Navigating the Advanced CX Challenges in the Retail Marketplace

Delivering excellent customer experiences (CX) is the cornerstone of modern retail businesses, but companies must up their game & adapt their strategies to navigate prevalent challenges in the space and meet ever-increasing customer expectations & growing demands.

Table of Contents

Introduction

The goal has always been the same – delivering top-quality services to customers that help develop long-term, positive customer relationships, making valuable contributions to business growth and success! However, over the course of the past two or three decades, customer engagement practices have evolved unlike anything before. Dynamic advancements in technology have further assisted this evolution, empowering organizations to leverage innovative practices in their attempts to address changing customer behavior.

The modern customer desires convenient access to their chosen brands, expecting a seamless experience at every touchpoint of their journey. This can, however, massively complicate customer engagement practices for most retail businesses, especially those that lack the proper infrastructure to counter the complexities of back-end functions resulting from increasing volumes of customers, sales, orders, etc.

This whitepaper aims to discuss the advanced CX challenges in the current retail marketplace and how businesses can navigate them by leveraging technology-driven strategies to optimize customer interactions.

Online retail market segmentation & drivers

The recent global pandemic acted as a highly-efficient catalyst that transformed purchasing behaviors in customers worldwide. While in-store sales continue to feature heavily in buying patterns, the volume of online sales has simply sky-rocketed overnight. This was also impacted by the fact that millions of retail stores in every corner of the planet shut their doors during the pandemic owing to reduced footfalls and declining sales volumes. However, online penetration and sales have slightly reduced in recent times primarily because retail stores are reopening post-COVID.

This does not in any way mean that the significance of the online retail marketplace has been reduced. If anything, retail businesses are flocking to the online marketplace in greater numbers than ever before, leveraging the many opportunities to deliver better to consumers. Key sectors in the global retail & eCommerce markets, including Electronics, Food & Grocery, Health & Beauty, Clothing & Footwear, Furniture & Floor Coverings, Homeware, DIY & Gardening, etc., are expected to witness a continued shift toward online shopping.

Retail Net Purchase Intent (Oct 21–Oct 22)
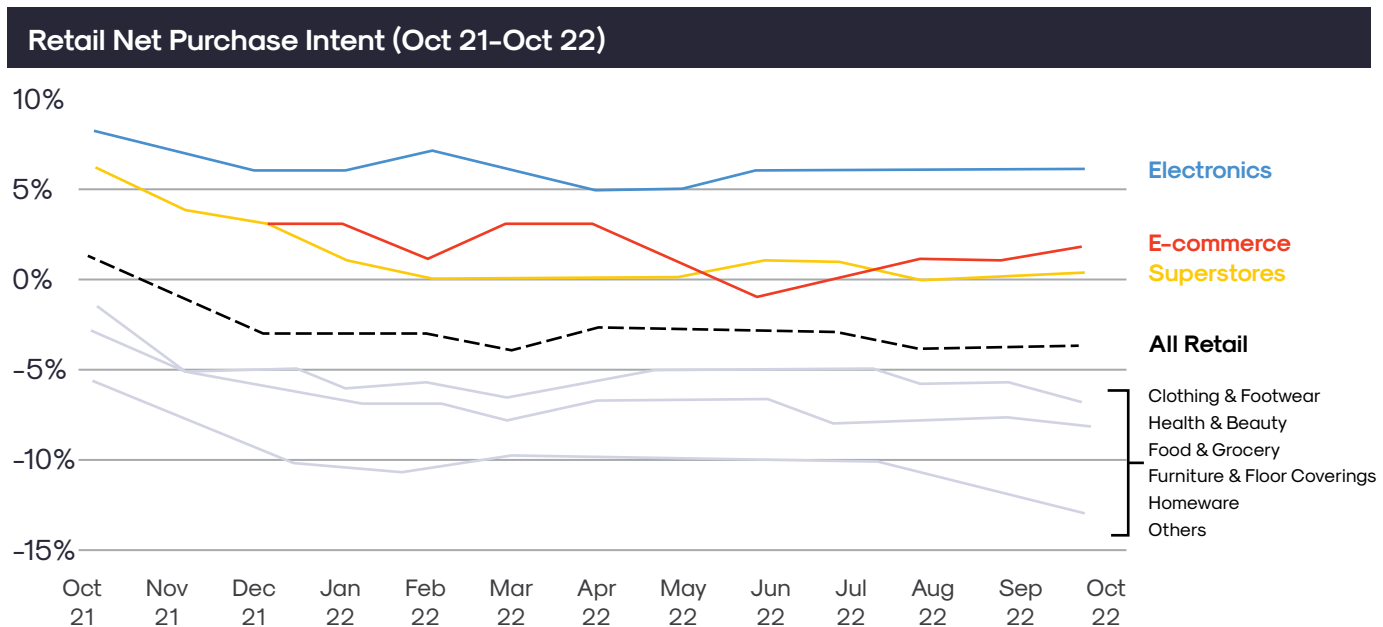
Source: HundredX Inc.

