



PRODUCED IN ASSOCIATION WITH RETAIL WEEK

The Fastest Way to Lose Consumers:

Honest opinions from 1,000 shoppers on AI, marketing and data



Table of Contents

INTRODUCTION

New rules of engagement: Customers' perspective 3

CHAPTER 1

Being seen and heard - How customers want to be
communicated with..... 5

CHAPTER 2

Data – what shoppers will share and where they draw the
line..... 10

CHAPTER 3

Getting personal – Real shopper opinions on AI and the
latest tech..... 17

CHAPTER 4

Elevated CX – Learning from the retailers getting online
CX right..... 21

CONCLUSION

The fastest way to win customers and keep them coming
back..... 27

New rules of engagement: Customers' perspective

Retailers spend a lot of time talking, thinking and speculating about what customers want.

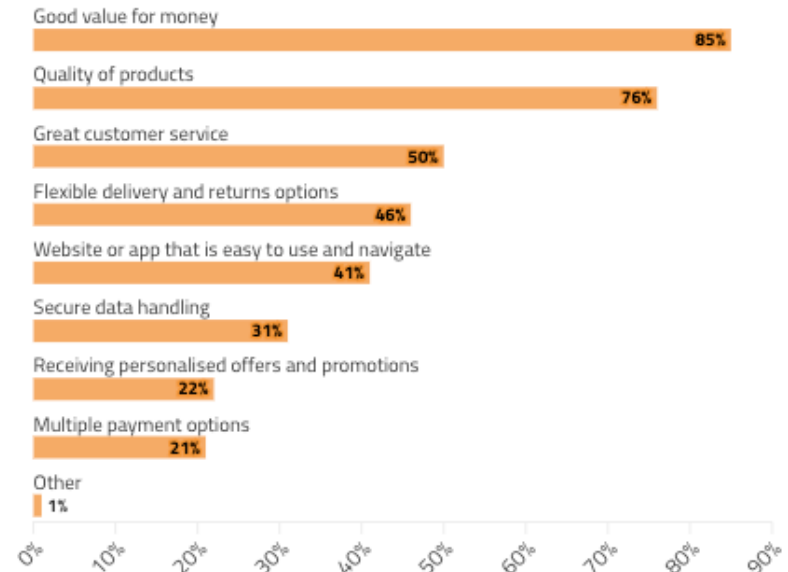
This is where *The Fastest Way to Lose Consumers*, Retail Week's new report produced in association with AI-powered martech platform Zeta Global, can help. Featuring exclusive research with 1,000 UK consumers – surveyed in July 2024 – on their true feelings about retailer communications, personalisation, data and AI, this report provides insight into what customers really want and what will send them running.

The findings are clear: customers are wise to what retailers are doing with personalisation – they appreciate it when it is done well, but dislike it when it is not. Customers do not want overcommunication from a retailer or brand: more than 60% who opted out of email communication in the past year say they did so because they were being bombarded with too many messages, and more than a quarter say the emails were not relevant.

Shoppers who like personalisation particularly want it to feel meaningful and truly centred on them as individuals, with 85% of those in a loyalty or membership programme reporting that a personalised offer has influenced them to spend in the past year.



When making a repeat online purchase with a retailer or brand over the past 12 months, which of the following factors influenced you to shop with them again?



Source: Retail Week and Zeta consumer survey, Q3 2024

However, consumers do not want brands invading their private channels (no sliding into DMs without permission, please) and they have concerns about data use and AI: two of the cornerstones of any successful retailer personalisation effort today. For instance, 47% of consumers surveyed say they do not want retailers and brands to communicate with them via WhatsApp, followed by 44% for social media messages.

85% of shoppers have made an online purchase after receiving a personalised offer via a loyalty scheme

Even Amazon – the world’s biggest retailer and the business named by the most consumers we surveyed for offering the best online shopping experience – is only just scraping the surface of what is possible with personalisation.

President and chief executive Andy Jassy said in a letter to shareholders that accompanied the company’s 2023 annual results statement: “We have a long way to go... before we exhaust how we can make customers’ lives better and easier, and there is considerable upside in each of the businesses in which we’re investing.”

Such rhetoric – about the service element of some of the world’s biggest online retailers – is so strong that it would be easy, just for a moment, to believe that making a profit is a secondary consideration. Retail experts know this is not the case, though, and so do customers.

As shopping becomes increasingly omnichannel – online sales now account for 26% of all UK retail sales, according to Office for National Statistics figures for July 2024, 7% above pre-pandemic levels – consumers are highly attuned to when a retailer is getting the online customer experience right, and when it falls short.

Bad experiences take their toll and trust in retail is, generally, not high. Our survey places retail sixth out of eight industries for trust, behind healthcare, finance, insurance, education and property.

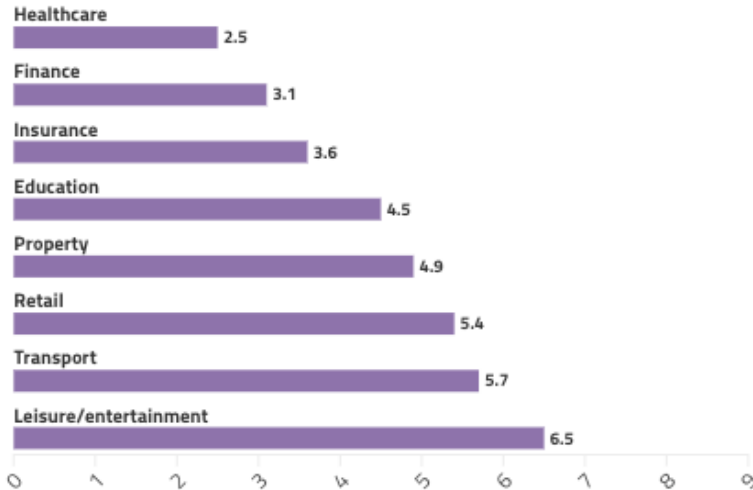
Good customer service is one of the areas shoppers value most and it can influence a customer’s loyalty to a retailer.

Trust in retail is, generally, not high – our survey places retail sixth out of eight industries

Regarding repeat purchases online, 85% say value for money is most crucial – perhaps unsurprising at a time when the cost of living is still on so many people’s minds. Product quality comes next (76%), while customer service matters to 50%, higher than delivery or returns options, data handling, or how easy a site/app is to use.

Which of the following industries do you trust the most to share your personal information with?

Mean average trust rating across all respondents (1= most trusted, 9 = least trusted)



Source: Retail Week and Zeta consumer survey, Q3 2024

Our research also reveals the value of sending personalised offers and promotions: 22% say receiving such an offer has driven them to spend again with a retailer.

Furthermore, as explored in chapter two, today's customers know they are parting with precious data, expect it to be kept safe and want something worthwhile in return. They want personalised services to be advanced and promises to be kept around security and data sharing.

In this report, we dig deeper into how customers really want to hear from retailers and what they value when it comes to that important customer service experience. We'll find out exactly which groups value personalisation most, and how powerful it can be, through examples of retailers getting it right.



Being seen and heard - How customers want to be communicated with

So how do customers want brands and retailers to engage with them? And, crucially, how often? Given the busyness of people's lives and the stress that this can induce, retailers want to make sure they don't push the wrong buttons but instead bring elements of 'retail therapy' to their customers. Our insight below shows a clear path for your marketing strategy.

