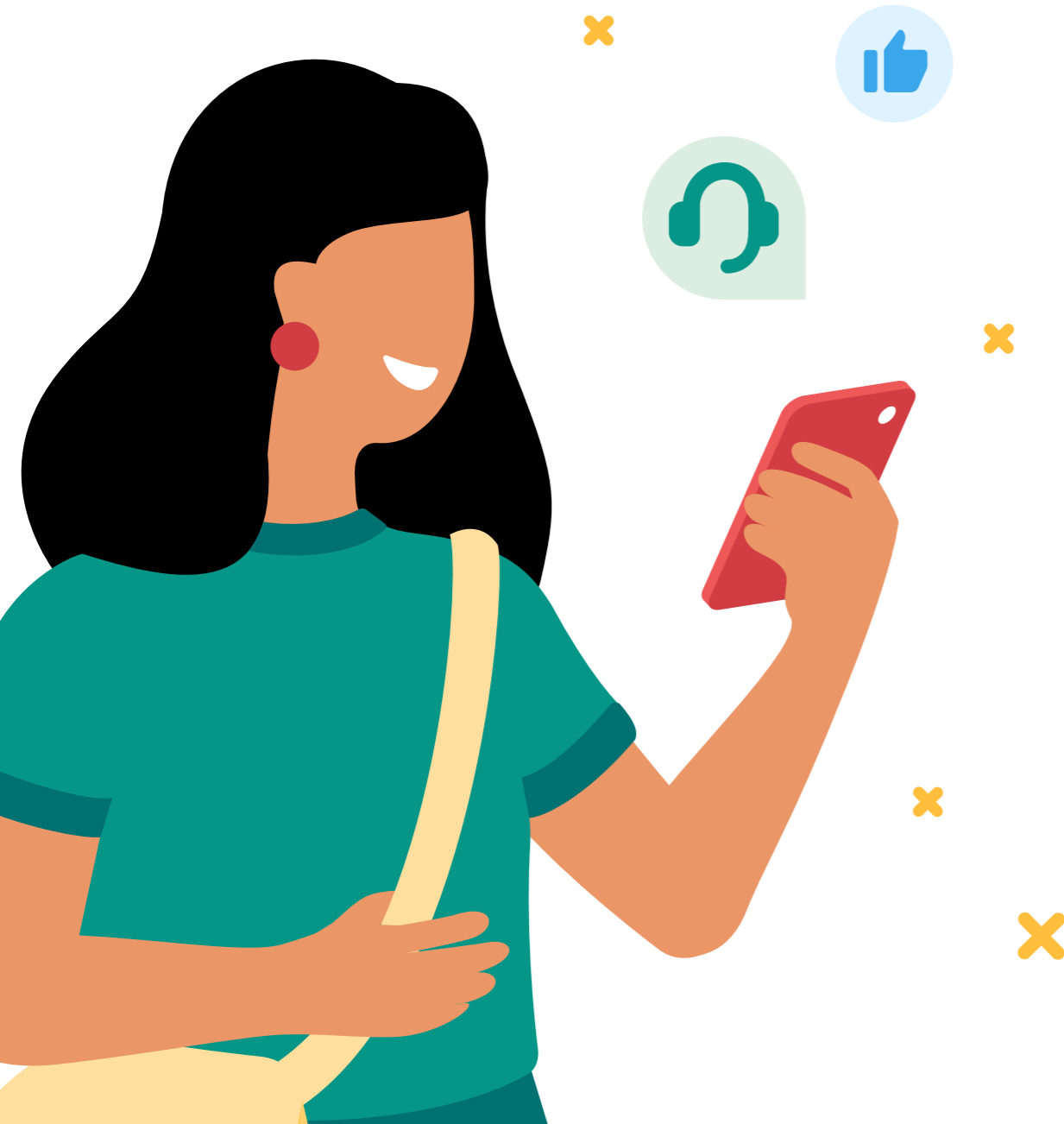sinch

REPORT

What's in store?

Customer experience in retail and e-commerce

We spoke to over 2,900 consumers globally to build a snapshot of the next chapter in retail and e-commerce CX in a fast-changing digital world.

Going beyond the sale: How can CX add real value to retail?

How can brands and retailers make their customer experience more engaging in this new digital landscape?

What's it going to take to stay relevant and competitive?

And how can we use these new digital tools to drive real, sustainable growth?

Our findings show an industry at a tipping point. Traditional retail operations compete with online for business, while adoption of new technologies that can enrich the customer experience is still patchy.

But the possibilities are vast. For those who embrace new technologies and concepts, there is a whole new range of channels to reach and engage customers, enrich their buying journey, streamline operations, and gain deep insights into what customers really want.

The future of retail is about engaging with customers on their own terms — having genuine conversations and offering support that builds

relationships. The game has changed, with an awareness of concepts such as omnichannel communications, personalized experiences no longer optional — it's how leading retailers are winning today. They're going beyond simple marketing offers and repetitive text messages to engagements that add value, boost sales, reduce cart abandonments, increase cart value, and more.

So Sinch surveyed over 2,900 consumers across the globe to find out how they felt about today's buying experience. We asked: What are their priorities? How do they prefer to engage? What makes them feel valued?

sinch

Index

sinch

Designing deeper personalized experiences

Let's turn notifications into conversations

What if, rather than sending text-based notifications, you started a conversation?

The idea of two-way digital conversations may still be new in the retail industry, but your customers are ready to try it. Scratch that. They're crying out for it.

Conversational commerce is critical — it's how savvy brands think about retail and e-commerce. An 'any channel, any device' approach using the power of AI-driven chatbots can open up a whole new world of revenue streams and opportunities for customer engagement. Learn more here.

sinch

FINDING #1

Two-way is
the only way

sinch

Brands are underwhelming customers when it comes to two-way conversations

To add value, brands should build powerful calls to action into notification-based messages

While CX experts have been encouraging brands to start two-way conversations for years, many have either ignored the advice or chosen to use the tech in a patchy way; rather than create a unified experience across all channels.

