

*timetrade*TM



RETAIL INDUSTRY EXECUTIVE SURVEY

FOR MORE INFORMATION CALL US TOLL FREE 877-884-9224

www.timetrade.com

© 2013 TimeTrade Systems, Inc. The World Leader in Online Appointment Scheduling. All rights reserved. Appointment CRM, Appointment Cloud and Inbound Sales are Trademarks of TimeTrade Systems, Inc.



Executive Summary

By working closely with hundreds of our retail customers over the past decade, TimeTrade has witnessed a dramatic transformation of the consumer-seller relationship. Buyers have what feels like endless options at their fingertips and wield significantly more power. Competing on price — and even quality — is quickly becoming a losing proposition. Winning retailers are adapting fast, meeting the personalized demands of the “new consumer” and creating experiences that both delight customers and incite loyalty. At the Future Stores 2013 Conference, which brought together retail industry leaders from some of the most well-known and respected retail brands, TimeTrade surveyed senior retail executives to get their perspective on the changing retail landscape.

Key survey findings were:

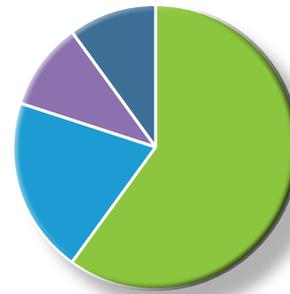
- **A personalized customer experience is the #1 thing missing** from their retail stores
- **Sales increase by 25%-50%** when customers are helped by a knowledgeable retail associate
- **The best way to combat showrooming** is to improve the customer experience
- Implementation of their **omnichannel strategy is lagging**
- **70% of retailers report consumers will wait 5 minutes or less** before a customer abandons a purchase and leaves the store
- Over **83% of retail sales come from in-store purchases** versus online
- Retailers expect **shopping via mobile devices to double** over the next year, opening the opportunity for in-store mobile experiences

IMPROVING THE STORE

Q1. If you were a consumer looking to buy something from your company (in store or online), what's the #1 thing missing?

60% of retailers say they are missing a personalized customer experience, making it the #1 response by far. This result confirms recent trends as retailers are moving quickly to improve their customer experiences as a way to differentiate themselves and boost customer loyalty. According to a recent Forrester report, retailers could **increase sales \$9.8 billion** per year with just a modest improvement in customer experience. Brands with a high customer experience rating (CXi) demonstrate a strong correlation to make repeat purchases (loyalty), while consumers are more likely to defect from brands with a low rating.

The analyst reports and results of this survey echo the direction from boardrooms. Nordstrom's Jamie Nordstrom, president of Nordstrom Direct, summed up the retailers position in a recent [Shop.org Summit](#) stating, *"To keep customers coming, retailers need to do a better job of creating experiences that customers value, evolving with the customer, so that those experiences always match — and exceed — expectations. Customers will buy more when they're happy,"* says Nordstrom. And [Sprint's CEO Dan Hesse](#) has refocused the company around customer experience, leading to 4 JD Power & Associates Awards for customer experience, recently stating, *"The #1 priority for Sprint is the customer experience because improving the customer experience helps build the brand and generates cash."*

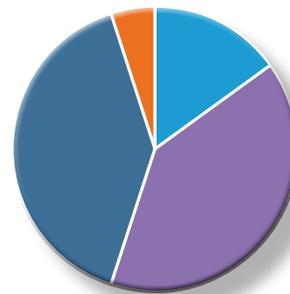


- 60% A personalized customer experience
- 20% Knowledgeable employees
- 10% Better/faster service
- 10% Other

Q2. When customers are assisted by employees — either in-store or online — what's the impact on sales?

