

VERINT[®] EXPERIENCE INDEX: RETAIL

**Company Satisfaction, NPS[†],
and Omnichannel Insights**

Including COVID-19 impacts
and recommendations

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2020 Retail Challenges Will Be Big 2021 Opportunities

Every industry was hit hard by 2020. Amid welcome signs of a rebound, retail is still coping with pandemic-related drops in in-store shopping and spending cuts necessitated by the financial crisis. But while COVID-19 took a toll on the industry (JCPenney, Pier 1, Brooks Brothers), retail actually found itself better prepared than others to respond to the year's enormous changes.

Last year's Verint Experience Index: Retail findings urged organizations to confront three big issues: rising CX expectations, embracing digital self-serve, and expanding fulfillment options. As it turns out, these were exactly the areas retailers needed to focus on in order to meet the surprises and challenges of 2020. Consider a few highlights from this year's new report:



Digital is growing, but the journey is still omnichannel—even in a pandemic: 46% of customers who made a purchase in 2020 started in a store.



Curbside pick-up—a relatively new option a year ago—beat out BOPIS for second-most popular fulfillment option behind delivery. And three of the top 10 factors driving purchases are fulfillment related.



76% of customers who called a retail contact center tried and failed to complete their task digitally first—**by converting just one-quarter of those to digital self-serve, retailers could save up to \$1.7 million per one million calls.**

Costco Beats Amazon in CSAT and NPS

This year saw some CX surprises in our rankings:

- [Costco](#) ranked highest in CSAT and NPS, followed by Amazon on both scores.
- Grocery stores Publix, H-E-B, and Aldi finished 4th, 5th, and 6th in CSAT and ranked high on NPS.
- Costco also ranked well in a number of satisfaction drivers, including service and merchandise.

We also saw the pandemic make a clear impact on customer behaviors and satisfaction:

- While cost is the top factor in [purchase intent](#), mask policies and in-store shopping factored third and fourth in considerations, suggesting that customers want safe in-store shopping options, especially amid a pandemic.
- 44% of customers who made a return in the last 30 days said returns were easier than last year—an important finding given that easy and free returns rank high among factors impacting future shopping decisions.

Retailers Can Create Boundless Experiences in 2021

Hoping to find momentum in the year ahead, retailers are investing across the board—in digital transformation, ecommerce, and physical stores ([Retail Dive](#)). All of those endeavors will pay greater dividends if they're linked to great CX.

Customers who report having a great experience have a:

90% higher intent to purchase online

71% higher intent to purchase in-store

88% higher recommendation intent

Looking at insights from this report, it's clear that retailers can do more than survive this tumultuous era—there are opportunities to thrive. Customer needs can change fast, and they reward brands that listen and respond with holistic experiences across all channels. If retailers can use CX to create enduring relationships, they'll see more loyalty, retention, and revenue. Companies like Costco, Amazon, Aldi, and others in our Index rankings are proof.

Retail Rankings

Costco leads list of 25 U.S. retailers ranked on customer satisfaction and NPS

CSAT RANK		CSAT SCORE	NPS RANK	NPS SCORE	CSAT RANK		CSAT SCORE	NPS RANK	NPS SCORE
1	Costco	86.6	1	56.3	13	Walmart	81.7	13	39.9
2	Amazon	86.1	2	55.9	14	Albertsons	81.4	20	33.5
3	Apple	85.1	4	53.0	15	T.J.Maxx	80.8	16	38.9
4	Publix	85.0	5	52.9	16	Best Buy	80.5	17	38.6
5	H-E-B	84.5	6	49.6	17	Dollar Tree	80.5	18	35.5
6	ALDI	84.3	3	54.7	18	Macy's	80.5	21	32.2
7	Target	83.7	11	43.1	19	Lowe's	80.4	8	44.3
8	Food Lion	82.9	9	44.2	20	Marshalls	80.1	15	39.3
9	Kroger	82.9	10	44.1	21	CVS Pharmacy	80.0	22	31.7
10	Verizon	82.9	12	41.8	22	7-Eleven	79.9	23	29.0
11	The Home Depot	82.6	7	47.1	23	Dollar General	79.8	25	26.3
12	Kohl's	82.2	14	39.4	24	Walgreens	79.7	19	33.7
					25	Safeway	79.6	24	27.1

The 25 largest retailers by revenue as reported by NRF (excluding quick service restaurants) were selected for this study. See last page for CSAT and NPS definitions.

The ROI of Satisfaction: CSAT Leaders Also Lead on Outcomes

Reinforcing many other industry findings, retailers with the highest satisfaction scores also rank highest in customer-intended outcomes. Among the top 10 companies by CSAT, only Verizon does not make the top-five list for at least one outcome.