The global pandemic served as a momentous occasion that encouraged online consumption, ensuring greater convenience for consumers and increasing their confidence in online retailing. At the same time, advanced technologies such as augmented reality and AI have proven to be absolute game changers for the online retail industry, allowing consumers to engage in customized shopping experiences.
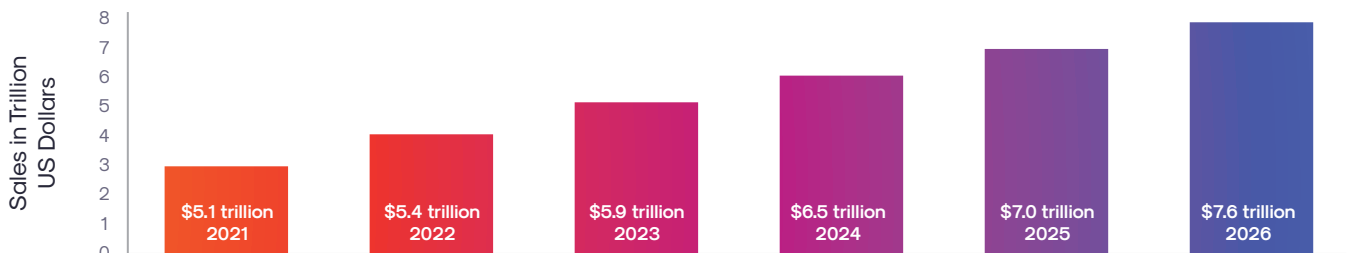
By 2040, as much as

95%

of all purchases will be facilitated through eCommerce.
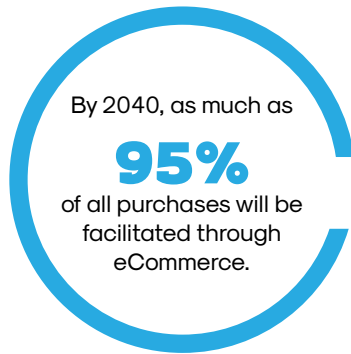
By 2040, as much as 95% of all purchases will be facilitated through eCommerce.

Source: NASDAQ

Understanding the advanced CX challenges in the Retail marketplace is key.

According to Shopify's Global Ecommerce Sales Growth Report for 2021-2026, retail & ecommerce sales worldwide are expected to surpass $7.5 trillion by 2026, with 23.3% coming from online retail sales.

Global Ecommerce Sales Report (2021-2026)

Sales in Trillion US Dollars

| $5.1 trillion 2021 | $5.4 trillion 2022 | $5.9 trillion 2023 | $6.5 trillion 2024 | $7.0 trillion 2025 | $7.6 trillion 2026 |

Source: Shopify

The retail industry happens to be one of the most competitive and fastest-growing sectors, and new players are emerging every minute to stake their claim to a share of the action. Having said that, very few retail companies actually manage to withstand the competition and deliver customer experiences that eventually drive customer acquisition and retention, helping brands maximize revenue streams. Even giant retail chains with massive resources sometimes fail to maximize customer acquisition and retention. On the other hand, some small retail businesses often prove to be quite successful in ensuring consistent growth in their customer acquisition, retention, sales, etc.

The important question here is – Why is this the case? Why do so many retail brands falter in the face of exceedingly high market competition?

The answer is quite simple! Unfortunately, retail businesses often fail to comprehend the advanced CX challenges in the current marketplace. And although they do manage to overcome some common challenges, they often remain oblivious to certain critical aspects that heavily contribute to consistent business success and growth. As a result, service quality drops, and customer experiences take a massive hit, leading to significant drops in customer retention, sales, and revenue inflow.

So, let's look at some advanced marketplace CX challenges that retail businesses often encounter.

Branding & CX Management

Multiple factors, including marketing approaches of merchants, vendors' performances, customer interactions, their individual and overall buying experience at every touchpoint, etc., are responsible for how customers view a brand. Since customer perceptions directly impact retention numbers and dictate revenue streams, even minor discrepancies in vendor fulfillment can lead to disastrous repercussions in the marketplace.

Therefore, it is absolutely necessary for retail businesses to identify individual customer needs and personalize fulfillment to ensure superior CX. Also, merchants and vendors must take responsibility for addressing unsatisfactory CX deliveries through efficient and proactive customer outreach to resolve their grievances.

Digital Integration & Big Data

Advancing digital technologies and the availability of Big Data have completely transformed the capabilities of retail businesses, creating new opportunities for them to take advantage of in their endeavors to succeed in a highly-competitive marketplace. However, brands are often severely challenged by their inability to maximize digital solutions to ensure personalized service deliveries, especially with significant increases in customer volumes, sales, orders, products/services, etc.

