are the biggest complaints customers have about their digital buying journey?**
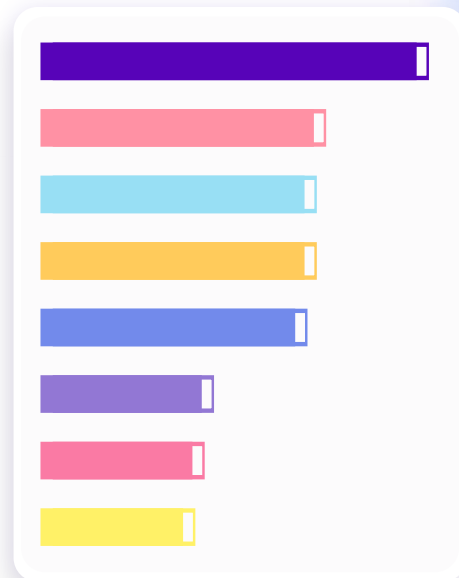


- **40%** Challenges with our eCommerce interface
- **29%** Long shipping times
- **28%** Lack of personalization
- **28%** Inconsistent customer experience between digital channels (e.g., eCommerce, mobile, and social media)
- **27%** Product availability
- **17%** Long customer service hold times (on calls or via digital channels)
- **16%** Digital experience doesn't extend to in-store experience
- **15%** Lack of recommendations

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# Retailers Must Leverage Digital Customer Journeys to Drive Omnichannel Experiences

Addressing these issues will require a combination of UX, logistics, supply chain, and data expertise. Based on these results, most online retailers would do well to conduct UX testing of their existing interfaces to identify snags and bottlenecks in the experience, as this is the most pronounced complaint among consumers.

UX adjustments may seem minor in comparison to the operations of a billion-dollar retail organization. However, small adjustments made now could yield significant results for the business in the future. According to 57% of the respondents, it is very important for the business to leverage their digital customer journeys to drive omnichannel experiences. Another 39% say it is somewhat important.

Digital has become central to the customer journey, but it is still only part of the customer experience. Retailers must be able to bridge gaps between the physical and digital retail experience to create a seamless, omnichannel path toward purchasing, fulfillment, and return business.

**How important is it for your business to leverage your digital customer journeys to drive omnichannel experiences?**
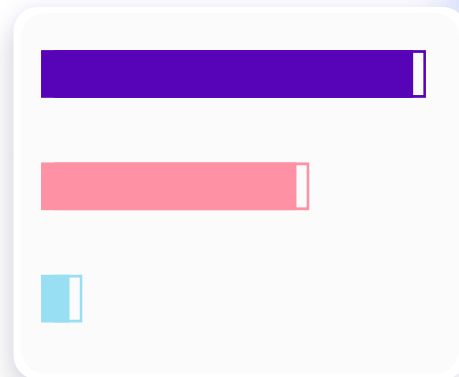
- **57%** Very important
- **39%** Somewhat important
- **4%** Not very important

# Loyalty Programs and Personalization Are Driving Customer Retention

Leading retailers have turned to loyalty programs and personalized experiences to win and retain customers. These strategies are driving customer retention in the eCommerce industry.

However, not every retail organization has launched a successful loyalty program. Rudimentary personalization is standard within the industry, but advanced types of personalization, including experiences driven by AI, are still elusive for some retailers.

At 68%, most of the respondents already have some type of loyalty program. Another 26% don't have a program but want to create one. Only 6% of the respondents neither have a loyalty program nor want one.

This suggests that almost all retailers will have some type of loyalty program in the coming years. These programs will enable retailers to better understand their customers, not only by encouraging customers to submit information about themselves but also by monitoring customer interactions across eCommerce sites and stores.

In a truly omnichannel environment, retailers would be able to link customer purchases and other activities across channels, creating a full profile of customer buying habits and a detailed journey map of how they shop.

**Do you have a loyalty program, want a loyalty program, or neither?**
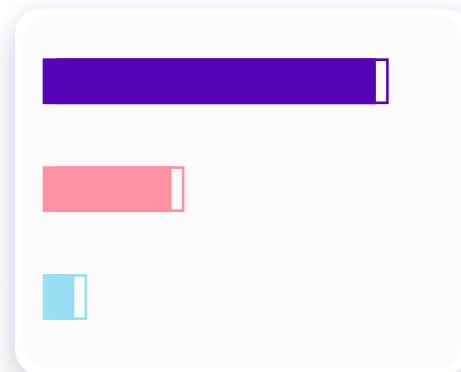
- **68%** Yes, we have one.
- **26%** We don't have one, but we want one.
- **6%** We neither have one, nor do we want one.

