

THE CUSTOMER EXPERIENCE DEFICIT

Opportunities for Growth in the Retail Industry



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Foreword

At Head we have spent numerous hours with retail customers through interviews, observations and contextual research. Over the years this has allowed us to deliver customer insights to our clients that apply well beyond the scope of the product or service that we are designing with them. These nuggets are about how customers talk about their experiences; how they use technology in their everyday lives, what will catch their eye and what turns them off.

We know what consumers want from retailers, but we wanted to understand the real financial benefit of this to our clients. We embarked upon this study, in partnership with Oxford Economics, to see what would happen when we put our experience and the sales figures together, the results simply blew us away.

We have outlined our findings in this booklet because we wanted to give retailers a broad awareness of those behavioural insights; the little but important things that can fall between the gaps of specific touchpoints and channels. It has amazed (although not surprised) us just how much we have gained from doing this piece of work. There is so much that retailers can easily (and economically) do, with both their service proposition and their technology, in order to create a better end-to-end customer experience and in the process increase their revenue.

We hope we can convince you of the validity of taking an integrated approach to customer experience. We believe that you will find our insights interesting and relevant and whether you agree or disagree, we would love to hear from you.

Paul-Jervis Heath & Lola Oyelayo

Executive summary

The way we shop has changed. Customers want to move between channels – from store to website to app – as they browse, decide, buy, receive and resolve any issue with their purchase. This presents a challenge: how can retailers provide a compelling integrated customer experience that grows market share?

We created a qualitative assessment, the Integrated Customer Experience Scale (ICES) to review how well digital and offline touchpoints are weaved together to create an integrated customer experience. We assessed 100 UK retailers. Oxford Economics then analysed the retailers' sales performance. Our findings indicate that there is a correlation between a strong integrated customer experience and sales growth; between 2007-2010, the retailers studied lost almost half a billion pounds worth in potential sales by failing to deliver a truly integrated and tailored customer experience.

The key success factors are: enable customers to choose a purchase path which suits them best, create appropriate links between touchpoints, use mobile websites and mobile apps appropriately and treat customer support as an important part of customer experience.

Our study suggests that the expertise of creating persuasive customer experiences in-store is not being fully exploited at digital touchpoints. Online retail experiences have to become brand specific, highly relevant and personalised to each shopper. Retailers need to make better use of existing resources, skills, people and technology.

Service innovation is the primary way to stand out from the competition and maximise the return on investment in customer experience and technology. Innovation requires a slightly different approach, but it need not cost more or take longer. The way to identify innovation opportunities is to scrutinise customer behaviour, identify customers' real underlying needs and to design compelling and indispensable retail experiences to meet those needs.

Introduction

In this changing environment, is it surprising that the retailers who holistically integrate digital touchpoints into a coherent customer experience exhibit better sales growth? Customers are beginning to expect retailers to have integrated services across touchpoints. This is not a fad; if anything this behaviour will gain speed and transform the way we shop forever.

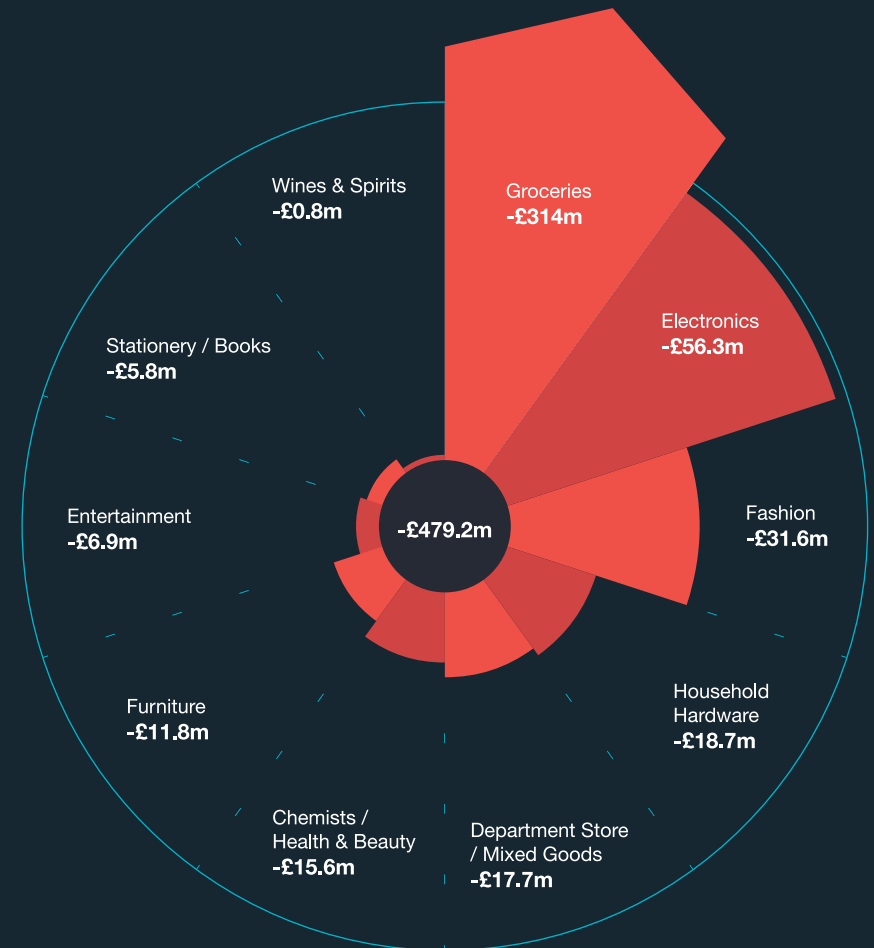
Just over a quarter of UK adults and almost half of teenagers own a smartphone [1]. Recent research from Google [2] shows that in a typical week, 81% of US smartphone owners will use their device to access the Internet. More importantly, 79% of US smartphone owners use their telephones to help with shopping; to do things like comparing prices, finding product information or locating a retailer. Perhaps most significantly, 70% use their smartphones whilst standing in a store. This change in behaviour has created a variety of new purchase paths that begin online and bring consumers into the store.

Social media is also changing how we choose what to buy. One in every five hours spent online in the UK is spent on a social networking site according to Ofcom[3]. It would seem like a simple decision to place ads on social networks like Facebook and Twitter. However, click-through rates for these ads are relatively poor and evidence from Harvard Business School [4] suggests that wall posts and tweets play a more influential role in driving sales. Social media has an important role to play, but to be effective it needs to be weaved into the total customer experience.

Retailers in our study lost out on almost £0.5bn of potential sales by not having an integrated customer experience

The Customer Experience Deficit

The deficit in sales growth, by sector, for retailers not providing an Integrated Customer Experience



Head London studied 100 UK retailers to evaluate their customer experience. We created our own qualitative assessment called the Integrated Customer Experience Scale (ICES), to review how well digital and offline touchpoints are combined together into an integrated experience for customers. We worked with Oxford Economics to analyse the sales performance of those retailers. Our findings indicate that there is a correlation between retailers that have a strong integrated customer experience and positive sales growth.

Our research demonstrates how companies can capitalise on the opportunities afforded by technology to provide more pervasive experiences for their customers. We show how traditional retail skills can be employed to create engaging experiences at digital touchpoints, how innovation and imagination provide better results than copying the competition and how to prioritise investment to maximise return.

Creating an integrated experience is a crucial measure that can improve sales growth, however it will not isolate companies completely from market forces.

Our methodology

Building on the work of Professor Noriaki Kano's model that examines features based on customer satisfaction (outlined further on page 23), we created a scale that evaluates the integration of touchpoints within a customer experience. We examined the retail domain and specified what makes a Basic, Performance and Excitement experience.

The Integrated Customer Experience Scale (ICES) scores were calculated by assessing how well each company integrates their in-store, website, mobile website, mobile app, Interactive TV (iTV), catalogue, telephone and social media at 5 key stages of 'The Shopper Journey': Browsing, Deciding, Buying, Receiving and Resolve.

Retailers were given points out of ten based on how well they met customer expectations at each stage of 'The Shopper Journey'. Companies that failed to provide even a basic level of service were penalised. The maximum possible score was 50 points and the minimum -13.

