



CONNECTED RETAIL

BY **CIST**



BACKGROUND

In October, we surveyed 530 US consumers of all generations and genders to capture their purchase patterns and buying behaviors over the last year. The survey gleaned deep insight into the value shoppers find in various retail experiences, and it helped inform an extensive audit of 75 retailers omnichannel strategies. Below are the results and rankings from both the consumer insights survey and our design team's retailer evaluations.

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EXECUTIVE SUMMARY



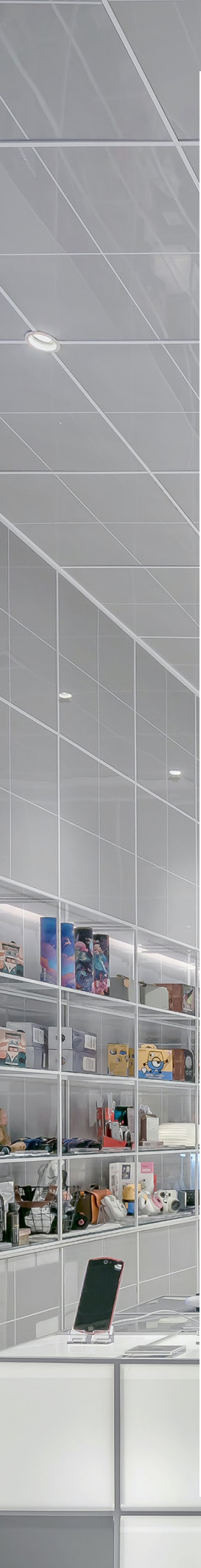
From omni-channel, to transcendent, to total commerce, the retail industry has coined many a phrase to convey consumers' bouncing behaviors between online and offline environments. But shopping behaviors are rooted in habits, and while buying channels have continued to multiply over the years, the majority of consumers were still thinking in verticals- online was for research, while in-store was for browsing and buying. Online is still very much for research, but Covid-19 forced consumers' hands, eliminating many brick and mortar browsing opportunities, and challenging the reliability of delivery timelines. Pre-pandemic, BOPIS (buy online, pick up in store) posed minimal appeal because it attempted to merge online and offline in a way that challenged the routinized, distinguished vertical lenses through which retail was seen. Intra-pandemic, we have come to understand the extreme value in the certainty and timeliness BOPIS provides. We get it now, storefronts' purposes can be baked into



the e-commerce value proposition, but that's exactly it- the purpose must be baked in, not just positioned as an extension of e-commerce. In CI&T's world, total commerce is about an ecosystem. It's holistic, it's integrated, and every platform works together, versus in a vacuum.

From a consumer insights perspective, retail tends to be a reactive space. Shoppers don't shop differently until a retailer makes a change that works for them and teaches them to expect that from other retailers. Until Amazon Prime taught us that delivery should be a two-day timeline, successful delivery just meant it arrived by the time you needed it. We thought a 30-day return window was reasonable until Nordstrom

said, "you can return that coat 10 years from now!" The audacity to enforce an arbitrary deadline on our decision to keep the item... Consumers are finally ready to actually connect the retailer dots, now expecting to leverage multiple touchpoints along isolated and repeat paths to purchase. So, if retailers are going to execute on a total commerce strategy, they need to ensure that all touchpoints activate on the same customer knowledge. Your physical store needs to demonstrate its awareness of your online shoppers' purchase history and current needs, and your site must be able to real-time communicate in-store inventory levels and direct shoppers to the aisle for the product.



While we're on the topic of communication, since communication is king, especially when establishing a connected feedback loop, let's be sure to answer the most important question here- how? There are two "how's" in successful retail communication; the vehicle and the messaging. Our Connected Retail Survey found that smartphones are the gateway to communicating with consumers. 80% of respondents reported that they would call the retailer if they had an issue or question regarding a purchase. Text messaging, however, is consumers' preferred way to be told that a package is ready for on-site pickup. Given how cluttered email inboxes get and how filtered society has become when looking at said inboxes, SMS is an efficient alert medium for live pick up updates. The fact that mobile is already such an established shopping tool means that the transition from beta mode to buying mode/buyer-oriented communication is a seamless one. Finally, given that phones provide the preferred customer service avenue, interactions via smartphone are the direct line consumers crave to keep the connected path to purchase smooth.

