

The devil's in *the retail*



Truly connected experiences start
with understanding your customer



index

Overview	3
Retailers still aren't listening	4
Let's get personal	7
Keep the spark alive	10
Build up to big change	14



Methodology

Quantitative survey

This report uses data gathered from a survey of 2,100 UK adults conducted by YouGov.

Fieldwork was undertaken from June–July 2023. The survey was carried out online. The figures have been weighted and are representative of all UK adults (aged 18+).

For the US component of the data, we used a survey of 2,000 US adults conducted by Survey Monkey.

Unless otherwise stated, all figures are the calculation of Kin + Carta using the aggregated data of both.

Research followed the Market Research Society code of conduct, which is based on the ESOMAR principles.

Omnichannel *matters* .

It's a loaded term for many retailers: ill-defined and complex, equally maligned and revered, a seemingly impossible dream. Despite being established more than a decade ago, omnichannel remains a hot topic. We all know why—consumers want seamless, integrated experiences that connect their online and offline retail environments. But are they getting them?

Exclusive research, commissioned by Kin + Carta, shows that US retailers are leading the way on connected digital and offline experiences. However, ALL retail organizations have further to go to deliver truly connected consumer experiences.

Over a quarter of consumers have never had a connected experience.

Shoppers are growing increasingly frustrated with disconnected experiences across physical and digital environments. As a result, they're spending less time and money on their shopping journeys, amounting to huge missed opportunities for retailers. Does this mean all hope is lost for traditional retailers? Far from it. Our research spotlights a perfect opportunity: cohesive, immersive, and consumer-centric experiences that reignite lasting relationships with customers.

If retailers want to stay on speaking terms with customers they need to make changes now. Business transformation is of the essence. If they want to be a destination of choice, retailers need to go further, faster—delivering personalized shopping experiences, synchronizing shopping journeys across all channels, and refining each element of customer interaction.

Here, we take a look at what's going wrong and the ways retailers can put things right before it's too late.

← [Return to Index](#)

Retailers still aren't *listening*

Vital revenue is being lost
in-store and online



66%

of consumers have spent more time and/or money than intended because of an immersive experience

44%

of people have stopped shopping with a retailer because of a frustrating experience with digital channels

Although almost half (49%) of total respondents (62% in the US vs 37% in the UK) agree that retailers are connecting in-store and online shopping, a deeper dive reveals that most omnichannel experiences still leave much to be desired. **Many couldn't recall any connections between online and offline aspects of their retail experiences, while only 3% said they had connected experiences more than 90% of the time.**

In the midst of a cost-of-living crisis, price and convenience are the driving factors behind consumer behaviors. While smartphones might seem an obvious tool for helping customers get access to better deals, they are a woefully under-utilized component of customer experience, particularly in the UK.

Retailers are not communicating the benefits of smartphone experiences when it comes to retail; 68% of UK consumers don't see the value of smartphones in the shopping experience vs 49% of US consumers.

26% of people in the UK spent less than 10% of their time on their phone to shop in-store, compared with 13% of people in the US.

There are also opportunities for retailers to use in-store technology in other ways, with consumers calling out for assistance with things like price comparisons (43%), product searches (40%), and basic stock checks (38%). While the no-touch checkout is a less popular option, with just 18% of consumers across the US and UK wanting these to be commonplace, 25% are keen to have access to in-store touchscreens for browsing, basketing, and buying. While technology shouldn't be used indiscriminately, it can drive helpful and valued customer experiences.

66

Crafting a fluid omnichannel experience is less about chasing particular technologies and more about understanding customers' needs. Fulfilling those needs requires a meticulous understanding of available tech, the appropriate use cases, and your customers.

Matt Hildon – Retail Portfolio Director, Kin + Carta

So, what does this mean for retailers?

There is no time to lose for retailers in transforming their approach to technology and keeping people engaged. But it isn't merely a matter of implementing more tech. Getting to the bottom of customer experience challenges means getting to the bottom of customer data challenges first. The right insights are the starting point—if you don't understand who's doing what or why, all the technology in the world isn't going to make a difference.



[← Return to Index](#)

Let's get *personal*

Personalization is a value exchange, so retailers must tread carefully with customer data



54%

of people think that what they get from retailers is not worth the personal data they provide to loyalty schemes

72%

of consumers have never had a memorable positive experience with a retailer in exchange for their personal data

Personalization has shaped consumer experience development for some time—rightly so—but this approach needs to be applied with care. People are more conscious than ever of how their data is used, and this puts increasing pressure on retailers to be transparent about their practices.

Retailers must go further to win and keep the trust of today's switched-on shoppers.

Although consumers in the US are more likely to have had a positive experience as a result of a retailer using their personal data (41% versus only 14% in the UK), not all agree that retailers are cutting them a fair deal.

Of those signed up to loyalty programs, 23% feel that the offers and discounts they receive aren't personalized enough, and 31% think they don't get enough back in return for their data.

Indeed, 30% of US consumers are actively looking for personalized recommendations based on what they've bought before (versus 11% in the UK).

The majority of respondents (93%) said they had active memberships in loyalty programs, but that figure is at risk of falling if retailers don't tackle data disillusionment.

They must be clear and communicative about their intentions and make it a fair exchange by providing real value to consumers who offer up their data.

