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The Retail Customer Experience

Which elements of the shopping experience matter most?

September 2015



When it comes to shopping behavior, price is always a key motivator. However, to sustain a customer's loyalty over the long term, retailers often find it valuable to focus on the customer experience.

But which experiences are most important to shoppers? And how likely are they to influence a change in behavior? Which are the most profitable areas for retailers to focus on—and which are the least? Where should they invest their efforts?

For answers, we conducted a Customer Experience and Impact study. While the study focused on apparel, department store and mass merchant retailers, the survey methodology can be applied to any retail vertical.

In the following pages, we examine the customer experience elements customers find most—and least—important, while uncovering how strongly those factors drive behavior. Some key insights:

- There are 4 key experiences—out of 27 tested—that were most valued by customers
- More than half of shoppers say they would pay a higher price for the customer experiences they value most
- 77% of shoppers would be more loyal to stores that provided their personal top three customer experience benefits

How does customer experience impact shopping behavior?

Consider these three examples.

#1: Giving Chris more control over the shopping experience

Chris works hard at looking good. In the past, shopping for cosmetics meant stopping at numerous stores, many of which didn't offer much in terms of loyalty programs. Even the ones that did had limited programs with fixed benefits. Then a favorite retailer that has great products created a loyalty program that puts the customer in control of how and when to use the accumulated points. As a result of being able to choose rewards—from free products, to discounts, to special bonuses for members—Chris is now a loyal customer who rarely shops anywhere else for cosmetics.

#2: Turning stress into peace of mind for Alex

Alex used to get nervous buying big-ticket items, worrying about making the wrong choice. Despite exhaustive research, the original packaging from these items would stay in the closet, just in case. But that was before discovering a warehouse club that implemented an easy return policy. Bought it six weeks ago? No worries. Tossed the packaging? No problem. With competitive prices and a wide selection, Alex now shops the warehouse club with total peace of mind. Returns are no longer a hassle and there are no questions asked.

#3: For Cameron, shopping hassles are a thing of the past

Cameron's family has style. With two teenagers who love fashion, Cameron's family used to spend hours searching for coupons and discounts, always on the lookout for the best deals on clothes and shoes. Then they discovered a store they like offers a premium loyalty program—one that applies all coupons and discounts to account purchases automatically. The shopping experience is simple, easy and hassle-free. They no longer have to worry about printing the wrong coupon or having the right discount codes, creating loyal, happy shoppers. Now, the only thing Cameron's family has to focus on is looking great.

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The common denominator: A great customer experience

Chris, Alex, and Cameron all have one thing in common: they all value their personalized customer experience. So much so that they increase their loyalty based on which retailer provides their favorite benefits. Of course, price is still an important consideration. But as these stories demonstrate, customers based their decisions on their perceived value—which goes beyond price alone.



The Study Results

Our survey of over 1,000 individuals revealed four main insights into the customer experience—providing us with information on which elements matter most, which ones matter least and how those elements affect customers' shopping habits. This white paper illustrates the most important findings.

Research Methodology

- Self-administered online survey*
- Field Dates: May 22 – 26, 2015
- 1,003 total participants, sourced from national panel (18+, participate in household financial decisions, have a debit, prepaid or credit card and shopped in one of a list of 35 retailers in the past 12 months)
- All references to customers or consumers in this paper refer to survey respondents



Key Finding #1

Customers are looking for ways to feel valued and make their lives easier

"Make me feel valued, give me control, make my life easier."

When customers were asked to rank which of 27 retail experiences mattered most, certain benefits rose to the top. The top elements chosen were of a practical nature - things that eliminated stress, gave shoppers more control and made their shopping experience simpler and easier.

WHAT MATTERS MOST TO SHOPPERS: FOUR KEY BENEFITS OF 27

Pick your own sale items	42%
Hassle free returns	41%
No coupons needed and you always get sale price	40%
Earn points to redeem for extra savings	33%

Percentage of respondents who selected these benefits as being somewhat/very important.

ANALYZING THE TOP BENEFITS

Pick your own sale items

This feature was the highest rated item in the survey, with 42% of customers stating that it was the most important criterion. This is different from lowest price. It's about giving shoppers the control to personalize their experiences based on their unique needs and wants.