Costco Unseats Amazon

Aldi and Publix Lead In Grocery/Discount

Amazon Still Dominates Digital

Recommend Company		Trust	
87.4	Costco	86.5	Costco
87.2	Aldi	86.2	Apple
87.0	Amazon	86.1	Aldi
86.1	Publix	85.9	Publix
85.8	Apple	85.1	Amazon

Purchase In-Store		Return to Store	
86.9	Aldi	86.9	Aldi
86.4	Publix	86.1	Publix
86.3	H-E-B	85.7	Costco
84.9	Costco	85.2	Kroger
84.7	Kroger	84.7	Food Lion

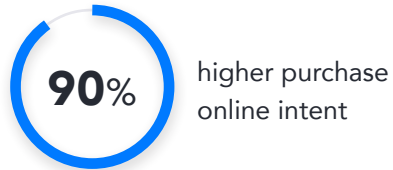
Purchase Online		Return Online	
87.7	Amazon	87.7	Amazon
78.5	Apple	82.2	Apple
76.8	Target	79.0	Kohl's
75.6	Kohl's	78.8	Target
75.0	Macy's	77.2	Walmart

TOP 25

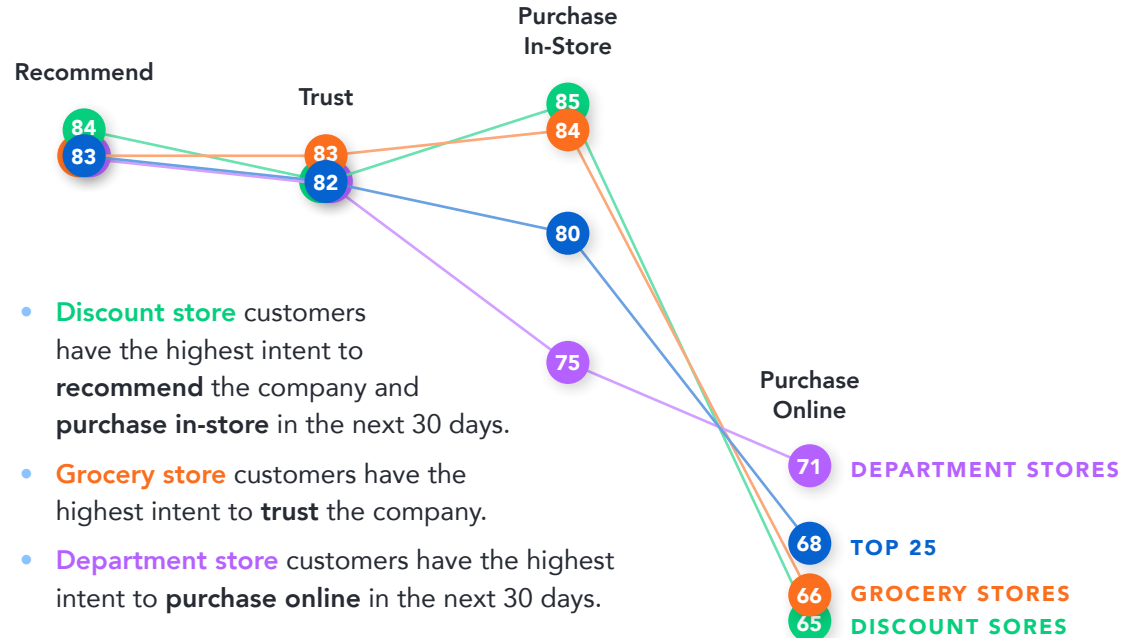
Average	83.5	82.3	80.2	81.1	68.5	73.7
Lowest	79.7	78.1	68.0	70.6	59.2	64.1

Great CX Drives Purchases, Recommendations, and Trust

Customers who report having a great experience* have a:



Customer Future Behaviors—How Likely Are You To:









*Customers with a great experience have a CSAT ≥ 80 and are compared to those who have a CSAT ≤ 60 .