Email is the most effective channel

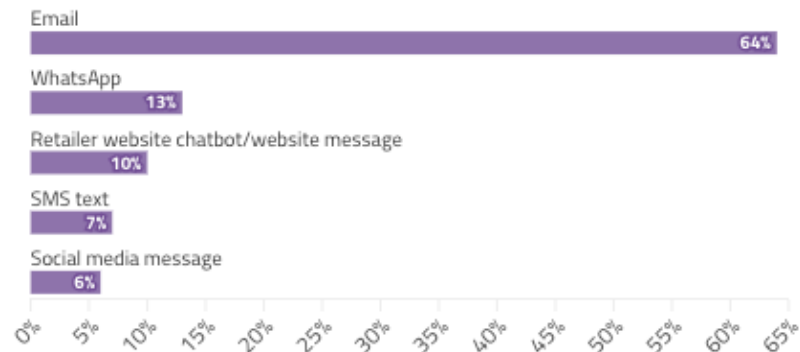
Our research reveals very clearly that email is by far the preferred method of communication, with 64% naming this as the type of brand or retailer communication they have been most likely to open and engage with over the past year (June 2023 to June 2024).

This preference rises with age. Three-quarters of those aged 65+ say that in the past year they have opened an email from a brand or retailer. By comparison, other forms of communication don't really get a look-in for those aged 65+. Retailers targeting the older demographic should keep this finding front of mind.

Even among 18- to 24-year-olds, email is still the top choice of retailer communication for 44%, with 22% preferring WhatsApp and only 17% preferring social media messaging.



Over the past 12 months, which digital communications were you most likely to open and/or engage with from a retailer or brand?

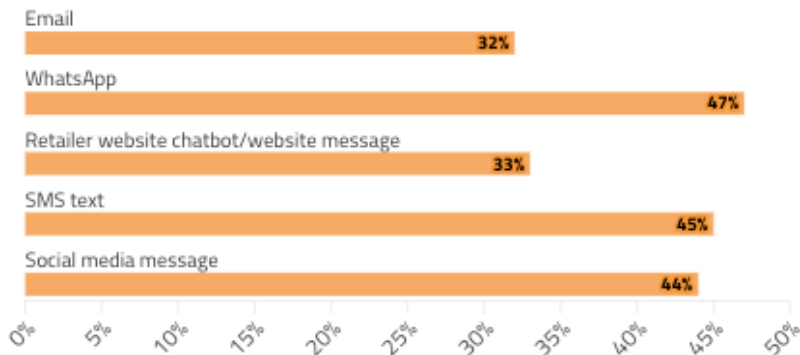


Source: Retail Week and Zeta consumer survey, Q3 2024

Don't invade DMs

Social media messaging, such as via Instagram or Facebook, is an unpopular form of retailer communication for 44% of people surveyed – indicating that shoppers don't want retailers invading their personal spaces.

Which of the following communication mediums for retailers and brands is your least preferred?



Source: Retail Week and Zeta consumer survey, Q3 2024

The same applies for text communications. While it might be tempting to send customers a message, our survey shows that retailers should be extremely wary of those cheery, offer-ends-soon texts. Being texted by a brand or retailer is the least preferred form of communication for 45% of survey respondents.

Chatbots open communication channels

The picture is different when customers seek out a brand or retailer, when they are much more open to direct communication. Chatbots on a retail website and direct messages from virtual assistants when browsing are the second most preferred form of communication from 45% of survey respondents. This is after email, which is the most preferred at 61%.

This shows the power of AI-powered chatbots and online customer service agents to engage shoppers. Health and beauty retailer Boots, for instance, boasts an AI-powered customer assistant on its online pharmacy website that responds to shopper queries with suggestions sourced from a big data bank of all its pharmacists' expertise.

Boots has noted that there is a learning curve for customers when it comes to using this search functionality – as customers use it more, and it learns more about them, the responses are better and the process therefore becomes more rewarding for the user.

What's up with WhatsApp?

When it comes to what type of communication they least preferred, younger shoppers dislike WhatsApp the most, with 56% of 18- to 24-year-olds saying it is their least preferred method, compared with 47% for the respondents overall.

However, some businesses are using WhatsApp communication effectively.

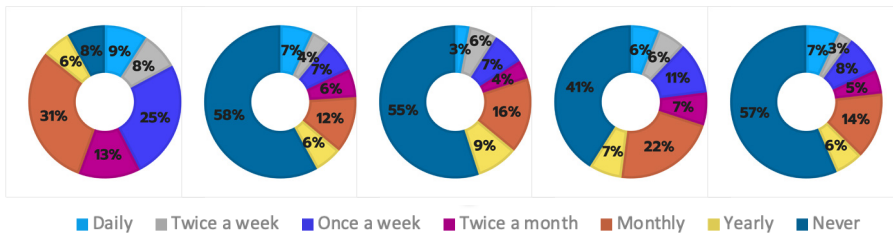
Decathlon, for instance, said using automated WhatsApp messages had improved customer satisfaction. After the pandemic, the sports retailer closed its UK customer contact centre – which used traditional phone and email services – focusing on digital channels to reach customers instead, including WhatsApp, Google Business Messaging and Messenger, with conversational AI technology used for interactions.

Speaking in August 2023, Decathlon UK ecommerce operations leader Oksana Dambrauskaite said the strategy had increased customer satisfaction.

How often do consumers want to be contacted?

When answering how often they would like retailers and brands to communicate with them, looking to the next 12 months, a quarter of respondents say an email every week is welcome. Around a third want a monthly email and just 9% want daily updates. Very few – just 8% – don't want to be contacted by email at all.

Looking ahead to the next 12 months, how often would you like retailers and brands to contact you?



Source: Retail Week and Zeta consumer survey, Q3 2024

Perhaps surprisingly, given the strong responses about the use of SMS, 22% of consumers say a monthly text would be OK with them – although, bear in mind that 41% say they don't want to receive any texts in the coming year.

The takeaway is that customers want emails weekly or monthly; however, most retailers would really like to update shoppers more often and through more channels, particularly about launches and incentives. The lesson for retailers then is to be strategic about marketing content and avoid 'spamming' shoppers.



Stephanie D'Sa, VP, Strategic Consulting CRM, Zeta Global, highlights the continued relevance of email marketing: "I will say it again for the nth time: email is not dead, and it is definitely not going anywhere anytime soon. At Zeta, as we partner with our retail clients, we see email continue to drive traffic, engagement and online sales, including repeat purchases.

"An ambition and focus for us is developing the connected omnichannel experience where email is an integral channel. The channel mix is determined by customer preference, real-time signals and ROI. This not only provides the customer with seamless experiences, but in turn maximises the profitability of marketing efforts.

"When running strategy analysis across customers' email marketing to determine impact, we often find that the opportunity lies not in the frequency of communications, but in personalisation to maximise the return of

engagement." **-Stephanie D'Sa, VP Strategic Consulting CRM, Zeta Global**

How to get consumers to engage with your emails

Subscribers to a retailer's emails often have a lot of other similar mail and newsletters to wade through – both those they want to receive and others they may not remember signing up for.

But users of Gmail – one of the most popular email services – have access to a tabbed inbox that channels marketing emails into a 'Promotions' folder.