This is particularly frustrating, as the technology to scale engaging, rich, two-way conversations across multiple channels and devices with ease is available right now!
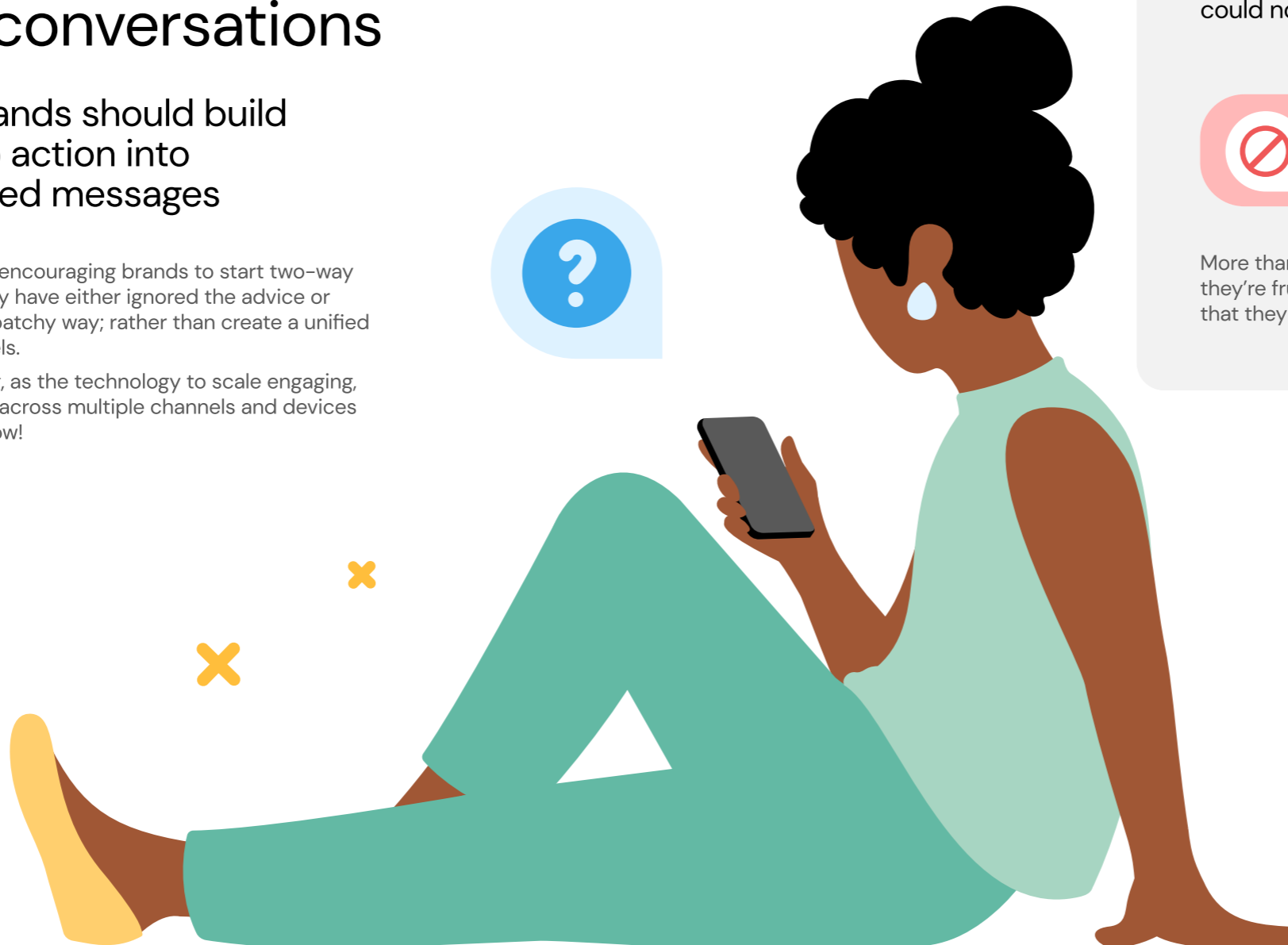
Q: Have you ever received a mobile message from a business and felt frustrated that you could not reply?

53% say yes!
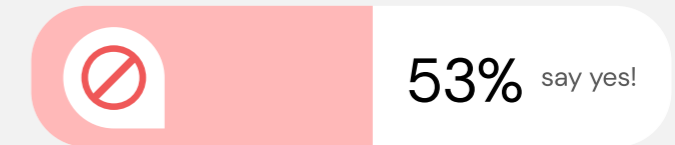
More than half of the customers we surveyed say they're frustrated when they receive mobile messages that they can't reply to.

Source: Sinch's State of Customer Experience 2022

sinch

BEST PRACTICE
Nissan

Nissan Europe was seeing decreased engagement on traditional channels such as email, so they turned to Adobe Campaign and Sinch to integrate their CRM data to orchestrate dynamic, cross-channel campaigns.

With the help of both tools, Nissan developed rich, immersive media and SMS experiences while delivering targeted mobile messaging to customers anywhere and anytime — even on the road as they took advantage of connected car technology.

> We rely on Sinch and Adobe Campaign for proactive communications to make sure customers recognize that Nissan is looking after them. Instead of being reactive, we can be much more proactive based on what we know about our customers' needs.