80% of respondents believe that sales increase 25%-50% when customers are assisted by knowledgeable employees. This emphasizes the strong belief retailers have in the correlation between personal interactions with consumers and their bottom line. Leslie Hand, IDC Retail Insights Research Director, states in a recent report that *"Availability of knowledgeable employees leaves an immediate and long lasting mark on sales and customer satisfaction and loyalty. Lost sales due to lack of product or attentive staff has long term unrecoverable ramifications on business performance."*

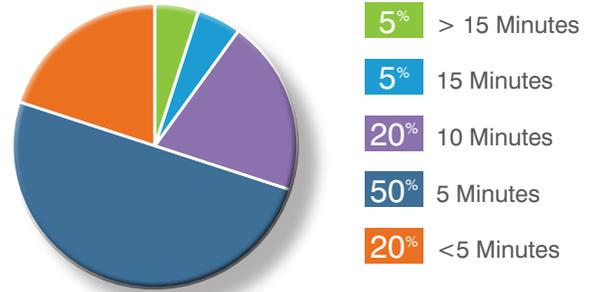
Retailers are backing up this effort, not just with employee training, but by arming staff with tools typically reserved for call center personnel and assisted selling technology on the sales floor. Leslie Hand, at a recent [IT World Event](#), stated *"Mobile assisted selling technologies improve revenue by engaging the shopper better and lower expenses related to productivity gaps. Improving productivity on the sales floor while enabling better service to the customer at the same time is a win-win scenario."*



- 0% Sales decrease
- 15% Sales do not increase
- 40% Sales increase by at least 25%
- 40% Sales increase by at least 50%
- 5% Sales increase by at least 75%

Q3. On average, how long do you think your in-store customers are willing to wait for service before going elsewhere?

70% of retailers report consumers will wait 5 minutes or less before they abandon a purchase and go elsewhere. Today's instant-gratification consumer expects great service and fast delivery and the survey data indicates retailers understand this. According to Paco Underhill, author of Why We Buy, *"the most important factor in terms of a shopper's opinion of service is waiting time — either at checkout, or in being acknowledged when they need help."*



Q4. What do you think is the #1 reason you lose customers?

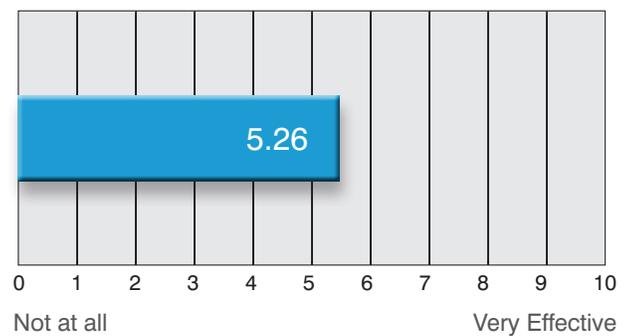
75% of retailers report losing customers due to wait-related issues. While there was no clear-cut consensus on a single issue that causes customer loss, there were two interesting findings. First, retailers don't feel price is a major driver. Second, the major theme is "wait". Checkout lines, fast answers and taking too long to find items are all wait-related customer experience issues. As related to Question 3 above, if customers have to wait 5 minutes or less at any of their engagement points, it leads to a poor experience and abandonment.



Q5. On a scale of 0–10, with 0 being not at all, how effectively is your omnichannel strategy linking your physical and digital presence?

Retailers are placing an enormous emphasis on their omnichannel strategies. And for good reason, a recent [Bain & Company report](#) noted *"omnichannel customers typically spend more than the average customer shopping through just one channel — sometimes up to 70% more."* Even with omnichannel being consistently identified as a top priority for retailer and omnichannel technology in the billions per year, our survey participants **rated their average Omnichannel Effectiveness at 5.25 out of 10**. As reported in a recent Wall Street Journal Article — [The Myth of the Omnichannel Retailer](#), retailers are moving in this direction, but they aren't there yet.

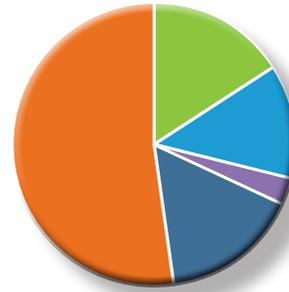
Omnichannel Effectiveness



Q6. With showrooming on the rise, what do you think is the best defense?