All Drivers Are Important, but Impacts Vary by Retailer

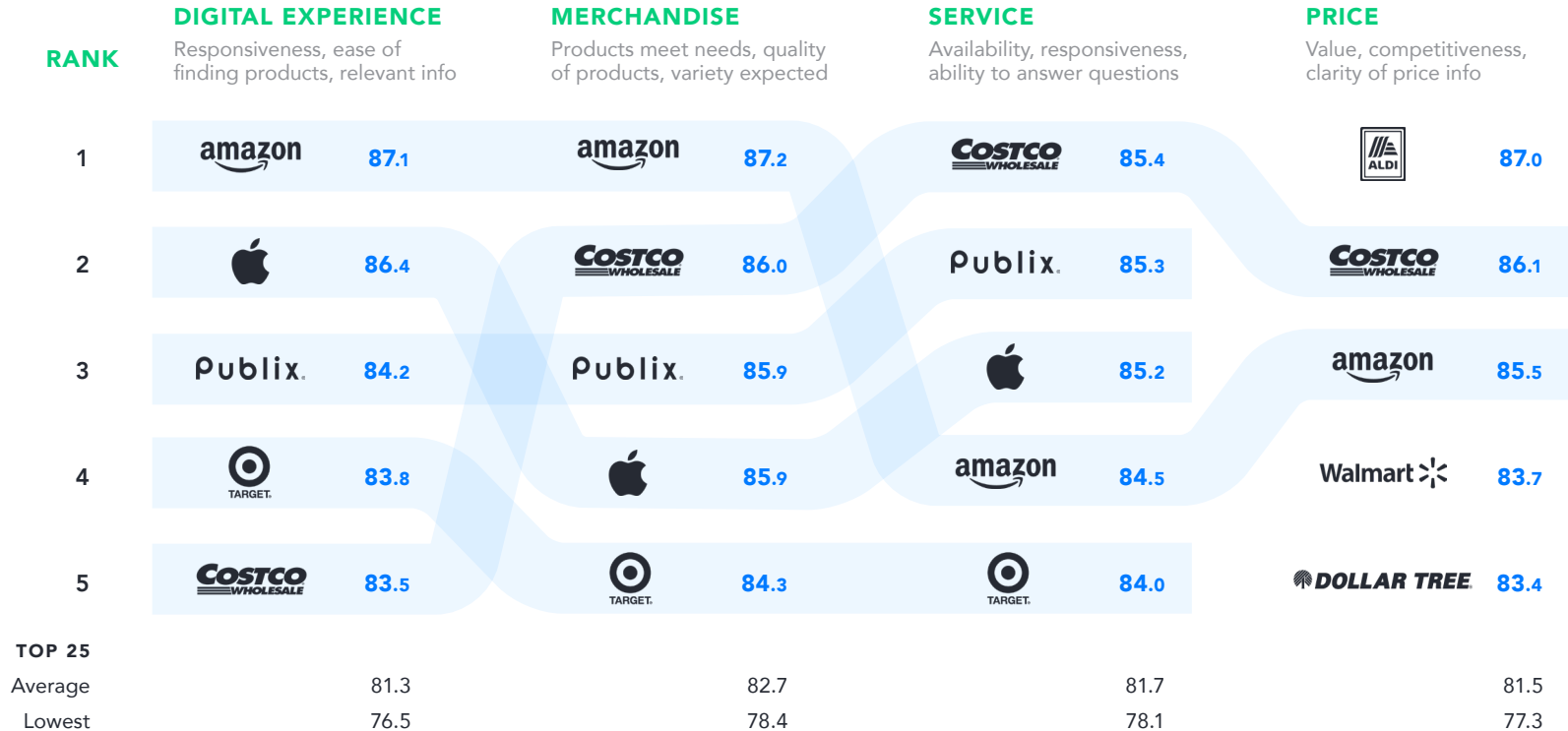
Not all drivers influence CSAT equally. Verint's predictive model measures various aspects of the customer-company relationship to understand their impact on satisfaction. With those insights, companies can prioritize improvements based on what's truly important to their customers.

Below, each of the four drivers of CSAT have been ranked in the order of influence they have on customer satisfaction for each company.

						
DIGITAL EXPERIENCE Responsiveness, ease of finding products, relevant info	4	1	2	4	1	4
MERCHANDISE Products meet needs, quality of products, variety expected	1	2	1	1	4	3
SERVICE Availability, responsiveness, ability to answer questions	3	4	3	3	2	2
PRICE Value, competitiveness, clarity of price info	2	3	4	2	3	1

Experience Driver Scorecards Show Two Clear Leaders

Ranking driver scores allows companies to see how they compare. Amazon and Costco consistently rank in the top five; Apple, Publix, and Target make the list in three of four categories. Among the top 25 retailers, scores are most diverse in digital experience and least diverse in service.

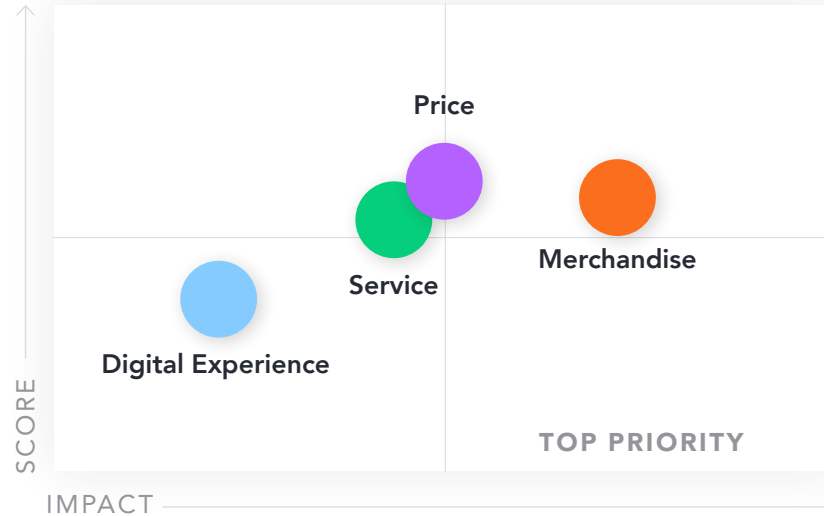


Retail CX Spotlight: Costco by the Numbers

Merchandise is the most impactful factor driving customer satisfaction, while the digital experience is the least influential factor for Costco, but also the lowest scoring part of their customer experience.



- 1st in Service
- 2nd behind Amazon in Merchandise
- 2nd behind Aldi in Price
- 5th in Digital Experience
- Customer effort spent on returns and other customer support issues are **better than average**.



This priority map is a graphical display of the relative importance of each driver to company satisfaction.