In regards to the messaging itself, the open-ended nature of our survey's "What part of a shopping experience would make you want to purchase items again from the same retailer?" question revealed an in-depth look at the values consumers need to see retailers embody. Words like "genuine" "reliable," and "trustworthy" were among many unaided descriptions emphasizing the importance of retailer credibility. Consumers need to know that you'll deliver on what you promise. In today's retail world, that means that your product is of the quality it claims (if not, higher), and that availability is guaranteed. The speed of production and delivery may be situationally slowed, but transparency and over-communication can help ensure your brand avoids being associated with unpredictability and stockout. Larger retailers can take a page out of startups and specialty retailer playbooks by arranging pre-ordering systems. Trustworthiness comes from level-setting expectations and communication that demonstrates a planned-ahead approach. In addition to reliability and quality, consumers' definition of trustworthiness has evolved to include a Covid-related safety strategy. Shoppers want to know how you're protecting them from the pandemic. Unprompted, survey respondents mentioned masks, sanitation procedures, and socially distanced store layouts as parts of the shopping experience that would encourage them to return.

Ultimately, creating a connected retail ecosystem is what wins you a customer, not just a sale. An ecosystemic approach aligns retailers with customer values and builds habits by paving the online-offline path consumers are finally, fully traversing. With online grocery shopping and BOPIS behaviors here to stay, it's safe to say consumers are ready to embrace an era of total commerce, meeting connected retailers with gratitude.

2020

CONNECTED RETAIL
SCORECARD

1ST PLACE WINNER

I **NORDSTROM**

I TOP 5 CONNECTED RETAIL
CUSTOMER EXPERIENCE

1. Nordstrom
 2. Target
 3. Home Depot
 4. Staples
 5. Walmart
-

I BEST OVERALL EXPERIENCE

1. Crate & Barrel*
2. Walmart
3. Gap
4. Nordstrom
5. REI

*Crate & Barrel's total score was not high enough to secure a spot in our top 10 despite scoring highest on overall experience

I SPECIAL MENTION FOR BEST
RETURN EXPERIENCE

NORDSTROM & TARGET

Though humanless stores and contactless payment are having their moments, customer service matters most to consumers. 85% of respondents said great customer support/help was important when choosing a retailer, and customer service was among the top three aspects of a shopping experience that would bring consumers back (price and quality were the only two attributes mentioned more frequently, unaided). With increased attention towards the online side of the retail equation, traditional elements of customer service could easily get lost in the shuffle. The repeated cries we heard from consumers for customer service speak volumes to how a nurturing touch will be crucial to long-term differentiation. Customer service can mean many things in a connected retailer's ecosystem, but with shopping always being some sort

FURTHER FINDINGS & THOUGHT STARTERS

of mission, customer service inevitably comes down to being as useful as possible to the task at hand. Facilitating certainty by answering any and every question a shopper could have is the way you keep the system seamless

and connected. Customer service is the confidence builder, which serves to reiterate that trust is once again at the heart of retailer's success stories in today's world.

While customer service is the key to differentiation and stickiness, other perks, though considered must-haves by consumers, are thankless offerings. 87% of consumers chose "getting a good price" as important when choosing a retailer, the highest any of the choice variables scored. In unaided, open-ended responses, price was the top mentioned part of the shopping experience that would drive a repeat purchase. Shoppers clearly acknowledge the role low prices play in drawing them back, but when asked to recall positive experiences across a list of retailers, price was only one of the top two attributes for a third of the retailers (shopping experience was a T2B attribute for all retailers and customer support was a T2B attribute for almost half).

