

# Sector Snapshot: Retail

A quick overview of some of the standout retail sector findings taken from the broader 'Communication Cut-through - Voice of the Consumer' report

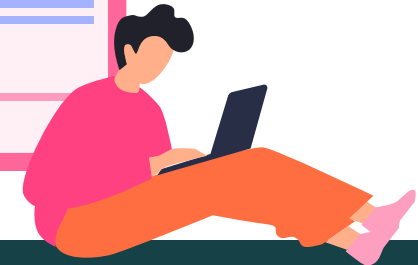
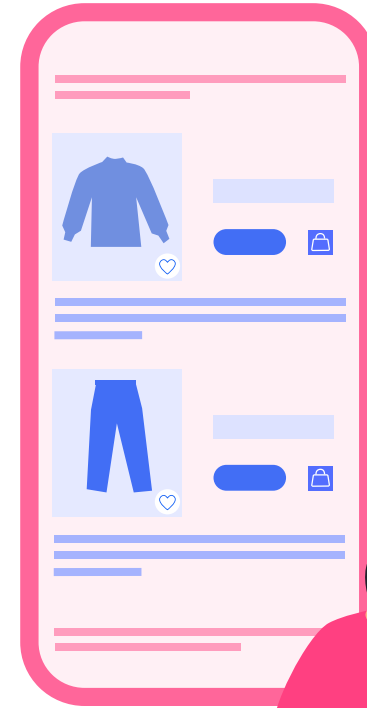




# Introduction

The retail sector has faced extraordinary challenges in recent years. Brexit, the pandemic and the cost-of-living crisis have followed in quick succession, presenting stern tests and demanding true resilience, innovation and agility from retailers across the board. Despite this backdrop, consumers show no signs of relaxing high expectation levels when it comes to service.

We surveyed 2000 UK consumers to discover the very latest attitudes towards retail sector communication strategies.



## Methodology

Adare SEC commissioned independent market research specialist Vanson Bourne to undertake the research upon which these findings are based. A total of 2,000 consumers were interviewed in November and December 2022, in the UK. Respondents had to be aged 18 or over and the sample was nationally representative by age and gender.

This snapshot summary presents a sample of the findings relevant to the retail sector. The interviews were conducted online and were undertaken using a rigorous multi-level screening process to ensure that only suitable candidates were given the opportunity to participate. Unless otherwise indicated, the results discussed are based on the total sample.



# Tailored for success?

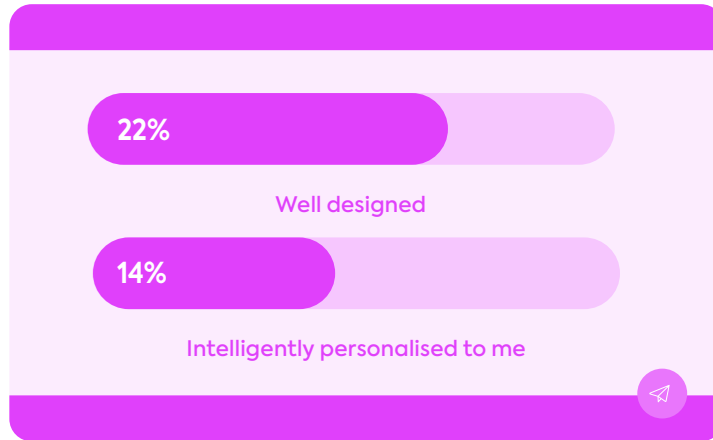
**Q:** I am less tolerant of poor customer service than ever before