Hassle-free returns

Knowing an item can be returned is valuable to customers, and retail brands with generous return policies are highly regarded. Some of the favorite benefits are: no time limit on returns, no need for a receipt with a return or free postage on returns.

No coupons needed to always get the sale price

Receiving the lowest price without working for it reduces stress for customers. Retail credit card value propositions sometimes include "best price" programs, particularly for premium customers, so customers don't need to clip coupons to automatically get the sale price.

Customers who redeem loyalty points for savings feel valued

Customers love points-based programs and they drive loyalty behavior for retailers. Over one-third of customers said points programs were important for the extra savings or gift cards generated. If programs are easy for customers to accumulate and redeem points, they will often spend more.

"My best customer experience is when I don't have to think about coupons and find quite a wide variety."

- Survey respondent



Key Finding #2

Discover which experiences do not matter to customers, in order to focus on areas they value

Among the 27 elements we queried, some were more important to shoppers than others (see page 8 for the full list). The chart below illustrates the benefits shoppers told us they valued the least. Knowing which matter most and which matter least is an important way for retailers to focus their efforts and resources on experiences that matter most to customers. Important to note, however, is that shoppers' expectations are all different. Some things may not matter to the general population, but among certain retail segments they may be extremely important.

CUSTOMER EXPERIENCES THAT MATTER THE LEAST TO SHOPPERS

Percentage of customers who preferred these customer experiences.

Access to The Cardholder's Club - enjoy coffee or a glass of wine or just relax in a space reserved for cardholders:	8%
Associates available to carry your purchases to your car:	8%
Complimentary bottled water and coffee:	7%
Access to complimentary laptops and tablets when in the store:	6%
Valet parking means you don't have to worry about finding a parking space:	6%





Key Finding #3

Factors determining a positive customer experience vary by retail category

We asked customers to think about the best store experience they had in the past 12 months. Their feedback fell into distinct categories, which are presented in the chart below. The percentages represent how often the category was selected. Apparel and department store shoppers were most likely to remember excellent associate interactions,

while mass merchant customers most often cited stock conditions and selection.

A great customer experience does drive incremental shopping. Over half of surveyed customers say they will shop a retailer more often because of a positive experience in the store.



CUSTOMER EXPERIENCE DRIVERS BY RETAIL CATEGORY

Q: Please describe and categorize the best retail in-store experience you have had in the past year.

Apparel Stores	Department Stores	Mass Merchants
46% Associate was helpful/attentive	40% Associate was helpful/attentive and nice/kind/courteous	27% Good discounts/deals/prices
26% Like their clothes, good variety of merchandise	37% Offered value—good prices/affordable, has good sales	26% Had what I wanted
20% Offered value—good prices and affordable	35% Like their clothes and had my size	15% 1 stop shop—has everything in 1 trip and products are easy to find

Does giving customers this great experience matter? Below are the percentage of customers who say they will shop more often as a result of their best in-store experience:

73%

62%

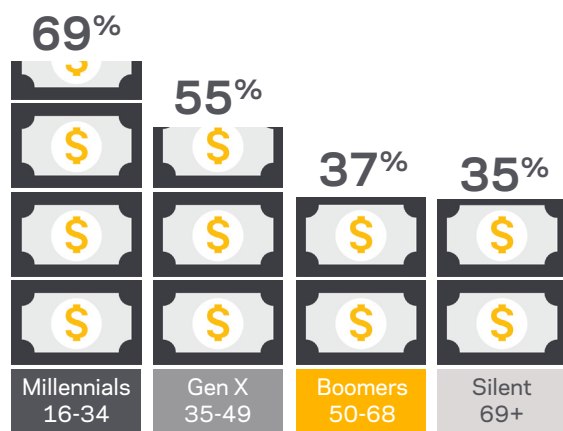
57%

Key Finding #4

Finding and implementing the top experiences your customers value does have an impact on their behavior

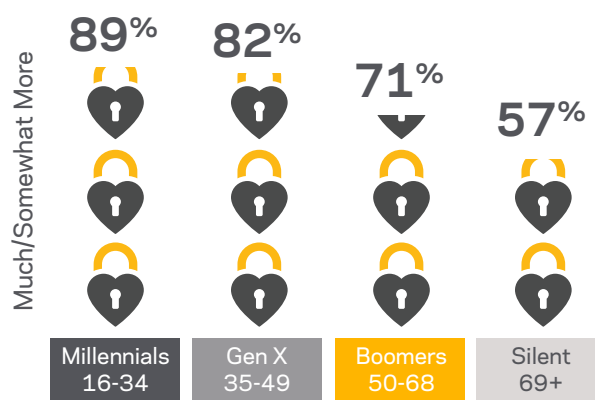
The value of a great customer experience cannot be overstated. Customers tell us they would pay more and remain much more loyal in exchange for a great customer experience.