Following price, having a quality product was the most mentioned, unaided, aspect of the shopping experience that would drive a desire to repeat business. Delivering on product-based expectations is paramount, and this was another facet of trust consumers' definitions conveyed. "Items as described" type responses signal a heightened hope for reliable product descriptions and dependable reviews in today's increasingly virtual world. Quality product is another thankless box checked in that it's essentially an expectation meeting moment. Exceeding shoppers' quality-based hopes and dreams could come in the form of thoughtful packaging or a difficult-to-do-justice-when-describing fabric, but there's hardly an excuse for a flimsy product these days. Furthermore, with "brand familiarity" scoring the lowest among variables triggering retailer choice, and only four of 530 people mentioning it as part of their reasons to keep shopping a certain retailer, it is clear that the connection between quality product and brand familiarity is an extremely weak one. In summary, a quality product is what consumers have come to expect if they're going to keep shopping with you, but that quality won't necessarily be what you become known for.

Last on the list of thankless yet necessary features is easy returns. Returns were only mentioned by five of our 530 respondents as a "keep coming back" attribute, and they were second to last among important offerings when choosing a retailer. That said, considering how much consumer spending has shifted online and how challenging in-store product trials have become, we can't help but label the returns process as an unsung hero. Until fit estimations and color matching improve, the surge in e-commerce and our increasing comfort with buying heavy-trial categories online will demand a more seamless returns experience. Walmart just announced its partnership with FedEx, which affords consumers the ability to return items directly from their home. That's how a thankless feature existing as a frustrating status quo can become a differentiating perk. Over the years, online retail has taught us to take a more mission-based approach to shopping in contrast to our history of browsing tendencies. Site's filtering capabilities, search functions, and the scarcity mindset superimposed by the pandemic have eroded shopping's leisure status and elevated our desire to find what we're looking for to new heights. This ultra-entitled



environment has empowered a complex perspective as to what “navigation” and “finding what I’m looking for” even means. Navigation is no longer solely about getting to the right aisle in the right store- it’s also about getting to the right row in the right parking lot for pick-up, or the right section within a website. Beyond the location of the item now lies an additional key aspect of “navigation” - availability. Connected retail means it’s not enough to sell an item on at least one of your store’s platforms, but said item must also be available for purchase in an assortment of options at all times. Online shopping essentially means all retailers operate under one virtual mall’s roof. So, if a consumer can’t find what they’re looking for on your firm’s page, the next tab (aka: firm) certainly has it. E-commerce has meant a 24/7 buying culture for a while now, but total commerce has given consumers complete permission to expect equal availability from brick and mortar. Once again, it’s no surprise that having consistent inventory is another trust ingredient.

We’re rounding the corner on insights, but insights would be nothing without metrics to track their impact. Yes, sales matter and are a solid measurement for determining success, but when it comes to gauging experiences, sales don’t tell the full story. A lot can be learned from consumers’ unaided explanations of an encouraging shopping experience. When responses were solicited regarding what would drive a repeat purchase, two key terms kept popping up- “easy” and “fast.” Both terms were dropped in the contexts of delivery, buying, and navigating to what they were seeking. Neither of these terms are unexpected, but they both fold into seamlessness quite nicely. A connected retail ecosystem must be seamless in order to be both easy and fast for consumers, and these are two metrics that are straightforward to dashboard. Keep these top of mind when you’re tempted to default to sales as the success story narrator, especially when looking into how online and offline could work together.





HEURISTICS METHODOLOGY

We began with a list of 75 retailers across multiple categories including big box, grocery, pharmacies, and department stores. From that list, we narrowed the field down to the 28 that had the potential to deliver a best-in-class connected buying experience based on the prominence of both physical retail locations and a visible e-commerce presence.

We conducted an initial mini-heuristic evaluation of those A28 retailers which examined 22 factors and included the Nielsen Norman Group's ten usability heuristics for UX design. From that list of 28, we narrowed the retailer field even further to 12 high-ranking brands for our final, in-depth heuristics evaluation, where we examined every aspect of the end-to-end buying experience. The 12 retailers were evaluated across seven categories of criteria (overall experience, search, shop, cart, buy, fulfillment, returns) for a total of 74 data points.