Claire Laurent • Senior Account Director at Publicis, Nissan's marketing partner

Read the full story
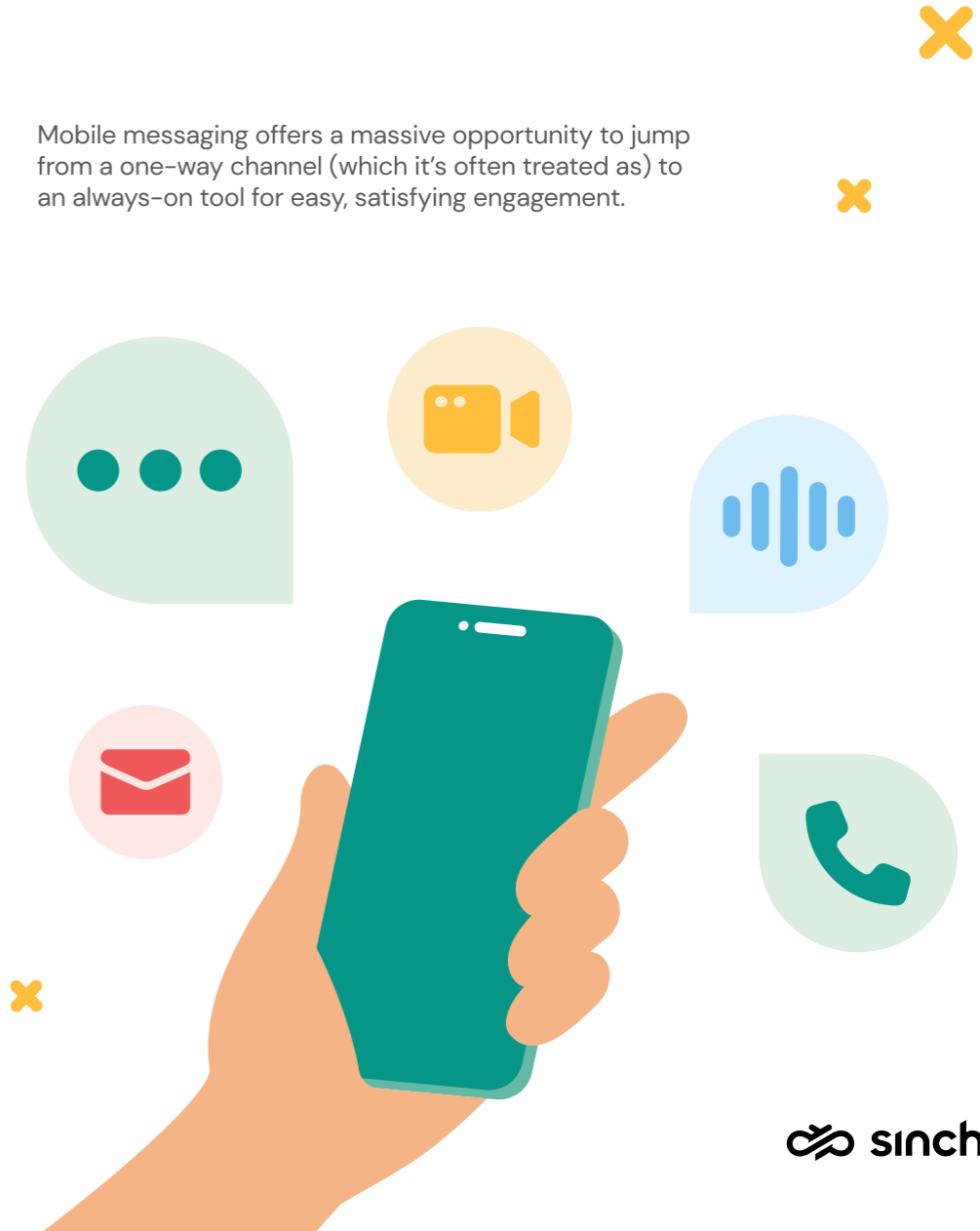
4.7x
higher engagement

80%
conversion rate

200K
customers targeted in the first 6 months

NISSAN

Mobile messaging offers a massive opportunity to jump from a one-way channel (which it's often treated as) to an always-on tool for easy, satisfying engagement.

sinch

Power to the people

Our research found that people overwhelmingly want messaging to be about having a conversation, not just another way to get bombarded with unwanted marketing

And messaging is a rich playground for automation, personalization, and AI — the digital tools that help brands deliver great experiences at scale.

Q: What are some of the most useful messaging conversations?

Get support or ask questions	90%
Initiate product returns, exchanges, and refunds	89%
Get updates on items left in your cart	77%
Complete a customer satisfaction survey	76%

Source: Sinch's State of Customer Experience 2022

sinch

BEST PRACTICE

Zadig&Voltaire

Zadig&Voltaire wanted to boost their relationships with customers, so they partnered with Sinch to create a way to build meaningful conversations with their 1m+ Instagram followers...

"

Customers would send direct messages through Instagram to query order status, delivery time, etc., and they'd get a standard automated response — 'Sorry, you need to contact customer services' — which is just about the worst possible answer you can get. We wanted to create a dedicated relationship with customers, even if that included talking about problems they're having.

Jonathan Atali • Director of Marketing and Digital, Zadig&Voltaire

Read the full story

ZADIG&VOLTAIRE

In essence?

Brands need to go beyond the expected and think hard about using available technology in new and unexpected ways. Only then will they start engaging customers in ways that turn conversations into meaningful relationships.

FINDING #2

Valuable experiences that delight

sinch

People want even more than simple, two-way conversations

They want media-rich, experiential, and delightful content delivered in their moments of need

Two-way conversations can raise engagement levels over one-way communication — but what else can they offer? In our survey, we also asked about less common scenarios — what we call 'rich media conversations'. We found that even when customers have not yet experienced these types of interactions, they're intrigued by them. These options are particularly popular among the 40-and-under age group — yet few companies offer them.

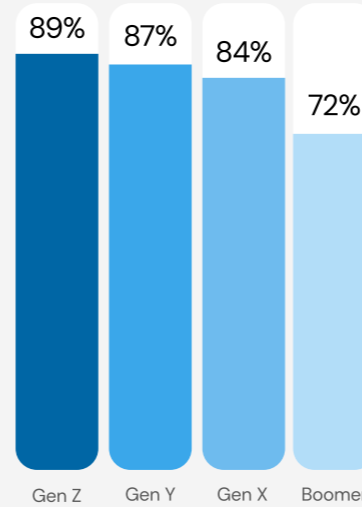Consider the following examples of rich messaging from brands you trust. How useful would each of these scenarios be?
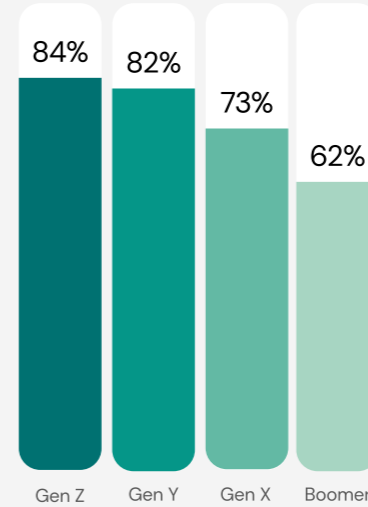
A video tutorial

