

Retail Satisfaction Barometer 2015



In 2013, CFI Group launched its first-ever Retail Satisfaction Barometer (RSB). The benchmark study, modeled after our 8-year-and-running Call Center Satisfaction Index (CCSI), is back and expanded for 2015. With insight from a pool of 1,200 consumers, the RSB promises to serve as an industry-leading resource for measuring retail satisfaction trends, with a focus on the impact of customer service.

CFI Group



American Customer Satisfaction Index®

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EXECUTIVE SUMMARY

In its third year of publication, the Retail Satisfaction Barometer 2015 (RSB) covers exciting and actionable new territory. With insight from a pool of over 1,200 consumers, the RSB promises to serve as an industry-leading resource for measuring retail satisfaction trends, with a focus on the impact of customer service.

The overall RSB study breaks out respondents into the following five segments:

- Traditional Department Stores (e.g. JC Penney, Kohls, Macy's, Sears)
- Large-Format Discount Stores (e.g. Walmart, Target, Costco)
- Mall-Based Specialty Stores (e.g. Aéropostale, Williams Sonoma, Bath & Body Works)
- Freestanding Specialty Stores (e.g. The Home Depot, Best Buy, Pier 1 Imports)
- Grocery Stores (e.g. Kroger, Albertsons, Safeway)

The questions asked were designed to gain a scientific understanding of how satisfied consumers are with their commerce experiences, using the American Customer Satisfaction Index (ACSI) methodology. This methodology accurately quantifies the impact of satisfaction on consumer intent to make repeat purchases, develop an affinity toward a specific retail brand, and recommend specific companies, their products and services to their peers. Analysis of this data enables retailers to predict the impact of service and product improvements on customer satisfaction, loyalty, recommendations, and other metrics that impact the bottom line. The RSB study equips retailers with the fact-based consumer data that's prerequisite for the prioritization of operational improvements and investments.

Economic indicators show the recession ended a long time ago. However, consistent reports of a rebounding U.S. economy buoyed by employment growth and falling energy prices have not led to higher levels of buyer satisfaction. If declining levels of buyer satisfaction hinder spending, the economic turnaround may be short-lived.

- The RSB score for 2015 is 79 (on a 0-100 scale, with 100 being the highest possible score), which is a 1-point drop compared to 2014. This slight decline is fueled by decreases across a few of the drivers of satisfaction, specifically, *Associates* (down 1 point to 79), *Merchandise* (down 2 points to 83), and *Price* (down 2 points to 80) post declines. While these score declines are slight, they do seem to run contrary to the consistent reports of economic turnaround.
- The RSB 2015 indicates that consumers' *Likelihood to Shop Again* and *Likelihood to Recommend* are relatively stable. However, intentions to increase spending falter slightly, declining by 2 points compared to 2014 (70 vs. 72). While industry experts predict revenue for the retail sector to grow an annual compounded rate of 5% between 2015 and 2019, this, combined with good news about the U.S. economy, seemingly has not impacted consumers' *Likelihood to Increase Spending*, at least not this year.

Customers are embracing new technology aimed at putting the power of the purchase in their hands while providing a personalized, cross-channel shopping experience.

- The RSB 2015 shows that 61% of respondents have used some type of technology-based solution offered by a retailer. Specifically, 65% used *Self-Checkout Registers*, 20% used *In-Store Kiosks*, and 17% checked out via a *Roaming Store Associate*.
- Kiosk-use results in higher *Satisfaction* scores and a greater likelihood to spend more.
- More than half, 52%, of respondents state they have interacted with personalized, cross-channel shopping solutions. Satisfaction scores among this group are higher than those who did not use the offerings, indicating the benefits of personalizing across channels.
- Future shopping behaviors can also be positively impacted by personalized, cross-channel offerings. For example, 40% stated they would be *Somewhat* or *Very Likely* to increase purchases with a retailer if their online shopping history was made available to them in store.

Developing personalized, cross-channel offerings comes with a few caveats.

- The number one contributor to cross-channel failures is inconsistent pricing. More than a majority, 85%, of respondents say it is *Very* or *Somewhat Important* for retailers to maintain consistent pricing between channels.
- Perhaps an even more key consideration in developing or enhancing cross-channel shopping experiences is data security. Only 32% of respondents report being *Very Confident* in retailers' ability to keep their private information secure. Furthermore, our findings show that the more a consumer's confidence erodes, so does their likelihood to return to a retailer and also spend more.
- Awareness of data breaches can have a negative impact on future spending. Even if a customer did not experience a breach, but is aware one occurred, 22% would stop shopping at the retailer altogether and 42% would still shop, but with less frequency.

INTRODUCTION

With global retail sales, both in-store and online, projected to hit \$28 trillion in 2018¹, many opportunities exist for retailers to understand what drives customer satisfaction, loyalty, and increased spending. Additionally, the retail space is a market in which consumers continue to look for ways to empower themselves and the only constant that retailers need to accept is change. Deciding how to marry brick-and-mortar with the abundance of IT and self-service solutions in order to provide a positive, satisfying customer experience will continue to represent a challenge as solutions continue to evolve. The task will be for retailers to provide the best possible experience for the customer—whether in-store, online, or a hybrid of both—in order to remain competitive and profitable in an industry that is continually changing to meet customer demands and desires.

CFI Group's approach to precision monitoring and measurement of customer satisfaction helps retailers create insights for synergistic cross-channel decision making, empowering executives with the information they need to improve performance across every customer touchpoint.

Our proprietary data gathering and analysis tools, based on the ACSI methodology, provide retailers with deep insight into how they perform against constantly changing consumer expectations. With the release of the latest installment of our Retail Satisfaction Barometer, we're also providing insight into how retailers perform on the whole, by segment, and in accordance with the expectations of specifically segmented customer groups. We will also be delving into topics such as customer-facing technologies, developed to put the power of the purchase into the hands of the customer. Additionally, we will be offering valuable insights about the cross-channel experience and the very relevant issue of data security. Understanding how the customer experience you create compares with that of your competitors weighs heavily on the difference between growth or retraction of market share and margins.

To maximize your appeal to the modern consumer, price, product availability, and service levels must be measured synergistically across the in-store and website/mobile experiences. The CFI Group Retail Satisfaction Barometer provides a one-of-a-kind, holistic view of performance across those variables and more. The purpose of this report is to provide an overview of the data gathered by the index and aid retail decision makers as they navigate this complex consumer environment.

ABOUT THE ACSI METHODOLOGY

The American Customer Satisfaction Index (www.theacsi.org) is the only uniform, national, cross-industry measure of satisfaction with the quality of goods and services available in the United States. A key distinguishing feature of the ACSI methodology is its patented scientific approach to customer satisfaction measurement.

When applied to your organization, the unique cause-and-effect methodology of the ACSI shows how satisfied customers are today, and how satisfaction leads to desired results. This one-of-a-kind methodology also gauges satisfaction with specific elements of the customer experience that influence overall satisfaction and future success.