HEURISTICS SUMMARY

The previous sections of this write-up covered the consumer findings within our connected experiences research. In addition to surveying 530 US shoppers, we also leveraged a team of five UX Designers to assess the connected retail capabilities across the same list of retailers in our consumer survey. The designers' highest scoring retailers had "shopping experience" as a top 2 attribute when evaluated by consumers. In our design team's heuristics assessment, Nordstrom,

Target, and Home Depot demonstrated the most advanced connected retail capabilities. Despite the pandemic-induced odds, Target managed to achieve year over year quarterly growth. Meanwhile, Home Depot almost instantaneously rolled out app features for pick-up services and stretched Black Friday deals across two months, proving its ability to adapt to such rapidly-evolving consumer needs. Given the types of products Nordstrom sells, it makes sense

that they've struggled a bit during these trying times. However, their connected experience infrastructure, bolstered by top e-commerce, app, and order retrieval options greatly softened the hits taken by other department stores. Now that consumers have solidified new purchase paths that incorporate connected retail experiences, our top-scoring retailers are in prime positions to lead the future charge. Keep an eye on our winners, because the head start they've achieved will allow them to be retail tone-setters for years to come.

NORDSTROM



1

NORDSTROM

2

TARGET

3

HOME DEPOT

4

STAPLES

5

WALMART

	1	2	3	4	5
	NORDSTROM	TARGET	HOME DEPOT	STAPLES	WALMART
OVERALL	92%	86%	68%	78%	96%
SEARCH	100%	100%	100%	94%	100%
SHOP	84%	84%	100%	81%	84%
CART	97%	100%	92%	92%	100%
BUY	100%	100%	97%	97%	100%
FULFILL	100%	94%	94%	94%	81%
RETURNS	100%	100%	88%	96%	67%
TOTAL	96%	95%	91%	90%	90%

6

FOOT LOCKER

7

GAP

8

PETSMART

9BASS PRO
SHOPS**10**

REI

	6	7	8	9	10
	FOOT LOCKER	GAP	PETSMART	BASS PRO SHOPS	REI
OVERALL	82%	93%	86%	88%	89%
SEARCH	94%	100%	88%	88%	75%
SHOP	94%	48%	87%	74%	100%
CART	89%	100%	89%	84%	97%
BUY	77%	97%	100%	100%	97%
FULFILL	100%	88%	81%	81%	31%
RETURNS	88%	96%	75%	58%	83%
TOTAL	89%	89%	87%	82%	82%

NORDSTROM takes the cake for being a top scorer for “search”, “buy”, “fulfillment”, and returns. The retailer received perfect scores in each of those categories, and was only one point shy of perfect in the cart category. With respect to the overall experience, there was slight room for improvement in establishing a consistent look and feel across channels, and we were surprised to find that the app doesn’t offer a live chat function. In our analysis of “shop” features, the inability to compare items easily cost Nordstrom a top title. The only point docked in the “cart” assessment was for the slight challenge presented when trying to change delivery/shipping methods. Overall, Nordstrom’s connected retail experience is quite seamless and extremely user-friendly. Nordstrom’s loyalty program, optimized salesfloors for click and collect, and strategic mix of brick and mortar formats are the cherries on top.

TARGET earned perfect or almost perfect marks across all categories except “overall experience”, “fulfillment”, and “shop”. Unfortunately, Target’s overall experience struggled to present as clean, uncluttered, and consistent across channels. The FAQ page could be improved in terms of helpfulness, and the app has yet to feature a live chat function. With regards to “shop,” it was a bit challenging to configure items on the product page, and to compare similar items. Thus, while Target boasted more top-scoring categories than any other retailer, the quantities of points docked in those two categories cost the retailer the first place finish. As a whole, though, Target trailed quite closely behind Nordstrom for the top spot.

