

The Transformational Impact of Digital Customer Experience on Retail and E-commerce



GLASSBOX

Introduction

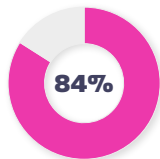
Today's consumers have high expectations when they go to a website or mobile app—they expect a frictionless experience or they'll likely take their business elsewhere. A new Forbes Insights and Glassbox survey reveals that while retail and e-commerce leaders are striving to meet this demand, the path to improve the digital customer experience (CX) is a more complex story.

The state of digital CX is one of contrasts for the majority of the 150 retail and e-commerce respondents. These executives believe that CX is not only vital for business and a top strategic priority, but an important competitive differentiator for them. They're also bullish about investing in digital CX technology and personnel for the future.

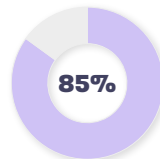
There are clear signs that these leaders think there is much work to be done on CX practical matters, such as establishing clear structures and processes and getting a strong handle on their core digital CX strategies. Interestingly, many also overestimate their own company's capabilities, despite these acknowledgements.



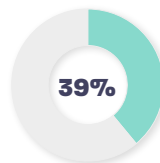
Section I: Survival of the fittest: the digital CX landscape



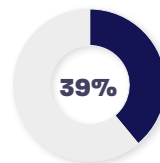
84% of retail / e-commerce executives agree that excellence in digital CX is vital to business survival



85% agree that they increasingly compete on digital CX as much as they do on price



Only 39% of respondents said they have completely defined goals and strategies for digital CX



Only 39% of retail / e-commerce executives said that they're completely consistently achieving goals for digital CX across all customer journeys and channels

No longer is digital CX an add-on to traditional competitive “five P’s.” It's now an essential ingredient as a competitive differentiator. In fact, 85% of respondents agree that they increasingly compete on digital CX as much as they do on price. Because CX is a fast-evolving area with layers of complexity, there are marked gaps in real and perceived success. Overall, retail and e-commerce executives think they're doing a good job of delivering seamless digital experiences: 72% rate their own organizations' digital CX as above average or better, and just 5% say it is below average.

But the survey results show respondents are a little too confident: Only 39% of respondents

said they have completely defined goals and strategies for digital CX, and the same amount said that they're not completely consistently achieving goals for digital CX across all customer journeys and channels. Add to that, only 31% have completely established clear ownership and delegated responsibility for digital CX performance strategy and governance.

Looking at the big picture, it's clear that there are striking contradictions in how digital players perform versus how they see themselves at a strategic and planning level. To dig deeper into the “why,” it's important to look at their strengths and weaknesses in key digital CX competencies.

Section II: Confidence on key digital CX competencies

Retail and e-commerce executives are clear about the link between improved digital CX and profitability, with 82% agreeing that they see positive correlation. Additionally, more than three-quarters of the respondents link digital CX investments to improved performance.

This is where respondents are very clear on where their CX strengths and weaknesses are. Fifty-one percent of respondents are highly confident (responded 5

on the scale) in their omnichannel operations around real-time customer service and response across in-store and digital transactions. And 43% are highly confident (responded 5 on the scale) that their contact center, mobile apps and online channels are fully integrated channels.

However, the numbers drop for an organization's tracing, optimizing and personalizing that experience across the digital journey.

How confident are you regarding the following core elements of your digital channels today?

% of respondents rating “highly confident”

CX operations: Actively monitoring and managing SEO and core web vitals in real time



37%

Digital channels: Customer digital experiences are fully optimized



36%

Digital channels: Digital experiences are optimally personalized



35%

Customer digital journeys: A fully-detailed understanding and/or map of each customer’s digital journeys



30%

The survey also showed that digital CX is critical to success across six metrics, including revenue, customer lifetime value, customer acquisition cost, customer effort, retention or churn rate and satisfaction. However, when asked about the upcoming year, the top three areas are revenue (49%), customer lifetime value (CLV) (46%) and customer satisfaction (CSAT) (45%), indicating that when customer digital experience suffers, money is left on the table.

So, what are the roadblocks to better digital CX outcomes across the board?

