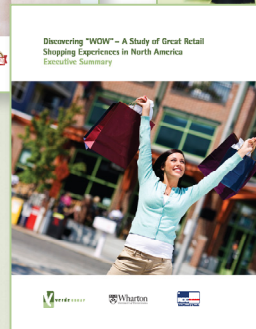
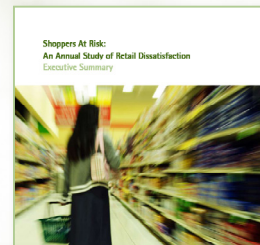


Dynamics of Retail Customer Satisfaction

The Verde Group Research with the Wharton School

THE COLLECTED VERDE/WHARTON RESEARCH SERIES



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Verde Group Introduction

Dear Friend of Verde:

5 years ago The Verde Group, in partnership with the Baker Retailing Initiative at the Wharton School of the University of Pennsylvania, began exploring the drivers and dynamics of customer dissatisfaction in the retail channel. Our reasons were several.

- First, the retail sector is uniquely important in American commerce. It accounts for a staggering volume of US economic activity: an estimated two-thirds of domestic GDP comes from retail consumption, with total retail sales – according to the US Census Bureau’s 2009 annual report – exceeding 4 trillion dollars. Against such a base, we estimate the economic damage from sub-standard customer retail experiences totals in the hundreds of billions of dollars.
- Second, the contemporary retail experience is incredibly dynamic. Retail has undergone several shifts in the last decade, and the pace of change shows no signs of abating. US Retailers have – for the most part – come to grips with CRM as a core enabler and e-commerce as an integral growth channel. But now they must master social media, which is changing the rules of customer engagement and fragmenting the very idea of the retail “brand.” And waiting in the wings the mobile channel, which is exploding in popularity: already nearly one third of American consumers use their mobile devices for shopping. As the shopping experience evolves, so will shopper expectations and problem experiences. Our research is an ongoing platform for understanding that evolution.
- Third – and perhaps most importantly – retail dissatisfaction is universal and at the same time highly personal. Every one of us is a shopper, and I’m sure every one of us has had more bad retail experiences than we care to remember. And yet at the same time we know there is great retail out there. We might not experience it very often; we might not even know exactly how to describe it. But we know what it feels like, and we know how powerfully satisfying it can be.

The Verde/Wharton research we present in the following briefings is dedicated to exploring retail experiences, both in the positive (“WOW” shopping experiences) and the contrapositive (our dissatisfaction studies.) Our goal in these studies is to provide concrete, actionable insights that today’s retailer can use to build shopper loyalty, grow share of wallet and maintain brand reputation. The briefings provide a sample of those insights, and if you find them provocative we’d be happy to share more detail with you.

Thanks so much for your interest. We’re quite proud of our partnership with Wharton and the work we’ve produced together. I hope you find it stimulating.

Best regards,



Paula Courtney
President, The Verde Group

Wharton Introduction

As a marketing professor at the Wharton School and as former Director of the Baker Retailing Initiative, I'm always searching for innovative research methods that better explain why retail customers make their choices: where they will shop, how much they'll buy and whether they'll return again to buy more. Clearly, a shopper's experience is critically important to these choices. But historically, there has been a paucity of actionable research on how to shape the retail experience so that retailers can capture greater shopper loyalty, share and economic value.

That changed 5 years ago when I became acquainted with The Verde Group's "critical incident" approach to assessing the customer experience. Verde's methodology – which quantitatively analyzes problem experiences and shopper dissatisfaction – goes far beyond the traditional generic "satisfaction research" typically applied to questions of shopper behavior and value. Both predictive and pragmatic, I immediately appreciated this powerful new tool for understanding the retail experience. And thus we began our first joint research project with Verde.

5 years later, I'm very pleased to look back at the work we've done with Verde represented in this collection. New insights on how to grow shopper loyalty are hard to come by, and this volume delivers them in abundance. And for that reason, I look forward with equal enthusiasm. Dissatisfaction research is going to have a significant impact on how the retail experience is managed. I'm happy to have been a part of that impact early on.