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# Loyalty Programs and Personalization Are Driving Customer Retention

Indeed, most of the respondents (66%) say they have a separate journey map for their loyalty programs. Only 29% say their loyalty journey map is incorporated into their overall customer engagement strategy.

Either approach may be more suitable for specific types of retailers, but there are benefits to creating separate journey maps for customers who are loyalty members. It enables the retailer to deliver personalized and hand-tailored offers and experiences to loyalty members more frequently. Using customer data, these experiences and offers can be automated, ensuring the retailer and its offerings stay top of mind.

Surprisingly, only 53% of the respondents say they currently use automated, personalized offers as part of their customer engagement strategy.

The 47% of respondents who do not are missing an opportunity to present customers—especially loyalty customers—with frequent opportunities to make discounted or specialty purchases. This type of automation requires little overhead, and it could significantly improve sales and repeat business.

Retailers could be facing barriers to this capability due to incomplete data, data silos, or a lack of respective technology. According to The Future of Customer Engagement and Experience, "Customer engagement hinges upon four different kinds of data: product, customer, interaction, and any data types that are custom to the specific retailer. When a retailer has access to all these types of data, they're able to dig into more robust metrics and become that much more customer-centric."[1]

**Since you said you have a loyalty program, does your program have a separate journey map or is it incorporated into your overall customer engagement strategy?**
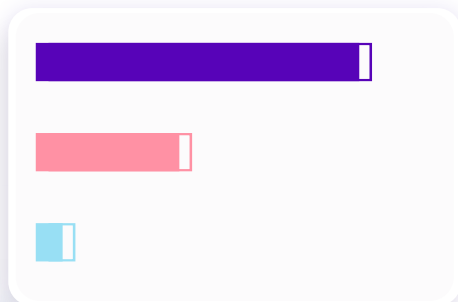
- **66%**  It has a separate journey map.
- **29%**  It's incorporated into our overall customer engagement strategy.
- **5%**  I'm not sure.

**Do you currently use automated, personalized offers as part of your customer engagement strategy?**
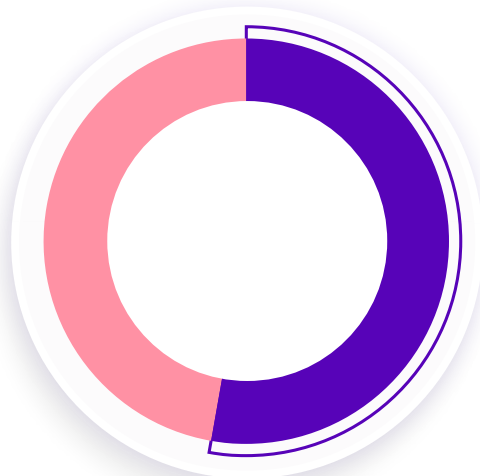
- **53%**  Yes
- **47%**  No

1 Valentine, Angelica. "Personalization in retail: Laying the foundation for success." The Future of Customer Engagement and Experience. December 2nd, 2022. https://www.the-future-of-commerce.com/2021/08/11/personalization-in-retail-getting-started/

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# Loyalty Programs and Personalization Are Driving Customer Retention

Most of those respondents who say they do use automated, personalized offers as part of their customer engagement strategy also say the offers are very important to their customers (74%). The remaining 26% of these respondents say these offers are somewhat important.

Customer loyalty journey mapping has additional benefits beyond customer satisfaction and higher purchase volumes. These benefits come in the form of data, customer insights, better-informed customer journey mapping, and even improved customer acquisitions.

Ideally, a retailer could use a customer loyalty journey map to identify touchpoints and entry points to encourage more customers to join the program. This would allow them to convert new customer acquisitions into loyal customers, significantly improving customer retention and repeat purchasing.