RECOMMENDATION

Considering how brand-loyal and engaged Nordstrom customers tend to be, live chat would be a beneficial addition to the app, and we of course would love to see the desktop and mobile sites score higher on accessibility. Finally, our team experienced a bit of frustration upon arriving at the checkout process only to find that certain items were sold out. Inventory unavailability should be communicated earlier on in the purchase process.

RECOMMENDATION

By focusing on consistency, decluttering, and cleaning up the varied platforms, Target could easily end up first in the rankings next year. Furthermore, considering the importance of a top customer service strategy in facilitating a connected retail experience, ensuring peak helpfulness with an improved FAQ and live chat on the app would fully support the omnichannel path to purchase.

HOME DEPOT was able to crack the top three by scoring perfect or near-perfect scores in “search,” “shop,” “buy,” and “fulfillment”. The website does a great job of promoting connected retail experiences such as curbside and in-store pickup. The image and voice search site options are also prime examples of how Home Depot remains at the retail forefront. Unfortunately, the lack of consistency and site cleanliness, combined with unhelpful support features, challenging sign-in setups, and the lowest accessibility scores, left Home Depot with the lowest overall experience score in the bunch. Our team was also disappointed to find that the guest checkout option was unavailable, which would have made signing in much more frictionless. Because of Home Depot’s top performances in most categories, the retailer was able to offset its deficit in overall experience, but experience is such a crucial component in today’s highly competitive retail environment.

STAPLES Though Staples didn’t receive a perfect score in any of the categories, it did perform well in most of them. “Buy” and “returns” were the retailer’s strongest suits, but docked points in “overall experience,” “shop,” and “fulfillment” kept the brand from a top three finish. In the “overall experience” category, support content was both challenging to find and not particularly useful, and accessibility scores were quite low. In the “shop” category, relevant related products weren’t suggested and it was challenging to compare similar items. For a relatively commoditized space, where consumers often prefer to shop online, Staples has done a great job centering its connected retail experience offerings on its sites. We were also delighted to see a clear shortcut for checking on order updates.

I RECOMMENDATION

Home Depot was an early app innovator with its incorporation of AR and in-store aisle navigation capabilities, so we have ample faith in the brand’s connected experience future. Returning to its streamlined roots and simplifying the sign-in process would work wonders in winning this retailer an even higher spot in our rankings.

I RECOMMENDATION

Since Staples’ competitors rely heavily on ratings/reviews, high-touch services, and expertise that should accompany products where consumers are likely to have lots of questions, the retailer would benefit from leaning into the role of knowledge provider. Improving support services and content and the ability to compare items would earn the retailer critical points in the research phase of the path to purchase, which is so fundamental to a connected retail shopping experience.

WALMART

knocked the overall experience out of the park, missing only a couple points for a slight inability to find help/support content. Scoring perfect marks in “search”, “cart”, and “buy”, there’s room for improvement when it comes to “shop,” “fulfillment,” and “returns.” In-store and curbside pick-up were quite delayed and disorganized, but the “tower” pick-up experience (where a large vending machine allows you to scan your phone and give you the order) is extremely innovative and efficient. The returns part of the process exposed multiple opportunities for improvement, with challenges both upon shipping items back and while attempting to bring items back to the store.

FOOT LOCKER

Clear, consistent branding, clean copywriting, and helpful support features were what cost Foot Locker a strong overall experience score. The retailer also struggled to secure top rankings among the “cart,” “buy,” and “returns” buckets. Curbside pick-up isn’t an option for Foot Locker customers, getting accurate payment and shipping information entered is no easy task, and neither are returns. Our research team was logged out of the site a couple times, and communication was lacking when an item wasn’t in stock or was unavailable for pick-up. Overall, though, Foot Locker’s website feels fun and engaging, and products are merchandised in a smart variety of ways, which is why it scored second-highest in the “shop” category.