The Shopper Journey

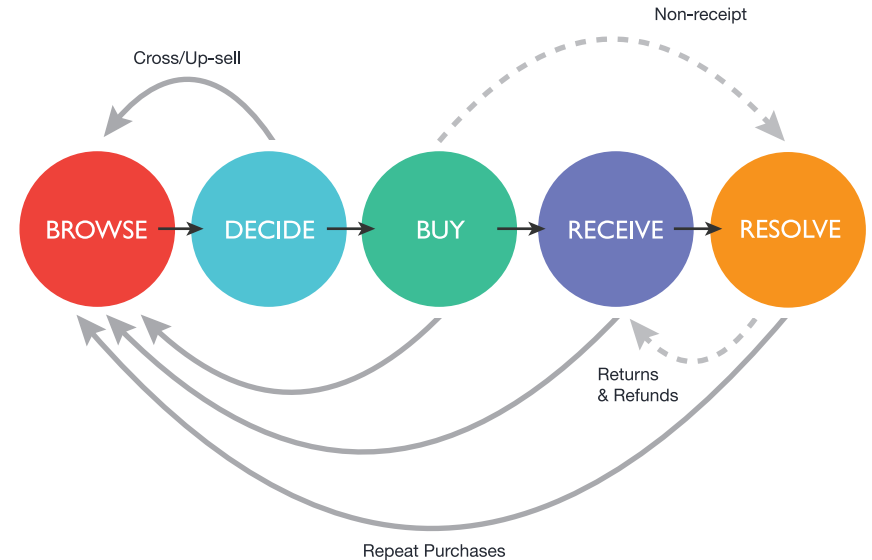


Figure 1. The Shopper Journey - Browse, Decide, Buy, Receive and Resolve

To assess the impact of the multichannel performance on sales growth, Oxford Economics calculated the annual UK revenue growth of the companies between 2007 and 2010, using data from Retail Week. The relative performance of each company, in terms of revenue growth, was benchmarked against the rest of their sector – e.g. Department Stores, Fashion, Groceries – using data on retail sales sourced from the Office of National Statistics.

Factors controlled in the analysis were the fact that online sales growth had grown at vastly superior rates to overall retail sales since 2007; that heavy discount firms have enjoyed relatively strong growth during the recession, commonly known as the 'Aldi Effect' and that in some categories, such as the Electronics sector, there are significantly different products being sold, some of which have experienced strong sales growth in recent years.

OUR FINDINGS

**Effective integrated
experiences generate
growth**

TOP ICES SCORES AND RESULTANT SALES			
Sector	Company	ICES Score	Resultant Sales Growth (£mns)
Groceries	Tesco	41	254.8
Department Store / Mixed Goods	John Lewis (John Lewis Partnership plc)	39	22.8
Groceries	J Sainsburys plc	39	99.5
Groceries	ASDA Group	39	98.0
Groceries	Waitrose	39	20.3
Furniture	Heal's	38	0.3
Stationery	Blackwell's	38	0.8
Chemist, Health & Beauty	Boots (Alliance Boots GmbH)	37	57.6
Electronics	Comet (Kesa Electricals plc)	37	9.5
Entertainment	Love Film	37	0.3
Fashion	Next plc	37	24.7
Fashion	Blacks	37	2.4
Fashion	Monsoon	37	3.5
Household Hardware	Screwfix (Kingfisher plc)	37	2.2
Department Store / Mixed Goods	House of Fraser	36	0.7
Household Hardware	Wickes Building Supplies	36	3.7
Stationery	Waterstones (HMV Group)	36	4.3
Wines & Spirits	Laithwaites	36	1.4

Figure 2. Top ICES Scores and the resultant impact on sales growth for the period 2007-2010

Looking at the sales growth of the 100 retailers over the period 2007 – 2010 what was most interesting was how much of their revenue could be attributed to their integrated customer experience (Figure 2). Although not the only factor in sales growth there is a clear correlation between scoring highly on ICES and achieving significant sales.

The top 10 retailers by sales growth (%) are exceptional given the difficult trading conditions experienced in 2008. The top 4 have been able to do this with strong integration across retail touchpoints, they still have a some way to go to realize their full potential (none of them are in the top 5 ICES scores), however this presents solid evidence that the trend going forward will be to focus on delivering integrated experiences. This is not a coincidence, over the following pages we will outline the factors we have identified as having the most significant impact on successful integrated customer experiences.

TOP 10 SALES GROWTH		
Sector	Company	Sales growth (%) 2007-10
Fashion	All Saints	68.5
Fashion	Net-A-Porter	60.1
Furniture	Dwell	57.9
Fashion	Asos	56.0
Entertainment	Amazon.co.uk	33.4
Entertainment	Love Film	32.5
Fashion	Urban Outfitters	26.2
Electronics	Richer Sounds	24.5
Groceries	Ocado	22.7
Entertainment	The Game Group plc	22.3

Figure 3. Top 10 Sales Growth

Enable customers to purchase as they want

Creating a seamless experience between channels allows customers to make decisions about how they engage with a retailer based on what is most appropriate and convenient for them. The key to success however is carefully planning the journey between these channels to prevent it becoming confusing.

Looking at the customer experience holistically is key to choreographing an integrated experience. The customer experience can be broken down into discrete units called 'Moments'. The key attribute of a Moment is that it is completed on a single touchpoint, for example, 'checkout' or 'browse category'. Once a Moment is completed it is highly possible that the user will move to another channel. This movement between touchpoints should be planned carefully and the users' context and situation picked up when they arrive at their destination touchpoint. For example, during the checkout process the customer will purchase goods on a single touchpoint: either mobile website, desktop website, app or in-store. On completion they have successfully made a purchase and their next interaction with the retailer could be on a different touchpoint. When they next interact with the retailer they should be able to see this purchase, no matter which touchpoint they visit.

Tesco choreograph post-checkout perfectly, which is one reason why it is the top scorer on the ICES. They provide their customers with a consistent view of their past purchases on all channels. For example, the customer can see their in-store purchases when they sign-in online. This is massively convenient and reassuring when grocery shopping.

Create links to guide customers between touchpoints

The ICES was designed to measure integration - the degree to which touchpoints were linked together to create a seamless customer experience.

In creating an integrated customer experience, the links between touchpoints are as important as the activities at touchpoints themselves. Links between touchpoints can be explicit or implicit, but they have to exist to give the customer the impression that they are experiencing a single journey as they move between digital and offline.

Explicit links lead the customer between channels

An explicit link between touchpoints takes the form of a call-to-action, hyperlink or other mechanism that moves a customer from one channel to the next. A simple example is that all of the retailers in our study send a confirmation email once a purchase has been completed. Firstly, this email assures customers that their order has been recorded correctly. Secondly, it provides a signpost to their account to be able to manage the order and an explicit link to the website and mobile website where available.

Explicit links are easy to conceptualise, plan and implement. They require no investment beyond the time to plan them. By identifying the moments in the customer experience and planning the touchpoint they will occur on, the retailer can architect the right network of links between touchpoints to create a seamless integrated experience.

Implicit links create a narrative connection between touchpoints

Implicit links create a narrative connection, rather than a physical connection, between two touchpoints. The Boots advantage card is a good example. In seeking the rewards the card offers, consumers will look for ways to shop with the retailer. The retailers in turn provide a number of ways in which the consumer can choose to interact with them. For Boots customers, they can

go in-store and use a kiosk or simply access the Boots website to review and spend their advantage points. The customer's information is the same on every touchpoint, giving the experience consistency and integration, without a physical action needing to guide them through the journey. The top 10 ICES scorers were littered with good examples of implicit links between touchpoints.

Implicit links need to be planned in a more comprehensive way than explicit links. Deciding where they should occur in the experience is the first step, which you do by observing and understanding users' needs. Once this is achieved the aspects that need to remain consistent to create the narrative can be specified.

Use explicit and implicit links

The highest scorers on ICES present the customer with a single and consistent version of their activity. This allows retailers to sell to their customers in a more intelligent manner. They appear to be helpful to their customers rather than overtly selling to them. In turn their customers gain confidence and trust, responding instinctively to explicit and implicit links across the various touchpoints.

