

A SERVICE EXCELLENCE INSIGHTS GUIDE

Revolutionizing Retail with Value-Driven Customer Experiences



Why Customer Experience Is More Important Than Ever in Retail

In today's hyper-competitive retail landscape, customer experience (CX) has emerged as a critical differentiator that can significantly influence a company's success. With the proliferation of online shopping and the evolving expectations of consumers, retailers must prioritize delivering exceptional customer experiences to attract and retain loyal customers. A World Retail Congress survey noted 95% of retail CEOs say personalizing the customer experience is a strategic priority for their companies. But that same survey showed that only 23% of consumers believe that retailers are doing a good job in their efforts.¹



of companies are currently categorized as customer obsessed, defined as putting customers' needs, desires and satisfaction at the forefront of all business decisions and actions.

When compared to non-customer-obsessed organizations, customer-obsessed organizations reported...²



faster revenue growth



faster profit growth



better customer retention

"With ever-changing consumer expectations, and to support the mandate to exceed customer expectations to drive the metrics every retailer focuses on—revenue, cost and customer loyalty—retailers must continue to innovate and provide the necessary education and skill development for their workforce," says KC Blonski, Senior Vice President, Corporate Learning Solutions at American Management Association (AMA).

In today's omnichannel retail environment, retailers dedicate significant resources to heighten brand recognition. At every turn, three objectives are top of mind for the retail organization: acquiring new customers, driving inventory movement through basket growth, and development of repeat sales opportunities. However, for many retailers there is a critical flaw in the formula—one that could undermine their success.

After being convinced by marketing or referrals, a potential buyer's first encounter with a retailer is often a disengaging one—an impersonal web experience or a salesperson who makes minimum wage, works part-time hours and has a transitional view of their job. "This lack of investment in frontline staff development can cripple the chance to successfully influence a sale," says Blonski.

¹ According to the McKinsey & Company article *Personalizing the Customer Experience: Driving Differentiation in Retail*: "...in a Periscope by McKinsey survey of retailers attending World Retail Congress 2017, 95% of retail CEOs say personalizing the customer experience is a strategic priority for their companies. But that same survey showed that only 23% of consumers believe that retailers are doing a good job in their personalization efforts."

² According to Forrester's 2024 *US Customer Experience Index*, brands' CX quality is at an all-time low. Forrester's *Customer Experience Benchmark Survey*, which collects data to calculate Forrester CX Index scores, is based on more than 98,000 US customers across 223 brands and 13 industries. <https://www.forrester.com/press-newsroom/forrester-2024-us-customer-experience-index/>

The 3 Pillars of Retail Strategy:



ACQUISITION

Your brand promise and reputation create expectations in the marketplace



GROWTH

The brand experience brings your customers and your employees together at the “perceived value”—the point of sale



REPLICATION

Brand alignment and delivery at the point of sale create optimal conditions for repeat business and growth

The Evolution of the Retail Customer Experience

Customer experience encompasses every interaction a customer has with a retailer, from scrolling product descriptions online or browsing aisles in store to post-purchase support. Historically, retail has focused primarily on product quality and price. However, the advent of digital technology and the rise of e-commerce have shifted the focus toward creating seamless and curated experiences.

DIGITAL TRANSFORMATION: The integration of digital technology has revolutionized the retail industry. E-commerce platforms, mobile apps, artificial intelligence and social media have become essential touchpoints for customers. Retailers must leverage these tools to create cohesive and convenient experiences across all channels.

CUSTOMER EXPECTATIONS: Today’s consumers expect more than just products; they seek meaningful and memorable interactions. Personalization, curated products that fit their needs, ease, and excellent customer service are now the benchmarks of a superior CX. Retailers must continuously adapt to meet these evolving expectations. Because of this, it’s critical that retailers focus on the education and skill development of their most important asset: their employees. “From regional executives to the front line, everyone must understand their roles and responsibilities for delivering an experience that drives a perceived value that exceeds the customer’s expectations,” Blonski notes. “Only then will you develop a differentiated and unique brand experience that creates loyalty and amplification.”