Such as setting up a new Wi-Fi router

**A buying guide**

Such as how to choose your next computer

A shoppable video

Such as buying something featured in an influencer's livestream

83%
say it's useful

76%
say it's useful

61%
say it's useful

Source: Sinch's State of Customer Experience 2022

sinch

Same question, by generation

A video tutorial

Such as setting up a new Wi-Fi router

Gen Z	Gen Y	Gen X	Boomer
89%	87%	84%	72%

A buying guide

Such as how to choose your next computer

Gen Z	Gen Y	Gen X	Boomer
84%	82%	73%	62%

A shoppable video

Such as buying something featured in an influencer's livestream

Gen Z	Gen Y	Gen X	Boomer
75%	71%	58%	40%
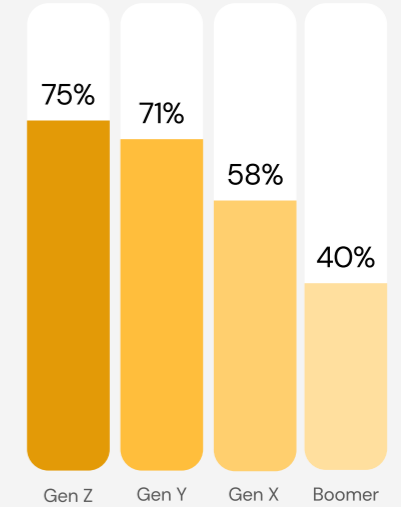
Source: Sinch's State of Customer Experience 2022

These types of interactions are especially relevant for the retail industry. In a world of talent shortages, automation can help free up employees to have more meaningful, impactful conversations with customers, raising the value of each interaction.

sinch

"

Many retailers use tech to make more sales, cut costs, and improve internal efficiencies. Few of them use tech to use a lens that focuses primarily on customer value creation.

Mike Wittenstein • Founder & Managing Partner, Storyminers

BEST PRACTICE

Cdiscount

Conversion rates on the decline? Rich messaging via RCS may hold the key to getting you back on track. It certainly did for online retailer Cdiscount.

4%
increase in revenue

9%
increase in average basket size

+9M
customers

"

The impact on this marketing campaign was outstanding — we will definitely be using RCS in the future to enrich other campaigns.

Etienne Barennes • Customer & Loyalty Project Manager, Cdiscount

Read the full story

Cdiscount

sinch

Wait time is a relationship killer — and has a real impact on growth

## For those 40 and younger, more than 50% use their phones to shop on social platforms

Of that group, more than half use messaging to contact retailers on social channels.

But there's a problem. Consumers expect social channels to be, well, social. And yet their buying experiences on social platforms can be quite the opposite.
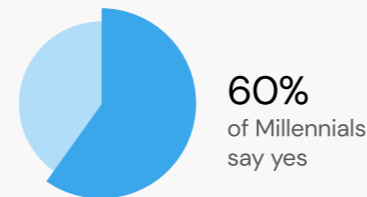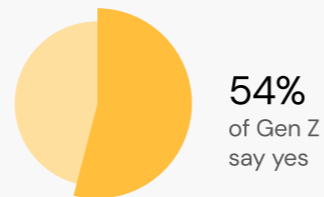
Q: Do you ever use your mobile phone to shop on social platforms?

(Such as Snapchat, Facebook, Instagram, TikTok, or Pinterest)

58% of Gen Z say yes

56% of Millennials say yes
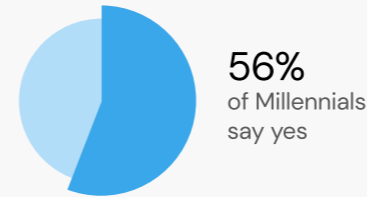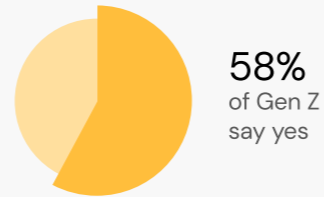
Q: Have you ever messaged a retailer on a social platform?

(Asked of those who say they shop on social media platforms)

54% of Gen Z say yes

60% of Millennials say yes

Source: Sinch's State of Customer Experience 2022

Response times on social media are surprisingly low

Only 25% say they get an instant response from brands when they message them on social. Most shoppers wait for several hours, and 1 in 4 wait a full day or more! This audience actively wants to engage and buy from brands, but they're being let down by an unsatisfying experience.
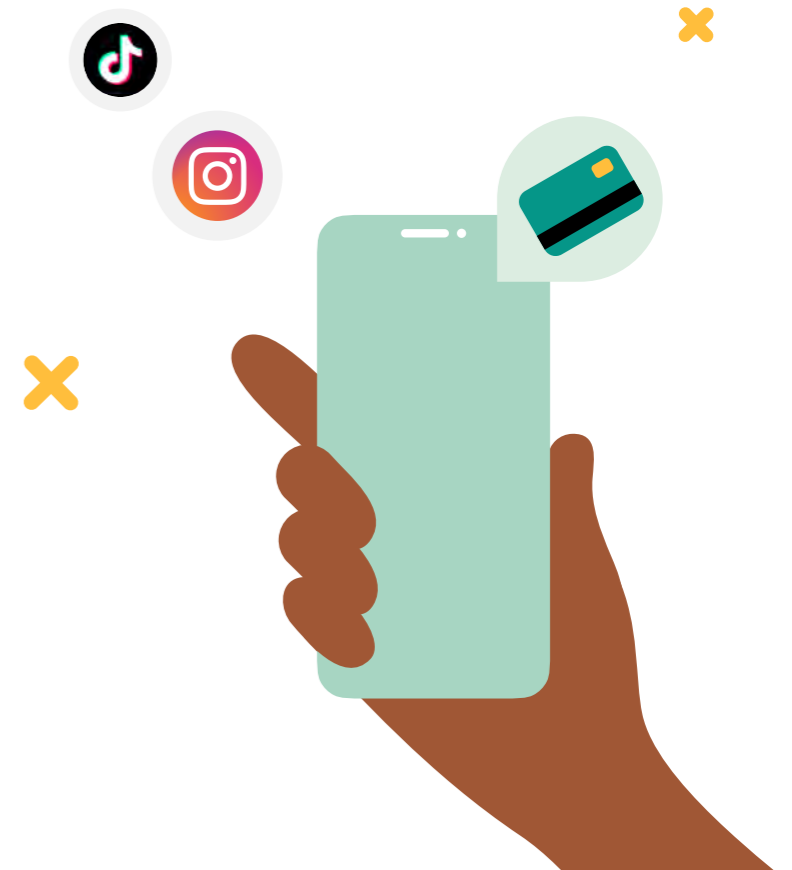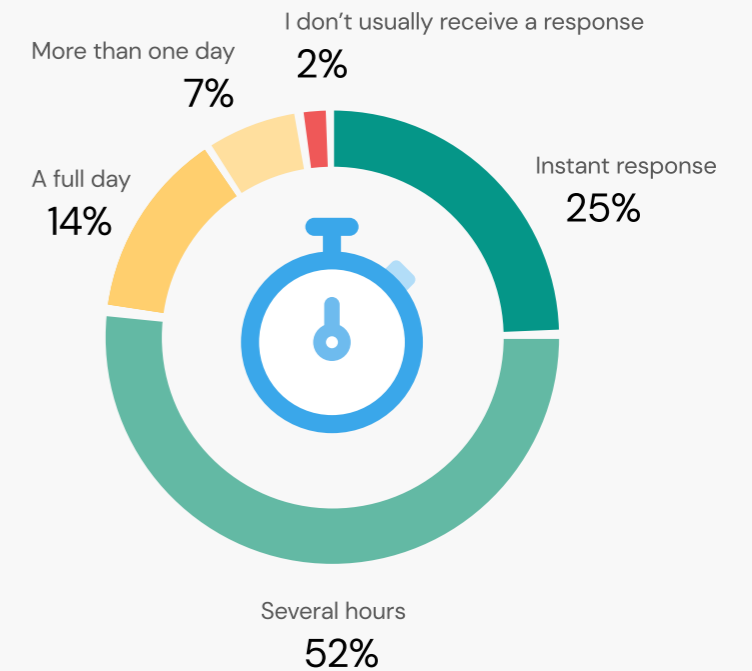
For many retailers, wait time has ballooned over the last two years because of talent shortages and supply chain problems