Use mobile websites and mobile apps appropriately

Mobile websites and mobile apps are not the same thing and should not be used interchangeably. The biggest difference between them is the commitment required by the customer. A mobile app has to be found on that platform's app store, downloaded, installed and it stays on that device. A mobile website is accessed via the device's browser.

Branded utility makes apps desirable

Given the necessary effort required by the consumer to download an app, it is easy to see this is not suitable for a casual encounter with a retailer. Apps are for loyal, repeat customers and are a great retention tool. The phrase 'branded utility' describes when companies deliver meaning and usefulness through

their marketing. In our study, Hardware retailer B&Q and Grocery retailer Waitrose show good examples of branded utility in their mobile apps, giving the customer a good reason to download and use them.

The B&Q iPhone app helps people to do common DIY tasks, from putting up shelves to simple plumbing and electrics. For each job it gives the user a step-by-step guide and a list of the required tools and materials. The customer can take that list into a B&Q store for a convenient shopping experience or share the list with a friend. The B&Q app provides something useful; it places the brand on the smartphone of someone likely to be doing DIY putting it front of mind when that person enters their consideration and purchase phase. The Waitrose iPhone app provides over 200 free recipes that can be searched by ingredient and occasion. It allows the user to save recipes and build a shopping list from the ingredients, which they can then buy in-store. It also provides cooks' tools like conversion calculators, timing guides, information about seasonal produce and guides to matching food and wine.

Both apps provide store locators and store opening times but the key benefit that they deliver is useful content and functionality. The usefulness of these apps encourages people to download, install and use repeatedly on their device.

Focus mobile websites on casual, contextual interactions

Mobile websites should be used in a different way. Unlike apps they are perfect for casual interactions. When a mobile user searches on their Smartphone the most convenient touchpoint a retailer can send them to is their mobile website.

Content and functionality on mobile websites shouldn't necessarily replicate the desktop website, which should be prioritised according to shoppers' needs. In our study John Lewis stood out as having one of the best mobile websites. They simplify their desktop website perfectly for a mobile device, retaining their well-considered navigation but making it suitable for the smaller screen size and touch interface. The site carries a full range of products and is equally useful in-store or at home. It provides a perfect experience from a mobile search, allowing you to buy for home delivery or collection in a store.

Retailers who create branded utility in the native apps and correctly prioritise content and functionality for their mobile website scored high on the ICES. As mobile search continues to grow and smartphone penetration increases we expect this to become more important in retail performance.

Customer support is an important part of customer experience

The last two stages of The Shopper Journey, Receive and Resolve, could be considered traditional post-sales activity. The area that showed the poorest score across even the best retailers in our study was the Resolve stage - effectively customer support.

The desktop website is typically the first stop for Help & Support information but many retailers fail to provide any more than the most basic content. Next had one of the better customer experiences in this area. Their website includes a comprehensive knowledge base of questions with links to everything including store opening times, returns policies and size guides. Next clearly provide a contact form and telephone numbers for their different services.

However, many retailers were not so obvious. Not allowing customers to reach you by the channel they deem most appropriate can cause frustration and have a negative impact on the customer experience. As soon as customers have trouble finding a telephone number their trust decreases and purchase anxiety grows. Eventually this can result in lost sales. Direct contact with customers by phone is a fantastic opportunity to have person-to-person contact and demonstrates your brand values first hand. Done well, the cost association should be more than covered in customer retention.

Social media as a customer support tool

The most advanced retailers are also using social media to address customer service issues. ASOS is one of the more sophisticated. They offer 24/7 customer support on email, Facebook and Twitter to resolve issues from

missing orders to questions about sizing. Interestingly, we could not find a telephone number in their entire site. Given that they are an online-only retailer and observing how quickly they respond to questions on the other touchpoints - they promise to respond to email contact within 4 hours - their customer support activity can be considered best practice for their audience.

Any retailer thinking of using social media should remember that this can be a resource-heavy channel. Without a dedicated team to operate social media support effectively, it offers little benefit to the consumer. The key point about using social media for customer support is that it should only be a facilitator for human-to-human communication. That requires retailers to have skilled customer service people operating through social channels.

Effective customer support through digital channels

There are numerous good practise examples of using technology for customer service beyond retail. Many high-street banks, utility companies and airlines empower their customers to solve problems themselves or to reach service representatives:

- Chiltern Railways uses Twitter to announce service updates to passengers including delays, cancellations and short formations of trains. The company responds quickly to complaints and questions
- EasyJet uses Twitter to listen out for and respond to passengers' diverse questions and complaints, from telling them which terminal they'll be flying from to passing on feedback about emails containing large images
- HSBC provide live webchat from within a customer's secure account area
- British Gas and Dell provide clearly labelled 'top 5 questions'

- Scottish Power gives customers options about how to engage with support. It includes the 'Ask Katie' avatar, which searches a knowledge base, a standard search, Quick Guides and displays their telephone numbers prominently
- British Gas and Scottish Power provide video help content
- BT has a behaviourally driven customer support section that arranges content by category

Clearly, customer support is an important aspect of an integrated customer experience. Inevitably, customers will start to expect better customer service across all digital touchpoints as they use more of the functionality provided on mobile websites, native apps, social media and desktop websites.

Apply traditional retail techniques to digital touchpoints

There is still a significant opportunity for retailers to create more compelling and persuasive integrated shopping experiences just by combining traditional retail techniques with technology. Three of the top five retailers (in terms of sales growth in the period 2007-10) exhibit this ability. ASOS, Net-A-Porter and All Saints, all from the Fashion sector, have grown between 50-70% by creating truly remarkable experiences for their customers. These retailers understand that they don't just sell a product, they deliver a service proposition.

We have already discussed that ASOS has an 'always-on' service attitude. Equally, Net-A-Porter provides more than a store. The purchase experience is supported by their delivery methods: luxurious packaging and ability to try-and-return on delivery. Together these techniques have not just made it feasible, but also desirable, to spend upwards of £5,000 online for a couture item.

Merchandising a digital store

The in-store experience can be rich and seductive: carefully merchandised products set in an environment designed to aid and augment the shopping experience. Retailers have been designing stores for many years and have a deeply evolved understanding of how customers shop and why they buy. Merchandisers and interior designers create hard-to-resist environments that showcase products beautifully in stores like Apple, Heal's, All Saints and Liberty. More functional environments, like those in Tesco and Sainsbury's, are no less effectively merchandised.

Compare this to the usual online experience: products displayed in long, flat product lists and organised by category. The typical online experience is better described as finding rather than shopping - customers move from list to list until they find something that they might be interested in. While the customer browses there is almost no inspiration, beyond what they bring with them. To create successful integrated experiences, information has to flow between digital teams and merchandisers, something even the best retailers in our study could do with focusing on.

Despite an average score on the ICES, H&M demonstrates some of the best online merchandising. Its website provides a browsing experience that quickly gets the shopper to a category and provides filters such as colour, size and concepts. It makes it easy for people to find a specific item.

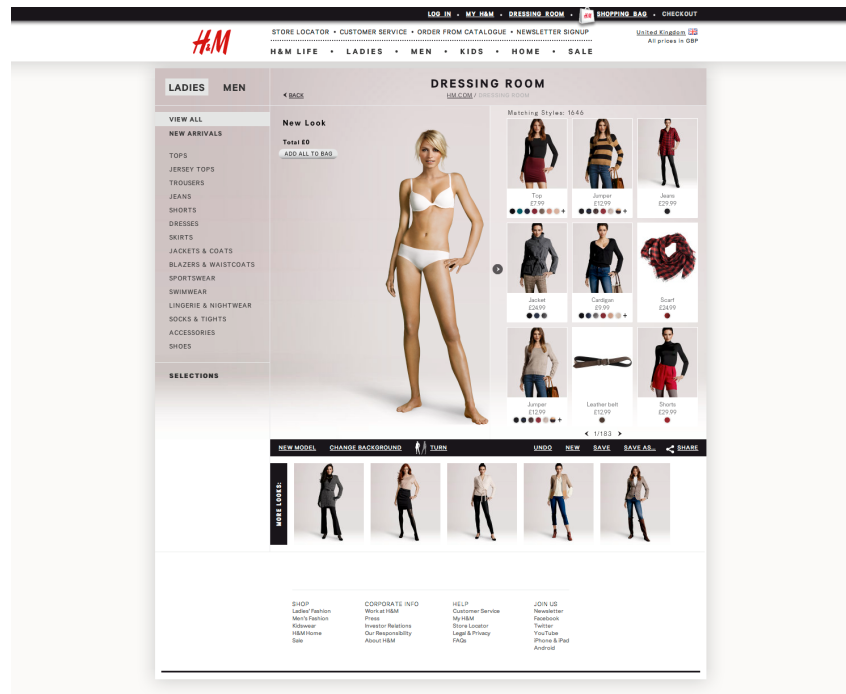


Figure 4. The H&M dressing room enables shoppers to put items together to create their own outfits

Not everyone is looking for something specific when they shop though. H&M also successfully provide inspiration through trend-based content. They even allow the user to put items together to build outfits through their dressing room feature. The site guides less confident shoppers towards complementary items, by showing products together in outfits and making it easy to buy the whole lot with an ‘add all to bag’ button and QuickShop.