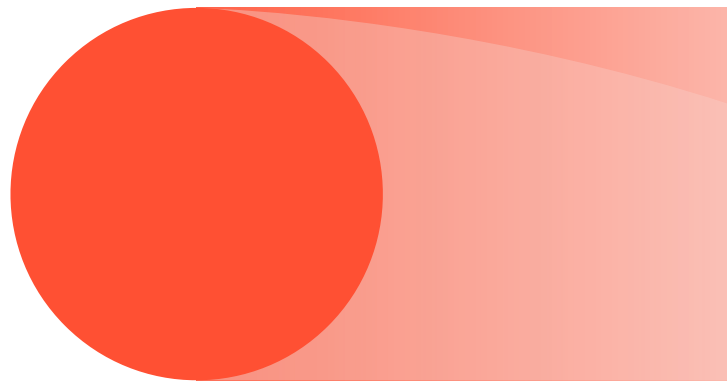
Section III: Barriers to CX strategy success

For many retail and e-commerce companies across the survey, they aren't just trying to get their footing around the short-term digital goals, but also getting across strategy hurdles for the long term—both externally and inside their organizations.

Nearly three-quarters (71%) say that it's been more challenging for their digital CX to stand out from the competition during the pandemic. Over three-quarters (77%) think that digital disruptors outside their industries have raised customer expectations, adding to competitor demands. Lastly, 62% of respondents agreed that they were having difficulty going from a reactive to proactive analytics stance, affecting their ability to maintain a strong position in the marketplace.

Internally, organizations are grappling with a host of difficulties as well. For instance, 67% agree that achieving and maintaining

security, data privacy and compliance was a challenge. Almost half of the respondents rely on loosely-structured, ad hoc or committee-based digital CX governance. The majority (60%) also recognize significant problems troubleshooting digital CX issues (navigation errors, glitches, etc.) real-time. Unsurprisingly, the survey showed that companies with higher revenue and very high growth didn't find it as much of a challenge, likely linked to better budget availability than organizations with less revenue and slower growth.



Another area that stood out in the survey was around hiring and cross-collaboration:

62% find attracting and retaining talent that understand both the technological and business implications of digital CX a challenge



62% also say fostering collaboration and communication across business functions around



Only 20% say their CX teams collaborate very closely with IT and data teams



In order for digital CX to provide ongoing benefits, these long-term issues need to be prioritized and addressed.

Section IV: Driving towards digital CX goals

In the years ahead, aligning budget, organizational effort and governance/leadership with digital CX goals are key priorities for retail and e-commerce leaders.

In response to this urgency, nearly all retail and e-commerce executives signaled that they will spend more on both digital CX technology and personnel over the next few years.

- About two-thirds (64%) said it was challenging to find the right mix of digital tools and just 16% say they are confident in their organizations' digital tool mixes. Companies that were more confident in digital tools, integration and troubleshooting were under \$300 million in annual revenue, above \$2 billion in revenue and those with higher year-over-year revenue growth.
- A majority of executives plan to significantly expand their technology investments—from

infrastructure to user experience to new tech and advanced analytics/artificial intelligence.

- Most respondents are either already using or planning to adopt tools and processes to monitor, analyze and continuously improve digital CX.
- Over three-quarters are taking steps for their siloed business teams and functions to collaborate, monitor and take action to improve digital CX and lessen the troubleshooting gap.

Organizations are clearly prioritizing their commitment to align vision and strategy, leadership and investment with their CX objectives. And the stakes are high—the next few years will be crucial for retail and e-commerce companies to take a leading CX position—or risk falling too far behind to compete effectively.

Get your copy of the full report!

Explore the transforming role of CX retail, e-commerce and other industries in-depth. Get your copy of the full report:

Forbes Insights Report: The Leading Edge Of Digital Customer Experience.



Methodology

Forbes Insights, in association with Glassbox, surveyed 400 U.S.-based executives in organizations with at least \$100 million in annual revenue. Over one-third (36%) represent companies with at least \$1 billion in annual revenue.

Survey respondents work in a wide range of industries, with the majority in retail/e-commerce and banking/financial services (excluding insurance). Respondents were equally weighted across a variety of business functions, including customer service, digital strategy/operations, customer experience and e-commerce. Nearly two-thirds (65%) of respondents are VP or director level and C-suite executives make up 10% of the respondent pool.

To learn more about how Glassbox can help you improve digital journeys, please contact info@glassbox.com



glassbox.com | info@glassbox.com |  | 