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The Rising Importance of Customer Experience in Retail Marketing

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While the “customer is king” adage has existed for years, and for good reason, it’s time to modernize the phrase: customer experience is king. This mentality has been growing with the proliferation of ecommerce and online shopping. Retail businesses face more competition than ever before, so they’re seeking ways to set themselves apart from others.

Major retailers like REI are creating new roles like Chief Customer Officer and Chief Digital Officer to give customer experience the attention and strategy it requires. These aren’t knee-jerk reactions either, as [studies show](#) 65% of customers find that a positive experience with a brand is more influential than great advertising while 42% would pay more for a product just to have a better experience. Now with COVID-19 further impacting the buyer’s journey, it’s necessary to take a hard look at the evolving customer experience in retail marketing.

Customer Experience in the Near Future

While the coronavirus pandemic brought significant changes to retail, many of these movements were already underway; they simply accelerated. This is most obvious in the shift from brick-and-mortar purchases to digital transactions. For example, CVS has seen a [600% increase](#) in virtual visits to its Minute Clinic earlier this year. While this is a healthcare retail example, it’s representative of the trend happening across industries. Now that many retailers have reopened their stores, it’s clear that customers, especially millennials, still desire a fulfilling in-store experience. It’s when they don’t receive that experience that they look for alternatives, often in the digital realm.

In order to provide a strong customer experience across all channels in the near future, it’s necessary to understand how customer needs have changed due to the pandemic. Accenture’s [report](#) on the human experience rightfully points to several implications that must be addressed. During a time of such uncertainty, customers need to feel more trust and confidence in the brands they interact with. With more retail taking place from the home, retailers must also meet customers where they are and enhance new comfort-based lifestyles. Importantly, the individuals whom customers are quarantined with are influencing buying habits more than usual.

Statistically, there has been a [40% jump](#) in ecommerce in the first half of 2020, but this is mainly in the “essentials” category as purchases of “non-essentials” dropped. While this is a significant behavioral shift that underscores the importance of the omnichannel experience, it is one that will balance back out. An even more revealing study from [McKinsey](#) found that during August, more than 77% of Americans were trying new shopping behaviors with the

intention of keeping them after the pandemic is eventually resolved. This includes customers looking to new brands and trying different points of sale. Retailers must be agile as these new behaviors continue to unfold, changing as necessary to deliver the experience customers want and the products they need.

Post-Coronavirus Customer Experience Best Practices

Prior to 2020, a [Gartner study](#) determined that two-thirds of customer loyalty is driven by the customer experience, making it a more important factor than price. COVID-19 amplified the importance of the customer experience, and as the world moves past this pandemic, certain retail CX best practices are here to stay.

The most successful retailers recognize that the human touch should not be sacrificed for the sake of convenience or speed. Getting to the transaction as fast as possible might create one sale, but it fails to garner repeated business. Whether the customer is interacting with your brand online or in-store, building a connection is the key to future, continued sales. For example, when Best Buy recognized how much business they lost to Amazon, they created their [advisor program](#) to provide free consultations to customers. Its success is due to the fact advisors are focused on building relationships and not trying to influence an immediate purchase.

People desire human interaction; they want to be part of something. Virtual consultations allow for a more personal, memorable experience. Likewise, building communities that feel streamlined and consistent across all touch points with a consumer provides that sense of being part of a group. Successful retailers have dug deep to foster a greater sense of connection with customers by humanizing their voice, sharing their values, and emphasizing a caring, sensitive message. At the same time, there's a significant opportunity for retailers to use data to obtain a 360-degree view of their customers. Combined with advances in IoT, data analytics can personalize the customer experience in considerable ways. Nike exemplifies this mentality through its robust mobile app and in-store experiences driven by technology.

In a post-coronavirus market, the in-store customer experience takes on greater significance. People are returning to physical stores, but they're not taking the decision to venture out in public lightly. Retailers must do more than just open up shop the same way as before. One [successful example](#) is the Cinépolis line of movie theaters. Knowing that they had to elevate their experience to stand out from in-home viewing options like Netflix, Cinépolis added new features like luxury chairs, specialty food delivered seat-side, and more. They went above and

beyond what they offered prior to the pandemic, and as a result, drew customers out of the house.

Ultimately, trust is the foundation of any good customer experience. Consumers want to spend their money with businesses that have the same values. That's why retailers might choose to highlight the sustainability of their materials or showcase the inclusivity of their culture. Building that trust also helps customers feel safe. Even after COVID-19 passes, people will be vigilant about the cleanliness of stores. Similarly, as companies seek to leverage data in more significant ways, customers will place additional focus on their privacy. Whether it's in-store or online, this focus on trust and safety in any touch point is an important trend for retailers to keep up with in the long-term.

The stakes have never been higher. People's lives changed dramatically in 2020, so it should come as no surprise that their buying behavior is changing at the same time. Today's consumers place great value in the interactions they have with retailers and are making their purchase decisions accordingly. The brands that can meet these customers where they are and make them feel valued as a person are the ones that can deliver an excellent experience and rise above their competition.

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