The ACSI is an important indicator of economic performance, both for individual firms and for the macro economy. As such, the national ACSI score has been shown to be predictive of both consumer spending and stock market growth, among other important indicators of economic growth. Perhaps most revealing, however, have been the linkages discovered between aggregate ACSI growth, aggregate corporate earnings growth (among S&P 500 companies), and average Market Value Added (MVA), which measures a firm's success in creating wealth for shareholders.

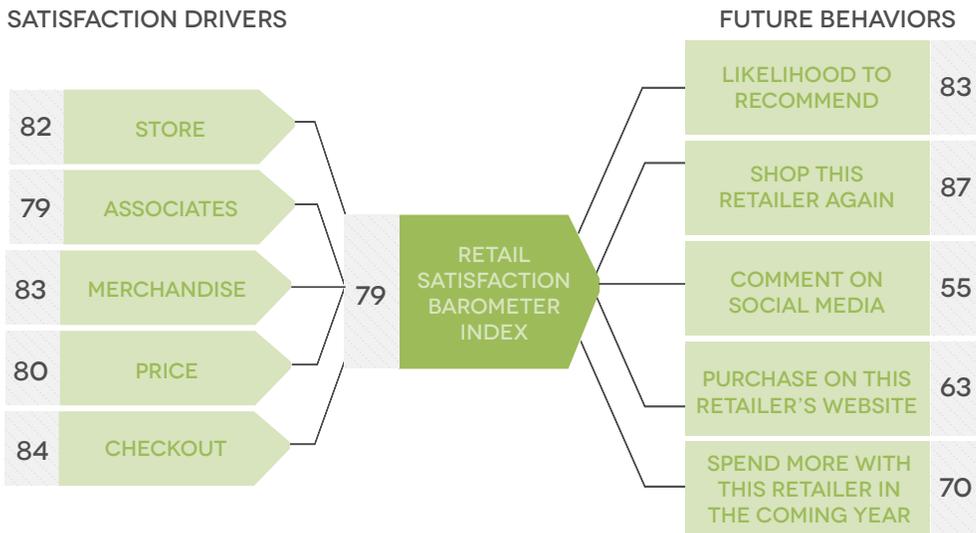
¹First Research Industry Profile, *Retail Sector*, March 9, 2015

Key Driver Analysis—What Matters Most

The Retail Satisfaction Barometer 2015 looks at the elements of a customer’s retail experience and how they may affect their behavior in the future—whether they will shop again, increase their purchases, and recommend to friends and family.

As shown in Figure 1, the RSB model looks at five elements of the customer experience as drivers of satisfaction. Improvements to these drivers will lead to a higher overall RSB score, which will result in higher customer loyalty and a greater likelihood that customers will develop an affinity for the retailer, spend more money there, and recommend the company and products to peers.

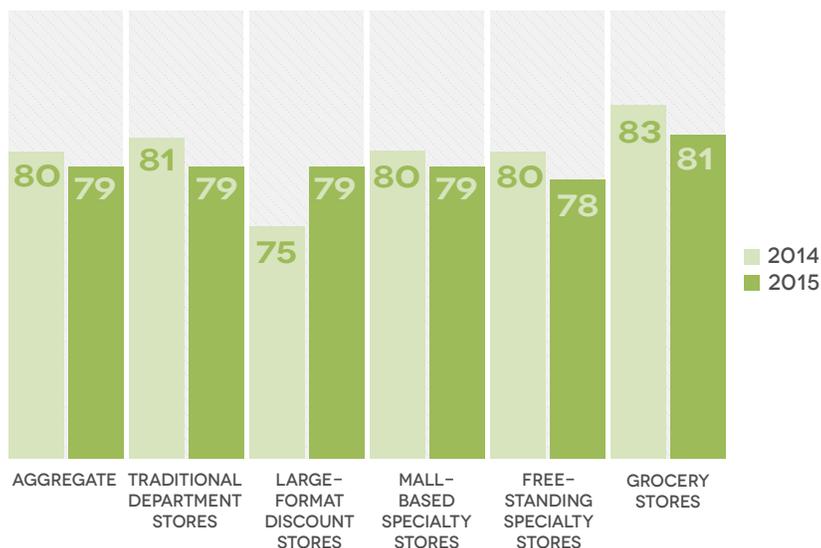
Figure 1: RSB 2015 Model



Customer Satisfaction by Retail Segment

Looking at the various retail segments included in the RSB 2015, *Satisfaction* scores are mostly consistent among the categories, with only a 3-point gap score between the highest score and the lowest. In 2015, *Satisfaction* is highest among those shopping at *Grocery Stores*, 81, which is consistent with the previous year. Conversely, *Freestanding Specialty Stores* score a 78 in 2015.

Figure 2 - Year-Over-Year RSB Index Scores by Segment



Examining the segment details, insights emerge in terms of what some retail categories are doing well and those who are missing the mark. Firstly, looking at the driver of *Store*, specifically focusing on customer perception of *Cleanliness*, both *Mall-Based Specialty Stores* and *Freestanding Specialty Stores* perform well, with both scoring an 85. Not surprisingly, *Large-Format Discount Stores* fall at the bottom of the list, with *Cleanliness* scoring a comparatively lower 81. While scores remain relatively high in 2015, the first impression of how clean a store is can resonate with a customer throughout the entire shopping experience, so avoiding declines in this area is key.

As the checkout experience is a high impact driver of retailer satisfaction, it is a significant area of opportunity, specifically for *Large-Format Discount Stores*. *Efficiency of Checkout* scores for *Large-Format Discount Stores* falls behind the other segments by up to 6 points. Moreover, customers shopping in *Large-Format Discount Stores* also report lower levels of satisfaction with the helpfulness and courteousness of the cashier. As the checkout process is the last chance to make a good impression on shoppers, it could be a key competitive advantage for larger discount retailers to improve upon the efficiency of the process and the “soft skills” of the cashiers.

Consistent with 2014, *Price* is one of the most impactful drivers of retail customer satisfaction. In 2015, customers expressed higher levels of satisfaction with the pricing of *Large-Format Discount Stores*, giving a score of 83. This is compared to *Mall-Based Specialty Stores* which score on the lower end with a 79 (although the score improves by 1 point in 2015). As one would expect, *Large-Format Discount Stores* customers report solid levels of satisfaction with both the *Price of Products Given the Quality* and *Prices Compared to Other Stores* that carry similar products (84 and 85, respectively). Conversely, these two areas are pain points for customers shopping at *Mall-Based Specialty Stores*, as both score a 77 in 2015.

Continuing on a trend from previous reports, staffing remains a key opportunity for *Large-Format Discount Stores*. While the overall *Associate* score improves by 4 points year over year (76 vs. 72), *Large-Format Discount Stores* continue to lag behind the other segments. Specifically, large discount retailers should focus on associates being available to assist customers and helpfulness. Given the format of these stores, we recognize this could be a challenge.

Segment Analysis

For a deeper look into how each retail segment scores across the different facets of the retail experience, see Figure 3.