Steve Hoch
John J Pomerantz Professor of Marketing
Wharton School University of Pennsylvania

Shoppers At Risk:

An Annual Study of Retail Dissatisfaction

Shoppers At Risk: An Annual Study of Retail Dissatisfaction Executive Summary



Introduction

In the spring of 2007 The Verde Group, together with the Baker Retailing Initiative at Wharton, conducted a study across the United States to better understand the effect of problems on the retail shopping experience.

This study, which follows Verde/Wharton's inaugural *Shoppers at Risk* study of 2006, surveyed 1000 American shoppers to understand:

- What problems are shoppers encountering at brick-and-mortar retailers?
- Which problems are most likely to generate negative word-of-mouth?
- Which problems are most likely to place shopper loyalty at risk?

The 2007 study focused in particular on the impact of Sales Associates on shopper satisfaction and loyalty. A summary of findings follows.

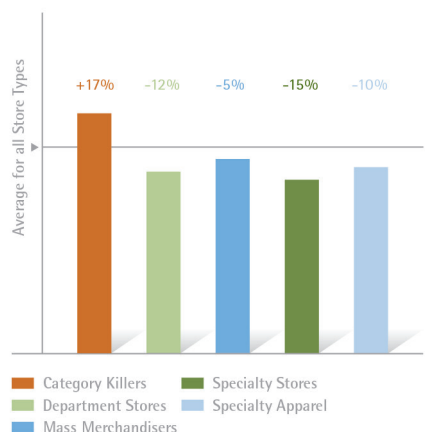
1,000 telephone interviews were conducted nationally with American consumers between March 9 and 19, 2007.

All respondents were randomly selected and qualified if they had purchased products at a retail store in the past month. Respondents were asked to exclude liquor, beer, grocery, and prescription drug purchases, or items valued at more than \$2,500

The results were weighted to reflect the current US population distribution (based on census data).

Fieldwork was conducted by Elemental Data Collection, a field and tab company located in Ottawa, Ontario, Canada.

Sales Associate Problems By Store Type



Sales Associate Problems: shopper problems that occur as a direct result from interaction – or absence of interaction – with store sales staff, either on the shop floor or at check-out.

Store Problems: shopper problems that occur due to the physical layout of the store/ shopping environment or the merchandising/availability of goods.

The Most Damaging Problems Are Sales Associate Problems

Sales Associate issues are most detrimental to retailers. They annoy the most shoppers, lose the most business for retailers, and drive the most negative word-of-mouth.

THE TOP THREE SALES ASSOCIATE ISSUES

The study found that Sales Associate issues have a far greater impact on shopper loyalty than Store issues. The most important Sales Associate issues are:

- Not being able to find a Sales Associate when needed
- Being ignored: no smile, no 'hello', no eye contact
- Insensitivity to long check-out lines

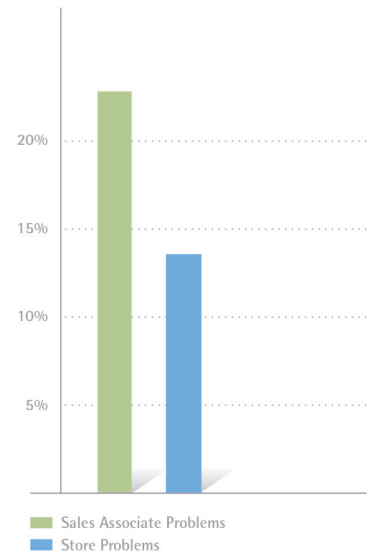
CAN'T FIND A SALES ASSOCIATE? LOYALTY WILL SUFFER

Loyalty risk is greatest when shoppers need but cannot find a Sales Associate. This was the most frequent complaint of shoppers – 33% who experienced a problem could not find sales help when they required assistance. At the end of the day, 6% of all shoppers are lost due to lack of Sales Associate availability.

