

Retail Customer Experience

How to measure ROI



Introduction

Most retailers understand that upstream factors such as customer loyalty, retention, advocacy, satisfaction and brand preference have a causal relationship on both financial performance and operational variables. However, linking and measuring customer experience initiatives to tangible return on investment (ROI) can be a challenge. If retailers do not have a well-defined, structured measurement strategy, it's very difficult to gauge how much CX is worth and show where it generates value - both for customers and for the business. Delighting customers comes with a cost. Delivering a superior customer experience should meet; even excel customer expectations. But, not at any cost.

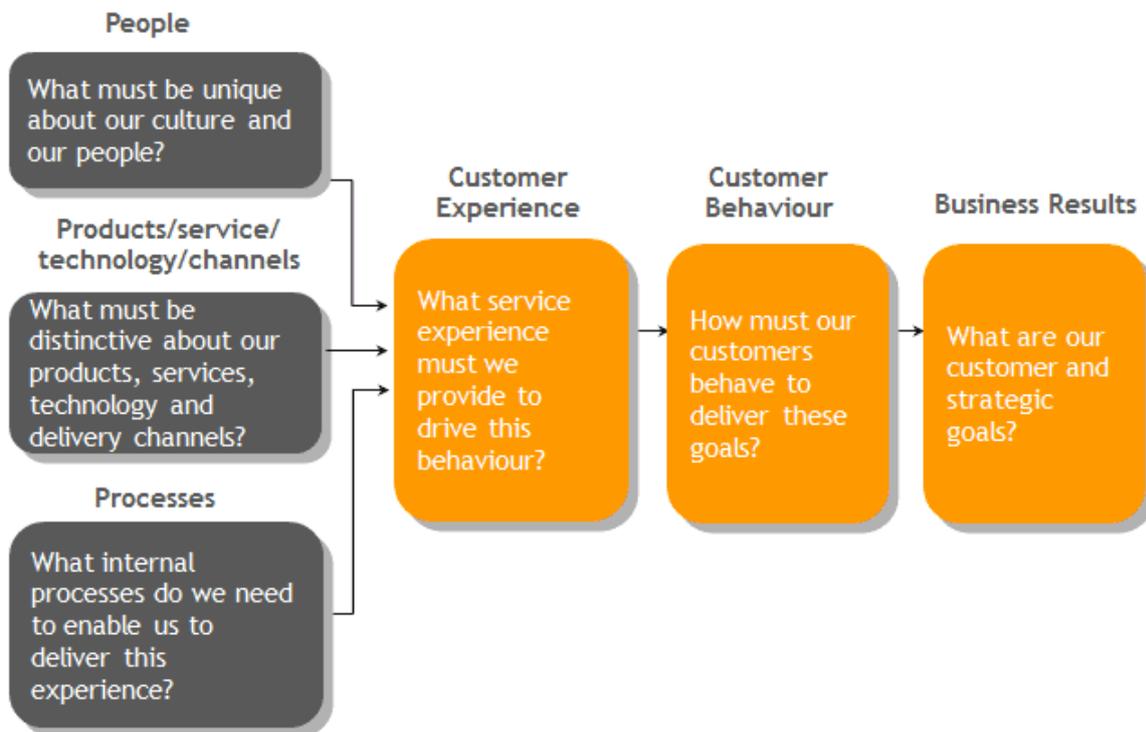
Working out the return on experience

The most impactful customer experience programmes align around a shared methodology for measurement. This gives key stakeholders a clear understanding of the economic outcomes of spend and investment, demonstrating how, where and why CX strategies are most effective. In essence, we're talking about the return on experience (ROE). Proving this value will help to sustain C-suite buy-in, align cross-departmental support, justify investment and guide what's next on the CX roadmap. An unplanned, ad-hoc or siloed approach means insight and analytics on customers, processes, products and services will be fragmented, programmes will stall and momentum is lost.

What do you want to measure?

To effectively measure the return on your strategy, think about how and where your CX programme adds value for your business to establish the priority outcomes you want to track. These will inform how you plan, implement and evolve your programme to influence and effect customer behaviours to deliver this.

Here are six helpful questions to explore as a business:



Different retailers have different objectives and there is no one-size fits all approach. The outcome for one retailer might be to increase word of mouth referrals. For another it might be to increase footfall in store or encourage repeat purchases.

Here's a quick list of some of the key metrics that retailers track to measure priority outcomes:

Customer experience

- > **Customer satisfaction** - customer feedback surveys and social media metrics. Tip: use Twitter's Customer Feedback feature (similar to CSAT / NPS industry standards) to include customer scores on the quality of interactions on the channel
- > **Store experience** - CSAT survey score - 'how satisfied were you with your most recent experience?'

- > **Product value** - CSAT survey score - 'Is the value you receive worth what you pay for it?'
- > **Customer effort score** - CSAT survey score - 'how easy was it to solve your problem?'
- > **First contact resolution** - the number of comments which are resolved on first contact. Tip: tagging functionality in your social media engagement tool will help you track these
- > **Response rates** - the total number of customers you reply to in a specific timeframe
- > **Response times** - the average time it takes for your agents to respond / action a comment
- > **Completion time** - the average time it takes an agent to complete an action

Customer behaviour

- > **Store visits** - number of transactions per month
- > **Spend per visit (basket size)** - average \$ size per transaction
- > **Product spend** - revenue by category, upsell and cross-sell rates

Business results

- > **Net Promoter Score** - measure a customer's willingness to recommend a brand's product or service
- > **Word of mouth referral** - CSAT survey score - 'willingness to recommend to others?'
- > **Customer acquisition cost (marketing spend)** - the cost of acquiring more customers, divided by the number of customers new customers during a specific period
- > **Customer churn** - the % of customers lost over a specific period

Discover more

This 'mini guide' includes extracts from our new **Customer Experience Playbook for Retailers**. **Download** your copy to learn how, why and where customer experience adds the most value for your organisation. Discover:

- > Why retail customer experience leaders outperform CX laggards
- > Why most retailers are facing a digital dilemma
- > How to empower your people to deliver your customer promise
- > Why omnichannel and hyper personalisation matter
- > How the pioneers are experimenting with value-add technology
- > The value in embedding a data-centric approach





About cp2experience

cp2experience is a specialist customer experience consulting and training company. We help clients improve their customer experience in ways that drive profitable growth. We know that organisations which put customers and their people at the heart of their business outperform the competition. These enlightened companies create better places to buy for customers, better places to work for employees and better places to invest for shareholders. We are committed to sharing our knowledge, experience and insight with clients, friends and partners. To that end we hope you find this guide of value.

For more information:

London office:

John Aves, Chief Executive
Email: johna@cp2experience.com

Dublin office:

Mark Gould, Managing Director, Ireland
Email: markg@cp2experience.com

Visit: www.cp2experience.com