IBM Institute for Business Value

The 2017 Customer Experience Index (CEI) Study

Overview

The 2017 IBM Customer Experience Index (CEI) Study, which surveyed more than 500 companies, found that retail and consumer products (CP) brands need to work harder to better meet consumer expectations. Analysis of seven areas of the omni-channel shopping experience, including personalization, social media and the mobile experience, identified three imperatives that brands face today: Engaging with customers to remain ahead of evolving shopping trends, providing a consistent experience across all touchpoints and creating a more rewarding shopping experience by applying innovative, value-add technologies.

The 2017 IBM Customer Experience Index (CEI) Study, now in its fifth year, identifies those brands that are providing leading shopping experiences and how they're doing it. The survey's final results will enable us to profile the key characteristics and capabilities of leading providers in different market sectors and geographies across the world.

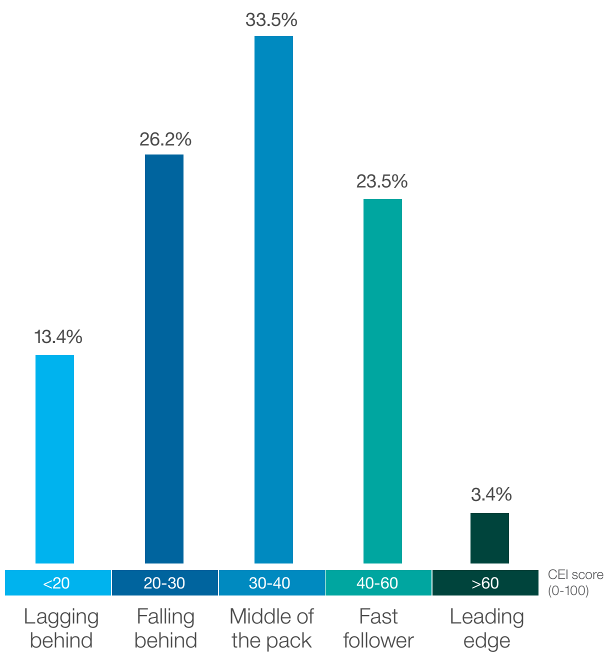
This has been a watershed year for the CEI Study. To ensure continued relevance, we revisited all the scoring criteria to increase the scope of the survey and to reflect consumers' constantly evolving expectations. To safeguard the reliability and consistency of the CEI results, we conducted the survey, unbeknownst to brands, using a mystery shopper approach. The survey teams acted as real customers, making real purchases.

Performance headlines

The CEI results indicate that brands have significant room for improvement in terms of satisfying customer expectations; on a scale from zero to one hundred, the overall average CEI score was 33.

We classified just 3.4 percent of surveyed brands as Leading Edge; the majority of brands fell into either the Fast Followers (23.5 percent) or Middle of the Pack (33.5 percent) categories. And nearly 40 percent of brands were found to be Falling or Lagging Behind (see Figure 1). With so few brands pushing the boundaries of innovation in customer experience, there is a danger that omni-channel shopping capabilities may be falling behind consumer expectations.

Figure 1
Brands we classified as Leading Edge in their customer experience capabilities made up a very small minority of those we surveyed



We also found a substantial gap between high and low scores in every market segment, with spans of at least 40 index points separating the best from the worst performers in each retail sector.

The U.K. was the highest performing country (with a CEI score of 42 among brands surveyed). The U.S. (with a score of 36) and Brazil (35) were the next highest performers. However, from a market perspective, both mature and growth markets had average CEI scores of 33, suggesting a levelling of the playing field globally.