Figure 3 - RSB Model Scores by Segment

	AGGREGATE	TRADITIONAL DEPARTMENT STORES	GROCERY STORES	LARGE-FORMAT DISCOUNT STORES	MALL-BASED SPECIALTY STORES	FREE-STANDING SPECIALTY STORES
STORE	82	82	82	81	82	83
CLEANLINESS	84	84	84	81	85	85
LAYOUT/DESIGN	81	81	80	81	81	82
EASE OF FINDING WHAT YOU WANT	81	81	81	82	81	81
CLARITY OF PRODUCT/PRICING SIGNAGE	82	81	83	83	81	83
PRODUCTS DISPLAYED NEATLY	82	81	85	79	82	83
ASSOCIATES	79	78	81	76	82	78
AVAILABILITY	76	74	77	71	80	74
HELPFULNESS	79	77	81	75	81	78
COURTEOUSNESS	82	82	84	79	82	81
KNOWLEDGE OF PRODUCTS/SERVICES	80	81	82	77	82	79
MERCHANDISE	83	83	84	82	81	84
VARIETY OF PRODUCTS CARRIED	82	83	83	82	81	84
QUALITY OF PRODUCTS OFFERED	84	84	85	83	83	85
AVAILABILITY OF ITEMS WANTED	82	82	83	82	81	82
PRICE	80	81	80	83	79	80
PRICE OF PRODUCTS GIVEN QUALITY	80	80	79	84	77	80
PRICES COMPARED TO SIMILAR STORE	80	80	79	85	77	81
ATTRACTIVENESS OF SALES/PROMOTIONS	81	83	81	80	81	80
CHECKOUT	84	82	85	81	86	82
EFFICIENCY OF CHECKOUT	82	80	84	79	85	82
HELPFULNESS OF CASHIER	83	81	85	80	84	81
COURTEOUSNESS OF CASHIER	85	84	87	83	87	84
SATISFACTION	79	79	81	79	79	78
LIKELIHOOD TO SHOP AGAIN	87	87	91	89	84	87
LIKELIHOOD TO RECOMMEND	83	83	84	84	82	85
LIKELIHOOD TO COMMENT	55	60	46	53	61	54
LIKELIHOOD TO PURCHASE ON WEB	63	74	37	67	70	68
LIKELIHOOD TO INCREASE SPENDING	70	72	65	73	69	70

Key Driver Impacts

The RSB looks at the facets of a customer's experience with a retailer to determine how satisfied the customer is with a retailer. Improvements to these drivers will lead to a higher overall RSB score, which will result in higher customer loyalty and a greater likelihood that those customers will develop an affinity for the retailer, spend more money there, and recommend the company and its products to peers.

The patented ACSI methodology calculates how important each *Satisfaction* driver is and also indicates the relative return on investment (ROI) retailers can expect in terms of increased customer *Satisfaction* (RSB score) when investing in a particular area. Different than customers answering the question, "What is most important to you?" the impacts indicate the extent to which retailers are meeting customers' unspoken expectations. They will also identify the extent to which further investment in these areas will yield higher levels of satisfaction, and ultimately revenue driving outcomes such as spending more, remaining a customer, and recommending the retailer to others. Figure 4 shows the relative impact the five drivers have on overall customer *Satisfaction*.

Figure 4: Relative Driver Impact on Customer Satisfaction



The RSB 2015 model shows us the three areas that are most impactful to a customer's *Satisfaction* with their retail experience are *Checkout*, *Merchandise*, and *Price*. When prioritizing where to invest financial resources aimed at improvements, these three crucial areas emerge as focal points. However, this model is based on the aggregate number of respondents and does not take into account the segment in which they shopped. Not all retailers are created equal and what is important to the large retail store customer may not be what is most important to the grocery store customer. For example, looking specifically at *Checkout*, it is far more impactful to the large retail customer (53%) than it is to the department store customer (13%).

Future Behaviors

Whether or not customers are satisfied with the retail experience determines whether they're likely to:

- Shop the store again
- Recommend the store/brand to peers
- Comment on the store using social media
- Make purchases on the retailer's website
- Increase their spending with the retailer

Following the unrest caused by a faltering economy, the RSB 2014 showed us future behavior scores rebounded, signaling a turnaround in the mindset of consumers. In 2015, both *Recommend* and *Shop Again* scores remain stable and barring any unexpected jolts in the economy and a positive outlook for the retail space, we anticipate stability among these scores. However, as discussed earlier, consumer intent to spend more falters slightly in 2015, declining by 2 points.

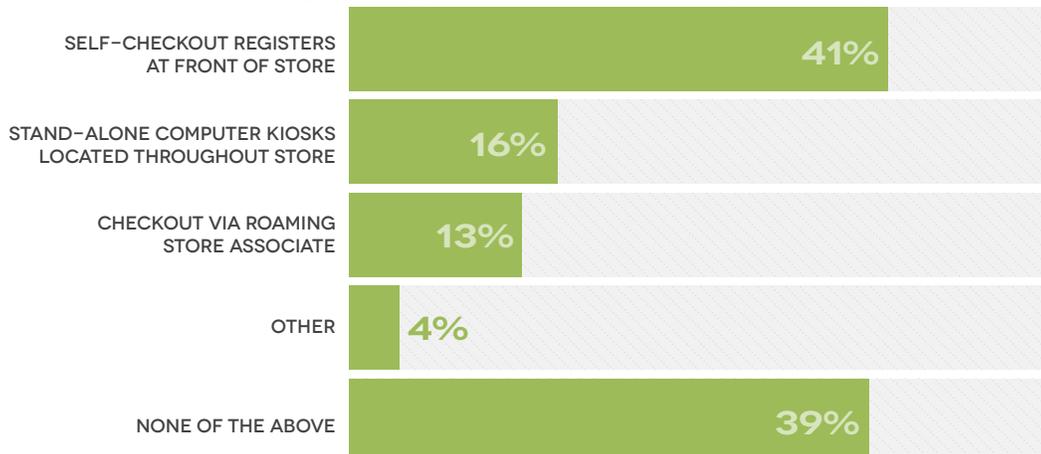
However, customers' willingness to both comment on a store via social media and make purchases on the retailer's website continue to lose ground. The 2014 *Likelihood to Comment on Social Media* score fell by 3 points and this year, it falls by 3 more points. While consumer willingness to take to social media to air their sentiments—good or bad—isn't necessarily a critical indicator of customer satisfaction with a retailer, it is worth noting the role social media plays in customers discussing their retail experience may be losing some of the traction we saw two years ago.

Customer-Facing Technology Solutions

The RSB 2015 contains new insights aimed at customer-facing technology solutions. Whether the impetus was labor cost savings or enhancing the customer experience, we wanted to examine the impact these solutions have on customer satisfaction and how they drive future behaviors. Specifically, we wanted to learn about what technology-related services are offered by the retailer the respondent recently visited, which were actually used, and perhaps more importantly, how helpful they were. We also asked respondents who used in-store kiosks how they used the kiosk during their shopping experience.