When asked what their customers liked best about Costco, 29% cited product availability, quality, and variety; 26% said price; and 15% cited customer service.

"Good quality of products, variety of products, friendly workers that will assist you in anything in the store even stopping what they are doing to help you out."

"What I like best about this company is that it offers good products and also, good value."

The Retail Purchase Journey

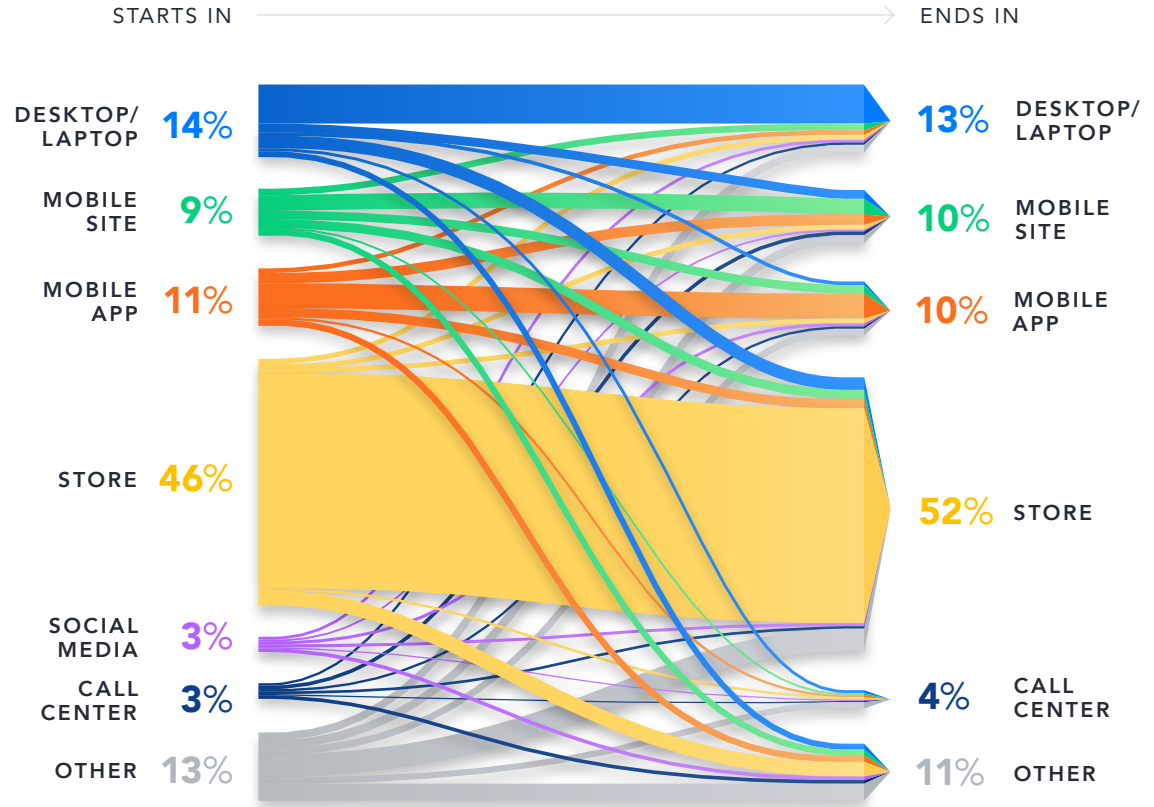
When customers made a purchase in 2020:

- **43%** started the journey digitally
- **46%** started in a store

Questions only posed to customers who purchased from the company within the last 30 days.

Digital includes desktop/laptop, mobile site, mobile app, social media, email, and chat.

Other includes print catalog, email, chat, and 'other'.