✓ Agree

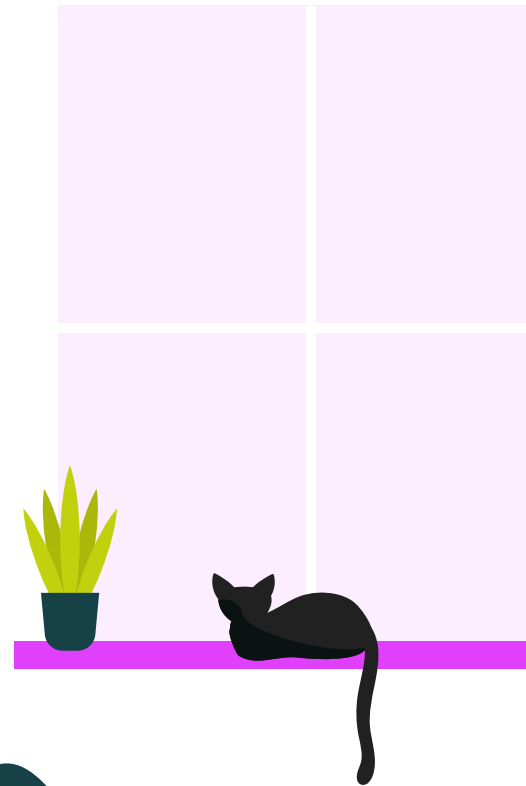
80%

Analysts all agree that the retail sector has had to weather huge challenges. But commentators also point to major opportunity. In flexing and adapting to meet market challenges, retailers can make fresh decisions on products and service and double-down on operational efficiency. Well designed and intelligently personalised communications have long been understood to play a key role in conversion rates and revenue growth - and there is a big market to grab. The ecommerce sector continues to grow rapidly, with UK retail sales up over 7 percentage points versus pre-pandemic figures. According to Forbes, the global ecommerce market is expected to rise from \$6.3 trillion in 2023 to \$8.1 trillion in 2026.

**Q:** I believe communications from the retail sector are:



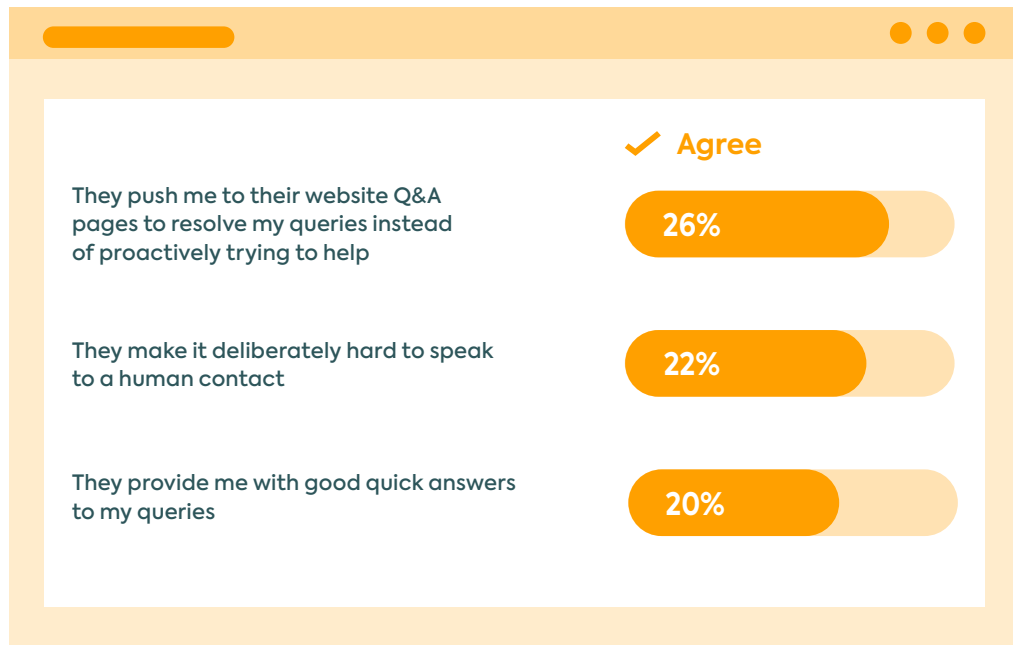
However, the current perception is of a sector with much to do in terms of truly tailored interactions. Given the intolerance for sub-standard service, coupled with the growing market, those nailing the personalisation game can stand apart.





## Questions and answers

**Q:** Do you agree or disagree with the following statements relating to the retail sector?



How customer service is perceived rests heavily on how queries are received and answered.

Only one in five consumers (20%) currently feel they receive fast and satisfactory answers to queries. Just over one in five (22%) also believe that retailers make it deliberately hard to speak to somebody on the phone. And over a quarter (26%) of consumers feel they are pushed towards online Q&A pages rather than being offered proactive assistance.

Human interactions remain important in the digital age, particularly following the enforced isolation of the pandemic.

The professionalism and reassurance of call-centre staff has the power to create true brand advocates amongst consumers, but the call-centre is a relatively expensive customer-service option. As a result, there is a real need for back-office systems to not only empower call-centre staff with up-to-the-second customer data, but to also fulfil less sensitive or immediate queries successfully via other channels. In this way, the call-centre is optimised, and customer service quality is maintained across all touchpoints.

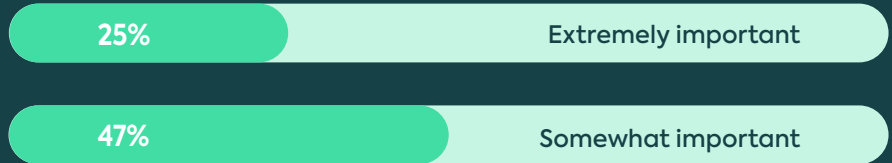




# The sustainability difference

It is clear that sustainability is becoming a buying differentiator across all sectors.