Personalising the shopping experience

Personalisation technology provides retailers with the opportunity to build an offer tailored to the individual customer in a way that cannot be achieved in the physical store. This comes from learning about their shopping habits, the

trends they have previously liked, the items they have bought and understanding other behaviours. Retailers can then use that information to make relevant recommendations and begin to make the online experience indispensable.

In our study, Ocado offered one of the best personalised experiences. By analysing a customer’s previous purchases it creates an instant shop of the products a shopper most frequently buys, offers recommendations and allow shoppers to find deals for their favourite products. Before checkout they alert the shopper to products that they might have forgotten based on previous behaviour. All of the personalised functionality works together to provide a helpful shopping experience.

Sector stand-out requires service innovation

The study shows tight groupings of retailers within categories achieving very similar scores, which suggests a lack of innovation: retailers in these groups all provide a very similar customer experience. The Groceries category hints at what could happen in other sectors if retailers do not innovate effectively. In Groceries, Tesco (41), Waitrose (39), ASDA (39) and Sainsbury’s (39) all have very strong scores but their similar integrated customer experiences cancel each other out.

TOP GROCERIES ICES SCORES		
Company	ICES Score	Resultant Sales Growth (£mns)
Tesco	41	254.8
Waitrose	39	20.3
ASDA Group	39	98.0
J Sainsbury’s plc	39	99.5

Figure 5. Top ICES scorers - all from the Grocery category

Service innovation is the primary way that these retailers could stand out from their competitors and maximise the return on investments in customer experience and technology. The route to creating these services is not for retailers to copy their competitors; by borrowing ideas from their competitors they can only ever catch-up. Genuine service innovation enables companies to leapfrog their competitors and requires no more investment than playing catch-up.

Earlier, we mentioned the Kano model - the theory of product development and customer satisfaction developed in the 80s by Professor Noriaki Kano. It categorises product or service attributes to offer some insight into those that are perceived to be important to customers. The Kano model focuses on defining product features as Basic attributes, Performance attributes and Excitement attributes. The Excitement attributes are the most powerful and have the potential to differentiate between products or services.

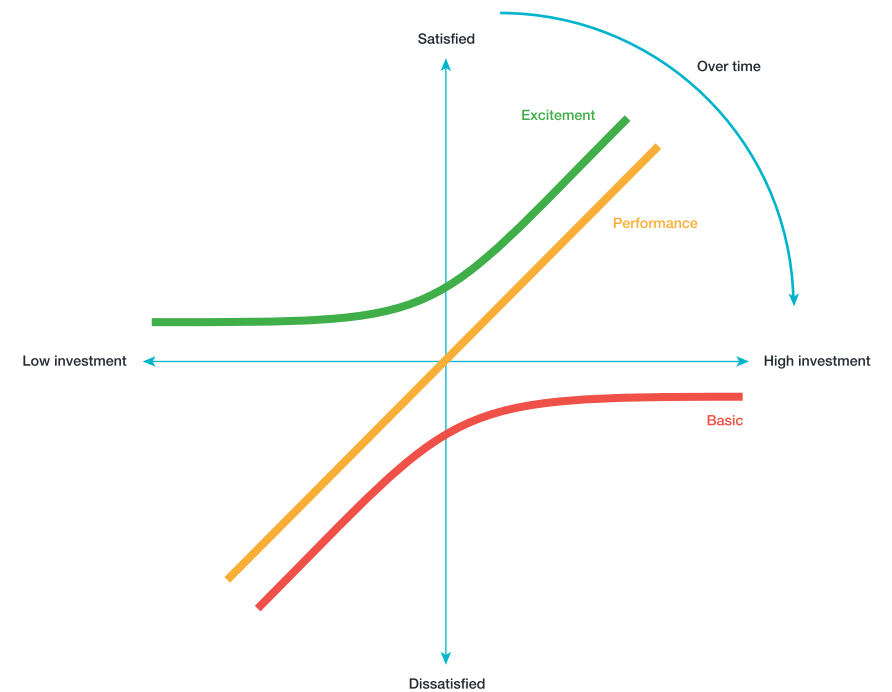


Figure 6. The Kano Model

In a similar way, the ICES focuses on categorising product features. Those features that exceed customers' expectations today (Excitement attributes) are the features that will be considered merely Performance attributes in 12-18 months time and Basic attributes in 18 months to 2 years. Such is the rate of innovation and adoption. The branded utility of Ocado and B&Q's apps, are concrete examples of a small innovations that create excitement.

Retailers have a choice. They can spend money to catch-up with their competitors; in doing so they turn their competitors Excitement attributes

into Performance attributes and gain no competitive advantage themselves. Alternatively, they can look for opportunities to innovate.

Service innovation requires deep insights into customer behaviour; this is knowledge already within retail organisations in their buying and merchandising departments. Whilst innovation requires a slightly different approach, it does not necessarily need to cost more or take longer.

Innovation is undisputedly the driver in delivering these attributes to customers. Over time Excitement attributes become Performance attributes as customers become familiar with them and competitors adopt them. Performance attributes become Basic as customers come to think of them as hygiene factors.

What makes an exceptional experience today?

There are common features amongst the highest ICES scorers that make for exceptional retail experiences:

- Cross-channel personalisation - the current channel the customer is in gives them recommendations based on what they have previously browsed or bought via any channel
- The experience accumulates across channels. Selections persist across channels (basket and wish list), alternatives are offered, as are ranges or matching items
- The experience provides the ability to reserve in one channel and purchase via another
- Clear information about fulfilment is provided and other channels used to support this. For example by sending SMS alerts to a customer's mobile from an order placed on the website
- The experience offers unexpected but pleasant surprises on receipt of an order. For example, wrapping, scents, gifts
- The customer is not prevented or discouraged from contacting the retailer. Contact details are provided obviously and clearly
- The customer can reach out to the retailer using social media and receives a direct, prompt and appropriate response
- The customer is able to self-serve for common queries. For example, finding manuals, answering their own sizing queries, getting additional product support

The essence of an exceptional experience

Delivering effective, integrated customer experiences leads to growth in sales. Our economic research shows that between 2007-2010 the retailers in our study lost out on almost half a billion pounds of potential revenue by failing to deliver a truly integrated customer experience.

Creating this type of experience does not require large investment or necessarily any new technology. Rather, it requires retailers to apply what they already know about retail, buying and merchandising to their digital environment in order to create engaging moments.

However, outstanding experiences at individual touchpoints only take the retailer so far. Eventually a new holistic mind-set is needed to plan a customer experience and choreograph it across touchpoints. Retailers can reliably create these experiences by designing compelling moments at each touchpoint and then, using explicit and implicit links, string them together into a complete customer experience.

Although many of the retailers in our study are clearly still experimenting with their mobile experiences, some have quickly understood how to use apps and mobile websites appropriately. As technology becomes more ubiquitous, retail customers will expect to shop on the move and engage with retailers on mobile channels. Apps will continue to provide the opportunity to deliver innovative branded utility allowing retailers to get closer to their customers.

Predictably the research reinforces the importance of good customer service but surprisingly this is the area where all of the retailers were weakest. Social media is starting to be used to provide highly effective customer support but it has to be resourced appropriately. There are many success stories from other sectors that could be applied to retail experiences.