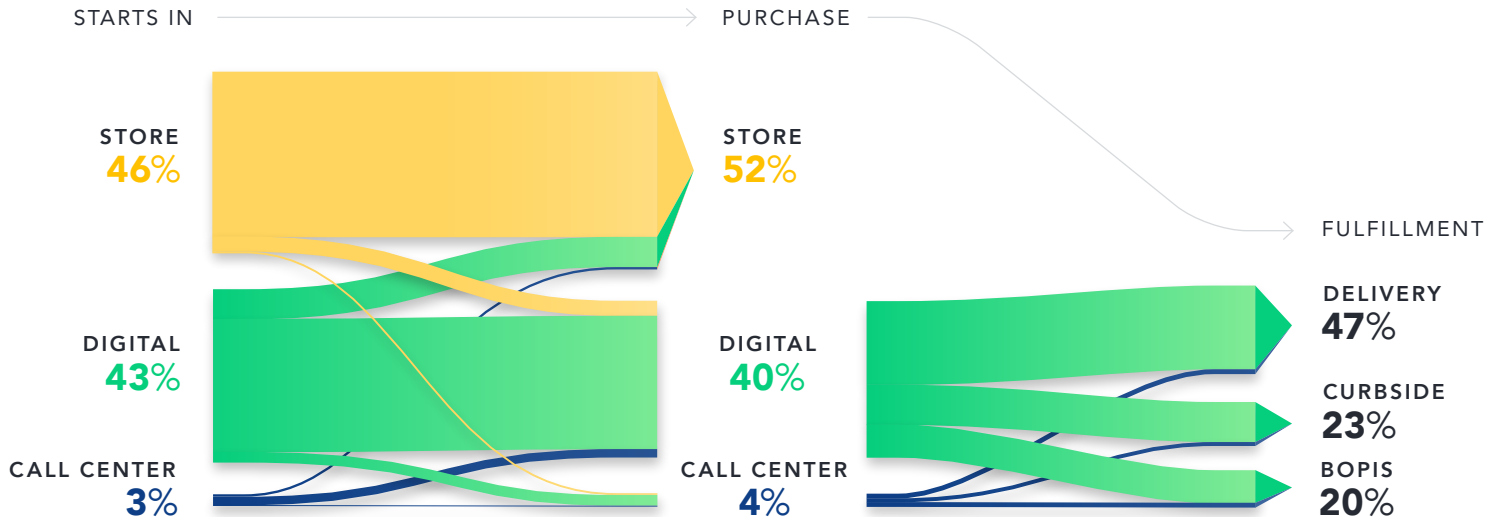


Focus on Fulfillment: Curbside Beats BOPIS

Despite COVID-19 restrictions, shopping in a store was still the most common way customers from the 25 ranked companies made a purchase in the last 30 days.

Among customers who made a digital or phone purchase, delivery was the most common fulfillment method, followed by curbside and then buy online pick up in-store (BOPIS).

Customers who made a purchase online and received the products have a higher company CSAT than those who purchased in-store.



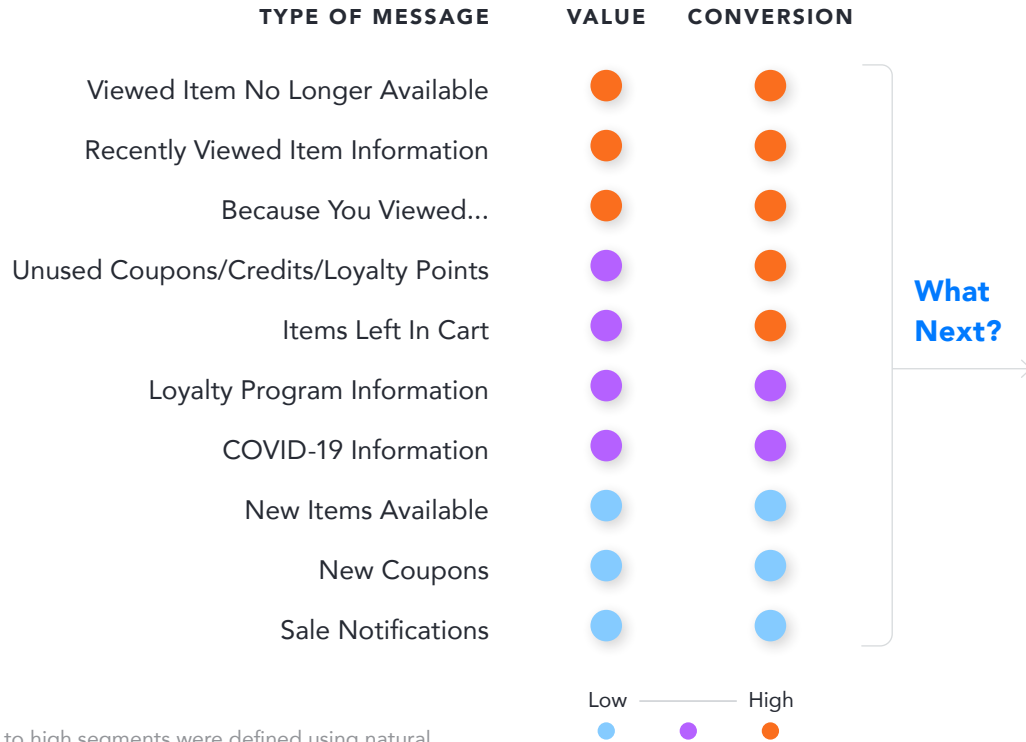
Questions only posed to customers who purchased from the company within the last 30 days.

Digital includes desktop/laptop, mobile site, mobile app, social media, email, and chat.

Not all answer options are shown.

Get Personal: Convert More with High-Value Messages

The message matters: 60% of customers made a recent purchase as the result of a retailer's communication, and conversion was most common with personalized messages.



Low to high segments were defined using natural breaks in the data that created three groupings.

Customers are inundated with communications. **Implement listening touchpoints to understand** what customers find useful, what gains trust and interest, and what leads to conversion.

Personalized communications are the most valuable. **Help customers make purchases** with inventory updates, product suggestions, and relevant coupons/discounts.

Not all personalized communications lead to purchases. **Information about coupons/credits/loyalty points earned** are among the most successful at driving conversions.

High Call-Center Costs? Try Better Confirmation Emails

Digital issues send customers to high-cost contact center channels. In our survey, 76% of callers tried and failed to complete their task digitally first. While correcting technical and product issues requires considerable resources, improving confirmation communications are low-hanging CX fruit.