This has actually been good news for retailers and consumers alike. Although some retailers were concerned they would lose connection with loyal customers who wouldn't look for their emails in a separate tab, research has shown that consumers engage with a retailer or brand email just as much, using the tab as an extension of their primary inbox, which they regularly check – once a day for 45% of users, according to Google.

This means that the elements that ensure the email is filtered into the promotions tab become even more important and essential for engaging customers.

These include large, clickable images that tie in perfectly with a brand's identity, interactive elements, buttons and highly visible prompts that take readers out of the crowded space of the inbox and to a retailer's site.

Zeta has been a specialist in ESP technology for many years, enabling clients to achieve these interactive and personalised emails with a clear vision that is optimised with AI.

Data – what shoppers will share and where they draw the line

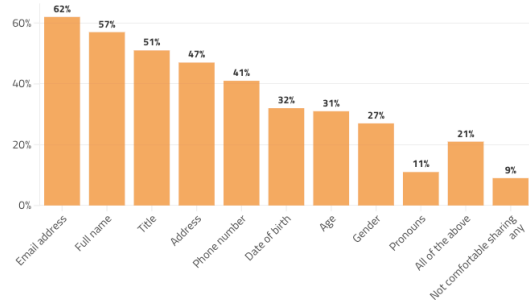
There is a dance going on between how much information customers are willing to part with and retail's desire to collect and use that data to create individualised customer communications.

We've seen how consumers want to be communicated with; now we take a look at what data they are willing to part with, how they expect it to be handled and what they want in return.

How personal is personalised?

Firstly, consumers are less resistant to sharing data than many retailers might assume. A fifth of consumers say that, in the past 12 months when making an online purchase, they have shared all their personal info (meaning full name, title, address, email, phone number, pronouns, gender, age and date of birth) and allowed future access to this data.

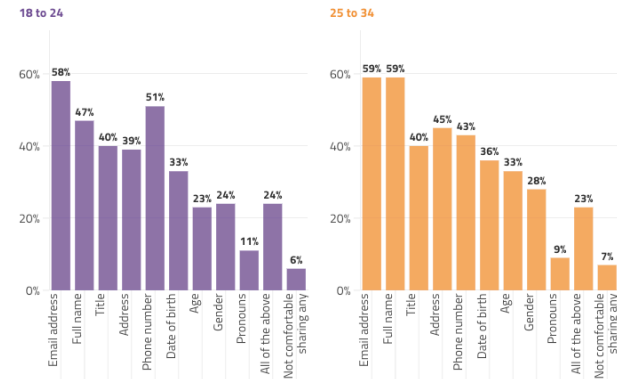
When making an online purchase over the past 12 months, what personal information have you shared with retailers and brands, and allowed them to have future access to?



Source: Retail Week and Zeta consumer survey, Q3 2024

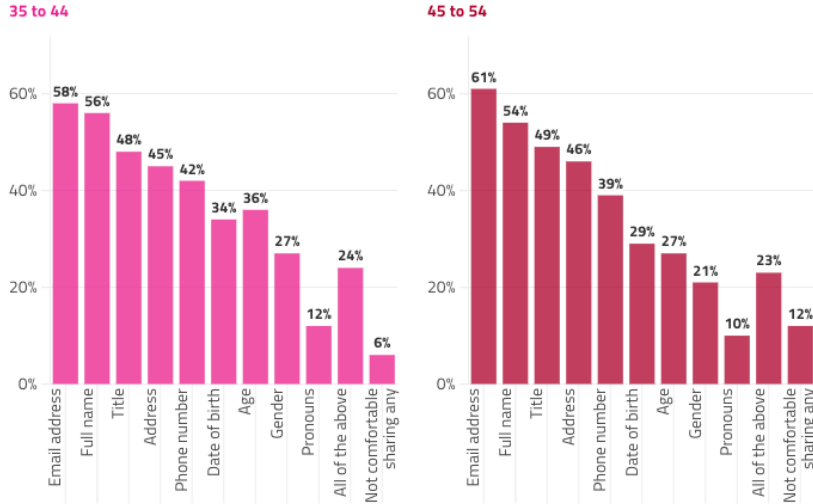
When making an online purchase over the past 12 months, what personal information have you shared with retailers and brands, and allowed them to have future access to?

By age group



Source: Retail Week and Zeta consumer survey, Q3 2024

Younger people are more inclined to share this data with retailers and brands. Almost a quarter of those aged 18 to 54 (over 23%) say they share all their data (as listed before) with retailers. With younger shoppers more used to the digital shopping experience, these groups display a greater willingness to share personal information that opens up new pathways for offers and deals.



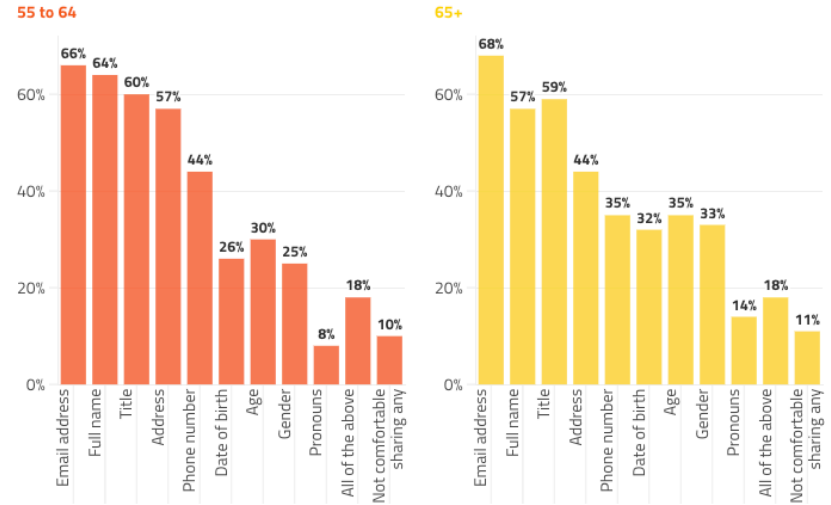
Source: Retail Week and Zeta consumer survey, Q3 2024

Of course, this doesn't necessarily reflect how happy consumers are about data sharing. If younger people shop more online, across a bigger range of stores, they are more likely to encounter situations in which they are asked to share data.

In comparison, older shoppers are less likely to share their personal data, with less than a fifth (18%) of those aged 55+ having shared all personal information when making an online retail purchase in the past year.

This is not an insignificant number, but it seems retailers need to work harder at making the benefits of data sharing more evident to older shoppers. This might be anything from better upfront explanation of how their data will be used (since our research also reveals that to be a concern) right through to them receiving relevant offers – such as immediate discounts on their basket or the promise of free delivery in the future.

When it comes to less personal information, such as just email address and phone number, customers – no matter their age – are more likely to disclose this information. Almost two-thirds (62%) have shared their email address with retailers and brands during the past year when making an online purchase, while 57% have shared their full name and 41% have shared their phone number.



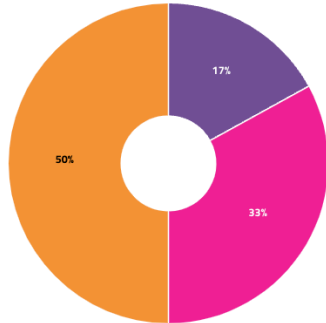
Source: Retail Week and Zeta consumer survey, Q3 2024

Data is key to personalisation

Younger people are far more willing to share their data with retailers in return for greater personalisation, with 37% of 18- to 24-year-olds revealing more personal information if, in return, they receive a more tailored experience.