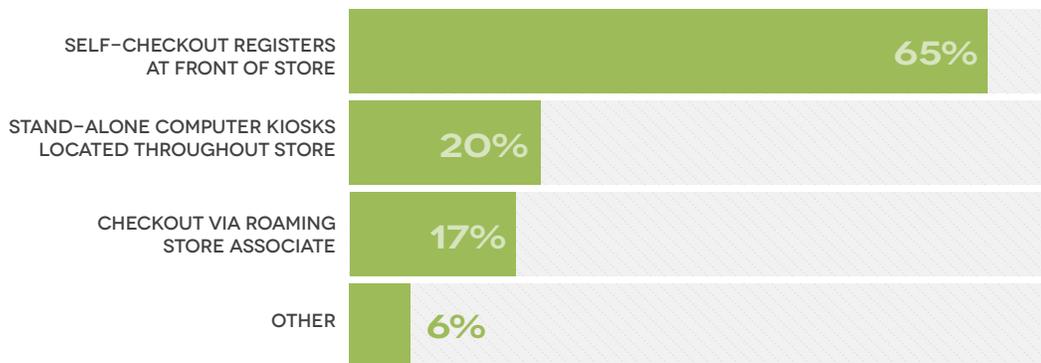
In terms of technology related services offered by retailers, Figure 5 illustrates the percentage of respondents reporting which solutions were available at the retailer they most recently visited. Of those surveyed, 41% indicate self-checkout registers at the front of the store were available, 16% report seeing in-store kiosks, and 13% say roaming store associates were available. Looking at the various segments, the percentage of those who indicate services were offered are relatively comparable, but customer-facing solutions were seen less in the large discount retailer space.

Figure 5: Which of the following technology-related services are offered by the retailer you recently visited?



In terms of customer use of the offerings, 61% indicate they actually used the service provided by the retailer. Figure 6 illustrates which of the solutions were used by shoppers, with 65% saying they used the self-checkout registers at the front of the store, making it the most popular option available.

Figure 6: Which of the following technology-related services have you actually used?



Looking at offering use among the various retail segments, *Self-Checkout Registers* are most popular among grocery store customers, with 88% reporting they used one. *In-Store Kiosk* use is highest among department store customers at 38%. More than one-quarter of *Mall-Based Specialty Stores* customers report using a *Roaming Store Associate*.

Figure 7: Tech Services Used by Segment

	TRADITIONAL DEPARTMENT STORES (e.g. Macy's)	GROCERY STORES (e.g. Kroger)	LARGE-FORMAT DISCOUNT STORES (e.g. Target)	MALL-BASED SPECIALTY STORES (e.g. Williams Sonoma)	FREESTANDING SPECIALTY STORES (e.g. Best Buy)
SELF-CHECKOUT REGISTERS	42%	88%	75%	50%	61%
IN-STORE KIOSK	38%	4%	13%	25%	28%
ROAMING STORE ASSOCIATE	20%	8%	17%	27%	13%

Now that we know what offerings are being used where, the question is, does using x offering in x type of retailer result in higher satisfaction and increased likelihood to return, recommend, or increase spend?

As the Figures 8 and 9 indicate, scores are mixed based on what technology is used where. However, where in-store technology can really impact customer *Satisfaction* is among the *Large-Format Discount Store* segment. Given the format of large discount retailers, associate availability can be a challenge. However, as the scores below indicate, having *In-Store Kiosks* boosts *Satisfaction* to 86 (the aggregate score is 79).

Figures 8 and 9: Scores by Technology Services Used by Segment

	TRADITIONAL DEPARTMENT STORES			GROCERY STORES			LARGE-FORMAT DISCOUNT STORES		
	SELF-CHECKOUT REGISTERS	IN-STORE KIOSK	ROAMING STORE ASSOCIATE	SELF-CHECKOUT REGISTERS	IN-STORE KIOSK	ROAMING STORE ASSOCIATE	SELF-CHECKOUT REGISTERS	IN-STORE KIOSK	ROAMING STORE ASSOCIATE
SATISFACTION	84	85	84	80	81	73	78	86	87
LIKELIHOOD TO SHOP AGAIN	90	94	88	91	94	82	89	93	89
LIKELIHOOD TO RECOMMEND	87	88	85	84	82	80	83	85	89
LIKELIHOOD TO INCREASE SPENDING	84	77	80	65	72	79	72	83	90

	MALL-BASED SPECIALTY STORES			FREESTANDING SPECIALTY STORES		
	SELF-CHECKOUT REGISTERS	IN-STORE KIOSK	ROAMING STORE ASSOCIATE	SELF-CHECKOUT REGISTERS	IN-STORE KIOSK	ROAMING STORE ASSOCIATE
SATISFACTION	81	80	81	81	87	78
LIKELIHOOD TO SHOP AGAIN	85	87	85	90	94	84
LIKELIHOOD TO RECOMMEND	84	85	81	87	94	84
LIKELIHOOD TO INCREASE SPENDING	78	75	77	77	83	85

Behold the Power of the Kiosk

Among the 20% who used the in-store kiosk higher *Satisfaction* scores are reported mostly across the board, even compared to the scores of those who were aware their retailer offered the solution but did not use it. Additionally, *Likelihood to Increase Spending* is 26% higher among those who have used the kiosk versus those who indicate their store did not offer any customer-facing technologies.

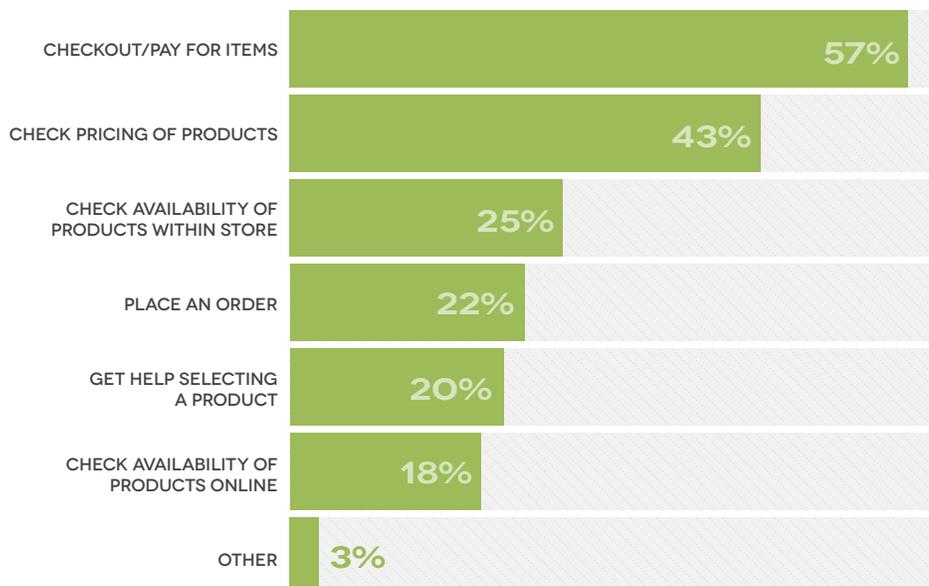
Figure 10: Score Comparisons--Kiosk Use vs. Non Kiosk Use?