Top digital failures that send customers to contact centers:

1. Technical

2. Product/information finding

3. Transaction confirmation

Transaction Confirmation Best Practices

Use these simple transaction confirmation tactics* to reduce call center costs:

- Provide confirmation numbers on order completion pages AND via email or text message after customers complete an order.
- Make email subject lines and preheader text relevant and personalized.
- Ensure customers can easily distinguish between marketing and transaction emails.
- Design emails to fully render on mobile devices.
- Be concise and complete with email message content.
- Provide all content in messages rather than directing customers to follow up by clicking a link.

The same top three reasons also drove customers to email and chat with contact center representatives after failed digital experiences.

*Nielson Norman Group, The State of Transactional Email 2018, <https://www.nngroup.com/articles/state-transactional-email/>

How to Deliver on Omnichannel Customer Support

When asked which support channels were most important when deciding where to shop in the next six months, here's how customers reported the relative importance of each:

1. In-person

2. Live phone agent

3. Live chat agent

4. Email

5. Phone IVR

6. Automated chat

Support Success and Challenges



of support issues handled on chats and calls were **resolved**.



of email support interactions were **resolved**.



1 in 5 customers say support interactions **took too long** (24% of chat, 22% of email, and 19% of phone).

Automated systems are not popular with customers:

32% said automated chat is least important

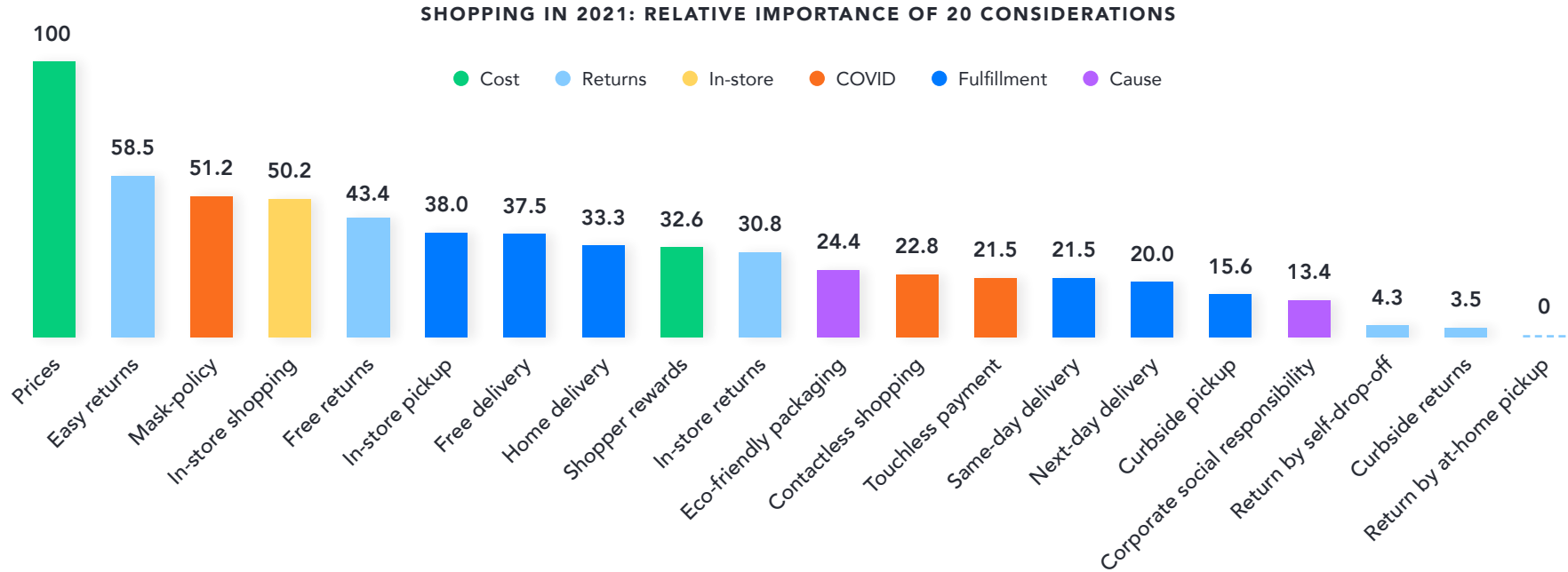
23% said automated phone is least important

How can you improve CX for automated support?

Collect post-automated chat and post-IVR experience feedback to get insights into customer problems and needs.