Would you be open to sharing more of your personal information with retailers and brands if they tailored their communications to your needs and preferences?

Yes No It depends on the information I am asked to share

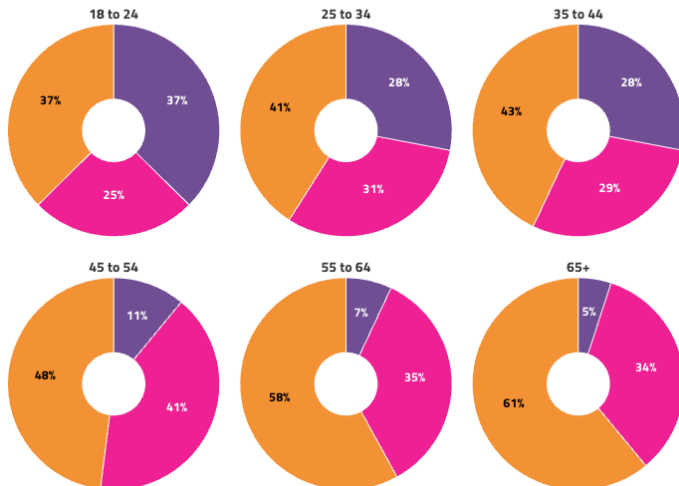


Source: Retail Week and Zeta consumer survey, Q3 2024

Interestingly, 50% of all shoppers say they are inclined to share more data with retailers in exchange for greater personalisation, depending on the information wanted.

By age group

Yes No It depends on the information I am asked to share



Source: Retail Week and Zeta consumer survey, Q3 2024

Sainsbury's is one retailer that is getting a lot of things right when it comes to personalisation, mastering capturing customer data in return for better shopping experiences.

The supermarket introduced Nectar Prices, through which loyalty cardholders get lower prices on certain products, in April 2023. The points users build up can be used with a number of its partner brands including Argos and Habitat.



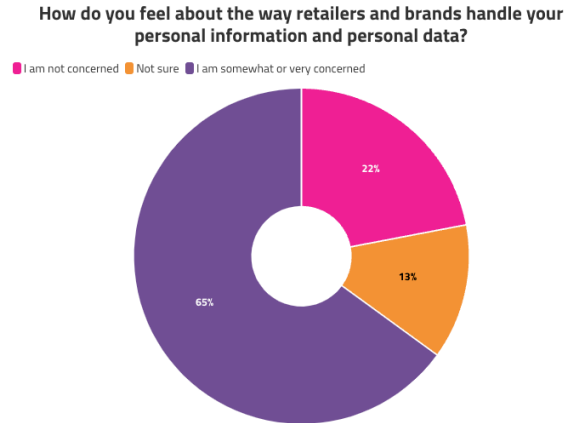
Sainsbury's introduced Nectar Prices in April 2023

Take-up of the scheme continues to grow, with more customers opting in to share their data in return for lower prices and targeted offers.

"We reached our highest levels of Nectar participation in Sainsbury's over the Easter 2024 bank holiday, with almost 18 million customers now Digital Nectar collectors and with 98% of big baskets including Nectar Prices or Aldi-price-matched products," a Sainsbury's spokesperson told Retail Week.

Handle with caution

Customers care about how their data is handled – 65% say they are very or somewhat concerned about how retailers and brands handle their personal information and data.



Source: Retail Week and Zeta consumer survey, Q3 2024

Shoppers aged 65+ are even more concerned, with 68% somewhat concerned or very concerned about this issue. Retailers therefore should take extra care to manage their engagement with older shoppers.

One bright spot for retailers is that most consumers aren't getting more worried about data handling over time. More than half (54%) say their concerns about data handling have not increased over the past 12 months.

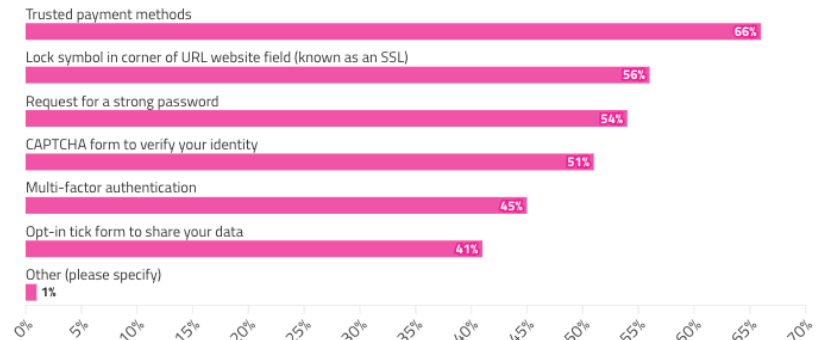
Split by demographic, the most concerned age group when it comes to data handling are those aged 34 to 55. Of this group (which is likely to include parents of children and teenagers), 55% say their worries about data handling have increased

over the past 12 months, possibly owing to mounting concerns about how children are being sold to online and how their behaviour is increasingly affected by smartphone use.

Trust is paramount

Retailers need to have concrete measures in place to make the online shopping experience more secure, say consumers. Trusted payment methods are the most crucial requirement, with 66% of respondents expecting secure payment options to be offered as standard when making a purchase online.

What level of data security do you expect as standard from retailers and brands when making an online purchase?



Source: Retail Week and Zeta consumer survey, Q3 2024

Shoppers are also informed and engaged when it comes to other online shopping security measures. More than half (56%) expect to see the lock symbol (known as SSL) in the top-right corner of the screen when making an online purchase, indicating that the connection to the site is encrypted and any information shared – such as bank card details – are therefore safe.

More than half (51%) also expect a CAPTCHA form (a human verification response test) to be used, 45% expect multi-factor authentication and 41% expect there to be an opt-in tick form to share their data.

Loyalty pays

The answer to customer engagement and retention lies in loyalty.

Customers are not only keen to sign up for retail loyalty schemes but, once a member, are more likely to share their data, engage with retail marketing and spend their money, especially on personalised offers.

A whopping 89% of our respondents are a member of a retailer or brand loyalty scheme, with the majority – 59% – signed up to between two and five retailers.

Those aged 18 to 24 are the most likely to be signed up to the most loyalty programmes, with 18% belonging to between six and 10, and 4% signed up to between 11 and 14.

Younger people are potentially demonstrating a consciousness of the cost-of-living crisis more than other groups: the largest segment of all age groups surveyed – 55% of 18- to 24-year-olds – say they have signed up to more loyalty schemes from June 2023 to June 2024 than the previous 12-month period.

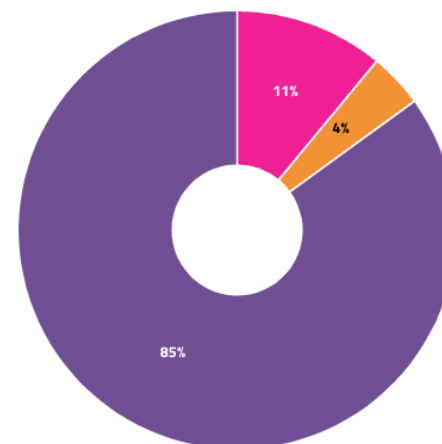
Incentives to spend

Personalised offers really do incentivise consumers to spend – 85% of our respondents who are signed up to a loyalty

programme say that a personalised offer has influenced them to spend in the past 12 months. For 38%, personalised offers sent via retailer loyalty schemes have regularly incentivised them to spend.