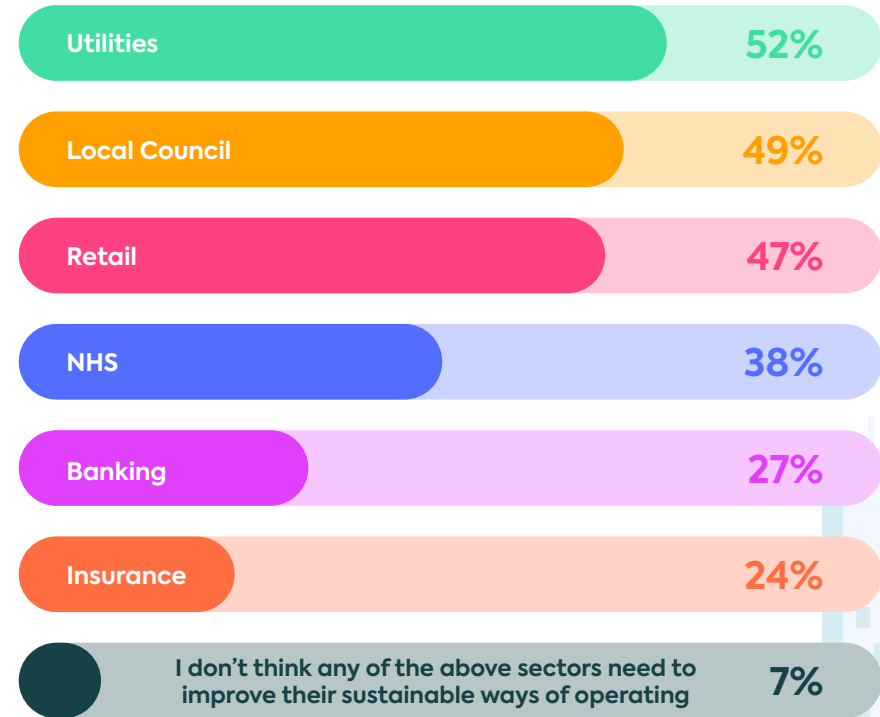
**Q:** When choosing an organisation in the retail sector, how important is their record of sustainable trading?



The perception is that retail has a way to go in terms of improving its sustainable track record. In terms of the role of the sector's communications, getting messaging right can have a big impact. Consumers can get frustrated if there are any duplications or inefficiencies around postal mail or email. Even digital communications have a carbon footprint. The website 8billiontrees.com calculates that the total number of emails sent annually generates over 22 million metric tons

of CO<sub>2</sub>. There is a clear incentive to avoid duplication and unnecessary information through more joined-up back-office processes. Retailers must also be wary of 'greenwashing' or making fanciful claims about their sustainability prowess. The UK government has recently proposed greater enforcement powers for the UK's consumer watchdog, the CMA, which regulates green claims.

**Q:** Which sector is most in need of improving its sustainable and ethical ways of trading?





# Changing channels

The challenge of offering channel choice and meeting channel expectations is not a new one, nor is it one that is getting any easier to solve. Channels that the sector may regard as well embedded – such as email – continue to be popular with consumers now, but for how long? Nearly half (47%) of consumers see email playing a far smaller role in just 5 years' time.

Put simply, it is those retailers that build agility into their operations that will emerge as front-runners. Being wedded to unwieldy legacy systems, and not being nimble enough to respond to changing expectations, is not a good look in the eyes of the consumer. Flexing to the future is key.

Channel trust can be eroded very quickly. A proliferation of text message spam has resulted in over half of all consumers (52%) treating the SMS channel with suspicion.



**Q:** I expect email usage to decrease significantly in 5 years' time

✓ Agree

47%

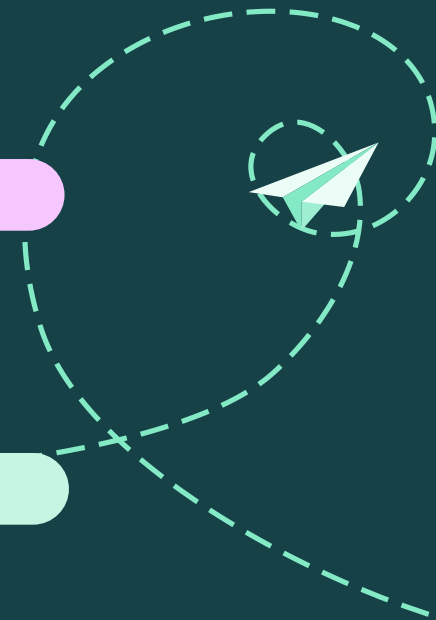
**Q:** How likely are you to click on an SMS message from the retail sector?

25%

Fairly unlikely

27%

Extremely unlikely



For full details – which provides 19 pages of analysis across all sectors, please head to: *‘Communication Cut-through - Voice of the Consumer’* report