Help Store Managers Develop Their Employees' Point-of-Sale Skills

Store managers are the driving force behind retail success. As the closest connection to both the customers and the employees who serve them, they play a pivotal role in shaping the customer experience. Every day, these managers must inspire, motivate and empower their frontline teams to embody the organization's brand promise, ensuring it is delivered consistently with every customer interaction.

Store managers must excel as "black belts" in instruction, communication and feedback. Excelling in these areas allows them to effectively teach and coach, which is vital to the store's success. Observes Blonski, "Unlike any other role in your chain of command, store managers hold a unique and powerful position, engaging directly with both frontline employees and your customers." This dual perspective gives them unmatched insight into the alignment between brand promise and the customer experience, placing them in the ideal position to suggest changes to plans, policies and procedures that can strengthen this connection and drive business success.



“ There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else. ”

—Sam Walton, Founder, Walmart



Delivering Excellence at Every Defining Moment

All of your market research, advertising, plans and promises culminate in the customer experience. Each of these experiences is a defining moment when your customers form an impression—positive, negative or indifferent—about your brand’s reputation. For retailers, these defining moments in customer-employee interactions are critical, as they answer crucial questions about your brand value.

- **Are your employees fulfilling the promises made in your advertising?**
- **Are they embodying your brand message and values?**
- **Are they delivering service that is prompt, professional and knowledgeable?**
- **When faced with an unexpected question or problem, do they have the solutions—or know how to find them?**
- **Have you provided your retail teams with the essential education needed to succeed in every defining moment?**

If you can consistently answer these questions positively, your company’s defining moments are creating experiences that are branded, differentiated and valuable. This drives immediate sales but also the promise of future sales from repeat visits. “Ultimately, how you respond to the final question posed above often determines the level of success for the questions that precede it,” says Blonski.

Exploring the Features of a Superior Customer Experience

1

PERSONALIZATION: Personalization involves tailoring the shopping experience to individual customer preferences and behaviors. By leveraging data analytics and artificial intelligence, retailers can provide curated product recommendations, targeted promotions and customized communication, enhancing the overall shopping experience.

2

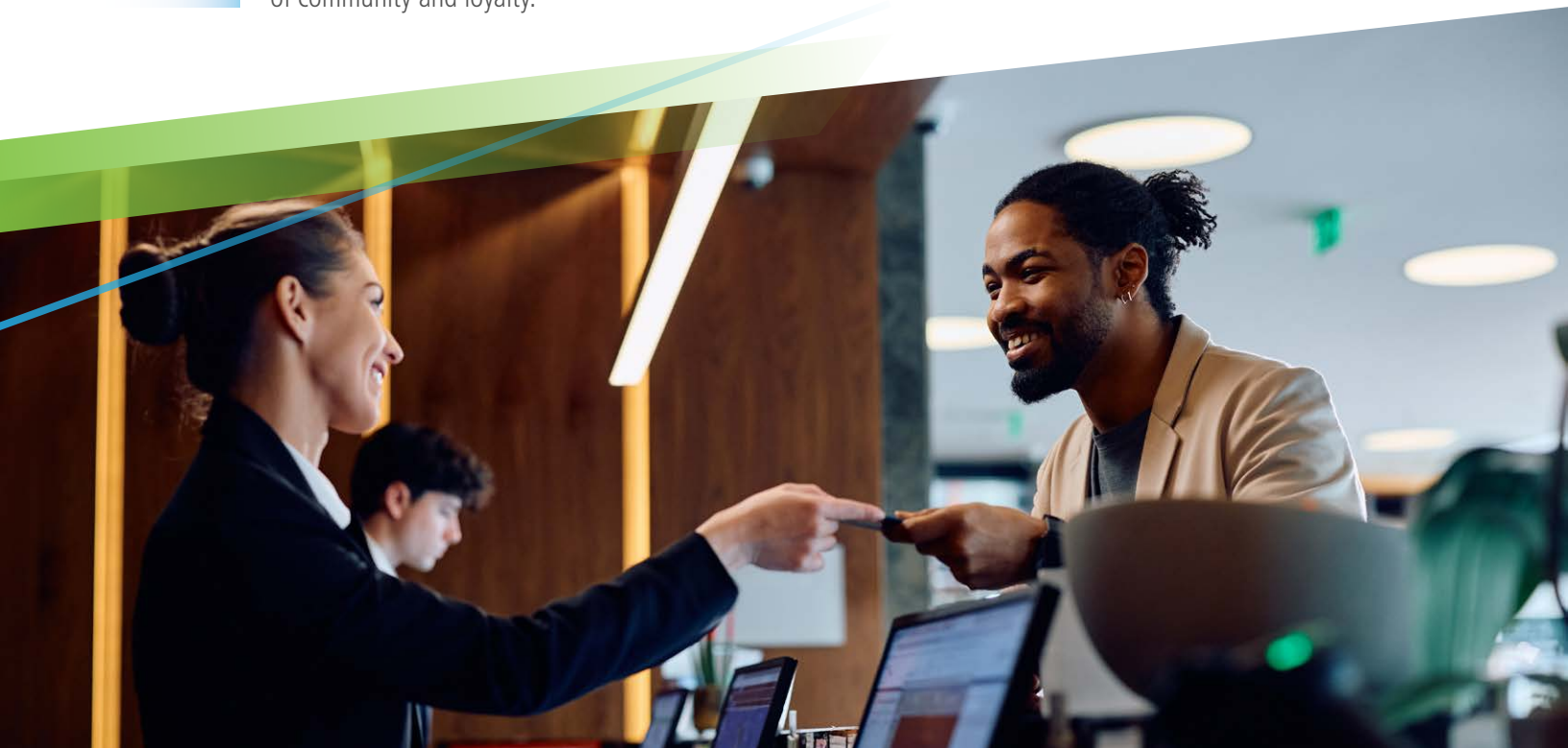
OMNICHANNEL EXPERIENCE: This approach ensures that customers have a seamless experience across all touchpoints, whether online, in store or through mobile apps. Integration between channels allows customers to switch effortlessly between them, making the shopping journey more convenient and enjoyable.

