

Customer Experience Successes and Opportunities in Challenging Times

After a promising start, 2020 has proven to be a year of nearly unprecedented upheaval for retail brands, many of which have struggled to weather the storms unleashed by the new coronavirus. Understandably, a great deal of attention has been focused on the financial and operational challenges brands have faced in the past several months, which are significant. However, just as in good times, understanding and managing customers' experiences in their interactions with brands remains central to helping retailers find their way through this uncertainty. Fortunately, in this area the news may be less daunting.

Radial and CFI Group surveyed 500 online shoppers at the end of June to continue our ongoing assessment of how they feel about their customer service interactions with brands they have used recently. To provide additional context for how these extraordinary times are impacting customers' experiences, our survey went a step further, asking our respondents to tell us how recent events are affecting their shopping preferences today and into an eventual post-pandemic future.

GAINS IN CUSTOMER SERVICE SATISFACTION HOLDING STEADY

Encouragingly, despite the challenges presented by the pandemic and the "new normal," our survey shows that satisfaction with customer service interactions in brands' call centers and online service platforms shows no signs of decline. The past several quarterly waves of our survey have shown dramatic increases in customer ratings of the people, processes and technology deployed by brands. Our most recent survey indicates that while these gains may be leveling off, brands likely have succeeded in



raising the bar for customer service performance on a sustainable basis. Overall customer satisfaction with service interactions sits 12% higher than at the same point in 2019, and respondents' Net Promoter Scores (NPS) for the brands they used rose from 11 to 34 over the same period. The goodwill brands have generated in their customer service interactions with customers through smart deployments of technology and ongoing strong performance by customer-facing staff should serve them well as they continue to adjust to the tumultuous changes in retail driven by the pandemic.

'CLICKS' AND 'BRICKS' IN THE NEW RETAIL LANDSCAPE

Our survey sought to add to brands' understanding of the magnitude of these changes though several new items asking respondents to tell us about their shopping habits and how they have evolved over the

past six months. In addition to checking with them about how much of their shopping activity had shifted from in-person to online channels, we dug deeper with our survey questions to understand how this activity was distributed across different, and in some cases innovative, delivery models. Many retailers' rapid expansion of in-store pickup—notably extending it out to the store curbside for contactless fulfillment—was a topic of particular interest, with potential impacts beyond the new coronavirus reality. How are shoppers using these delivery models today, and what do they plan for the future?

The first question addressed was the degree to which respondents had shifted their purchases from brick-and-mortar to virtual channels, or, as with so-called "BOPIS/BOPAC" fulfillment (buy online, pickup in store/curbside), a hybrid of the two. A full 45%

of survey respondents told us their online spending across all categories (general and specialty retail, groceries, health and beauty needs, etc.) had increased, at least somewhat, since the beginning of the year, with 17% saying their online shopping had increased “a lot.” Working age respondents 25-64 years old and those in households with annual incomes of \$100,000 or greater were even more likely to report that they had increased their online spending a lot, at 20% and 27% respectively. Overall, our respondents said that in the six months prior to the survey they had made 56% of their purchases online—a striking number.

Within this increasing online purchase activity, our survey showed that a third consisted of online orders that had been fulfilled via BOPIS/BOPAC. While this “clicks and mortar” fulfillment model has become more common in recent years, its use appears to represent an increasingly significant share of order fulfillments. In our data, these findings were consistent across major demographic categories. Perhaps even more significantly, 40% of our respondents told us the availability of an online-to-store fulfillment option made them more likely to purchase from a retailer. This was particularly true both for men and those from high-income (\$100,000+ per year) households, with roughly half of the respondents from each of these segments saying that in-store pickup for online orders made them more likely to spend their money with a retailer. By contrast, only a third of women and a third of those with household incomes of less than \$50,000 per year felt similarly.

PICK-UP MAY BE HERE TO STAY

The increasing prominence of in-person store fulfillment for online purchases may be expected given the need and desire for brands to do their part in mitigating the public health challenges we all face today. But what does this bode for the future, when perhaps not just a “new normal” but something closer to a “normal normal” will return? To begin to address this question, our survey asked respondents to tell us what they expect their shopping habits to look like “in a future where the virus is no longer a general concern.”

When asked to estimate how much of their shopping is via the online-to-store delivery model, our respondents reported that on average these purchases account for 18% of their spending. When

we asked them to make the same estimate for a post-COVID-19 future, this figure essentially held steady, dropping to only 16%. Furthermore, only 7% of respondents who report using online-to-store shopping said they would completely stop using it in a post-pandemic retail environment. These findings were consistent across demographic groupings of age, income and gender.

Many retailers have worked quickly to expand their capabilities to fulfill online orders and meet the immediate needs of customers. Our survey results suggest they can take comfort in knowing these efforts, combined with the strong service they are providing in their contact centers, have enhanced their capacity to add value for customers in a way they can continue to leverage in the future.



About CFI Group (cfigroup.com)

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices. As founding partner of the American Customer Satisfaction Index (ACSI), CFI Group is the only company within the United States licensed to apply customized ACSI methodology in both the private and public sectors.

About Radial (radial.com)

Radial Inc., a bpost company, is the leader in omnichannel commerce technology and operations. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption, and compete in a rapidly evolving market. Radial's innovative solutions connect retailers and customers through advanced omnichannel technologies, intelligent payments and fraud protection, efficient fulfillment, supply chain services, and insightful customer care services – especially where high-value customer experiences are critical.