While brands may consider this a "new normal," customers are not impressed.

Wait time is the dead space where customer relationships go to die. More than half say that waiting for a response (for example, messaging a brand and failing to get a real-time answer) makes them less likely to buy from a retailer.

This is particularly troubling given that so many of these interactions can be automated with the right tools — a top-class social media buying experience can increase revenue AND help build customer loyalty.

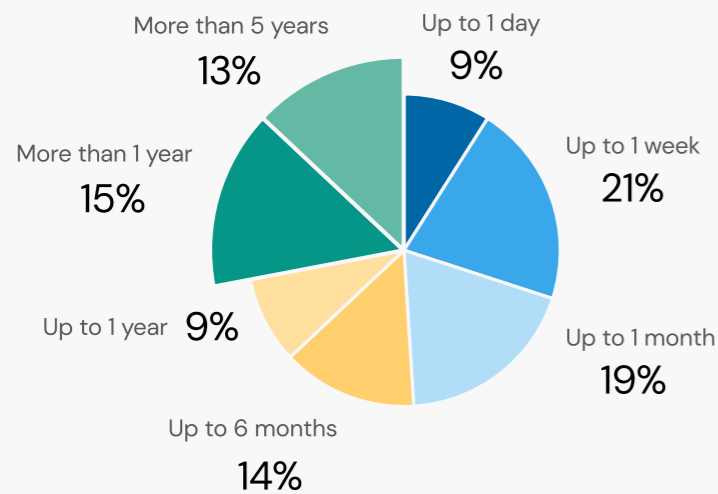Q: How long does it typically take retailers to respond to your social messages?

More than one day
7%

I don't usually receive a response
2%

A full day
14%

Instant response
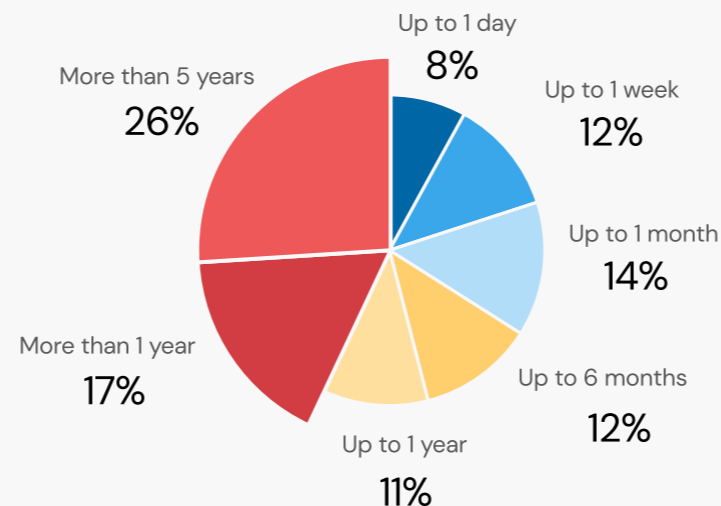25%

Several hours
52%

Source: Sinch's State of Customer Experience 2022

sinch

Customers remember poor experiences for a long time

Q: How long do you remember positive interactions with a brand?

More than 5 years
13%

Up to 1 day
9%

Up to 1 week
21%

More than 1 year
15%

Up to 1 month
19%

Up to 1 year **9%**

Up to 6 months
14%

28% say they remember positives for > 1 year

Q: How long do you remember negative interactions with a brand?

Up to 1 day
8%

More than 5 years
26%

Up to 1 week
12%

Up to 1 month
14%

More than 1 year
17%

Up to 6 months
12%

Up to 1 year
11%

43% say they remember negatives for > 1 year

Sadly, memories of bad experiences last longer than memories of good ones

More than 3 in 4 said that just one bad shopping experience can end their relationship with a brand!

With consumers significantly more likely to remember negative experiences than positive ones, it's absolutely critical that the first touch is an enjoyable, seamless experience — because you might not get a second chance.

In essence?

We need to give customers not just great experiences — but great experiences that are relevant when they need them most. 'Good enough' is no longer good enough — expectations are higher than ever, and brands that exceed them will thrive. Those that don't, well...

Source: Sinch's State of Customer Experience 2022

sinch

Hybrid — the best of both worlds

Give customers a channel they are comfortable purchasing in and then follow through on the complete purchasing journey… if someone likes self-service, don't make them call or go to a store to return an item. It should be a consistent experience at every touch point."

Lori Brown • CX Consulting

What if you could supercharge the in-person experience by layering on a level of automation and efficiency?