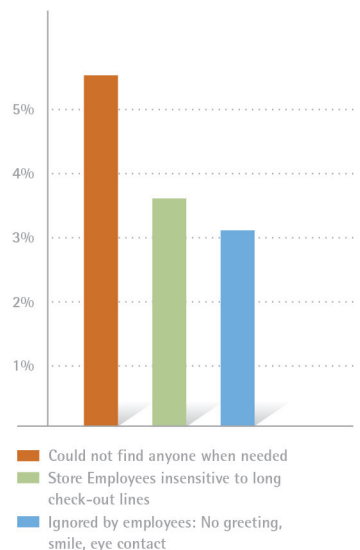
CATEGORY KILLERS HAVE THE MOST SALES ASSOCIATE ISSUES

Overall, those shopping at 'Category Killer' stores encounter more problems with Sales Associates. These shoppers are more likely to have issues with long check-out lines and with finding a Sales Associate than shoppers at other store types.

% Customers Lost by Problem Type



% Customers Lost by Specific Problem



Disgruntled Shoppers Talk. And Talk, and Talk...

One in three shoppers spread negative word of mouth about their problems. Each of those shoppers will tell an average of four other people.

PROBLEM NEWS TRAVELS FAR

When a shopper feels a retail experience is bad enough to warrant telling other others the impact of the problem is magnified. 33% of shoppers will tell four other individuals about the shopping problems they encounter.

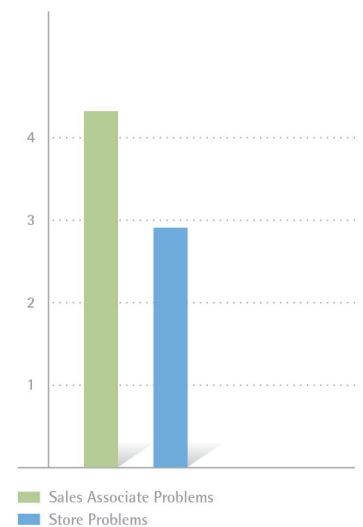
NEGATIVE WORD-OF-MOUTH MAKES A DIFFERENCE

Reaffirming the findings of the 2006 *Shoppers at Risk* study, the 2007 study indicates how damaging negative word-of-mouth can be to a retailer. One in two shoppers has chosen not to visit a particular store because they heard about someone else's bad experience.

SALES ASSOCIATE PROBLEMS DRIVE MORE NEGATIVE WORD-OF-MOUTH

When it comes to negative word-of-mouth, not all problems are created equal. Friends and/or colleagues are nearly 50% more likely to hear about a shopping problem when it is a Sales Associate issue as opposed to a Store issue.

Average number of people told about problem



The Younger the Shopper, The Harder to Please

The younger a shopper, the more likely they are to encounter a problem, and the more problems they are likely to have.

AGE MATTERS

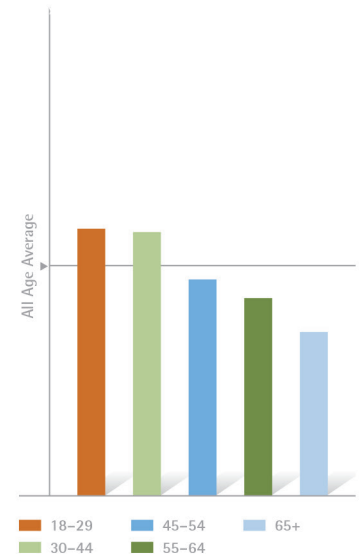
The study shows a clear relationship between age and problems with the shopping experience. For example, 18 to 29 year olds are 66% more likely to have a problem when shopping than shoppers older than 65. And 18 to 29 year olds have over 2.5 times the number of problems 65+ year olds. This tendency holds across all age groups.

YOUNGER SHOPPERS WANT ATTENTION AND AUTHENTICITY

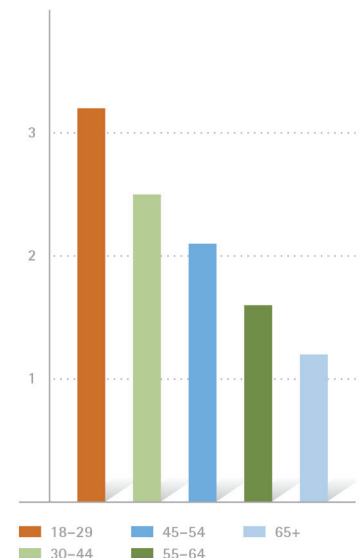
Among 18 to 29 year olds – the group most likely to encounter a problem – the most prominent issues are:

- Being ignored by store staff
- Finding staff “phony”, e.g. More interested in making sales than actually helping
- Encountering employees who lack product knowledge
- Not finding items due to disorganized stores

Problem Incidence By Age



Average Number of Problems By Age



A Capable Sales Associate is Four Associates in One

The study clearly shows how critical it is for retailers to have capable Sales Associates. But what exactly does “capable” mean?