Getting the platform right is crucial here too—most people (58%) prefer to access loyalty schemes through a retailer's app; websites were the second-most popular option in the US (41%), but physical cards still have a part to play in the UK (36%).

Personalization means committing long-term to building relevancy into retail environments, both online and offline. Consumers can enjoy rewarding experiences every time, regardless of the touchpoints they choose.

So, what does this mean for retailers?

Customers are rightly sensitive about their own data, so retailers should be too. They need to be clear that they are capturing only what is needed, communicate the ways in which the right data helps create more connected experiences, and add real value for shoppers who put their trust in them. This value exchange is the crux of the personalized shopping experience, so retailers need to take it seriously.



← [Return to Index](#)

Keep the spark *alive*

Disconnected experiences create disinterested customers, so retailers must work hard to win brand love



72%

of consumers have never had a positive interactive retail experience in a physical store

39%

of people have had good interactive experiences on retailers' websites, but only 28% said the same about physical stores

Loyalty can extend beyond loyalty programs in retail and this opens up challenges as well as opportunities. People can grow to love brands, but they can also grow to hate them if their customer experience is consistently disconnected, impersonal, and inappropriate.

Many UK consumers have “never seen an interactive retail experience” in a physical retail store (46%), on a store website (34%), or in a store app (38%). In the US, however, most consumers rate these experiences as “good”.

Even dedicated customers can be drawn away by better offers or more personalized experiences. Retailers have to ask themselves, what proportion of the 44% who stopped shopping with a particular brand went on to purchase from a rival? It doesn't take much to turn heads, so every interaction is vital when it comes to protecting reputation as well as revenue.



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With everyone spending more of their time online, the litmus test for a good experience has become much more difficult to pass. Consumers will simply go elsewhere if they feel friction in their journey, be that in a single channel or across several.

Mona Champaneri – Managing Director, Experience and Product, Kin + Carta

Interactions come in many shapes and sizes, which makes synchronicity a tough task across an entire organization. Emails must mirror in-store displays, in-store staff must be up to date with social content, and websites should be in harmony with in-store digital systems. Online and offline experiences rely on each other more than ever before. Digital and physical teams no longer have wildly different objectives—consumer needs are consumer needs, so strategies need to be streamlined in order to work well.

Retailers have many opportunities to test immersive experiences online and in low-risk environments before they're actually deployed in physical stores. Digital provides a space where you can undo changes as quickly as you've made them, so you can find better ways to serve the 55% of UK and 43% of US consumers who say they are unlikely to recommend your website to family or friends. You can also test the introduction of smartphones to your retail experience, for example, using QR codes to unlock exclusive discounts for loyal customers.



While testing, planning, and strategizing is very intentional, the emotions, loyalties, and behaviors of customers are still out of the retailer's control. When it comes to getting consumers to love your brand, so long as you're offering a considered, connected, and rewarding experience, you'll remain an attractive proposition.

Who's doing omnichannel well?

Nike connects digital and physical retail for consumers. Its apps and website focus on shopping, customization, and fitness, complementing in-store experiences.

Starbucks integrates its reward-based mobile app with consumer experiences to make it easy to order at your convenience, whether in-store, ahead of time, or at the drive-thru.

In 2017, Kin + Carta started building the flagship grocery app for one of the UK's **most high-profile and popular grocery brands**. The introduction of this mobile shopping experience led to a remarkable 12% increase in app revenue and a 6% increase in average basket size. The grocery app received outstanding user feedback, with customers praising its ease of use and accessibility standards, solidifying its position as a top choice for mobile grocery shopping.

So, what does this mean for retailers?

Loyalty is hard to win and easy to lose, so retailers need to be brutally honest about how central their customers' needs are to their endeavors. If they are not, they need to make significant and potentially painful business decisions to make sure they are, even if it means restructuring or revising their entire operating model.



← [Return to Index](#)

Build up to *big change*

Work with a partner who understands how to leverage technology in a way that can meet consumers' ever-changing needs. Don't pursue digital for digital's sake: bring internal stakeholders on the journey with you and use digital wisely to embrace your customers' needs as well as grow your bottom line. While modernization can't be rushed, it can't be ignored either—it takes incremental changes to attain monumental change, and the longer you wait to get started, the greater the chances of being left behind.

We know what happens to brands that don't change with the times—we see it all too often in the retail sector—but one thing is for sure: consumers notice when you fail to evolve.

It might be tough to win a customer's unwavering loyalty, but if you successfully balance technology, data, and experience, you're likely to keep them coming back for more.



Contact us

Want to build a winning omnichannel approach?

Kin + Carta offers a strategy workshop for brands who want to create more compelling and intelligent retail experiences. Designed to meet the unique needs of senior stakeholders, it can help you to unpack and understand your organization's specific challenges in detail, and identify key starting points for your journey ahead.

Connect with our Retail Strategy team to find out more: retail@kinandcarta.com



KIN+CARTA

About Kin + Carta

Kin + Carta is a global digital transformation consultancy committed to working with our clients to build a better world for everyone.

Our 2,000 consultants, engineers, and data scientists around the world bring the connective power of technology, data, and experience to the world's most influential companies, helping them to accelerate their digital roadmap, rapidly innovate, modernize their systems, enable their teams, and optimize for continued growth.

As a certified B Corp, our triple bottom line focus on people, the planet, and profit is at the core of everything we do. For more information, please visit www.kinandcarta.com.

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