Digital CX has become one of the most influential contributors to building customer-brand relations and revenue generation. Retail businesses can easily resolve challenges with back-end functions and logistics management with proper digital integration to keep up with increasing demands from customers and the marketplace.

Multilingual & Omnichannel Customer Engagement

The widespread use of multiple communication channels is one of the best outcomes of the recent digitization in the retail marketplace. It allows customers to choose how they communicate with and purchase from retail brands, switching between physical stores, web-based portals, and instant messaging platforms at will. However, this liberty brings unique challenges for even the biggest brands, as customers often fail to comprehend the finer nuances of cross-platform engagements.

The challenges are even bigger and more complicated for multinational retail brands with global customers speaking different languages. Hence, retail businesses must accept the responsibility to bridge the gap between these platforms for seamless customer interactions by upgrading their infrastructure and maximizing resources, maintaining consistency in CX deliveries across platforms.

Optimizing real-time engagements with data-driven decision-making for a sustainable & future-ready approach to CX

Digital engagements have led to a substantial increase in competition in the retail marketplace. Today, customers have the liberty to choose from hundreds of brands if their expectations go unmet with current vendors. Hence, retail businesses have been forced to go over and beyond conventional customer engagement practices to meet ever-increasing customer demands. The once tried-and-true practices devoid of data-driven digital mechanisms are no longer relevant.

As a result, retail businesses must improve their CX strategies with superior data analytics and empower their employees with the latest innovation to streamline engagements. By using customer feedback analytics tools, brands can access real-time information and customer feedback across multiple channels. This information can provide invaluable data-driven insights into customer perceptions of brands and products, enabling retail businesses to determine and meet customer expectations while simultaneously engaging in meaningful market trends that can often amplify outcomes exponentially.

VOC analysis can be used to understand brand perceptions in the retail marketplace and determine customer expectations, preferences, behaviors, shopping habits, etc.

Another advantageous solution that is highly effective in countering the challenges of multilingual and omnichannel CX management in the modern retail marketplace is customer support outsourcing. Retail businesses often find it difficult to set up individual operations to cater to regional customers, while the expenses of omnichannel infrastructure can also prove to be a major stumbling block. The best-suited alternative is to engage a reputed BPO company with a global presence, which allows retail businesses to enjoy local representation for their customers worldwide. Also, it is no secret that outsourcing is a highly cost-effective means of delivering professional and personalized customer interactions, providing even greater impetus for brands to leverage contact center solutions to revitalize CX in the retail marketplace.

Furthermore, retail businesses must also understand that while AI-enabled automation has helped reduce manual efforts and speed up processes to ensure quick responses, brands must also ensure that retail executives receive adequate assistance when implementing the right technologies in their stores. According to several marketplace studies, 2-3 in every ten retail executives need assistance navigating modern-day technologies in their stores.

Leveraging innovative technologies to curate superior CX strategies for personalized & customer-centric solutions

Finding the right technological solutions that utilize customer data to curate personalized, customer-centric services can make the task much easier for customer engagement teams in the retail marketplace. However, designing simple strategies and creating future-proof solutions constitute only one-half of the process. Businesses must also integrate these technologies to ensure convenient and personalized service deliveries to meet customer expectations and create meaningful connections.

It then becomes imperative for retail businesses to maximize omnichannel platforms, AI-enabled solutions, process automation, etc., to offer consistent and context-rich services, regardless of the location of customers, the languages they speak, the expectations from the brand, and current trends in the marketplace (among other things).

In addition, retail brands should also focus heavily on deploying superior-quality self-service bots, knowledge bases, etc., to make it easier for customers to get the assistance they seek. Utilizing an intelligent self-service automation tool in combination with machine learning capabilities can be ideal for providing personalized solutions based on customer expectations and past instances. Leveraging well-organized customer data across multiple channels to achieve personalization may sound like a whole lot of work. But in the end, it's all about getting together the right set of technological solutions and empowering retail executives to ensure that it all works together, just like a well-oiled machine.

Fusion – We help retail businesses conquer the marketplace with personalized CX

Succeeding in the ever-changing and highly-competitive retail marketplace can prove overwhelmingly challenging for any brand. Retail businesses need customized solutions that cater to their customers' unique needs, delivering personalized CX to ensure maximum customer satisfaction.

With Fusion, that is precisely what you can expect for your retail business! Our customer-first approach ensures that all strategies are designed to be interactive, maximizing customer satisfaction and retention through prompt responses, personalized resolutions, etc. In turn, it will boost revenue generation through recurring purchases. Our customer engagement practices are backed by RPA, ML, and AI-enabled technologies, simplifying complex interactions to deliver enhanced agent productivity and personalized customer experiences.