73%

of respondents say they want to visit a store, then make the final purchase on their mobile phones

There's still value in the hands-on in-store experience, but not many people love the idea of queuing to buy, for example.

But it's not just about the in-store or final purchase experience. A massive 92% say they'd like to message a chatbot to check if a product is in stock before visiting a store. Fewer unnecessary trips, less frustration, less queuing — just a seamless, satisfying buying experience.

sinch

BEST PRACTICE

FARFETCH

FARFETCH exists for the love of fashion. Its mission is to be the global platform for luxury fashion, connecting creators, curators, and consumers. Founded in 2007, FARFETCH began as an e-commerce marketplace for luxury boutiques around the world.

Today the FARFETCH Marketplace connects customers in over 190 countries and territories with items from more than 50 countries and over 1,400 of the world's best brands, boutiques, and department stores, delivering a truly unique shopping experience and access to the most extensive selection of luxury on a single platform.

,"

In terms of tools, it is very much about empowering advisors, be it in the stores or in the CX Hub. They need to be relevant for the customer because customers want to do everything by themselves, but they also value someone who's relevant to them in terms of advice or ways to solve a problem creatively.

Loureiro • Global Director of Customer Service, FARFETCH

Read the full story

FARFETCH

In essence?

The lines between physical and digital experiences are becoming increasingly blurred (hello, Metaverse), so for brands to remain relevant, they need to understand the value of both. Brands with a top-notch physical presence need to amp it up with a great digital offering if they want to maximize their potential.

sınch

Give them what they want

sinch

Consumers want to hear from brands...

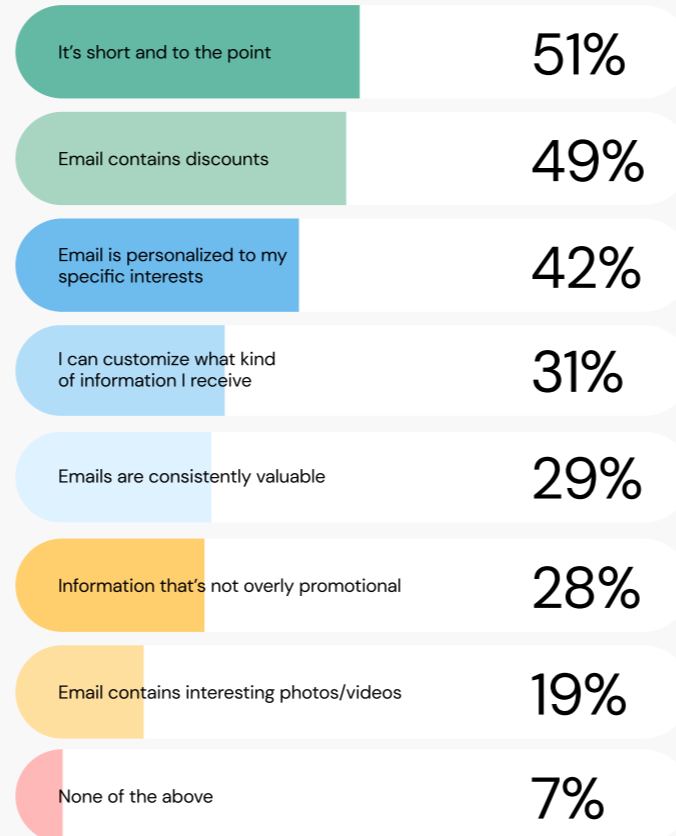## ...as long as it's helpful and personalized

Email is an excellent tool for reaching out to customers with value–adding communication — but it's got to be relevant, to the point, and above all, useful. Those we surveyed are overwhelmingly in favor of interactions containing coupons or discounts (89%), new product suggestions based on past purchases (71%), and even newsletter subscriptions (69%).

Just one word of caution:

More than half of those we surveyed (55%) say they'll share their email address with a retailer in exchange for a coupon, then immediately "unsubscribe" after using that coupon.

Q: What makes an email from a company valuable to you?

It's short and to the point	51%
Email contains discounts	49%
Email is personalized to my specific interests	42%
I can customize what kind of information I receive	31%
Emails are consistently valuable	29%
Information that's not overly promotional	28%
Email contains interesting photos/videos	19%
None of the above	7%

Source: Sinch's State of Customer Experience 2022

In essence?

What do you want to hear from the brands that contact you? And what would you want to say back? Great communication starts with offering something useful. Whether that's information or something of retail value.
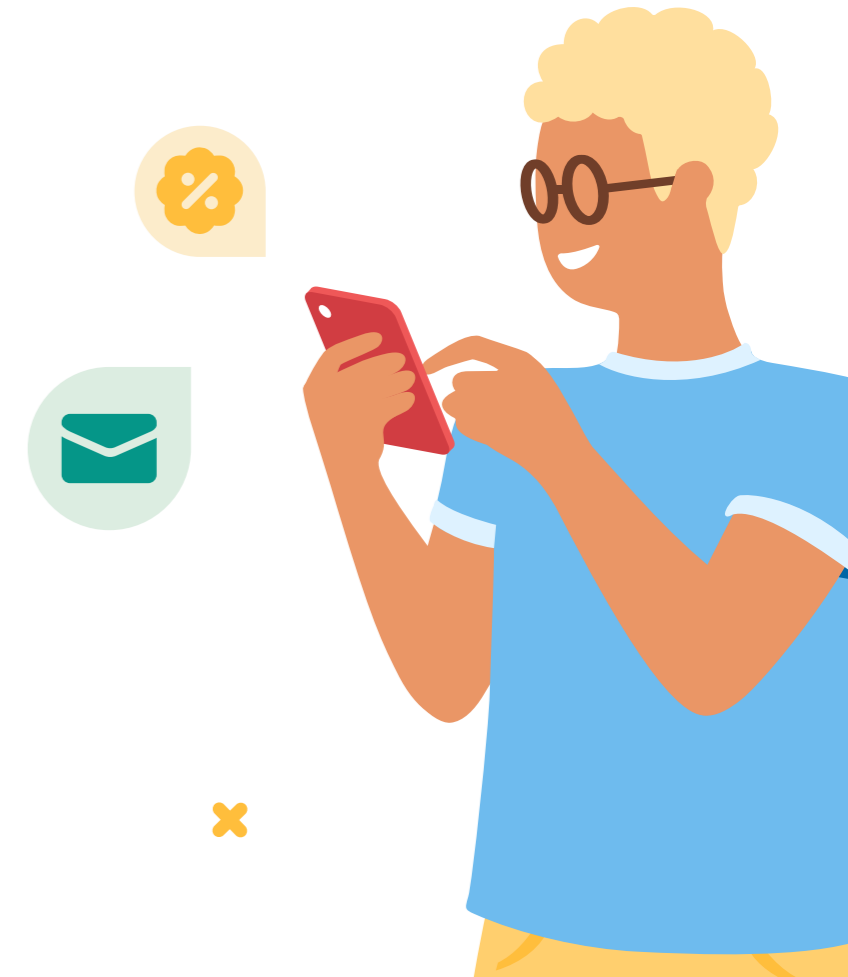
FINDING #5