Have personalised offers sent to you via a retailer's loyalty programme influenced you to spend with them in the past 12 months?

■ No ■ Not sure ■ Yes



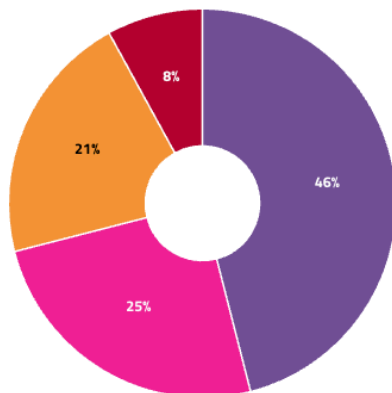
Source: Retail Week and Zeta consumer survey, Q3 2024

The upside here is big for retailers – loyalty card members are much more likely to spend with that retailer, especially if they feel like they are being treated as an individual, offered particularly good deals or are part of a valued and fun community.

Furthermore, being part of a loyalty scheme also makes shoppers feel more comfortable about sharing their data: another indication that once customers choose to “join” a brand, they feel more enfranchised.

Over the past year, would you say you were more likely to share your personal information with a retailer or brand if you were part of their loyalty programme or membership scheme?

- My sharing preferences have not been influenced by being a member
- No, I have not been more willing to share my personal information
- Yes, I have been more willing to share my personal information
- Not sure



Source: Retail Week and Zeta consumer survey, Q3 2024

Over a fifth (21%) of consumers are more willing to share personal data with a retailer or brand if they are part of a loyalty or membership scheme. Younger people are most likely to feel this way, with 31% of 18- to 24-year-olds and 33% of 25- to 34-year-olds happier to share data if they have already signed up to become part of a membership cohort.

Retailers making the most of loyalty schemes

Many retailers recognise the value of loyalty incentives and have been developing and investing in their membership schemes.

In July 2024, French beauty giant Sephora launched a tiered, points-based, UK-specific loyalty scheme to offer more exclusive deals to customers as it “embarks on the next phase” in the UK.

UK customers who enrol in MySephora can use points to buy a curated selection of products from brands such as Elemis and Fenty Beauty. The UK scheme builds on Sephora’s success in other locations (its first loyalty programme, Beauty Insider, was launched in 2007 in the US, with extra tiers for the most loyal members added in 2009 and 2013), which offer in-app product recommendations alongside in-store experiences.

The UK scheme – which includes exclusive offers as well as birthday gifts, upgraded delivery options and early access to brand events and Sales – demonstrates how a loyalty programme can make consumers feel part of something special, even when they are just one of the 160 million customers Sephora has globally.

Speaking at World Retail Congress in April 2024, chief executive Guillaume Motte said: “We aim to pamper those customers by giving them extraordinary experiences,” which includes festivals, red-carpet store openings and personalised offers available online and in-app. “Customers are invited to come and play with us.”

UK supermarket chain Morrisons has also been investing in its loyalty programme. In 2023, it relaunched its loyalty scheme with a new card and app. The More Card replaces the previous My Morrisons loyalty programme.

Reinvestment in the scheme and more personalised benefits are producing a good outcome: the company posted a total sales increase of 3.7% to £3.8bn in its results for the second quarter of 2024.

“It’s clear that availability and our loyalty scheme are the two areas our customers talk about the most and so we are focusing intensively on these areas,” said chief executive Rami Baitiéh in the supermarket’s second-quarter results statement in June 2024.



Further evidence of this success is the rapid growth to 5 million active users, who are now being offered the UK’s first AI-based rewards system. The feature, which is being trialed on Morrisons’ More Card app, offers customers hyper-personalised challenges based on their shopping patterns, rewarding them with loyalty points for attaining spending milestones.

“Customer reaction to the significant investments we have made in the More Card has been very positive,” said Baitiéh. He added that “transactions using the card have grown by around 35% in the past eight months” and the card now has a 50% swipe rate.

Getting personal – Real shopper opinions on AI and the latest tech

AI-powered personalisation efforts are accelerating, with retailers investing more resources in efforts to get to know customers better and generate greater sales. But how do consumers really feel about interacting with artificial intelligence – does it shape their perception of a retailer and do they find its offerings helpful?

By this point, everyone who shops online has probably interacted with AI – even if they didn't know it at the time.

A fifth of shoppers aged 25 to 34 are more likely to shop with a retailer because of their use of AI

Back in June 2018, Specsavers released its Frame Styler app in stores, an AI-powered tool that allows users to try on glasses virtually (and which came into its own during the pandemic, when it was available on home tablets and physical stores were closed).

Shoppers buying from Ocado or Boots might well have had their orders picked and packed, at least in part, by robots that use AI to learn how best to manipulate items without damaging them.



And many of us will have asked questions to a chatbot, which used big data at the back end to match answers with questions, no matter how they are worded (with varying degrees of success).

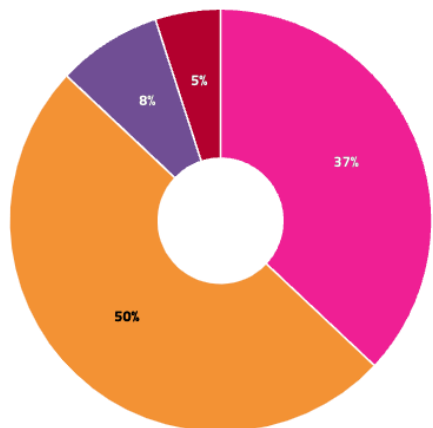
Who's in the AI know?

Our survey results shine a light on this mismatch between knowledge of AI as a concept and clarity about its uses among consumers.

A good majority (87%) say they know what AI is, but half aren't sure if they have interacted with it in the past 12 months.

How familiar would you say you are with artificial intelligence (AI)?

- I know what AI is and have used or interacted with it in the past 12 months
- I know what AI is but I'm not sure if I've used or interacted with it in the past 12 months
- I don't know what AI is or if I've used or interacted with it in the past 12 months
- I don't know what AI is, but I think I've used or interacted with it in the past 12 months



Source: Retail Week and Zeta consumer survey, Q3 2024

There is a sizeable chunk of consumers, however, who both know what AI is and recognise using it, with 37% saying they are aware of using AI when making an online purchase with a retailer in the past year.

Yet there is work to be done for retailers to build consumer buy-in. The majority of consumers (59%) say they feel sceptical about AI being used by retailers and brands or are conflicted about its use.

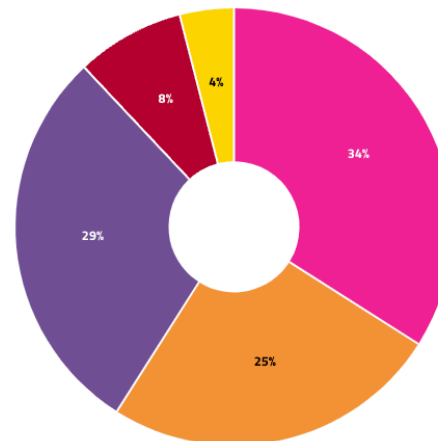
This statistic reflects a couple of things. Firstly, AI has been trialled and experimented with gradually – for example, with chatbots to answer questions – and is constantly improving, meaning that many shoppers' first experience of the technology will have been clunky, potentially putting them off in the future.