Top Purchase Factors: Cost, Convenience, & COVID Safety

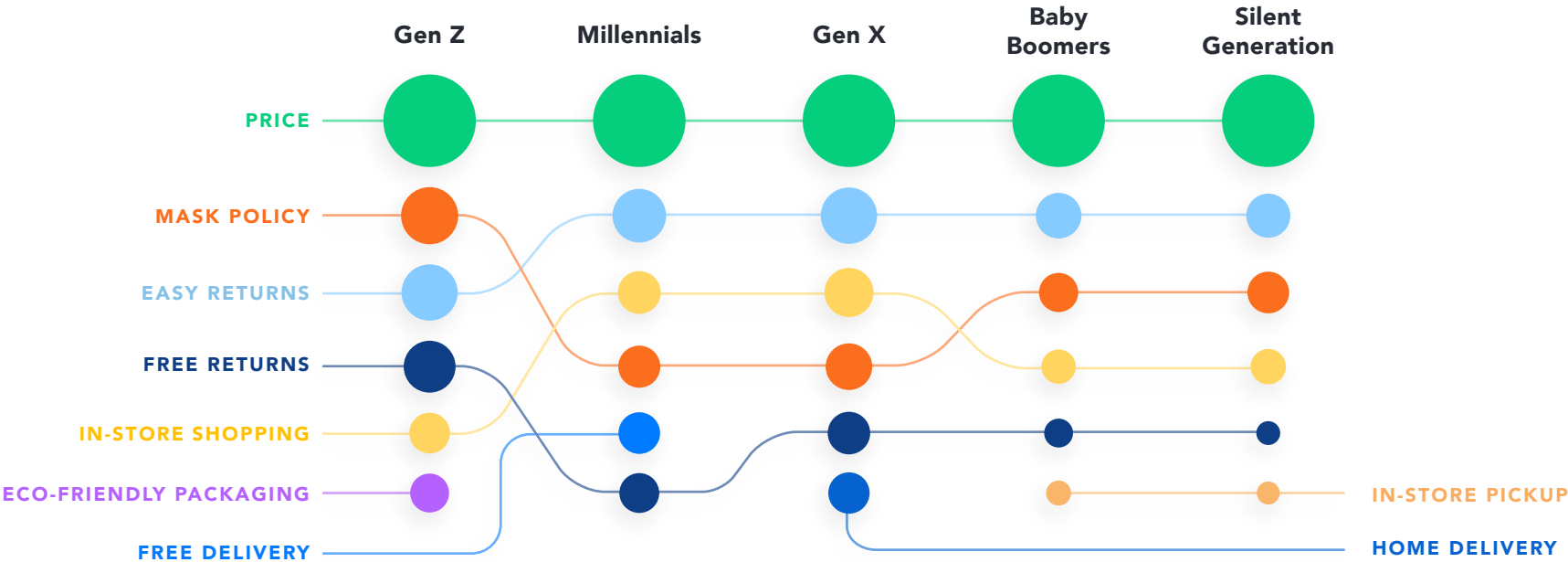
Not surprisingly, price is the factor most likely to be considered important by shoppers. Easy returns is next, with free returns ranked 5th. Rounding out the top five are mask requirements and in-store shopping, each of which are about half as important as price, and are more important than factors related to fulfillment. Among fulfillment considerations, BOPIS and free delivery are the most likely to influence shoppers.



Respondents were asked to identify the most and least important factors in their purchase decisions in the next six months. Rankings are based on a most/least scaling analysis.

Price Guides Purchases Across Ages; Gen Z Splits on Other Factors

Cost considerations win in a landslide when customers rank top purchase considerations. Baby Boomers and the Silent Generation are less likely to be swayed by any factor other than price, compared to younger generations who have more diverse and impactful priorities.



Respondents were asked to identify the most and least important factors in their purchase decisions in the next six months. Rankings are based on a most/least scaling analysis.

Inspire Brand Loyalty with Great CX

Price is a top purchase consideration, but it's only one of many CX factors that impact customer decisions about where to shop. By listening and responding to customer needs, retailers large and small can build loyalty with personalized service, flexibility, and other offerings.

WHAT CUSTOMERS SAY

WHAT RETAILERS CAN DO

Returns

"If you need to return an item, it is easy to do without any hassle."

"Free returns even on open items."

- ✓ Make return policies easy to find; ensure store and support staff are well trained for returns.
- ✓ If you offer free returns, make the perk clear to customers.

Masks and Safety

"I also feel safe... during the pandemic, i.e., masks required, hand sanitizer station."

"Hate being required to wear a mask."

- ✓ Clearly state mask policies and train staff to enforce them, consistently and kindly.

In-store Shopping

"The thing I like best about this company is the ease to shop in the store."

- ✓ Keep stores clean and well organized for a pleasant and seamless shopping experience.

Fulfillment

"I like contactless shopping with free delivery."

"Order on my phone easily and pick up later."

- ✓ Offer options. If you can't meet needs with free or immediate shipping, offer BOPIS instead.
- ✓ Make shipping prices easy to find and understand. Don't surprise customers with unexpected charges.

How to Focus on Fulfillment to Boost Satisfaction

Flexible fulfillment options get high marks from customers—and COVID-19 has put pressure on retailers to innovate on services. Here's how retailers can align with needs and improve their offerings at every step in the fulfillment process.

Delivery

- Improve online product finding, merchandise variety, product quality.
- Ensure images and descriptions are detailed and accurate.
- Make delivery fast and, when possible, free: "Offer faster and free delivery and exchanges".

Delivery is the option most likely to be used again, especially by Baby Boomers (96%, compared to 85% of Gen Z).

Curbside

- Focus on price, online product finding, and service.
- Make instructions and pick-up times clear.
- Ensure order-filler staff are numerous and well-trained.
- Expand pick-up timeslots: "Make more curbside delivery times available".