THE FOUR SALES ASSOCIATE ARCHETYPES

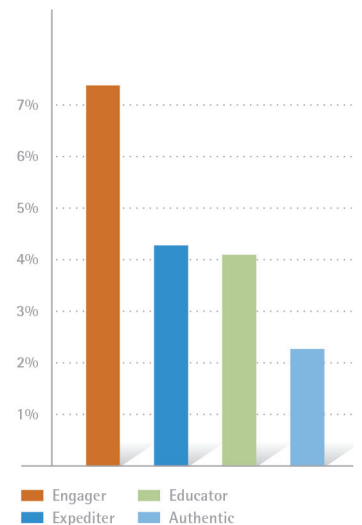
The study found that there are four distinct sales associate “archetypes” required to mitigate shopper problems, drive repeat visits and grow shopper loyalty.

- **The Educator** knows the store’s products and will help shoppers find them
- **The Engager** is available, friendly, and willing to help
- **The Expeditor** ensures a customer wastes little time when shopping or paying
- **The Authentic** shows a genuine interest in shoppers’ needs and preferences, even at the expense of making a sale

ENGAGERS MATTER THE MOST

For a sales associate to be successful, they must have a blend of all archetype competencies. But some archetypes are more important to retailers than others. Across all store types, shoppers are most likely lost due to “Engager Failure.”

% Customers Lost Because Sales Associate Was An Ineffective...



He Buys, She Shops: A Study of Gender Differences In The Retail Experience

He Buys, She Shops: A Study Of Gender Differences In The Retail Experience Executive Summary



Introduction

In the fall of 2007 The Verde Group, together with the Baker Retailing Initiative at Wharton and Women-Certified, conducted a study across the US to better understand how the retail shopping experience differs between females and males.

This study, which is the fourth in Verde/Wharton's series of retail experience studies, surveyed 1205 American shoppers to understand how gender influences the shopping experience. Specifically, it explored gender differences in the areas of:

- Shopper interaction with store employees
- Shopping habits and preferences
- What compels a shopper to return to a retailer
- What compels a shopper to recommend a retailer
- Which experiences drive shoppers away and create negative word-of-mouth
- How gender-specific shopper experiences vary by age and type of purchase

A summary of findings follows.

1,205 telephone interviews were conducted nationally with American consumers between October 20 and November 4, 2007. The sample was skewed towards females, approximately 2:1.

All respondents were randomly selected and qualified if they had purchased products at a retail store in the past month. Respondents were asked to concentrate on items excluding liquor, beer, groceries, prescription drugs, or items valued at more than \$2,500.

Results were weighted by age and region to reflect the current US population distribution (based on census data).

Fieldwork was conducted by Elemental Data Collection, a field and tab company located in Ottawa, Ontario, Canada.

Women Are More Loyal Shoppers Than Men

Overall, women demonstrate greater loyalty than men in their shopping behaviors, particularly when the shopping experience is flawed.

HALF OF ALL SHOPPERS WILL EXPERIENCE A PROBLEM WHEN THEY SHOP

The study found – consistent with previous Verde/Wharton retail experience studies – that approximately half of all shoppers will encounter a problem in a given shopping trip. Specific findings with respect to problem experience:

- In general, women are more likely to encounter problems than men. This gender difference is particularly true for women over 40 years of age.
- When men and women do have problems, they have them at roughly the same rate – approximately 3.5 problems/ shopping trip.

PROBLEM EXPERIENCES MEAN LESS LOYAL SHOPPERS

When shoppers encounter problems, they become significantly less loyal. Shoppers with at least one problem are 35% less loyal than those shoppers who enjoy a problem-free shopping experience.