I RECOMMENDATION

Since “returns” is really where so many points were docked, Walmart would benefit from completely rounding out the connected experience cycle. Without the drastically increased reliance on e-commerce, consumers will greatly appreciate a seamless returns process, especially for categories they were previously accustomed to testing out in person before purchase. A frictionless returns experience holds significant potential to differentiate and drive loyalty.

I RECOMMENDATION

Considering how research and trial-dependent the shoe purchase process is, Foot Locker should prioritize the service-oriented components of the overall experience and the seamlessness of making returns. Foot Locker’s assortment resonates with a trendy audience that would welcome connected retail innovation with open arms.

GAP

was in the top three for “overall experience”, “search”, and “cart”. Being able to print the return labels at USPS was differentiating and helpful in earning such a strong returns score- a category that surfaced significant variability. With near-perfect scores for “buy” and “returns,” “shop” and “fulfillment” were really the areas that cost Gap the race. It proved challenging to configure the item on the product page, add the item to the cart, and easily compare items. The lack of competitive pricing also slashed several points.

PETSMART

fell a bit short in all categories but “buy.” There are no live chat options, on any of the retailer’s platforms, and both mobile and desktop sites could be more accessible. Site search errors aren’t seamlessly corrected, and it’s challenging to compare similar items. In-store pick-up is a slightly confusing process, but in-store returns are quick and easy. Online returns, however, require a phone call to acquire a return label, and high call volume can delay this process. Finally, customers aren’t alerted when a delivery arrives, which is a key loop-closing touchpoint.

I RECOMMENDATION

Considering how foundational the “shop” component is to the whole connected retail experience, and how crucial item configuration is in the apparel space, Gap would do well to zero in on improving this aspect of the path to purchase.

I RECOMMENDATION

Pet supplies are an emotional purchase for consumers, and the high-quality services PetSmart offers to accompany its products should be paralleled in the retailer’s connected experience features. PetSmart purchases could be made even more exciting with helpful interactions via live chat and exchanges with sales associates throughout the buying and returns processes.

BASS PRO SHOPS performed quite similarly to Office

Depot, with a perfect “cart” score and average/ lower than average scores across all other categories, especially among “shop,” “fulfillment,” and “returns.” Bass Pro Shops sets itself apart with a highly immersive brick and mortar environment, but the curbside pick-up employee team was unresponsive, not all fulfillment methods are clearly offered on the sites, and multiple return methods proved difficult to accomplish.

REI

scored the lowest among the retailers for “search” and “fulfillment,” and it only received a perfect score for “shop.” The lack of status alerts for both pick-ups and deliveries, combined with the inability to easily find the order status on the site is ultimately what cost the retailer a pivotal amount of points in the “fulfillment” department. In-store pick-up proved to be a slower process than anticipated, but curbside was extremely efficient.

| RECOMMENDATION

Considering how hands-on and passionate Bass Pro Shops customers are likely to be, incorporating more personalized customer service touchpoints within the curbside and returns processes would be a great way for the brand to continue connecting with shoppers.

| RECOMMENDATION

In addition to keeping customers better informed regarding order status, the returns process could be made much less complicated by having more universal protocols. REI has an extremely loyal, passionate customer base, for whom brick and mortar stores are a destination. It would be encouraging to see the digital elements of the retailer’s connected ecosystem match its powerful physical presence.



IMPLICATIONS

With Nordstrom, Target, and Home Depot topping our list as the most advanced connected retailers, it's clear that the past year created a retail inflection point—propelling industry golden children even further ahead. Our highest scoring retailers have histories of innovation, but 2020 challenged stores of all sizes and platforms to meet and exceed consumers' needs for convenience, reliability, decision support, and speed. Consumers rarely encourage and embrace retail industry standards to change, so when they do, it's absolutely crucial that brands act swiftly and effectively. If the brands on the lower scoring end of our roster don't upgrade their connected retail ecosystems, they'll risk falling severely behind. Meanwhile, the higher scoring firms would be best served to leverage the headstart they've achieved and push innovation to even higher heights. This moment is pivotal for everyone.

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