**Since you said, "Yes," how important are automated, personalized offers to your customers?**
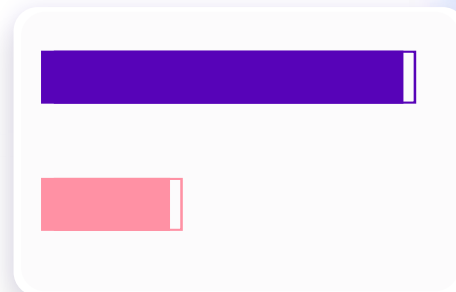
- **74%** Very important
- **26%** Somewhat important

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# Retailers Are Somewhat Satisfied with their Customer Journey Data and Technologies

Underpinning every loyalty strategy and eCommerce customer experience is both technology and data. Retailers rely on data submitted by customers and gleaned from customer interactions to deliver meaningful experiences across channels. Loyalty programs provide an excellent way to obtain data, but most retailers also need capabilities that allow them to understand customers quickly, regardless of their loyalty status.

At 65%, most of the respondents rate their current ability to promote a positive customer journey across channels as "good."

They can offer some level of personalization across channels, and they have an adequate customer service capability that is similar to that of their competitors.

Nonetheless, only 12% of the respondents rate their current capability to promote a positive customer journey across channels as "excellent." These few respondents can offer a highly personalized omnichannel customer experience across channels. Likely, these respondents represent companies that can link customer profiles across channels both online and offline to generate a clear understanding of customer needs.

## Given your current technologies and best practices, how would you rate your ability to promote a positive customer journey across all channels?
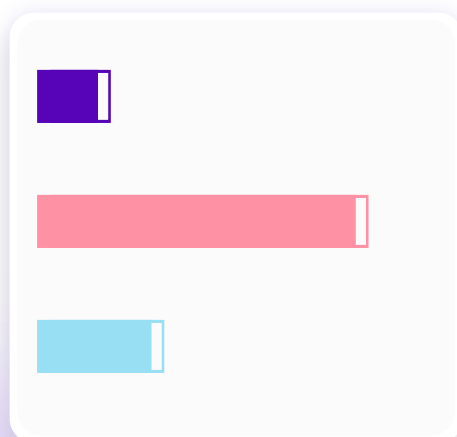
**12%** Excellent—We offer a highly personalized omnichannel customer experience that is beyond our competitors.

**65%** Good—We offer some personalization across channels and a solid customer service department, similar to our competitors.

**23%** Needs Improvement— Our customer journey doesn't support much personalization and is often disjointed.

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# Retailers Are Somewhat Satisfied with their Customer Journey Data and Technologies

One of the top-two technology gaps the respondents are experiencing relates to the ability to integrate online and offline shopping experiences, which 50% of the respondents cited. In this context, a "technology gap" refers to either a missing technology or an inefficient existing technology. Retailers that lack or struggle with this capability may not be able to deliver an optimal omnichannel customer journey.

Similarly, 49% of the respondents say customer journey analysis represents a top-two technology gap, while 44% say predictive analytics for "next best offer" capabilities represents a top-two technology gap.

Proprietary software can help retailers align touchpoints across channels to develop customer profiles and engage in more accurate journey mapping. AI-based technologies can be incorporated to provide predictive analytics and even give customers automated and personalized offers.

**In your efforts to connect customer journeys across channels (email, advertising, etc.), what technology gaps are you currently experiencing?**
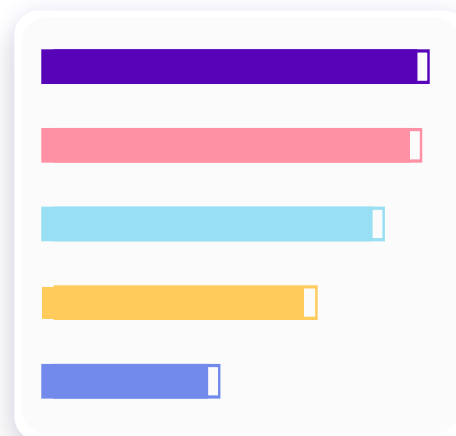
- **50%** Integrating online and offline shopping experiences
- **49%** Customer journey analysis
- **44%** Predictive analytics for "next best offer," "next best channel," or "likelihood to buy"
- **35%** Linking internal data to customer data to improve CX
- **22%** Personalized loyalty offerings (i.e., via a loyalty engine)

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# Retailers Are Somewhat Satisfied with their Customer Journey Data and Technologies

Most of the retailers represented in the study may also need to improve their data capabilities. Most of the respondents (88%) say they are only somewhat satisfied with their ability to use data to understand customer journeys and engage with customers in a meaningful way.