Like most sectors, retail is susceptible to break through innovation that radically changes the landscape. Looking at examples such as Made (Furniture) and Threadless (Fashion), they have based their propositions on social models and crowd sourcing, allowing people to contribute ideas and

vote for designs. This gives their consumers the sense that the item they have is unique; a bespoke approach at mass production prices. This kind of proposition can be considered a 'disruptive innovation'. Rather than being considered niche, this is the kind of service model that we expect will gain momentum, ultimately challenging the larger retailers, and testing their ability to adapt to what consumers want.

Innovation has to be meaningful to both retailers, in terms of financial performance, and customers in terms of convenience, utility or engagement. Understanding what customers want is as simple as observing and exploring their behaviour to identify unmet, underlying needs. Knowing how to use that understanding to design new, compelling and indispensable retail experiences is going to be the defining factor for retailers in our increasingly digital, integrated world.

ICES METHODOLOGY

Developing the Integrated Customer Experience Scale

The Shopper Journey is a well-known term used to describe the various stages of activity that a consumer goes through whilst shopping. There are various interpretations and descriptions of these stages, however we have aligned closely with the research of Microsoft and Carat [13] into new behaviours affecting the shopper journey, to come up with our own 5-stage journey.

Using this journey as an anchor, and focusing on the eight channels we identified – in-store, website, native mobile app, mobile website, social media, Interactive TV (iTV), telephone and catalogue - as typical to retail, we developed a complex set of qualitative measures to examine the various types of experiences a consumer could have, or would like to have, with a retailer at each of those stages.

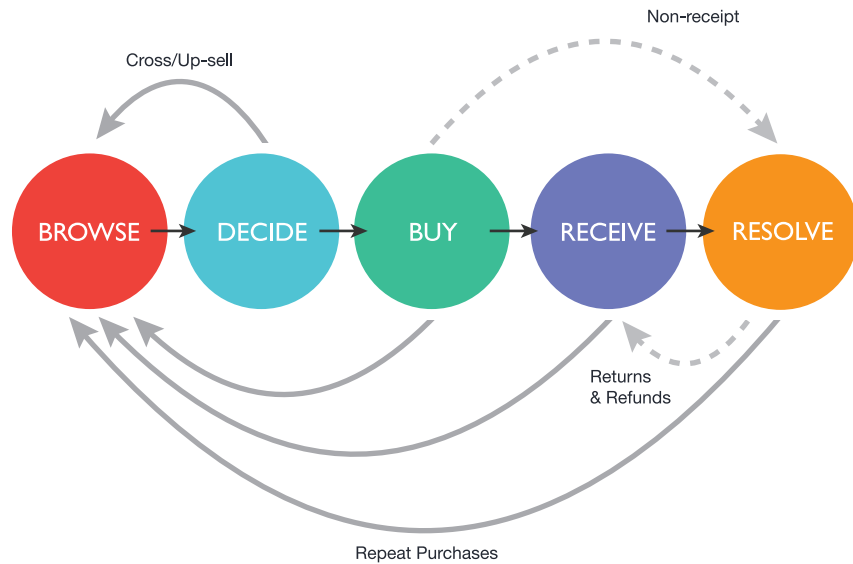


Figure 7. The Shopper Journey - Browse, Decide, Buy, Receive and Resolve

Retail channels and touchpoints

Emergent

These channels offer the opportunity for ‘pervasive’ use. They provide access to customers within their comfortable places and current technology allows for novel features.

Modern Convenience

These channels define the modern shopping experience and with the emergence of online-only retailers and the ability to offer customers cost-savings, these are core channels for any retailer.

Traditional

Tried and tested over the years, the in-store experience is the most well understood by retailers.



These experiences were then scaled to highlight which were Basic, Performance and Exceptional experiences. We then applied a points score of 1 point for every Basic experience, 2 points for every Performance experience, and 3 points for every Exceptional experience.

Over the following pages, you will see our scorecard for each of the five stages of The Shopper Journey. Each experience is presented as a question to which there can be an answer of 'Yes' or 'No'.

In some cases, there are also situations that result in a deduction of points. These are applied where we feel that not providing that experience would cause a negative reaction on the part of the consumer.

The maximum number of points available is 50, the minimum number is -13.

Scoring

0-20	Basic	These retailers are providing a basic multichannel experience. This may be an intentional strategy or it may expose a weakness, most likely to be within their integration of their digital offering.
21-40	Performance	These retailers are currently meeting most of customers' expectations around their multichannel offering. Retailers in this band may need to differentiate from their competitors and identify a way of providing added value.
41+	Exceptional	These retailers are either providing an optimum multichannel offering, or are consistently creating instances of delight through exceptional offerings at key stages of the journey.

B Browse

BASIC	1pt each
For all available channels, be aware of the full product range*	Y / N
PERFORMANCE	2pts each
I am able to look through and explore my previous purchases with the retailer i.e. website, mobile web/app	Y / N
For all applicable channels, be able to find information on fulfillment and delivery options*	Y / N
Each channel promotes other channels effectively as purchase decision tools	Y / N
EXCEPTIONAL	3pts each
The current channel I'm in, gives me recommendations based on what I have previously browsed or bought via any channel (Personalisation)	Y / N
TOTAL	Out of 10

* If the statement is not true, deduct the applicable points

D Decide

BASIC	1pt each
Rediscover or re-find a product across any channel*	Y / N
PERFORMANCE	2pts each
Lets me easily talk to a human if I really want to help me decide/ learn about a product or resolve a product query*	Y / N
I am able to view sales, promotions and options for cost savings within all available channels	Y / N
I am able to access social decision support mechanisms such as reviews via my chosen channels e.g. website, mobile web/app	Y / N
EXCEPTIONAL	3pts each
Allow accumulation across channels i.e. persist selections (basket), offer alternatives, ranges or matching items	Y / N
TOTAL	Out of 10

* If the statement is not true, deduct the applicable points

B Buy

BASIC	1pt each
Wherever, whenever I chose to buy, I can*	Y / N
PERFORMANCE	2pts each
Provide clear information about fulfilment, utilise other channels to support this e.g. SMS to my mobile, emails etc	Y / N
Allow redemption of vouchers/gift cards received via one channel within another	Y / N
If I wish to, provide the ability to reserve in one channel and purchase via another	Y / N
EXCEPTIONAL	3pts each
Ability to complete the purchase using novel methods e.g. contact-less cards or iTV	Y / N
TOTAL	Out of 10

* If the statement is not true, deduct the applicable points

R Receive

BASIC	1pt each
Purchases arrive/are collected via the channel I selected*	Y / N
PERFORMANCE	2pts each
If I am awaiting a delivery/collection, I can track the progress of my purchases via available channels. i.e. website, mobile web/app*	Y / N
I am encouraged to extend my purchases with voucher codes and money-off coupons received digitally (email) and in hardcopy (e.g. receipts, packaging)	Y / N
I am encouraged to interact with and feedback to the retailer via available channels. e.g. recommendations & reviews	Y / N
EXCEPTIONAL	3pts each
There are unexpected but pleasant surprises to my product receipt e.g. wrapping, scents, gifts etc	Y / N
TOTAL	Out of 10

* If the statement is not true, deduct the applicable points

R Resolve

BASIC	1pt each
I am able to find customer support information via all available channels*	Y / N
PERFORMANCE	2pts each
I am not prevented or discouraged from contacting the retailer i.e. no telephone support*	Y / N
I can reach out to the retailer using social media and am able to receive a direct response	Y / N
I am able to self-serve for common queries e.g. manuals, sizing queries, additional product or warranty support. i.e. website, mobile web/app	Y / N
EXCEPTIONAL	3pts each
The retailer is able to support me in achieving my goals, by communicating directly with third parties e.g event venues, shipping companies, builders etc	Y / N
TOTAL	Out of 10

* If the statement is not true, deduct the applicable points

SECTOR FOCUS

Analysis of the categories

Grocery

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Tesco	41	Ocado	22.7%
Waitrose	39	Co-operative	21.6%
ASDA	39	Iceland	13.1%
Sainsbury's	39		

INTEGRATED CUSTOMER EXPERIENCE DEFICIT:	-£314m
BIGGEST LOSER: MORRISONS	-£314m

There are four companies from the Groceries sector in the Top 10 ICES scores. Tesco leads the way by delivering an exceptional score on ICES with ASDA, Waitrose and Sainsbury's all scoring closely behind.