	HAVE USED KIOSK	HAVE USED CHECKOUT VIA ROAMING STORE ASSOCIATE	HAVE USED SELF CHECKOUT	AWARE OF KIOSK, DID NOT USE
PRODUCTS	87	84	84	86
PRICE	84	82	81	84
CHECKOUT	88	84	84	87
SATISFACTION	84	81	80	83
LIKELIHOOD TO SHOP AGAIN	92	86	89	90
LIKELIHOOD TO RECOMMEND	88	84	84	87
LIKELIHOOD TO INCREASE	78	81	73	78

Kiosks are a critical competitive advantage for any retailer who wants to put the power of the shopping experience into the hands of its customers. Kiosk use is associated with not only higher *Satisfaction* and *Future Behavior* scores, but it can also have a positive impact on how customers perceive those three integral drivers of *Price*, *Merchandise*, and obviously, the *Checkout* process.

Because we know that kiosks can offer a competitive edge, it is crucial to understand what they are being used for. Figure 11 shows that 57% are using a kiosk to check out/pay for items, with 43% indicating they use them to check item prices. Looking closer at the 57% who are using them to check out, an interesting finding emerges.

Figure 11: How have you used the retailer's kiosk?



The RSB 2015 shows that when it comes to most facets of the shopping experience, Millennials and Baby Boomers have little in common as their expectations and desires differ greatly. However, the one area in which they show somewhat of a united front is their love of kiosks. While Millennials are a bit more likely to use them to check out compared to Baby Boomers (35% to 29%), these two groups combined account for nearly three-quarters of those using kiosks to check out. While satisfaction among kiosk users is also comparable, their perceptions of efficiency of the checkout do differ. Baby Boomers are more satisfied with the efficiency of kiosks versus the Millennials, although both scores are strong (89 vs. 84). Again, this difference in perception could be the result of Baby Boomers coming of age at time where waiting in line at a retail store was a given and kiosks represent an option for an expedited checkout. This is in contrast to the Millennials who have grown up in a world where retailers offer more than one option to get in, shop, and get out of a store.

Overall, consumers who used customer-facing technologies perceived them as helpful regardless of the type used. However, breaking down the three different offerings respondents were asked about, 59% indicated the self-checkouts were *Very Helpful*, versus the 57% who say the kiosk and the roaming store associate were *Very Helpful*.

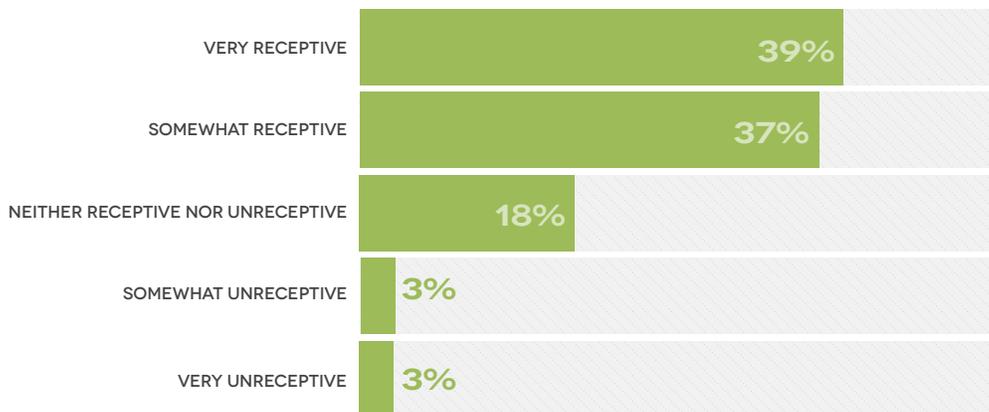
Cross-Channel

As the lines between traditional brick-and-mortar stores continue to merge and morph with IT-based shopping services and solutions, the RSB 2015 wanted to delve into cross-channel offerings and gauge various facets of a cross-channel experience.

Specifically, we wanted to learn how receptive consumers are to promotions and recommendations that are based on a previous shopping experience with a retailer (regardless of whether the history is based online, in store, or by phone). Also, we asked which cross-channel features/services respondents have actually experienced with the retailers they are evaluating and how likely they would be to increase purchases based on cross-channel offerings.

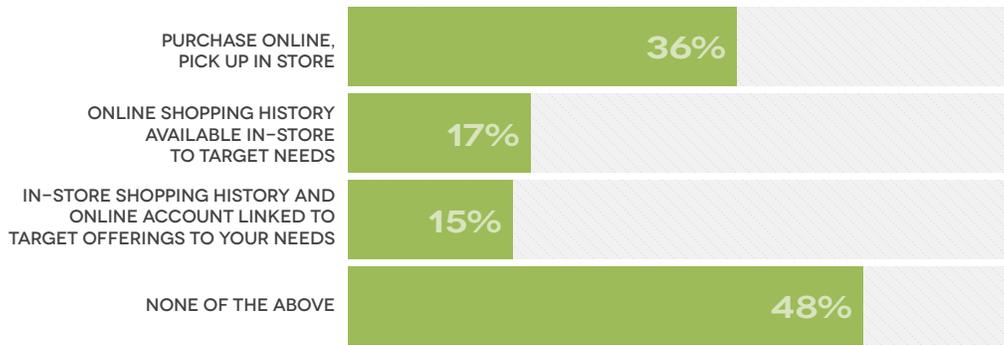
As Figure 12 shows, more than a majority, 76%, are *Very or Somewhat Receptive* to promotions and recommendations resulting from the previous shopping history with a retailer. In order for retailers to take advantage of this sector of shoppers open to promotions and recommendations, it is key to understand who they are. The RSB 2015 reports that 36% Millennials are *Very or Somewhat Receptive* to the offers, making them the most open compared to the other age groups. Data shows that the older a customer is, the less likely they are to be receptive to a retailer knowing their shopping history and subsequently making recommendations or offering promotions.

Figure 12: How receptive are you to promotions/recommendations that are based on your shopping history?



This year, we also asked respondents which features/services they have actually experienced with the retailer with whom they last shopped. Figure 13 shows nearly half, 48%, report no exposure to the features/services compared to the 36% who have used a *Purchase Online, Pick Up In Store* feature (the most popular offering).

Figure 13: Which features/services have you actually experienced?



In spite of little less than half of respondents indicating they have not experienced cross-channel offers, for those who did, *Satisfaction* scores are higher, indicating the benefits of personalizing across channels. Figure 14 shows that customers who had their online shopping history available in store in order help target specific needs were the most satisfied. Specifically, this offering had a very positive impact on *Store, Merchandise, and Checkout*.

Figure 14: Scores by Features/Services

	PURCHASE ONLINE, PICK UP IN STORE	ONLINE SHOPPING HISTORY AVAILABLE IN STORE TO TARGET NEEDS	IN-STORE SHOPPING HISTORY AND ONLINE ACCOUNT LINKED TO TARGET OFFERINGS TO YOUR NEEDS	NONE OF THE ABOVE
STORE	83	86	85	80
ASSOCIATES	80	84	83	77
MERCHANDISE	84	87	86	81
PRICE	83	84	83	78
CHECKOUT	84	86	86	83
SATISFACTION	81	82	82	77

Cross-channel offerings can not only impact *Satisfaction*, but also future behaviors. When asked if offering the *Purchase Online, Pick Up In Store* feature would increase purchases, 53% indicated they would be *Somewhat* or *Very Likely* to make more future purchases. Of those surveyed, 40% say they would be *Somewhat* or *Very Likely* to increase purchases if their online shopping history was made available to them in store and 45% say the same about an in-store shopping history feature that links to your online account.

