



Customer Experience Matters

Four Strategies for Optimizing CX
in the Retail and eCommerce Sector

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WHITE PAPER



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00 Introduction: Make Customer Experience your Strategy

The retail industry saw both its largest decline and fastest recovery in 2020. While such tremendous resilience is admirable, the retail landscape is forever altered. The pandemic changed the way Americans shop by accelerating the growth of online sales. Ecommerce sales surged, **growing 32.4% between 2019 and 2020.**¹ In 2022, U.S. eCommerce sales are projected to **exceed \$1 trillion for the first time.**¹ Retailers see the writing on the wall, and are actively working to elevate and scale their eCommerce platforms to capture their share of the market.

The American consumer has also changed — a seismic shift that began before the pandemic — a shift many trace back to Amazon. Online shopping used to be a laborious process, but companies like Amazon have trained consumers to expect speed and ease. And retailers, including Nordstrom and Costco, have conditioned consumers to expect a frictionless shopping experience.

+ Fast, efficient shipping and great customer service are now table stakes in the industry. So, how can retailers and eCommerce companies differentiate themselves? The single most effective way is by **providing a relentlessly exceptional customer experience (CX) at all points of interaction**

Customer experience is already a top strategy for driving growth. However, a majority of business leaders report being ill-prepared to address the crucial area.² Factors inhibiting the implementation can include workforce challenges, lack of data and analytics, and delays in implementing a true omnichannel experience.

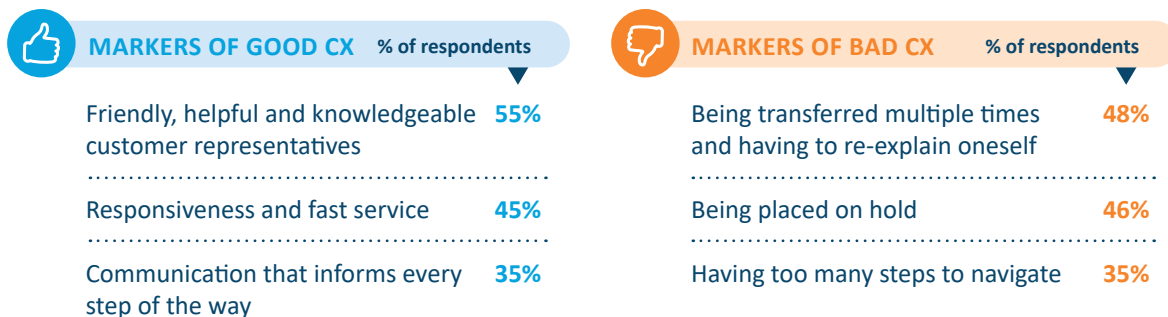
Here we've assembled **four tactics proven effective** in the retail and eCommerce sector to help brands overcome challenges, elevate and maintain the CX levels that win brand loyalty and wallet share.

01 Create a true omnichannel experience

What is an omnichannel experience in the context of CX? Fundamentally, an omnichannel experience is one that **recognizes and acknowledges an individual at each point of contact**. It's an experience that understands enough about the person to anticipate their immediate issue. Today's hyperconnected consumer expects a seamless and consistent brand experience across all digital and voice channels. This is particularly true for millennials, who now make up one-quarter of the population — and 91% of whom primarily shop online.³

We all know that you have one chance to make a good first impression, and for brands that first impression is make or break. In a PwC research study, 32% of all customers say they would stop doing business with a brand they loved after one bad experience. In Latin America, that percentage jumps to 49%.⁵ Another report found that 83% of customers will switch brands because of bad customer service.⁶

What do consumers consider good and bad service? Consider these metrics from a survey conducted by telecom company Mitel:⁴



More specifically, an omnichannel experience involves seamless handoffs from chat bots or texts to human reps, short wait times and knowledgeable, friendly and helpful agents. It can include rapid acceleration to more experienced agents. It may also include **Artificial Intelligence (AI) capabilities** that work to detect anger or stress in a caller's voice and suggest appropriate actions.

Companies are wise to consider **investing in omnichannel CX solutions** that allow for a truly synchronous experience that reduces friction and increases brand loyalty on every transaction. A McKinsey research report found that, "Organizations that use technology to revamp the customer experience can carve out significant differentiation—increasing customer satisfaction by 15 to 20 percent, reducing cost to serve by 20 to 40 percent and boosting conversion rates and growth by 20 percent."¹⁴

An often-cited real-world CX success story is American Express. The company is well known for its customer-focused image — largely due to its emphasis on customer experience. The story of how it transformed its customer experience is something of a textbook case, and while a few years old, it still carries significance.

As part of its emphasis on CX, American Express launched a number of initiatives. One involved a change to call routing. Rather than driving an incoming call to the lowest-cost channel, the company selectively routes the call to the most profitable channel based upon call and caller type, as well as customer interaction history. Another involved an investment in hiring assessments to identify ideal customer service reps, combined with training and peer coaching to support their growth. By emphasizing service and the customers' experience, particularly through their customer care professionals, American Express saw a 400% increase in customer retention⁷ and realized customer spending increases of 8-10%.⁸

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02 Retain the best workforce

The current US job market presents an enormous challenge for retail and eCommerce companies trying to staff contact centers. Finding qualified employees is harder than ever — a recent search on LinkedIn for “Customer service representative” returned 187,000+ results. When it’s this difficult to hire, train and retain workers, retailers’ prospects for finding qualified and knowledgeable agents that can provide exceptional service, while staying true to the brand’s values, culture and ethos are dim.