Showrooming, the practice of visiting a retail store to see an item only to buy it later from a different retailer online, had a major impact on retailers. Original models to combat this were based solely on lowering prices, promotions and price matching — but battling online retailers on price alone is a losing proposition. Our survey reveals that retail executives understand this with **52% stating that the best way to combat showrooming is by improving the in-store customer experience.**

Retailers are now seeing showrooming as an opportunity instead of a threat. A [recent article](#) feature Best Buy captures retailer's shift in showrooming perception as follows, *"As the retailer most prominently brought to its knees by the phenomenon, Best Buy was also among the first to embrace it."* CEO Hubert Joly said, *"Once customers are in our stores, they're ours to lose."* The consumer-electronics leader needed to **create an in-store experience that would blunt the desire of the customer to buy based on price alone.**



- 16%** I'm not concerned about showrooming
- 13%** Offering price matching or differentiated product
- 3%** Providing in-store-only promotions and incentives
- 16%** Making it easier to quickly find -and-purchase products from mobile devices or tablets while in the store
- 52%** Improving the in-store customer experience

Q7. Roughly what percentage of your sales revenue currently comes from online vs. in-store purchases today (2013) and what percentage do you anticipate 12 months from now (2014)?

While retail ecommerce makes frequent headlines, our survey results show the brick and mortar store is still king. Retailers reported **83% of their revenue comes from in-store purchases**, but that they believe online purchases will rise to **22% of sales** by 2014. While the numbers aren't an exact match to US Retail Sales Data, which the National Retail Federation (NRF) has published at 5.8% for online purchases and 94.2% for in-store purchases, there is certainly a strong correlation to the predicted trends.

The direct battle of in-store vs. online has morphed with most retailers having both digital and physical presences. Instead, omnichannel strategies are optimized to enable consumers to seamlessly purchase through the channel(s) of their choice and digital assets are being used to inform, educate and promote physical store sales. In fact, according to [Forrester Research](#) an estimated **\$1.2 trillion of retail sales were Web-influenced. That's 50 percent of total sales.** Consumers are influenced by online media whenever they visit a retail website to find product information, consult a review website to decide about a product or service, or check social media sites to learn about what to buy or where to go.

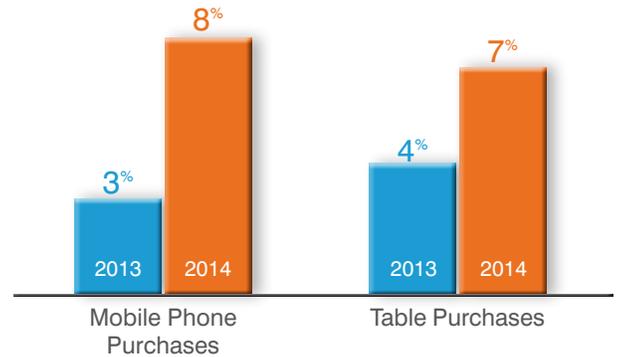
Percentage of In-Store Purchases vs. Online Purchases 2013 to 2014



Q8. Of your online sales, roughly what percentage comes from mobile phones and tablets today (2013) and what percentage to you anticipate 12 months from now (2014)?

Retailers expect consumer purchases through mobile devices to double over the next 12 months. Mobility is becoming a major disrupter in the retail industry and will cause retailers to evaluate their mobile experience to take advantage of shoppers using these devices in-store while they shop. Companies like Sprint are already taking advantage of this opportunity by letting customers scan items for more information, stream product videos and even scan QR codes on the door for a personalized appointment later in the day so they can continue shopping in the mall and come back when they are notified via their phone.

Percentage of Online Sales Attributed to Mobile Phones and Tablets 2013 to 2014



Survey Demographics

The survey was taken in-person at the 2013 Future Stores Conference in Dallas, TX, which brings together innovative retail leaders from some of the most widely known and respected brands. TimeTrade surveyed 61 retail executives for this survey to gain insight into their views of the changing retail landscape. Respondents included:

Retail Verticals:

Technology Store	23%
Specialty Store	23%
Sporting Goods/Outdoor	23%
Home Goods	12%
Department Stores	8%
Drug Store	4%
Grocery	4%
Fast Food	4%
Average number of stores:	936