Don't forget the human touch

sinch

Consumers are open to automation

Including using chatbots to find answers and seek support

We found that 76% have interacted with a chatbot, and most (51%) say the appeal of chatbots is their immediacy. However, we also found that different people prefer different types of engagement — and that there are still scenarios where the flexibility and expertise of talking to an 'actual' human has a significant advantage.

> **Leveraging customer data is what is going to set companies apart from their competitors. Knowing what your customers want, and not guessing, is key for any company looking to create a great customer experience.**
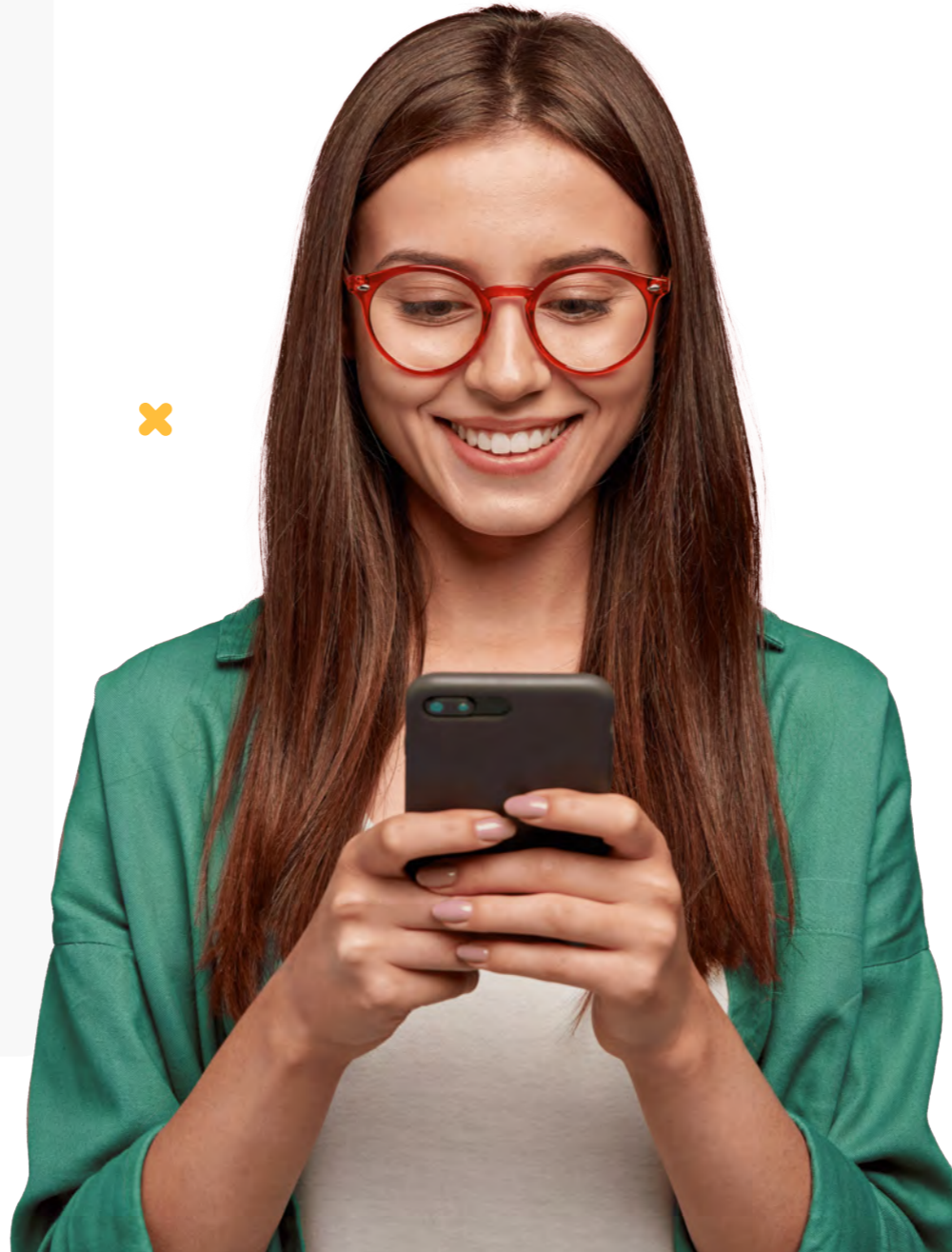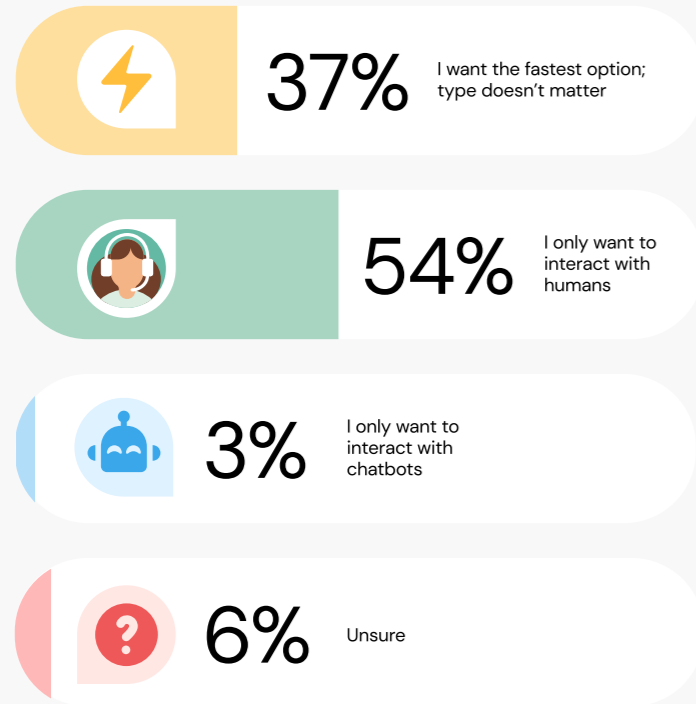
Lori Brown • CX Consulting

95% say they'd like the option to switch seamlessly from chat to voice when the situation requires it, and roughly half (54%) say they always want to interact with a human while in a chat.