With fewer workers in the workforce, understaffed companies are responding by **engaging in something NPR calls “skimpflation.”**⁹ Skimpflation is when a company skimps on the services (or products) it provides, instead of simply raising prices. However, skimping on the customer experience investment is short-sighted and can result in permanent damage to retailers’ reputations and may ultimately drive customers away permanently.

Pundits don’t predict that workforce challenges will subside anytime soon, so what are retailers and eCommerce companies to do? Increasingly, **they are partnering with business process outsourcing providers (BPOs) that specialize in contact center solutions.** Companies in this space have the tools, technology and strategies to attract, assess, hire and retain the right talent. But more importantly, they also have the knowledge and framework to do it at scale, which is crucial during retailers’ seasonal spikes.

Partnering with a BPO for call center solutions is a growing trend that can provide several advantages. A 2021 report from Deloitte found that **73% of customer service/call center work is performed by outsourcing/shared services**, up from 64% in 2019. In outsourcing the work, 88% of businesses achieved cost reduction, 78% achieved better standardization and process efficiency and 63% said it drove business value.¹⁰

An area of strategic growth in BPO is **nearshoring.** Global BPOs have CX hubs in countries including Central America, the Caribbean, and northern South America. This workforce has a very close cultural affinity with the US, plus they speak the **language and are in the same time zone.** What’s more, nearshoring is cost efficient, allowing BPOs to scale quickly when retailers most need the resources.

Choosing a customer experience BPO partner with broad, highly trained workforce resource pool can allow retailers to worry less about contact center staffing and remain focused on product development, strategic sourcing and other value-added components that also contribute to the company’s success.

03 Leverage predictive analytics

Personalization may well be the customer experience word of the year — it's certainly a word on the radar of retailers and eCommerce companies. Speaking at the National Retail Federation conference, Kiran Mani, Managing Director of Retail at Google, said, "Personalization is nothing but translating information into assistance. Over the next few years, \$800bn in sales will shift to e-retailers that use site personalization, and away from those that don't."¹¹ You read that correctly: **eight-hundred billion dollars, thanks to personalization.**

Today's customers demand personalized experiences, with sales journeys that feel as though they were built specifically for them. Fortunately, brands have access to **advanced technologies and enormous data sets** that allow for a better and more thorough understanding of consumer attitudes and desires. Increasingly, retailers' customer experience departments are seeking to combine these insights to create predictive analytics allowing trained agents to strategically anticipate customers' needs and offer the right mix of products and services.

Predictive analytics can be used to illuminate other customer experience metrics as well, such as optimal hold times, call resolution times, and the ideal number of ads to pop up during the checkout process. Some brands have begun leveraging AI tools to analyze a caller's tone of voice, using that analysis to determine the person's likelihood of canceling their product or service.

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The data brands collect can, and should, be combined and shared with departments across the organization. This collaborative approach to CX can provide insights into things like quality control issues, product development opportunities or price point sensitivities — all of which ultimately affect the customer journey. The more data points in the mix, the more useful the analytics will be in improving — and personalizing — the customer experience.

04 Boost agent productivity

Agent productivity is a perennial concern for companies operating call centers, one that is exacerbated by the current levels of workforce disruption. **Productivity is directly tied to employee engagement rates** — engaged employees outperform their peers that are not engaged. Overall, companies with high employee engagement are **21% more profitable** than those with lower engagement rates,¹² and that's not all. McKinsey research¹³ found that engaged and satisfied call center employees are:

8.5x
more likely to stay than
leave within a year

4x
more likely to stay than
dissatisfied colleagues

3.3x
more likely to feel
extremely empowered to
resolve customer issues

Hiring, training and retaining engaged, productive call center staff is increasingly difficult and costly. In response, retailers and eCommerce companies are partnering with BPO providers, some of which leverage nearshore resources to expand the available talent pool. Using proprietary tools and technology, **BPOs can maximize agent training and productivity to ensure retailers provide consistent, professional, brand-centric customer care throughout the year.**



05 Experience is everything

Providing a good customer experience is no longer a brand differentiator. Good is the new average. **To be successful in today's retail and eCommerce climate, companies must have a relentless focus on the customer experience, and it must come from every department and every employee.**

In many ways, a retailer's contact center is the voice of the brand. This is increasingly true as shopping moves online and CX touchpoints expand to include social media, chats and messaging in addition to phone. CX efforts culminate in the contact center — it's where the rubber meets the road. It's where a brand's ambitions for exceptional service meet its harshest critics.

Brands that **invest in the tools, technologies and BPO partnerships** that allow them to provide an omnichannel experience, leverage decision-making data, and assemble a team knowledgeable and engaged contact center brand ambassadors, will be the brands rewarded with customer experience levels that drive revenue growth and brand loyalty. ●

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