Our study shows that Tesco has reaped the benefits of a compelling customer experience and obtained additional sales of £255 million in the period 2007-2010. This is in stark contrast to Morrisons, which lost out on a potential £314 million in the same period due to a much poorer integrated customer experience and an ICES score of just 8.

Morrisons doesn't yet have an online shopping facility, a key touchpoint for generating sales. This prevents it from delivering comprehensive experiences, with many of their digital offerings currently providing a lot of interesting information, but very limited interaction.

Morrisons is in an interesting position within this sector. It has a long way to go to catch-up with its competitors in delivering some key functionality such as online shopping. On the flip-side, it is already giving us a strong indicator of what it could be planning for its integrated customer experience with features on its website such as Ask the Butcher, Recipe Finder and MyMorrisons. It also has an iPhone app that seems primed for branded utility.

Given recent notable hires within the organisation, we would expect that Morrisons have an opportunity to not just catch-up with the service offerings of its competitors in this sector, but to innovate beyond what is currently available and jump well ahead of other grocers.

Groceries offer great examples of branded utility

Grocery retailers are leading the way in providing branded utility: giving their customers useful tools and content as part of their key brand and service offering, particularly in their native mobile apps.

There are excellent discrete examples of branded utility within this sector:

- Ocado's iPhone app, which allows you to scan product barcodes to add them to your shopping list
- Waitrose focus their iPhone app on helping you to find recipes and then adding all the required ingredients to your basket
- Tesco is currently trialling the use of indoor satellite navigation delivered via mobile GPS to help direct shoppers to the right aisles in its stores [8]
- More sensationally, Tesco also recently conducted an augmented reality shopping experiment, headed up by its Korean arm, allowing people to use QR codes and their mobiles to shop from adverts while they wait for a train [9]

Whilst it may be a while until we see some of the more spectacular aspects of branded utility making their way onto our portable devices, our prediction is the most innovative digital shopping solutions over the next two years are likely to come out of this sector.

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It is notable to see what the biggest supermarkets are doing with their integrated customer experiences, but this isn't reflected across every retailer in this category. This sector could essentially be split in two; the supermarket chains and the bargain stores. There is a clear distinction between the multichannel efforts of the two groups, with bargain stores such as Aldi, Netto

and Lidl using their websites as broadcast channels rather than interaction points. Many of their websites and social media efforts focus on promoting deals and offers to get people in store, but customers can't actually purchase online or interact with the company in any significant way.

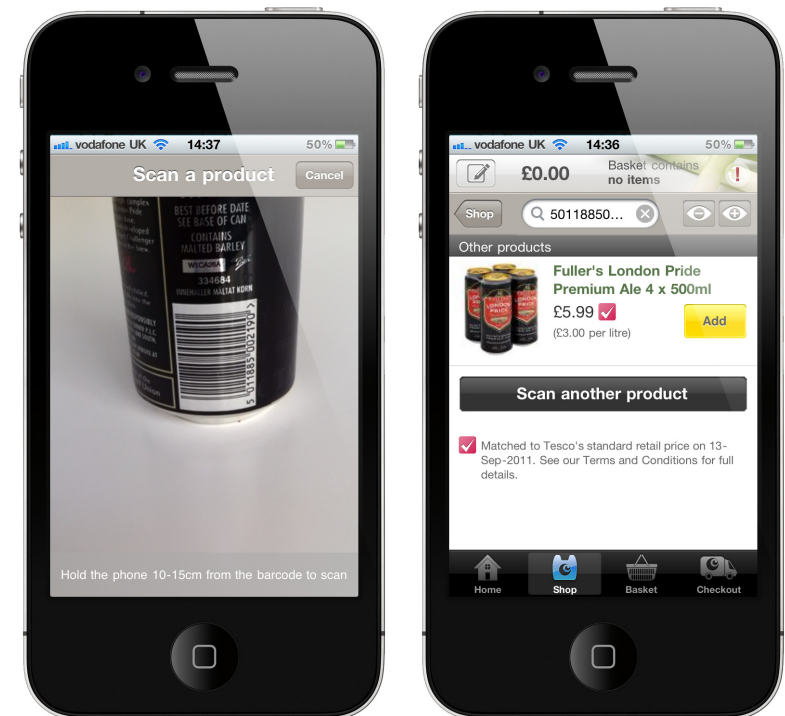


Figure 9. Ocado's iPhone app which allows you to barcode scan products to add them to your shopping list

Fashion

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Monsoon	37	All Saints	68.5%
Next	37	Net-A-Porter	60.1%
Blacks	37	ASOS	56.0%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT:	-£31.5m
BIGGEST LOSER: SPORTS DIRECT	-£9.5m

Our study covered no less than 27 Fashion retailers. Why? Because traditionally this industry dominates retail trends. During the 2008-09 recession in the UK, consumers tightened their belts but did not stop spending on clothes altogether, with the market actually growing by 1.4% in 2009 [10].

Blacks and Monsoon were able to capitalise on their integrated customer experience to the tune of £2.4m and £3.5m respectively, with Next generating upwards of £24m from its offering.

Sports Direct comes out as the biggest loser in this sector with an ICES score of just 20. Like many retailers, they are providing a single digital touchpoint via their website. However the website does not fully support all stages of the shopper journey with many of their biggest failings revolving around the post-sale stages of Receive and Resolve.

The ICES scores are very similar across fashion retailers and there is a lot of homogeneity between the experiences different retailers provide for

customers. We suspect this could be due to retailers taking a “me too” approach to their customer experience, similar to the Groceries sector.

Fashion retailers are also falling into the trap of perceiving their online offering as independent to their stores. Simple merchandising opportunities such as showing clothes as outfits on their online channels is still only done by some retailers. Of the top 3 performers on the ICES score, only Next demonstrates good merchandising principles online, showing not just discrete items, but whole outfits and looks, as well as alternatives. This should be a basic proposition for the sector, but most are not doing it.

The Fashion sector is under-delivering on innovation

We do not believe that Fashion retailers are as focused on their integrated customer experience as Grocery retailers.

Larger fashion retailers, such as Aurora Fashions (Coast, Karen Millen, Oasis, Warehouse) and Arcadia Group (Topshop, Miss Selfridge, Dorothy Perkins, Evans and Burton) have a slightly bigger challenge in that they have to operate across so many brands. Arcadia group’s brands have similar ICES scores, but they seem to have missed out on the opportunity to use mobile as a way of engaging their customers. Aurora has a much larger distribution of customer types and ICES scores. It is possible Aurora have a more acute sense of what they have to deliver for each brand, however we didn’t see much evidence of them using their extensive pool of knowledge to deliver stand-out innovation.

There is a risk that other retailers will provide better integrated customer experiences to sell fashion products. Or that disruptive models, such as Threadless and Cocosa, will up-turn the market. Department Stores and the ever-diversifying Groceries sector are currently better positioned to offer service innovation than fashion retailers.

Chemists, Health & Beauty

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Boots	37	Space NK Apothecary	5.3%
The Body Shop	32	Lloyds Pharmacy	5%
Space NK Apothecary	28	Lush	4.2%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT:	-£15.6m
BIGGEST LOSER: LLOYDS PHARMACY	-£13.2m

The Chemists, Health & Beauty sector is interesting because Boots seems to have such a dominant customer experience in the sector. It was able to capitalise on its integrated offering to increase sales by £57.6m. Having recently teamed up with Web MD it is also leading on branded utility within its category. Given the breadth of Web MD's content and the ubiquity of Boots stores, it seems to have an enviable position. It is interesting to note that Boots doesn't seem to have extended its' offering into the mobile app market. This is undoubtedly an opportunity for the chemist, but despite not having a native app Boots provides a very effective mobile website and good mobile experience for its customers.

Lloyds Pharmacy has an interesting position as it came in the top 3 for sales growth over the three-year period of 2007-2010, but our findings indicate they lost out on an additional £13.2m because of their poor ICES score of just 19. If it is to make further inroads into the market share of their larger competitors, it will have to focus on its integrated customer experience. Lloyds is well placed to provide a better social media experience and a focused mobile website (possibly with elements of Branded Utility). Lloyds may also want to consider

how its current exclusive product relationships in-store can be delivered across all its channels and touchpoints.