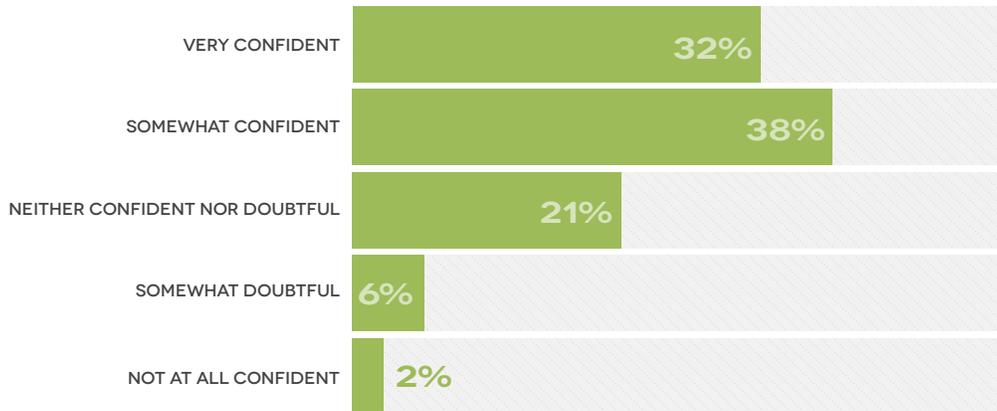
While these findings show that customers are not only receptive to cross-channel offerings, but may also increase their purchases after interacting with the offerings, there are a few strings attached. Firstly, we asked respondents how important consistency was between online and in-store pricing when deciding where to shop. A full 85% say it is *Very* or *Somewhat Important* for retailers to maintain consistent pricing, compared to a scant 3% who indicate it is *Somewhat Unimportant* or *Not at All Important*.

That said, there is an even more critical consideration retailer must recognize when either developing or enhancing the cross-channel or any retail experience—data security.

Data Security

The high profile data breaches reported in the past two years have added a new consideration to how customers perceive retailers. To that point, we wanted to learn more about what our respondents think about data security and how it impacts their perceptions of retailers. It must be the goal of retailers to not only protect customer data from breaches, but also instill confidence to its customers that they are very capable of protecting it, whether during an in-store or cross-channel shopping experience.

Figure 15: Ability to Keep Info Secure



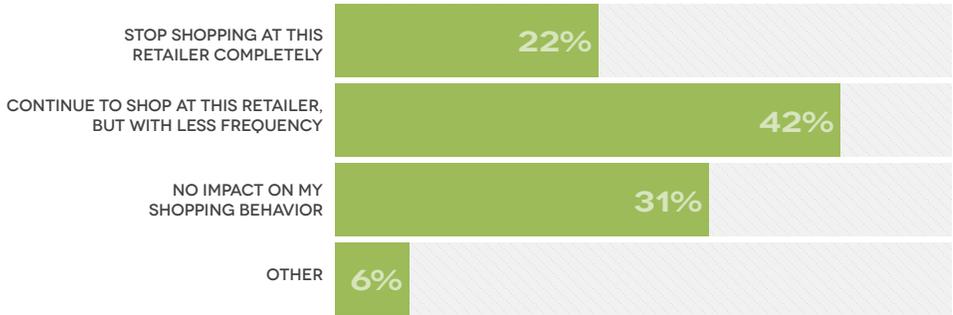
The RSB 2015 found only 32% of respondents are *Very Confident* in retailers' ability to keep their private information secure. Not surprisingly, overall satisfaction with a retailer will rapidly decay the less confident a consumer is that the retailer can keep their info under lock and key. Those who are *Very Confident* gave a satisfaction score of 90. This is in stark contrast to those who indicate they are *Somewhat* or *Not at All Confident* (63). Data security perceptions also have ramifications on future behaviors. Figure 16 shows the *Likelihood to Shop Again* and *Recommend* will fall dramatically the less confident shoppers are that their information is secure.

Figure 16: How Scores Are Impacted by Confidence

	VERY CONFIDENT	SOMEWHAT CONFIDENT	NEITHER CONFIDENT OR DOUBTFUL	SOMEWHAT DOUBTFUL	NOT AT ALL DOUBTFUL
LIKELIHOOD TO SHOP AGAIN	94	87	82	79	70
LIKELIHOOD TO RECOMMEND	92	84	76	71	51

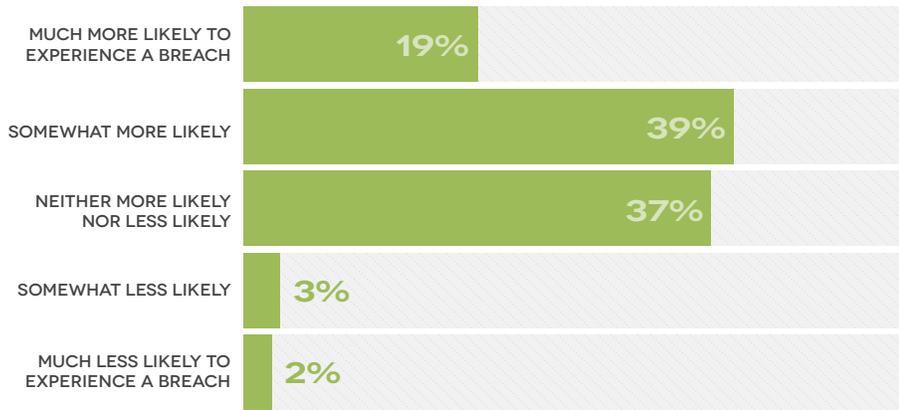
Figure 17 shows that even if customers do not experience a data security breach, but are aware one occurred, 22% indicate they would stop shopping at the retailer altogether and 42% say they would continue to shop at the retailer, but with less frequency. These results hit retailers’ bottom lines, not to mention their reputations.

Figure 17: If retailer were to experience a security breach (even if you were not impacted), how would this impact your future shopping behavior?



While consumers indicate they are receptive to a more personalized, omni-channel experience, our data shows that for retailers offering such service, extolling the safety of consumer information is critical. In all, 58% say retailers are *Much More* or *Somewhat More Likely* to experience a data breach if they offer tech savvy services, such as recommendations, tied to purchase history.

Figure 18: Do you believe retailers that use technology to provide a more personalized shopping experience are more likely or less likely to experience a security breach?



Companies that have experienced a data breach in the past few years have seemingly recovered from the financial wounds the breaches inflicted. Harvard Business Review recently reported that "...breaches are expected and have become a regular cost of doing business."² However, while the financial implications of breaches may no longer sting, it will still be critical moving forward that retailers do whatever they can to assuage their customers who may still be gun shy in the wake of the breaches. With new technologies come new responsibilities for retailers to let their customers know that their personal information is safe with them.