53% OF CUSTOMERS WOULD **PAY SLIGHTLY MORE** IF THEY GOT THE TOP 3 BENEFITS THEY LIKED FROM A RETAILER.



More than half of the customers say they would pay more if their top benefits were included in the customer experience. Millennials and Gen X'ers are much more likely to pay a bit more for the experiences they value.

77% OF CUSTOMERS WOULD **SHOP MORE OFTEN** IF THEY GOT THE TOP 3 BENEFITS THEY LIKED FROM A RETAILER.



The biggest impact of a great customer experience is loyalty. Seventy-seven percent of customers say if they received their top three benefits, they would shop at a retailer more often. Millennials are the most responsive group, with 89% saying they would be more loyal to retailers offering the benefits they want most.

Conclusion

The customer experience matters, and the most compelling experiences do drive increased spend and loyalty. Giving customers what they want doesn't have to be expensive, it needs to be relevant. Retailers who are successful often implement differentiated experiences to simplify the lives of their customers and make them feel valued.

The key is to find out what your customers want and give it to them. A well-designed customer insight study can help uncover which customer experiences matter most and to what extent they influence loyalty behavior.





27 ELEMENTS RESEARCHED, IN ORDER OF CUSTOMER PREFERENCE:

Percentage of instances feature was selected as most important vs. not important.

TOTAL RESPONDENTS: 1,003

Pick your own sale items—enjoy a discount on the items you select:	42%
Hassle-free returns—store will stand behind purchases for as long as you have them:	41%
No coupons needed and you will always get the sale price:	40%
Prefer to skip all the extra in-store experiences and will wait in line for the lowest price possible:	38%
Earn points on your purchases to redeem for extra savings:	33%
Earn points on your purchases to redeem for store gift cards:	31%
More checkout stations throughout the store:	31%
More Customer Service representatives located throughout the store:	31%
Offer “surprise” savings and rewards to randomly selected customers at checkout:	29%
Free standard shipping:	28%
Two-day delivery at no extra cost:	22%
Automatic price checker—the app checks the price and can alert you or send you the item when the price goes below a certain amount:	19%
Extra hours for members only, every Thursday from 6-9AM and 8-10PM:	18%
Skip the traditional checkout lines by scanning the items you want to purchase while you shop, or visit our members-only concierge service for immediate checkout:	16%
Complimentary wi-fi throughout the store and dressing rooms:	13%
Guaranteed access to a personal shopper when it meets your schedule—have the items you want to look at waiting for you in the sizes and colors you want to choose from:	13%
Sign up for automatic delivery of your favorite items when they arrive in stores and stop or change automatic delivery anytime you want:	11%
Alerts available when new merchandise arrives from your favorite brands:	11%
Drive-thru window lets you pick up your online purchase without leaving your car:	10%
Priority parking in front of the store:	10%
Free giftwrap and ribbon, or gift bags and tissues:	9%
Demonstrations that provide recommendations on new fashions and pulling together your best looks:	9%
Access to The Cardholders Club to enjoy coffee or a glass of wine, or just relax in a space reserved for cardholders:	8%
Associates available to carry your purchases to your car:	8%
Complimentary bottled water and coffee:	7%
Valet parking:	6%
Access to complimentary laptops and tablets when in the store:	6%



Focus on what really matters.

Synchrony Financial is one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States, based on purchase volume and receivables.



About Synchrony Connect

Synchrony Connect is a value-added program that lets Synchrony Financial partners tap into our expertise in non-credit areas. It offers knowledge and tools that can help you grow, lead and operate your business.

Grow

Marketing, analytics and research expertise to help you drive business growth

Lead

Tools for leading your organization and developing yourself as a leader

Operate

Best practices around business strategy and optimizing cost

Contact your Synchrony Financial representative or visit us at SynchronyFinancial.com or SynchronyBusiness.com to discover how we can help you grow your business.

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