Q: Is it important that you interact with a human when messaging a company?

(versus interacting with a 'chatbot' — a virtual assistant designed to imitate human conversations)

37% I want the fastest option; type doesn't matter

54% I only want to interact with humans

3% I only want to interact with chatbots

6% Unsure

Source: Sinch's State of Customer Experience 2022

The results clearly show that, despite the ubiquity of technology in our daily lives and the automation of many business processes, you can't take people out of customer service.

McKay Bird • Chief Marketing Officer, TCN

sinch

BEST PRACTICE

Intermarché

Intermarché's Rich SMS and conversational AI campaigns achieved excellent results. Maybe more importantly, though, this approach helped the brand stand out in an industry where differentiation in customer experience is the true battleground.

59%

chatbot engagement rate

Read the full story

"We truly appreciated Sinch's proactivity and creativity in helping us define new campaign concepts. Their enthusiasm and ability to adapt to our specific needs and target audience really made a difference.

Clémence Rosier • CRM Project Manager, Intermarché

Intermarché

In essence?

True innovation isn't just about technology — it's about technology thoughtfully applied. It's about knowing where and when to apply it and when people need to talk to humans. Smart brands know when to use their most valuable assets — their people — and when to use tech to open new channels.
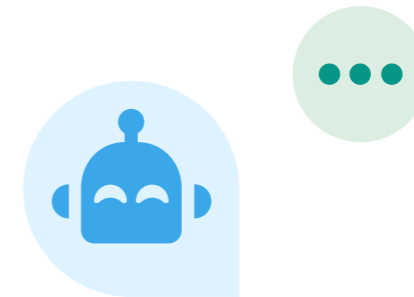
The future is wide open

Connectivity is key — the challenge is to liberate the data held, whether it be in the cloud, hybrid cloud, on-premise, etc. Finding a way to allow all these applications to communicate with each other without introducing unacceptable risk to the business is by far the biggest challenge.

Andrew Busby • Founder, Retail Reflections

The true retail success stories of the future will be those that understand there's no 'silver bullet' to customer engagement. It's about flexibility — the ability to reach out and engage on any channel, in the formats that customers love. It's about offering rich content — video, messaging, and interactions. It's about people.

sinch

Companies that want to thrive in this ever-evolving space need to:

✓ ...try harder to offer natural, two-way conversations that allow customers to properly engage. It's no longer enough to send out communication and hope for the best.

✓ ...design experiences that delight. Customer expectations from their online experiences — in all spaces — are higher than ever. Companies need to think 'what would I, as an individual, be delighted by?'

✓ ...consider hybrid. Brick-and-mortar stores are still a vital part of many buying experiences, but those experiences can still be enhanced by a digital strategy.

✓ ...give customers something useful. Communication shouldn't be just from the company's point of view — 'what do we want to say' — it should always be 'what does the customer want to hear?' Give them offers and information that add real value.

✓ ...consider the human touch. Even in a hyper-digitalized world (or perhaps, especially in such a world) customers still need personal, human interaction. Chatbots, AI, and other advanced tech provide enormous opportunities, but sometimes people just like to talk to people.
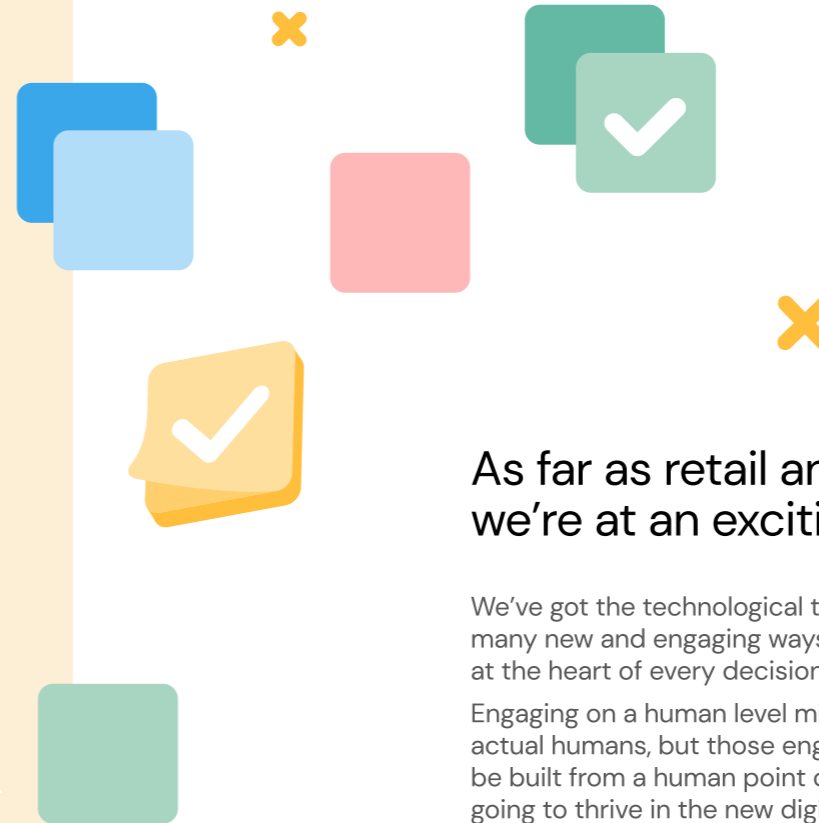
As far as retail and e-commerce go, we're at an exciting point

We've got the technological tools to reach people in so many new and engaging ways, but we must put people at the heart of every decision.

Engaging on a human level might not always involve actual humans, but those engagements should always be built from a human point of view if companies are going to thrive in the new digital reality.

sinch