3

CUSTOMER SERVICE: Exceptional service is a cornerstone of a positive CX. Well-trained staff, prompt responses to inquiries and effective resolution of issues contribute to customer satisfaction and loyalty. Retailers should invest in development resources and support systems to empower their employees to deliver outstanding service.

4

CUSTOMER FEEDBACK AND ENGAGEMENT: Actively seeking and acting on customer feedback demonstrates that a retailer values its customers' opinions. Engaging customers through surveys, social media interactions and loyalty programs can provide valuable insights and foster a sense of community and loyalty.



Benefits of a Superior Customer Experience

1

INCREASED CUSTOMER LOYALTY: A positive customer experience fosters loyalty, encouraging repeat purchases and long-term relationships. Loyal customers are more likely to advocate for the brand, leading to word-of-mouth referrals and increased customer acquisition.

2

HIGHER REVENUE: Satisfied customers tend to spend more. By delivering exceptional CX, retailers can increase their average transaction value and drive higher sales. Additionally, curated recommendations and targeted promotions can boost conversion rates.

3

COMPETITIVE ADVANTAGE: In a crowded marketplace, a superior customer experience can set a retailer apart from its competitors. Differentiation through CX can attract new customers and retain existing ones, creating a sustainable advantage.

4

IMPROVED BRAND REPUTATION: Consistently delivering excellent CX enhances a retailer's brand reputation. Positive reviews, social media amplification and customer testimonials contribute to a positive brand image, attracting new customers and building trust.

5

OPERATIONAL EFFICIENCY: Investing in customer experience initiatives often leads to operational efficiencies. Streamlined processes, reduced customer complaints and improved staff productivity are some of the benefits that contribute to overall business performance.





Conclusion

In the dynamic and competitive retail landscape, delivering an exceptional customer experience is not just a choice—it is a fundamental requirement. Retailers that prioritize and commit to excellence in customer experience will reap the benefits of increased loyalty, higher revenue and a strong competitive edge. By emphasizing focus on personalization, seamless omnichannel integration, excellent customer service and actionable feedback, retailers can create memorable and meaningful interactions that drive long-term success. As consumer expectations continue to evolve, staying ahead of the curve in customer experience will be crucial for retailers aiming to lead and thrive in the future. Extraordinary performance in this area begins with comprehensive practical skill development through impactful learning experiences.

About American Management Association

AMA is dedicated to providing the best professional development solutions to enable you and your business to meet challenges with confidence—and empower you to achieve extraordinary performance.