²"Why Data Breaches Don't Hurt Stock Prices," *Harvard Business Review*, March 31, 2015

KEY TAKEAWAYS

- Improving economic conditions have not translated into increased levels of consumer spending. Consumer plans to spend more have softened somewhat year over year. Unless buyer satisfaction improves, resulting in more spending, the economic turnaround may be short lived.
- Consumers are embracing new technologies, developed to provide a personalized, cross-channel experience.
 - > 61% of respondents say they have used some type of technology-based solution in store.
 - > Kiosk use results in higher *Satisfaction* scores and a greater likelihood to spend more.
 - > Increased purchases may result if a retailer provides customer with their online shopping history while visiting a brick-and-mortar store, with 40% saying they would be *Somewhat* or *Very Likely* to increase their purchases as a result of this offering.
- New technology comes with responsibility.
 - > The biggest make-or-break facet of the cross-channel experience is inconsistent pricing between channels, with 85% of customers saying consistency is a cross-channel necessity.
 - > Data security is also an issue. Scores for *Satisfaction* and *Likelihood to Shop Again, Recommend, and Spend More* erode the less confident consumers are with a retailer's ability to keep their information secure.

About CFI Group (www.cfigroup.com)

CFI Group is a global leader in providing customer feedback insights through analytics. CFI Group provides a technology platform that leverages the science of the American Customer Satisfaction Index (ACSI). This platform continuously measures the customer experience across multiple channels, benchmarks performance, and prioritizes improvements for maximum impact.

Founded in 1988 and headquartered in Ann Arbor, Michigan, CFI Group serves global clients from a network of offices worldwide. Our clients span a variety of industries, including financial services, hospitality, manufacturing, telecom, retail and government. Regardless of your industry, we can put the power of our technology and the science of the ACSI methodology to work for you.

About The ACSI (www.theacsi.org)

The American Customer Satisfaction Index (ACSI) is the only uniform, cross-industry measure of customer satisfaction proven to predict financial results. Founded at the University of Michigan's Ross School of Business, the ACSI is a leading economic indicator of consumer spending in the United States. ACSI and its logo are Registered Marks of the University of Michigan, licensed worldwide exclusively to American Customer Satisfaction Index LLC with the right to sublicense.

The ACSI measures more than 230 companies and organizations across 43 industries, representing close to half of the U.S. economy. Nearly 20 years of data from the ACSI show that customer satisfaction is an indicator of financial results on both macro and microeconomic levels, including shareholder value and cash flow volatility. The U.S. Federal Government also uses the ACSI as the gold standard of satisfaction measurement for its agencies.

APPENDIX

RSB MODEL SCORES—TRADITIONAL DEPARTMENT STORES

	2014	2015
STORE	85	82
CLEANLINESS	87	84
LAYOUT/DESIGN	85	81
EASE OF FINDING WHAT YOU WANT	84	81
CLARITY OF PRODUCT/PRICING SIGNAGE	84	81
PRODUCTS DISPLAYED NEATLY	--	81
ASSOCIATES	82	78
AVAILABILITY	79	74
HELPFULNESS	83	77
COURTEOUSNESS	84	82
KNOWLEDGE OF PRODUCTS/SERVICES	83	81
MERCHANDISE	85	83
VARIETY OF PRODUCTS CARRIED	85	83
QUALITY OF PRODUCTS OFFERED	87	84
AVAILABILITY OF ITEMS WANTED	85	82
PRICE	82	81
PRICE OF PRODUCTS GIVEN QUALITY	82	80
PRICES COMPARED TO SIMILAR STORE	82	80
ATTRACTIVENESS OF SALES/PROMOTIONS	85	83
CHECKOUT	83	82
EFFICIENCY OF CHECKOUT	82	80
HELPFULNESS OF CASHIER	83	81
COURTEOUSNESS OF CASHIER	84	84
SATISFACTION	81	79
LIKELIHOOD TO SHOP AGAIN	86	87
LIKELIHOOD TO RECOMMEND	84	83
LIKELIHOOD TO COMMENT	66	60
LIKELIHOOD TO PURCHASE ON WEB	76	74
LIKELIHOOD TO INCREASE SPENDING	75	72

RSB MODEL SCORES—LARGE-FORMAT DISCOUNT STORES

	2014	2015
STORE	78	81
CLEANLINESS	80	81
LAYOUT/DESIGN	72	81
EASE OF FINDING WHAT YOU WANT	78	82
CLARITY OF PRODUCT/PRICING SIGNAGE	80	83
PRODUCTS DISPLAYED NEATLY	--	79
ASSOCIATES	72	76
AVAILABILITY	66	71
HELPFULNESS	74	75
COURTEOUSNESS	74	79
KNOWLEDGE OF PRODUCTS/SERVICES	73	77
MERCHANDISE	82	82
VARIETY OF PRODUCTS CARRIED	83	82
QUALITY OF PRODUCTS OFFERED	82	83
AVAILABILITY OF ITEMS WANTED	83	82
PRICE	81	83
PRICE OF PRODUCTS GIVEN QUALITY	81	84
PRICES COMPARED TO SIMILAR STORE	83	85
ATTRACTIVENESS OF SALES/PROMOTIONS	80	80
CHECKOUT	74	81
EFFICIENCY OF CHECKOUT	69	79
HELPFULNESS OF CASHIER	74	80
COURTEOUSNESS OF CASHIER	77	83
SATISFACTION	75	79
LIKELIHOOD TO SHOP AGAIN	83	89
LIKELIHOOD TO RECOMMEND	79	84
LIKELIHOOD TO COMMENT	57	53
LIKELIHOOD TO PURCHASE ON WEB	67	67
LIKELIHOOD TO INCREASE SPENDING	69	73

RSB MODEL SCORES—MALL-BASED SPECIALTY STORES

	2014	2015
STORE	82	82
CLEANLINESS	87	85
LAYOUT/DESIGN	84	81
EASE OF FINDING WHAT YOU WANT	78	81
CLARITY OF PRODUCT/PRICING SIGNAGE	81	81
PRODUCTS DISPLAYED NEATLY	--	82
ASSOCIATES	81	82
AVAILABILITY	81	80
HELPFULNESS	80	81
COURTEOUSNESS	82	82
KNOWLEDGE OF PRODUCTS/SERVICES	83	82
MERCHANDISE	84	81
VARIETY OF PRODUCTS CARRIED	86	81
QUALITY OF PRODUCTS OFFERED	84	83
AVAILABILITY OF ITEMS WANTED	82	81
PRICE	78	79
PRICE OF PRODUCTS GIVEN QUALITY	79	77
PRICES COMPARED TO SIMILAR STORE	76	77
ATTRACTIVENESS OF SALES/PROMOTIONS	83	81
CHECKOUT	82	86
EFFICIENCY OF CHECKOUT	81	85
HELPFULNESS OF CASHIER	82	84
COURTEOUSNESS OF CASHIER	83	87
SATISFACTION	80	79
LIKELIHOOD TO SHOP AGAIN	87	84
LIKELIHOOD TO RECOMMEND	86	82
LIKELIHOOD TO COMMENT	68	61
LIKELIHOOD TO PURCHASE ON WEB	78	70
LIKELIHOOD TO INCREASE SPENDING	78	69