Secondly, the statistic tells us that a lot of the time retailers and brands don't flag their AI use, meaning users won't know when a useful experience – for example, being recommended a product that exactly anticipates their needs – is happening because of AI.

Only 8% of respondents say AI use by retailers and brands excites them (almost doubling to 14% for those aged 25 to 34 and 13% in the 35 to 44 group), and 29% say they are neutral about its use. This leaves a lot of room for retailers to get better at both providing services and being clear to shoppers about the benefits of AI use.

How do you feel about the use of AI by retailers and brands?

- Sceptical
- Conflicted
- Neutral
- Excited
- Not sure



Source: Retail Week and Zeta consumer survey, Q3 2024

One retailer clearly benefitting from the use of AI is Argos, which came in at number seven in our poll of shoppers' best digital experiences (as revealed in chapter four). Customers mentioned how easy the online experience was, with good customer service and loyalty rewards. A lot of this is down to AI-driven personalisation.

"Through AI, we deliver bespoke shopping experiences with tailored product recommendations and optimised search results on our website," an Argos spokesperson explains.

They add that the company's AI-driven inventory management system ensures that popular items are consistently available, so customers don't experience the frustration of finding what they want but seeing it is out of stock.

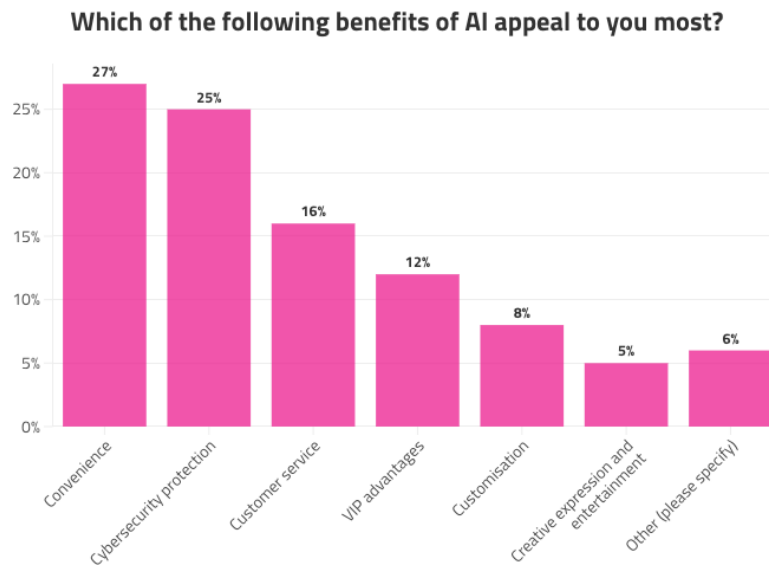
However, not all of their customer service offerings are AI-driven. Argos also offers an online service where customers can video chat live with an in-store expert. This involves a dedicated team of real humans who are ready to assist with specific queries about home and furniture products, "showcasing items on screen, discussing their attributes and enhancing the shopping experience for major purchases," the spokesperson says.



*Argos provides a live chat service to help customers find the products they need
(Source: Argos)*

Where best to use AI

In terms of AI benefitting their shopping experience, the factors that most appeal to the consumers surveyed are convenience (27%), cybersecurity protection (25%) and customer service (16%).



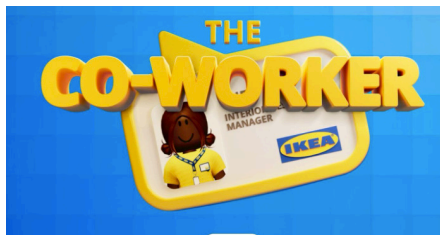
Source: Retail Week and Zeta consumer survey, Q3

Several of the online retailers we talked to are using AI behind the scenes, in ways customers might never notice, to make the shopping experience smoother and more efficient. Tesco, for example, uses AI to analyse market data, allowing it to price products more smartly and offer lower prices where possible.

When it comes to items that are reduced in price, the grocer uses data science to work out exactly what in-store reductions should be, which might depend on location, the product itself and even the time of day.

Consumers are least interested in the benefit of creative expression and entertainment, such as shopping and socialising in the metaverse, with just 5% citing this as an attractive prospect.

Despite the lack of interest, some retailers are making in-roads in this area. In June, Ikea launched its virtual UK store on Roblox, supported by 10 real-life workers paid in the metaverse to help customers choose furniture and better engage with the brand.



*Ikea's Roblox store is staffed by real people
(Source: Ikea)*

AI can help brand reputation – if done correctly

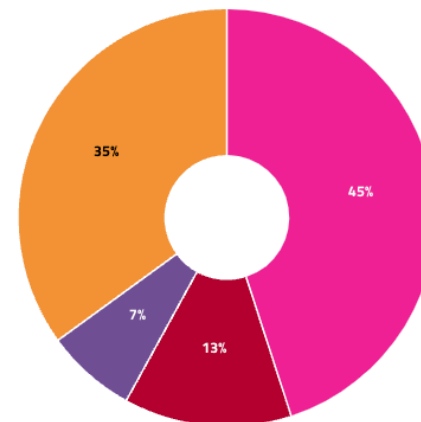
Positively, despite some wariness and scepticism, a significant number of UK shoppers feel that AI use adds a level of kudos to a retailer, which might make them more willing to engage with it.

A fifth of those aged 25 to 34, and 10% aged 18 to 24, say they have been more likely to shop with a retailer because of its use of AI. Overall, just 7% say it influences them positively.

Conversely, 13% of the total surveyed say they have been put off by retailers using AI and had in the past year been less likely to shop with a retailer because they know it is doing so.

In the past 12 months, has a retailer's use of AI made you more likely to make a purchase?

- The use of AI has not influenced my decision
- I have been less likely to shop with a retailer because they used AI
- I have been more likely to shop with a retailer because they used AI
- Not sure



Source: Retail Week and Zeta consumer survey, Q3 2024

Therefore, retailers and brands that want to keep shoppers on their side need to communicate carefully and prove to their customers that they can get the details of this technology's implementation right.

Zeta has created AI agents: specialised digital assistants to help you with specific tasks. For example, marketers can use a customer segmentation agent for analytics. This allows retailers to become experts on making customers feel known, without necessarily knowing AI made it happen.

Elevated CX – Learning from the retailers getting online CX right

In this report so far, we've looked at consumers' opinions on marketing, data and AI – all factors that, when managed and optimised effectively, contribute to a great online shopping experience.

To help provide a more complete picture as to the marketing investments that are paying dividends and which retailers' efforts are resonating with shoppers, we put the big question to consumers.