For companies without curbside, 1 in 3 customers say they would use it if offered. Curbside is used less often by Boomers, but they're the group most likely to use again at 98%, versus 87% of Gen X and 82% of Millennials.

BOPIS

- Perfect digital experiences, product offerings, and service.
- Staff and train adequate order fillers to speed process: many customers complain of "Long waits".
- Make pick-up instructions clear.

A full 90% of department store shoppers would use BOPIS again; only 78% of discount store shoppers would.

And 88% of Gen X plan to use again, compared to 79% of Millennials.

Definitions of CSAT, Drivers of Satisfaction, and NPS

Customer Satisfaction (CSAT)

Customer Satisfaction (CSAT) is calculated using the scores from three independent questions about a respondent's experiences with the retailer. Each of the questions ask respondents to rate their experiences on a scale of 1-10.

- What is your overall satisfaction with this company?
- How well does this company meet your expectations?
- How does this company compare to an ideal retailer?

CSAT scores are calculated using a proprietary formula that optimizes and stretches the scale on the three independent satisfaction questions above. Each survey respondent is assigned a CSAT score. CSAT scores are recorded on a scale of 0 to 100.

Drivers of Satisfaction (used in this study)

Driver scores are calculated based on the optimization of three independent rating questions. The composite questions are asked on a 1-10 scale. Driver scores are calculated using a proprietary formula that optimizes and stretches the scale. Each survey respondent is assigned a score for each driver of satisfaction. Composite question responses are optimized to create driver scores.

DIGITAL EXPERIENCE

- Responsiveness, ease of finding products, relevant info

MERCHANDISE

- Products meet needs, quality of products, variety expected

PRICE

- Value, competitiveness, clarity of price info

SERVICE

- Availability, responsiveness, ability to answer questions

Net Promoter Score

Net Promoter Score (NPS) is calculated using the question: How likely are you to recommend this company to someone else? This question is asked on a 0-10 scale.

- Respondents providing a 0-6 are labeled "detractors."
- Respondents providing a 7-8 are labeled "passives."
- Respondents providing a 9-10 are labeled "promoters."

NPS values are calculated for a group and uses the formula below:

- $$NPS = 100 * (\text{Number of Promoters} - \text{Number of Detractors}) / (\text{Total Number of Respondents})$$
- NPS values are recorded on a scale of -100 to +100.

About the Research Team

José R. Benkí, PhD, is Research Science Director at Verint and an Adjunct Assistant Research Scientist in the Survey Research Center at the University of Michigan. He has expertise in survey participation, interviewing, speech science, and cross-cultural and cross-language survey research. He is a member of the American Association for Public Opinion Research and the Acoustical Society of America.

Karly Szczepkowski is a research analyst at Verint responsible for predictive model templates, predictive benchmarking, and thought leadership. She graduated from Wayne State University in Detroit with a master's in library and information science and holds a bachelor's degree in engineering from the University of Michigan.

Sara K. Shaffer, PhD, is a client training specialist with Verint and brings over 15 years of experience in research design, analysis, reporting, and teaching to her role. She has conducted research internationally, collaborating with academic colleagues, colleges, universities, businesses, non-profits, and government organizations throughout her career.

Senior analyst **Charlie Danoff** enjoys analyzing survey data to give informed recommendations on how companies can increase revenue, decrease costs, and improve customer experiences. He earned a Masters of Education in the Measurement, Evaluation, Statistics & Assessment program at the University of Illinois Chicago and a Bachelor of Arts degree with majors in English and economics from Colgate University.

Mathew Barker is a senior analyst with Verint who has been analyzing customer experience data for eight years. He has advised retailers, financial institutions, insurance carriers, and travel companies on how to better listen to their customers and improve their experiences. He holds a bachelor's degree from Appalachian State University and master's degree in Psychology from the University of North Carolina Wilmington.

About the Verint Experience Index

The Verint Experience Index is a panel survey report chronicling digital and omnichannel experiences across key industries. This edition ranks the omnichannel experiences of the top 25 retailers in the U.S. based on revenue as determined by National Retail Federation's STORES annual ranking (not including quick service restaurants).

The Index features a panel sample of 6,462 respondents in total, representative of the U.S. general population, with at least 250 responses per brand. Responses were collected from November 25 through December 4, 2020.

Rankings are based on CSAT, using a scale of 0 to 100 with a margin of error of +/-1.81. CSAT is calculated using the questions: What is your overall satisfaction with this company? How well does this company meet your expectations? How does this company compare to an ideal retailer? NPS® is also shown, on a scale of -100 to 100, and has a margin of error of approximately 7.51. NPS is calculated using the question: How likely are you to recommend this company to someone else? When two or more scores are identical at one decimal place, the next decimal place is used to break ties and determine the rankings.

The Verint Experience Index is an episodic study including respondents who interacted with the brand in the last 30 days, scores are not comparable to continuous studies.

About Verint Experience Management

Verint Experience Management solutions help you process and analyze data, automate and speed decision making, and operationalize across the organization—so you can compete on better customer experience.

Get in touch for a customized briefing, to discuss your organization's Experience Management needs, or with any questions or comments about the report: ExperienceManagement@Verint.com

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