RSB MODEL SCORES—FREESTANDING SPECIALTY STORES

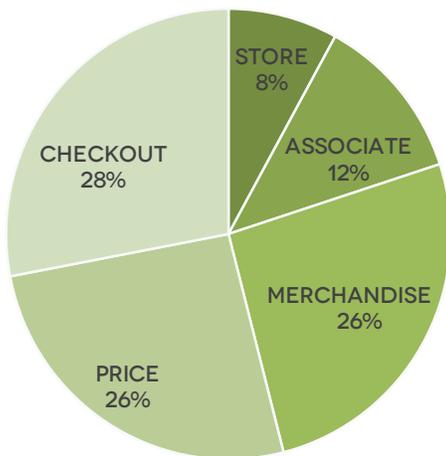
	2014	2015
STORE	82	83
CLEANLINESS	85	85
LAYOUT/DESIGN	79	82
EASE OF FINDING WHAT YOU WANT	78	81
CLARITY OF PRODUCT/PRICING SIGNAGE	83	83
PRODUCTS DISPLAYED NEATLY	--	83
ASSOCIATES	80	78
AVAILABILITY	75	74
HELPFULNESS	81	78
COURTEOUSNESS	83	81
KNOWLEDGE OF PRODUCTS/SERVICES	81	79
MERCHANDISE	84	84
VARIETY OF PRODUCTS CARRIED	87	84
QUALITY OF PRODUCTS OFFERED	87	85
AVAILABILITY OF ITEMS WANTED	83	82
PRICE	81	80
PRICE OF PRODUCTS GIVEN QUALITY	81	80
PRICES COMPARED TO SIMILAR STORE	80	81
ATTRACTIVENESS OF SALES/PROMOTIONS	83	80
CHECKOUT	82	82
EFFICIENCY OF CHECKOUT	81	82
HELPFULNESS OF CASHIER	82	81
COURTEOUSNESS OF CASHIER	84	84
SATISFACTION	80	78
LIKELIHOOD TO SHOP AGAIN	87	87
LIKELIHOOD TO RECOMMEND	85	85
LIKELIHOOD TO COMMENT	54	54
LIKELIHOOD TO PURCHASE ON WEB	70	68
LIKELIHOOD TO INCREASE SPENDING	71	70

RSB MODEL SCORES—GROCERY STORES

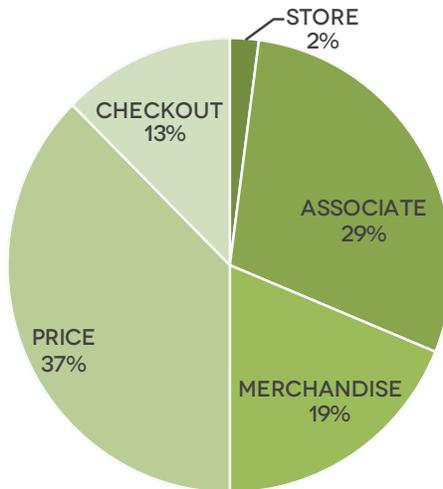
	2014	2015
STORE	85	82
CLEANLINESS	87	84
LAYOUT/DESIGN	80	80
EASE OF FINDING WHAT YOU WANT	85	81
CLARITY OF PRODUCT/PRICING SIGNAGE	86	83
PRODUCTS DISPLAYED NEATLY	--	85
ASSOCIATES	85	81
AVAILABILITY	83	77
HELPFULNESS	86	81
COURTEOUSNESS	86	84
KNOWLEDGE OF PRODUCTS/SERVICES	85	82
MERCHANDISE	87	84
VARIETY OF PRODUCTS CARRIED	88	83
QUALITY OF PRODUCTS OFFERED	88	85
AVAILABILITY OF ITEMS WANTED	87	83
PRICE	84	80
PRICE OF PRODUCTS GIVEN QUALITY	84	79
PRICES COMPARED TO SIMILAR STORE	84	79
ATTRACTIVENESS OF SALES/PROMOTIONS	86	81
CHECKOUT	84	85
EFFICIENCY OF CHECKOUT	82	84
HELPFULNESS OF CASHIER	84	85
COURTEOUSNESS OF CASHIER	85	87
SATISFACTION	83	81
LIKELIHOOD TO SHOP AGAIN	90	91
LIKELIHOOD TO RECOMMEND	86	84
LIKELIHOOD TO COMMENT	52	46
LIKELIHOOD TO PURCHASE ON WEB	53	37
LIKELIHOOD TO INCREASE SPENDING	70	65

KEY DRIVERS BY SECTOR

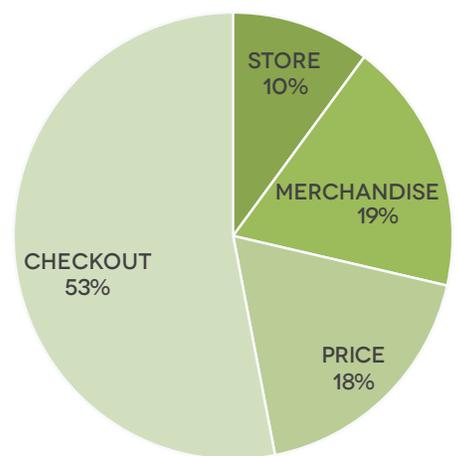
OVERALL



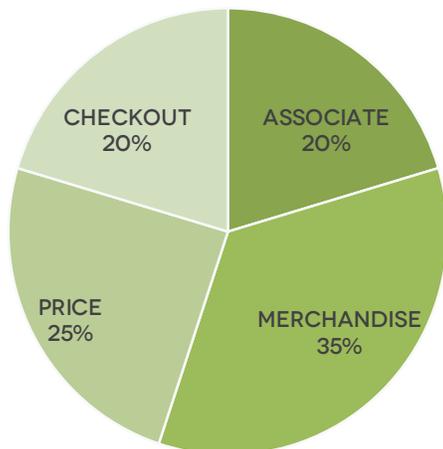
TRADITIONAL DEPARTMENT STORES



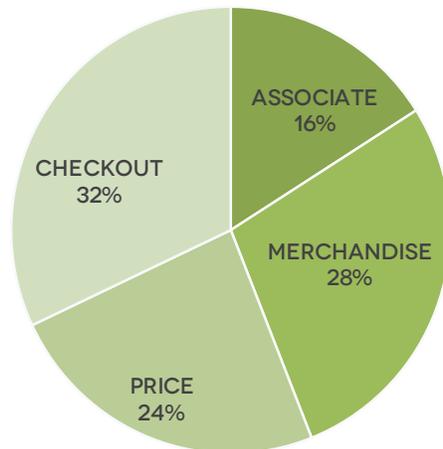
LARGE-FORMAT DISCOUNT STORES



MALL-BASED SPECIALTY STORES



FREESTANDING SPECIALTY STORES



GROCERY STORES