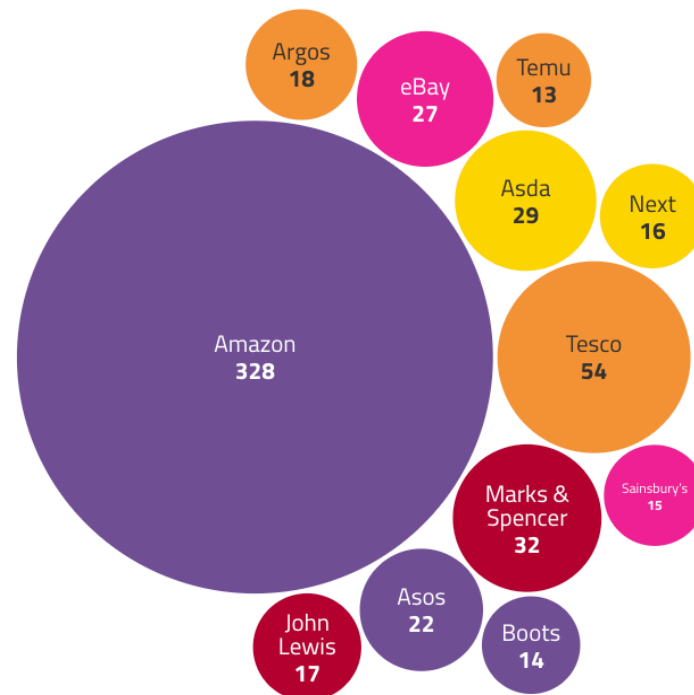
We asked 1,000 consumers, with no prompts, to share which retailer or retail brand they felt had offered them the best digital shopping experience in the past 12 months and why.

The results are illuminating, with the top 12 spanning a cross-sector range of omnichannel and pureplay retailers alongside established names and disruptors.

Some retailers stood out due to business models aligned with cost, convenience and choice. However, there were many notable comments provided by the consumers surveyed that demonstrated how several of these retailers are using marketing, loyalty investments and personalisation to create ecommerce interactions that customers really enjoy.

To get a better understanding of how these retailers are mastering CX, we have profiled five of the consumers' top picks.

Which retailer has offered you the best digital shopping experience in the past 12 months?



Source: Retail Week and Zeta consumer survey, Q3 2024
Other responses shared for retailers not shown either totalled under 12 or response was 'Don't know'/'Not sure'

1. Amazon

Perhaps unsurprisingly, Amazon is singled out for providing the best digital shopping experience by a third of all respondents for, among many reasons, its cost, convenience, choice, and personalisation.

“Amazon has an enormous range of products, prices that are very often the lowest out there and delivery that is quick and reliable”, “the app is easy to use and locating the products you want [is] easy and quick” and “comes up with suggestions based on my previous orders” – just three of the many positive comments.

Consumer enthusiasm for Amazon is reflected in its financial results. Total revenue grew 12% year on year from \$514bn to \$575bn (£404bn to £452bn), according to its 2023 annual report. Growing at such a rate allows Amazon to keep investing in tools and solutions that customers like.

As a company that began life online, Amazon has long understood the power of collecting and using customer data, and is credited by some as effectively inventing personalisation by offering recommendations – based on past purchases and the items customers have viewed, searched or saved – early and often. Visit the site on any given day and through any device, and you’re likely to see deals and collections that make sense to you as a customer: cat products if you’re a cat owner, toys if you have kids, and products based on your location and even the weather.

Between 2019 and 2024, Amazon invested £600m into robotics and AI in its European fulfilment centres, which it said had improved prices, selection and convenience for its customers. The investment enabled the business to deliver to Prime members at “the fastest speeds ever globally” in 2023, the company reported in a statement in May 2024.

One recent tech innovation has been the AI-generated review summaries Amazon introduced in December 2023. Using generative AI, the feature provides a short paragraph on the product detail page that highlights the product’s features and customer sentiment frequently mentioned across written reviews, to help customers determine at a glance whether a product is right for them.

One customer who picked Amazon as their favourite digital brand called these short paragraphs a “game changer”.

11. Boots

At 11 in our customers' top picks for online CX is Boots, the UK's largest health and beauty retailer.

While there are doubts around the retailers' future ownership and leadership, with boss Seb James exiting in July and owner Walgreens removing the business from sale that same month, this does not take away from Boots' long-established loyalty and personalisation credentials.

Indeed, consumers in our survey comment that Boots "has good loyalty programmes" and "shows me products that might be relevant to me". One consumer interviewed was keen to highlight the benefits of the Boots Advantage Card loyalty scheme: "Earning extra points for certain purchases, or by spending a certain amount, has significantly added to my points total, which I will make good use of in the run-up to Christmas."

Boots' Advantage Card has been around since 1997, marking it as one of the UK's first retailer loyalty schemes following Tesco's Clubcard and Safeways' ABC Card, both launched in 1995. It has long been credited for the simplicity of collecting and spending points with a higher value. One of the additional benefits, as the survey respondent mentions, is the personalised promotions Boots offers to users, such as extra points or money off certain items.

As of July 2024, around 50% of all transactions at Boots are made through the Advantage Card programme, which has almost 17 million active members.

Boots' investments in its Advantage Card have been credited for supporting growth. For the three months to May 2024, the retailer reported total UK sales growth of 1.6%, with former boss James noting the benefit of "focusing on value and rewarding loyalty". Sign-ups to its Advantage Card increased by 5.8% for the period.

9. Next

Fashion powerhouse Next continues to knock sales out of the park against revenue expectations, so it's little wonder that the retailer features in the top 10 for the best online CX.

For its second quarter of 2024, Next forecast a decline of 0.3% but the outcome beat expectations by £42m. During the first half, the retailer's sales rose 4% versus guidance of 2.5%.

Consumers surveyed in the research commend Next's digital marketing strategy. Comments include references to receiving "emails with products that blend well with what my own options would be" and making "good [product] recommendations".

Next has invested in various analytical and data management platforms over the past few years to better understand customer behaviour and deliver better online personalisation and targeted marketing. Improvements have included intelligent recommendations, a new mobile site, a dedicated flowers site, faster checkout and registration, and the introduction of the Next Unlimited delivery subscription.

To support its innovations, Next has continued to invest in technology and said in its FY23 results announcement that, over the course of the last five years, it had doubled its expenditure on software development.

Beyond the UK, Next has been increasing its spend on digital marketing to reach consumers internationally. In its Q1 2024 results, it credited this investment, alongside improving its third-party aggregators and removing "unprofitable products", for increasing its overseas online sales by 17% for the period.

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10. Sainsbury's and 7. Argos

Argos came seventh in our consumer poll and Sainsbury's 10th. Although Argos has been owned by Sainsbury's since 2016, the brands retain separate identities and separate – though linked – online shopping experiences.

Feedback for the two retailers was similar, focusing on ease of use, personalised offers, fast delivery and good customer service. When it comes to the retailer's vision, Sainsbury's has been very much food-focused (while other supermarkets have chosen to offer an ever-wider range of products), with Argos used as the arm for digital shopping for other types of products such as homewares.

"We really want to lean into this key point of making Argos the most convenient and the fastest, and, as customers are looking for value, we want to make Argos synonymous with that," Simon Roberts, Sainsbury's chief executive, said in 2022.

Fast-forward to July 2024 and, according to a Sainsbury's spokesperson, Argos' digital marketing strategy is making inroads by focusing on "relevant, personalised content via email, social media, and our app, significantly boosting engagement and sales".

"The integration of the [Sainsbury's] Nectar loyalty programme allows customers to collect and spend points across our extensive product range. Members of the Nectar loyalty scheme who regularly shop with Argos have a 25% higher average basket value compared with non-members, underscoring the programme's success in fostering customer loyalty and increasing spending," the spokesperson added.