Ones to watch

Space NK Apothecary is in both the top 3 ICES scores and top 3 Sales Growth within this sector. Its ICES score however, is 9 points below Boots at 28, demonstrating that it still has a long way to go to match the best in the sector. Its modest sales growth is a good indicator of its ICES score and it has neither gained nor lost sales because of its integrated customer experience. The trick for Space is to build on what it has to create more sales growth potential. For example, we would love to see how make-up could be merchandised online, Space NK's brand is best positioned to deliver innovation in this area and we will watch to see if it can make the most of the opportunity.

Superdrug suffered negative sales growth in the period 2007-2010 with total sales shrinking by 1.3%. It also missed out on £1.5m of potential sales that a better integrated customer experience could have delivered. This is a trend Superdrug is actively looking to reverse with the launch of its loyalty card and a renewed ethos to improve sales in its digital channels [11].

Lush is also interesting as it is increasingly broadening the spectrum of its multichannel approach. This now includes a dedicated iPhone app, although it is currently only used as a broadcast channel. The potential we can see in Lush's multichannel offering suggests that it is possible to be both cost-effective (for consumers) and innovative, thereby proving that the two are not mutually exclusive and that being smaller and newer can allow more for flexibility and exploration.

Whilst Boots clearly leads the sector in both sales and ICES, there are clear indicators that the retailers in this sector are actively mobilising to close the gap and are focusing on customer experience as their primary driver. We will be watching for disruptive innovation in this sector and will be keen to see if Boots is still dominating in 12-18 months.

Department Stores and Mixed Goods

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
John Lewis	39	Liberty	7.2%
House of Fraser	36	Costco	6.2%
Argos	35	Debenhams	6.1%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT: -£17.7m

BIGGEST LOSER: MARKS & SPENCER -£8m

This is a high-performing group on the ICES scale with several retailers scoring above 30 in their multichannel score. John Lewis, Argos and House of Fraser were able to add £22.8m, £11.1m and £0.7m respectively to their sales because of their integrated customer experiences.

The top 3 sales had moderate growth over the period 2007-2010, however Liberty lost out on £0.1m, Costco on £16.6m and Debenhams on £7.1m because of their poorer integrated customer experience.

John Lewis is joint-second in the overall ICES scale across all sectors (tied with ASDA, Waitrose and Sainsbury's). It is notable that Ocado, the grocery arm of John Lewis is also at the top end of our scores. The integrated customer experience offering of John Lewis complements its brand and its digital touchpoints are complementary to its offline offering.

John Lewis is one of only six retailers from the 100 studied to have a perfect score in the Resolve stage of the shopper journey (alongside Next,

B&Q, Halfords, Wickes & Heals). John Lewis' strength is that it is delivering consistent customer experiences via every channel. The customer support sections of its website, mobile website and the in-store experience all deliver the right message and value to its consumers.

There is an interesting battle between John Lewis and Marks & Spencer. Currently Marks & Spencer is trailing John Lewis and others with its multichannel offering. However, 2011 has seen it actively take a step up in integrating its services and doing more to promote its mobile offerings and flexible deliveries. This may see it moving closer to a more competitive score with John Lewis.

Argos has also delivered a good ICES score. It has a presence on all of the digital touchpoints and at every single one it provides functional experiences that allow customers to reserve products for collection in-store. However Argos is breaking the link between its website and the native mobile app because customers cannot purchase via the app. Given that customers can purchase via the website, it should be possible to also purchase via the app, alongside the reserve function. This is the biggest blemish in what is otherwise a commendable integrated customer experience managed well across several channels and touchpoints.

Both John Lewis and Argos have pursued a strategy of being fully present on every channel. While this will not work for every retailer, Argos seems to be pulling it off thanks to their scale and ubiquity as well as solid back office technology.

House of Fraser has a very good ICES score but unlike Argos and John Lewis it disappoints at the Resolve stage of the shopper journey. On the positive side, what is clear is that House of Fraser is focussing on creating a seamless integrated customer experience. Similar to other department stores, it is using its reach to standardise its offer across all channels and touchpoints.

Liberty & Debenhams have both had good sales growth, however our study shows that they could do more. Liberty's digital offering is at odds with the

highly engaging experience of its central London store. Its website has none of the atmosphere of the store. It feels cold and functional, barely reflecting the Liberty brand at all. Its famous curation and merchandising is nowhere to be found. This seems like a missed opportunity.

Debenhams missed out on a potential £7.1m of sales growth, but had a solid ICES score of 31. In the main, we found that this was not due to how Debenhams has designed its integrated customer experience across touchpoints, but potentially in how it has delivered the digital aspects. A small example is the inability to view previous purchases on the website and only being able to track new purchases via email links to delivery-partner websites. Debenhams needs to own these types of features, so that it doesn't create experience gaps that can result in dissatisfaction on the part of their consumers.

Department Stores should make more of their traditional strengths

Interestingly no one is playing on the Department Store's key consumer offering, curation. Within Department Stores buying and merchandising teams operate in a similar way to fashion editors: recognising, surfacing and creating styles. They take the best products to define the season's key trends and express the retailer's identity through the range. The range is one of the most tangible aspects of a retailer's brand. None of this is evident on any of the department stores' websites.

We discussed earlier that Fashion retailers might lose sales to Department Stores if they do not capitalise on merchandising opportunities. Conversely while department stores have greater potential in terms of knowledge, experience and consumer foot-traffic, they are not currently utilising their capability to create integrated customer experiences.

In our opinion the sector is not living up to its potential. It could much more successfully leverage its proposition to the customer as curator and gain significant advantage over other retailers.

Entertainment

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
LoveFilm	37	Amazon	33.4%
HMV	32	LoveFilm	32.5%
Blockbuster	31	The Game Group	22.3%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT: -£2.9m

BIGGEST LOSER: THE GAME GROUP -£2.1m

The presence of LoveFilm and Amazon on both the top 3 ICES and top 3 sales growth lists within this sector is not surprising to us. LoveFilm demonstrates a very strong integrated customer experience. Amazon however, who own LoveFilm, are losing out on an addition £4.8m in sales because of a much poorer ICES score of just 25. This is almost exclusively down to very poor scoring within the Receive & Resolve stages of the shopper journey.

Finding The Game Group in the sales growth top 3, as well as HMV experiencing sales growth over the period under review, is evidence of the increased popularity of video games. But again The Game Group has missed out on an addition £2.1m of sales growth, which indicates there is much more that it could be doing to capitalise on its potential.

HMV, Amazon and LoveFilm are already using a direct-to-platform approach to selling music and in LoveFilm's case, streaming films. We would like to see something similar developed for games, exploring how to deliver straight-to-console via the Internet. Inevitably more and more purchases will be done in this way as Internet enabled devices and the acceptance of app stores becomes the norm.

Electronics

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Comet	37	Richer Sounds	24.5%
Carphone Warehouse	35	Carphone Warehouse	8.8%
Maplin	34	Maplin	5.8%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT:	-£50.1m
BIGGEST LOSER: DIXONS (DSG GROUP)	-£32.6m

Comet leads this sector with a very good ICES score of 37 and this corresponds to its £11.7m in additional sales. It should be noted however, their recent dip in overall sales performance may be due to other economic factors.

Carphone Warehouse is a close second to Comet on ICES, adding £17.6m. This is in stark contrast to the other mobile-focused retailer Phones4U, which missed out on £17.5m in potential sales growth. One reason for this is that Carphone Warehouse uses its mobile website as a key touchpoint. Customers can view products, find tariff information and read reviews before calling to make an order. Its mobile website focuses on quick information discovery to support decision-making and it does it very well.

Richer Sounds has potentially outperformed the others in terms of sales growth due to its price sensitivity. But our study shows that it scores a poor 18 on the ICES scale because it has gaps in its offer that should be relatively simple to correct. These include allowing customers to see previous purchases online, supporting customers to self-serve for delivery information and common queries and having a more consistent presence in its social media channels.

Apple, notable for its brand and its widely publicised revenue figures, has a pretty insignificant ICES score. We know that this is Apple's strategy and it uses boundaries to drive demand, so the low score is not surprising. We would argue that Apple could still offer much better integration between its exceptional in-store experience and its digital channels, which currently don't deliver the same delight for its consumers.