Customer journey mapping software will be key in unifying data across channels and developing customer profiles. Retailers should also take steps to optimize their data collection efforts, as well as their data governance to ensure all customer-generated data is usable.

**How satisfied are you with your ability to use data to understand customer journeys and engage with customers in a meaningful way?**

- **7%** Very satisfied
- **88%** Somewhat satisfied
- **5%** Not very satisfied
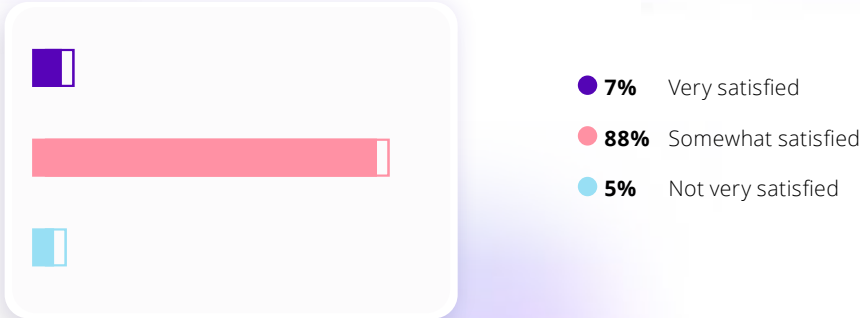
# Retailers Are Somewhat Satisfied with their Customer Journey Data and Technologies

Moving forward, the respondents indicate they will pursue a range of opportunities over the next 12 months to improve the eCommerce customer journey. In each case, over 60% of the respondents will form partnerships with third-party locations for fulfillment and engage in subscription eCommerce services.
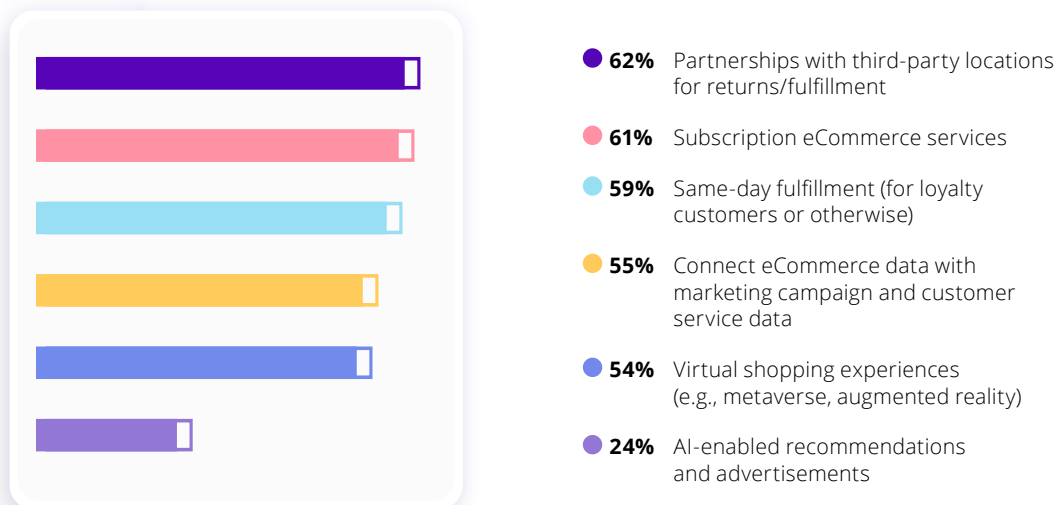
Combined, these two capabilities could significantly improve loyalty among retailers who sell products customers need regularly.

Notably, 59% of the respondents are pursuing same-day fulfillment as well.

Meanwhile, 55% of the respondents plan to connect eCommerce data with marketing campaigns and customer service data. This would enable them to identify customer touchpoints, conversions, and buying journeys more easily across channels.

Finally, 54% of the respondents are planning to deploy virtual shopping experiences through technologies like the metaverse and augmented reality (AR). AR has already become a staple for many eCommerce companies, as it enables customers to view products in their environment before buying. This is an important tool for building trust, and it provides customers with a unique or novel experience while shopping online.