Drilling down into the details

The 2017 CEI Study focuses on seven areas of the omni-channel shopping experience:

- *Personalization:* Brands struggle to personalize the omni-channel shopping experience and to provide self-service customization capabilities. Only 19 percent of brands offer more than a basic level of personalization of the online experience.
- *Digital experience:* Although half of brands provided online shopping functionality rated either Very Good or Excellent, the digital experience for consumers remains inconsistent. Forty-seven percent of brands offered only basic search functionality, or none at all. Seventy-one percent of brands offered no product comparison functionality.
- *Omni-channel supply chain:* We found that 53 percent of brands offered consistent, basic inventory data for consumers, but just seventeen percent offered more than limited in-stock, out-of-stock information. Thirty percent of brands offered inconsistent or no supply chain data across channels.
- *Physical and digital integration:* We found limited functionality to support physical and digital integration. Sixty-four percent of brands did not allow customers to specify their preferred delivery day or timeslot, while 39 percent of brands did not provide Buy Online Pickup In Store (BOPIS) services.
- *Social media:* While 76 percent of brands offered a social media experience rated Good or better, and 71 percent of brands were active in four or more social channels, we found that the social media experience needs to be more responsive. Forty-five percent of brands took more than 24 hours to respond to customer enquiries or didn't respond at all.
- *Mobile experience:* Although mobile is the device of choice for many consumers, 38 percent of brands provided either a poor mobile experience or none at all. And only 31 percent of brands allow customers to access and manage their account details through a mobile app.
- *Store experience:* This was the lowest scoring category. Across a selected range of in-store services, from recognizing customers when they walk in the door to offering product comparison tools, the majority of brands provided only limited capabilities or none at all. For example, 84 percent of brands did not offer any in-store mobile services, and 79 percent did not give associates the ability to access customer account information via a mobile device.

So what does this mean?

Brands face three fundamental customer experience imperatives. Their ability to adapt to these essentials will determine how well they will prosper in the future.

The first imperative is to **engage with consumers** in a world where the last best experience drives minimum expectations for the next. Retailers and CP customers need to act "customer first." They should know their target customers and what they want from the brand relationship.

- Be alert to emerging shopping trends; identify evolving consumer needs and adapt the organization to address and outpace the expectations of your target customers. Brands could even leverage sophisticated profiling capabilities to help them shape future expectations.
- Provide in-context shopping experiences tuned to customers' life stage and lifestyle; personalize experiences with data-driven applied insights.
- Maintain an active social media presence and provide innovative sharing technology for consumers to apply their enthusiasm to co-create.

The second imperative revolves around providing a **consistent experience across all touchpoints.** Consumers do not recognize channels; they only see your brand. An inconsistent experience frustrates consumers and may cause some to switch their loyalty and spend.

- Design the digital experience around the evolving expectations of the any-channel, always-on customer to capitalize on future growth.
- Replicate online capabilities in-store; provide a compelling, personalized, mobile-enabled experience at all touchpoints in the reinvented digital store environment.
- Empower both customers and associates with universal access to reliable data to foster a superior experience.

The third imperative is for brands to make the shopping journey easier and more rewarding by applying **innovative, value-add technologies**.

- Be best at those solutions that enhance target customers' shopping experience. Consider self-service customization capabilities for customers to optimize the digital user experience.
- Redesign the supply chain to be agile, responsive and transparent; include technologies such as IoT (Internet of Things) and Blockchain. Apply advanced analytics to protect margins by reducing inventory redundancy and markdowns.
- Improve speed to market with an agile innovation approach to retain loyal customers and win new ones.

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To receive the full paper upon release in March 2017, please pre-register for the study here.

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How can the 2017 CEI Study help you?

The 2017 CEI Study will help you evaluate and answer the following questions:

- How does your organization perform overall and in each of the seven omni-channel shopping experience categories?
- How does your performance compare to that of your competitors?
- How can you improve your capabilities to satisfy customers' ever-evolving expectations?
- What does your CEI transformational roadmap look like?

IBM has the experience and know-how to assist you with formulating the right omni-channel strategy for your business; one that takes into account the needs of your customers while delivering affordable and effective change to drive sales and profits.

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U.S.A.

Produced in the United States of America
January 2017

GBE03798USEN-01