The potential for large electronic chains

Electronics is a difficult sector to compare to the other sectors we have looked at. The brand positioning of the various retailers in this sector varies greatly from one another. However if we remove the mobile phone retailers and Richer Sounds, we are able to draw some conclusions about the bigger chains.

The potential of Comet, Best Buy and DSG Group's brands (Curry's, Dixons & PC World) is similar to that of the Department Stores. They have scale on their side, allowing them to offer a product range that joins up all the requirements a consumer may have in the electronics space. Electronics can be very difficult for consumers to purchase as people are often not confident about what they are buying. In this sector, the most crucial touchpoint to get right is the website, ensuring it properly supports the Browse and Decide stages of the shopper journey.

A recent study conducted in the US found that Best Buy offers the most satisfactory cross-channel experience for its customers [12]. This is not yet reflected in its UK offering. It has an ICES score of 32 and the gaps in its score are primarily due to the familiar theme of poor customer support within the digital channels.

Furniture

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Heal's	38	Dwell	57.9%
Harvey's	33	Furniture Village	2.9%
Dwell	30	DFS	0.2%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT: -£11.8m

BIGGEST LOSER: DFS -£5.9m

Heal's leads the way in this category with a high ICES score both in its sector and relative to all the retailers under review, where it ranks in the top 5. Heal's scores highly because of it delivers the exceptional experiences we have looked for, such as personalised recommendations, allowing consumers to build up purchases across channels and extending its service beyond simply selling the product.

Harvey's Furniture is also notable for its very good ICES score, which is currently due to how it manages expectations around its digital offering. It tops and tails its website with easily accessible telephone support for both the pre- and post-sales stages of the shopper journey.

Dwell is notable for its strong sales performance and decent ICES score. As a new entrant to a crowded market, it has done well to grow its integrated customer experience offering as part of its strategy of providing affordable quality, thereby slotting in nicely between the Ikeas and Heal's of the sector. It could do more, particularly in the Receive stage to keep customers engaged with their purchases and the brand before the furniture arrives.

Augmented Reality could offer an exceptional experience

None of the retailers in this group have native mobile apps and only one (DFS) has a mobile website. DFS is currently also the biggest loser having missed out on a possible £5.9m in sales growth. DFS' most significant gap is the lack of transition for consumers between its website and the store. Its current solutions for 'Order Direct' seem clumsy. DFS could easily have two options, 'Call Us' or 'Arrange a call back', which better present its service and the real experience it offers.

The real potential for DFS, Harvey's and other Furniture retailers is gracefully handling that transition from digital to offline using technology. It is very hard for consumers to visualise products in situ via the Internet. Creating a mobile website feature or even a native app that allows people to hold their phone in-front of a location and see what a piece of furniture would look like, would create an exceptional experience.

Are Furniture retailers or even Department Stores already looking at this? We don't know. It is an exciting prospect and there will be a race of sorts to see who can hit the market first and successfully integrate this type of feature innovation into the customer experience.

Household Hardware

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Screwfix	37	Wilkinson Hardware Stores	7.7%
Wickes	36	Halfords	3.8%
Halfords	34	Screwfix	1.4%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT: -£12.1m

BIGGEST LOSER: HOMEBASE -£9.6m

Top ICES score goes to Screwfix, closely followed by Wickes. Their scores and moderate sales growth figures seem to indicate a shift from targeting trade consumers to capitalising on the DIY market.

Both retailers make it very easy to access relevant information about themselves and their products. Screwfix's native iPhone app is also well thought out (although seems to have some performance issues). The success of these strategies can be seen in the additional sales growth both retailers achieved through providing superior customer experiences, with Screwfix gaining £2.2m and Wickes £3.7m.

Wilkinson's has the top sales growth in this sector. It has a good ICES score at 29, but it would appear that they are playing catch-up with the digital offerings of others in the group. They still have some work to do to deliver better information and self-service for the Decide and Resolve stages of the shopper journey.

Homebase has the lowest ICES score for the sector at 25, as well as missing out on potential sales of £11.2m based on its integrated customer experience. The key gaps in its offering are surmountable; allowing customers visibility of previous purchases and order tracking would help greatly.

B&Q has the most innovative element in its digital offering with an iPhone app that teaches consumers how to carry out small DIY tasks and gives them a ready-to-go shopping list of items needed. We have previously discussed this as an excellent example of branded utility. B&Q's only problem is that consumers can't buy direct using the app, they have to go to a store. So close, but not quite there.

It is interesting to note that this sector has a really good balance of ICES scores. Household Hardware retailers are managing to present common, functional household products in engaging ways via their digital channels. Several of the retailers in this category also meet the exceptional experiences of ICES with B&Q and Halfords showing that doing a little bit more customer engagement in the Resolve stage promotes customer loyalty and delivers on brand promise.

Stationery and Books

TOP 3 BY ICES SCORE		TOP 3 BY SALES GROWTH	
Blackwells	38	Paperchase	13.7%
Waterstone's	36	Rymans	9.1%
Staples	32	Foyles	8.6%

INTEGRATED CUSTOMER EXPERIENCE DEFICIT: -£5.8m

BIGGEST LOSER:VIKING DIRECT -£2.8m

Blackwell's and Waterstones have leading ICES scores in this sector, with Blackwell's being very close to exceptional. This is correlated in their sales growth, with Blackwell's being able to gain an additional £0.8m and Waterstones £4.3m due to the integrated customer experiences they provide.

The sales growth figures tell a different tale, with Paperchase proving yet again that innovation will result in growth. This is at odds with Paperchase's ICES score of just 11. There are several dead-end scenarios on its website during the Browse and Decide stages of the Shopper Journey which could easily be resolved.

The most potential in this sector is with Viking Direct. Our study indicates it missed out on an additional £2.8m in sales due to a poor integrated customer experience. However we do not believe that the story of Viking is a negative one. Viking could potentially out-innovate competitors in this field. It has the scale and awareness of merchandising products and creating bundle or package offerings and its digital channels are starting to deliver on this.

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Glossary

Augmented Reality

A feature that uses a camera to show an image or video in the context of reality.

Branded Utility

When a product is enabled to provide functionality that is not expected, but is useful and designed only to satisfy the consumer. Our examples include native mobile apps from B&Q (DIY app) and Ocado (Barcode scanner).

Channels

Avenues used by retailers to reach out to their customers. A physical store is considered to be a channel, however the phrase 'multichannel' generally refers more than 1 avenue, one of which is digital.

ICES

Integrated Customer Experience Scale, the qualitative measure developed by Head London for the purposes of this study.

Moments

Stages of interaction between a consumer and a retailer where the consumer will want to complete an activity within a single touchpoint.

Native Mobile Apps

Applications which can be purchased or downloaded for use on a Smartphone. There are different application formats and stores for different types of Smartphones. For example, Android, IOS, Blackberry.

Touchpoints

Points of interaction between a retailer and a customer. They can happen in any channel and there can be more than one touchpoint within a single channel. A kiosk within a store for example, offers consumers two touchpoints; the staff in the store, and the kiosk itself.

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Lola is User Experience Director at Head. A staunch advocate of the human-centred design approach, over the last 8 years she has worked with a wide spectrum of clients across sectors including finance, travel, telecoms and retail. The key to Lola's approach is transforming insight into design; connecting the dots between behaviour and solution. It's not rocket science, but it is a science and Lola has a pocket full of methods and techniques to get to the right solution for any client.



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Paul-Jervis is the Head of Design at Head, a digital product and service design agency. Over the last 14 years he has worked with different retailers all over the world to redefine their customer experience online. Some of the innovative projects he has worked on though have come about by taking thinking from other industries and sectors and applying it in unexpected ways to retail. He loves sharing innovation stories. Why not ask him how his team at Head applied medical imaging technology for a European retailer?

About Head

Head London is an award winning and rapidly growing digital agency. We apply insights into human behaviour and outstanding technical expertise to provide transformational digital solutions for our clients' business needs and problems. We develop, design and build commercially successful products and services that deliver real value by exploiting new business opportunities, improving customer satisfaction and loyalty, or increasing efficiency and competitiveness.

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