**Which of the following opportunities does your organization plan to pursue in the next 12 months to improve the customer journey in eCommerce?**

- **62%** Partnerships with third-party locations for returns/fulfillment
- **61%** Subscription eCommerce services
- **59%** Same-day fulfillment (for loyalty customers or otherwise)
- **55%** Connect eCommerce data with marketing campaign and customer service data
- **54%** Virtual shopping experiences (e.g., metaverse, augmented reality)
- **24%** AI-enabled recommendations and advertisements

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# Conclusion: Retail Customer Experience Strategies in 2023

In their final line of questioning, researchers asked the respondents to describe their organizations' customer experience strategies for the next 12 months.

Several of the respondents say they are focusing on customer-centricity, while others say they want to "humanize" their brand. However, they also recognize that digitization will "have a highly positive impact," as one C-level marketing executive from a telecommunications retailer puts it.

Humanization typically means adopting a more personal style of communication and interaction with customers. In the past, this has been challenging to accomplish at scale, especially in eCommerce. Digital tools like AI and personalization engines help in this regard by leveraging customer data to deliver personalized communications based on the customer's needs, buying behavior, and place in the buying journey.

Other respondents say they are primarily focused on building a single view of the customer. In other words, they hope to be able to view the entire omnichannel customer journey through a single interface, complete with customer data, touchpoints, and conversions. With the right solution in place, retailers could use this capability to identify opportunities or even automate marketing and actions based on customer behavior.

"The idea is to keep developing a single view of customers so that we can create impactful campaigns and experiences in the next 12 months and the long run," says a customer experience director from a health and beauty retailer.

Finally, other respondents say they are interested in generating more sophisticated digital interactions, such as deploying experiential technologies like AR. According to one C-level customer analytics executive at a sporting goods retailer, "We have analyzed the potential of AI and AR to help us develop customer experience strategies and we believe that our solutions are ready to be integrated."

A combination of these approaches could yield significant results for retailers focused on improving eCommerce customer journeys over the next 12 months. However, many organizations may need to make infrastructure and technology improvements before enacting these capabilities.

# Key Suggestions

**1** **Engage in user testing to make UX improvements to your eCommerce interface.**

A significant number of respondents say one of the biggest complaints they hear from customers is that their eCommerce interface isn't as user-friendly as it could be.

**2** **Adopt a loyalty program with a separate journey map, if applicable.**

Creating a separate journey map could make it easier to deliver higher levels of personalization and better rewards to loyal customers, improving retention.

**3** **Use automated, personalized offers as part of your customer engagement strategy.**

With the right solutions, this strategy requires little overhead and can yield significant results for the eCommerce business.

**4** **Leverage data technologies that integrate data from online and offline shopping experiences.**

This capability could significantly improve customer journey analysis and generate a more complete, single view of the customer.

**5** **Develop partnerships with third-party locations for returns and fulfillment.**

Most of the respondents plan to pursue this opportunity to improve the customer eCommerce journey over the next 12 months.

# About the Authors

## WBR Insights

WBR Insights is the custom research division of Worldwide Business Research (WBR), the world leader in industry-driven thought-leadership conferences. Our mission is to help inform and educate key stakeholders with research-based whitepapers, webinars, digital summits, and other thought-leadership assets while achieving our clients' strategic goals.

For more information, please visit **www.wbrinsights.com**

## eTail

We launched eTail in 1999 and have been dedicated to supporting the growth of the retail industry ever since. What started off as 100 people in a room discussing where this sector is headed has led to 2,000 senior-level eCommerce executives being inspired whilst learning and developing their company as well as their careers.

For more information, please visit **www.etailwest.wbresearch.com**

# About the Sponsor

## Exchange Solutions

Exchange Solutions is a cloud-based marketing technology company that delivers personalized loyalty solutions to retailers enabling them to build deeper and more profitable engagement with their consumers. With more than 25 years of experience in the industry, Exchange Solutions transforms loyalty programs and promotions from being costly applications to productive and profitable capabilities for clients across various verticals in the US and Canada. Current clients include Esso™ and Mobil™, Rexall Pharmacy Group, Sobeys Inc., McKesson, Kent Building Supplies (a J.D. Irving company), Harry Rosen, Chatters, and INDOCHINO.

For more information, please visit **www.exchangesolutions.com.**