Sainsbury's, meanwhile, is leaning into AI use with a five-year partnership with Microsoft, announced in May. The collaboration "will accelerate our ambition to become the UK's leading AI-enabled grocer," Sainsbury's chief retail and technology officer Clodagh Moriarty said at the time.

"It's one of the key ways we're investing in transforming our capabilities over the next three years, enabling us to take another big leap forward in efficiency and productivity, continue to provide leading customer service and deliver returns for our shareholders."

When it comes to future applications of AI, a spokesperson revealed "joyful experiences" are the focus: "We are constantly reviewing how trends and developments impacting our industry could be used to deliver great customer experience and value, particularly where we can offer customers greater personalised and joyful experiences."

5. eBay

eBay, which came fifth in our survey of customer favourites, has long publicised its personalisation and AI efforts, and as a company has been ahead of many competitors when it comes to the technology.

'Find it on eBay' and its 'Image search' function, underpinned by computer vision and deep learning, were launched in 2017. 'Image search' allows users to take a photo of an item they like and search eBay using the picture, with the retailer generating any products from live listings that have a similar appearance. 'Find it', meanwhile, allows a similar search function but uses images that customers have shared from social media.

In 2019, eBay brought in its 'Interests' function. This allows users to select things they like, from music to decor to favourite weekend activities, which are then used to tailor recommendations for products.

In April 2024, eBay announced the release of 'Shop the look' on iOS in the UK and US, with Android and other geographical releases due later in the year. It is the retail marketplace's latest AI-powered customer-facing innovation in its fashion vertical. Focusing on clothes, it uses data about customers to create an "immersive carousel" of outfits and items a specific user might like, explained Raul Romero, eBay product manager, at the launch.

Interestingly, though, the business also makes a point of integrating more traditional customer service techniques, such as a phone call to customer service, alongside AI. For example, eBay will use AI to scan a customer's past purchases

to determine what they are likely to be calling about and match them to the most appropriate team member.

The idea of merging AI and humans in customer service is that shoppers will feel cared for, while agents will "love talking about that with the customer, and they'll enjoy the job a lot more," said Dan Leiva, VP of customer service technology at eBay, at Customer Contact Week 2024 in Las Vegas in June.

It is also interesting to note that one consumer in our survey says about eBay: "Choice, price, convenience, no obvious AI," indicating that they enjoyed the experiences AI made possible but did not feel they were interacting directly with it.

As a company, eBay is keen to communicate its mindfulness about the power of the new technologies it is harnessing. In March 2024, it announced it had adopted five guiding principles that would govern AI innovation at the company, including safety, security, inclusivity, fairness and privacy by design.

"We are incorporating these values to set the standard for the development and use of AI in ecommerce," said Lauren Wilcox, eBay senior director and distinguished AI scientist.

"Zeta's comprehensive solutions and collaborative approach have made them an invaluable partner for us. The team brought a broad set of capabilities to the partnership, which directly resulted in an enhanced efficiency of our marketing communications. Not only have we streamlined our processes with fewer errors, but we've also seen our engagement rates soar," adds Rob Gornall, senior director for global customer relationship management at eBay.

The fastest way to win customers and keep them coming back

The research has clearly highlighted what customers don't want from retailers' AI, personalisation and data use. So, if we now know what retailers are doing to lose customers, what are the fastest ways to win customers – and keep them coming back for more? Here's a handy summary.

1. The fastest way to win customers with communication

- Customers don't want to be overcommunicated with. Frequency is key. Customers would ideally like to only be contacted once a week, which, for most retailers, isn't possible. Significant considerations should be made when deciding whether to implement daily marketing emails.
- Consumers want direct communication to be in the right form. Email is still the favourite by a long way in terms of direct messages such as offers.
- Good emails look great, don't waste time, make life easy and carry meaningful offers or truly useful information.

2. The fastest way to win customers using loyalty

- Retailers need to offer customers some form of loyalty scheme. They create buy-in that makes the entire process much smoother. Almost 90% of the shoppers we surveyed were members of at least one scheme.
- The keenest on loyalty schemes are 18- to 24-year-olds – retailers should maximise sending personalised loyalty offers to this demographic.
- Trust in retail isn't high overall. Perhaps that's another reason why, once customers have made the choice to sign up to a loyalty scheme, they remain very loyal. It takes a lot to win trust and, once customers have found a trusted brand, they double down on buying from it.

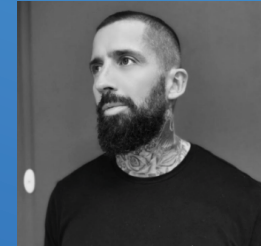
3. The fastest way to win customers by implementing AI

- Consumers know what AI is, but they don't always know when they're interacting with it. Sometimes, this is a positive. Shoppers only like AI if the experience is great, so retailers should be concentrating on getting their AI efforts right, not rushing them out quickly.
- AI isn't a selling point on its own. Almost as many consumers are sceptical of the technology as excited by it. When it's done well, customers often respond well to it because of what it offers them, not because it is AI per se.
- Shoppers most like the idea of AI being used to drive greater convenience, cybersecurity protection and customer service. These should be the priority areas for retailer's AI investment strategies.

4. The fastest way to win customers with data

- Shoppers share more data than you might expect, but they expect their data to be kept completely safe. If retailers do this well, there are opportunities to make that a selling point.
- A significant proportion of shoppers are willing to share more information in return for tailored, personalised experiences. As the data shows, 85% of respondents signed up to a loyalty programme have been influenced to spend by receiving a personalised offer through the programme.
- Putting in place concrete measures to protect data is important to customers: trusted payment methods, encryption and identity verification are what many customers expect as standard.

Ross Halliday, Vice President CRM UK & Ireland, Zeta Global, gives his final say on what the report shows and how retailers should act upon their marketing strategy: “Emphasising customer-centricity, handling data with care and ensuring the right communication frequency should be standard practice by now. What’s surprising, however, is how many retailers are still finding it challenging to implement these measures effectively and remain unaware of the cost of inaction.



“While AI presents tremendous opportunities for both brands and consumers, it’s crucial for retailers to understand that customer trust in this area is still in its infancy. The data speaks for itself: building this trust hinges on getting the basics right through meaningful communications via preferred channels (like email), with hyper-personalised products and content, and valuable reward offerings for loyalty.

“For retailers that haven’t yet embraced these principles, the time to act is now. By prioritising customer relationships, using data wisely and refining communication strategies, in line with expectations, brands can position themselves for success now and stay prepared for the future.”

Lastly, it is pertinent to highlight that the retail market is changing rapidly. With the disruption of digital-first retailers, established brands can’t afford to stagnate.

Among these takeaways, one stands out: consumers want more personalised experiences and rewarding loyalty, but ultimately trust must be built regarding data and AI. Those efforts should be meaningful and directed at the most loyal customers, whose data should be collected sensitively, where possible, and treated with the utmost respect. Such collection and care will enable retailers to deliver powerful personalised experiences, which customers in all categories of retail, and all ages and areas, are likely to reward with greater loyalty.



About Zeta Global

Zeta Global is the AI-powered marketing cloud that empowers enterprises to acquire, grow and retain customers. Our Zeta Marketing Platform (ZMP) is the largest omnichannel marketing platform, it analyses structured and unstructured data points to predict consumer intent by leveraging sophisticated artificial intelligence to personalise experiences at scale.

Contact us at europa@zetaglobal.com

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