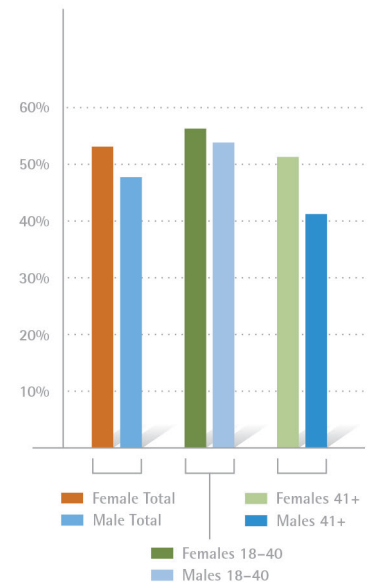
WHEN THE SHOPPING GETS TOUGH, MEN GET LESS LOYAL

In the absence of problems, male and female loyalty to a retailer is roughly equivalent. But male loyalty is significantly more fragile than female loyalty. When a woman encounters a problem while shopping, her loyalty falls by 25%. But a man's loyalty drops by nearly 40% when he encounters a problem.

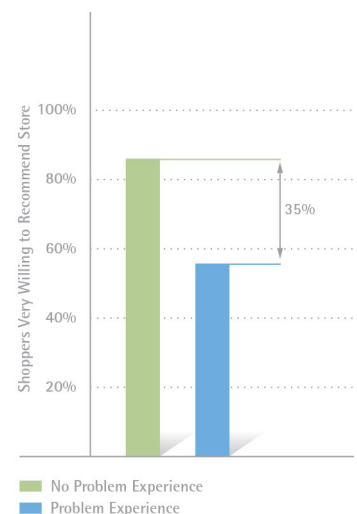
LOST CUSTOMERS USUALLY STAY LOST

In total, 67% of all shoppers have ceased to shop at a certain store because of a bad experience. When they stop shopping, most don't go back; only 30% of shoppers give the store a second chance. And if they do come back, don't expect them any time soon. The average time to return to a store after a bad experience is 14 months.

% Shoppers Encountering Problems



Problem Impact on Loyalty



Age Matters As Well As Gender

Gender differences in shopping experience are significant, and are even more pronounced when understood in conjunction with age.

YOUNG MALES REQUIRE MORE HELP WITH PRODUCT

Males 18 to 40 had more problems in the area of store navigation and item selection, particularly when compared to their younger female counterparts. Key problem areas:

- There was not enough information near where the product was displayed
- It was difficult to find the item sought because the store was so cluttered with products

YOUNG FEMALES ARE MORE PRONE TO SALES ASSOCIATE “DISRESPECT”

When it comes to Sales Associates who don’t demonstrate sufficient shopper respect, young female shoppers have their antennae up – they experience a disproportionate percentage of these problems. Specifically:

- The Sales Associate was insensitive to your time
- The Sales Associate was not particularly polite or courteous
- The Sales Associate seemed annoyed when you needed help

MEN REQUIRE MORE CONSULTATION THAN WOMEN

Males, in particular those ages 18 to 40, require more help from a Sales Associate, as illustrated by higher problem incidence in these areas:

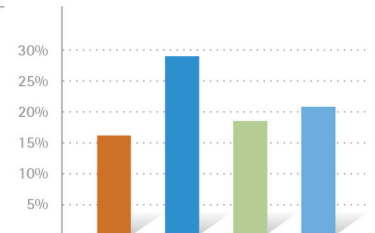
- The Sales Associate did not offer advice or choices to you
- The Sales Associate could not properly explain the product to you

YOUNGER SHOPPERS WANT AUTHENTICITY

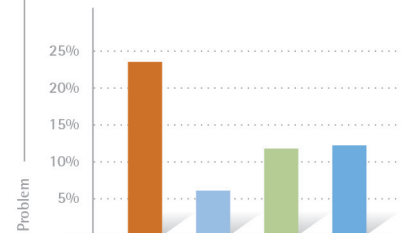
Male and female shoppers 18 to 40 are far more attuned to insincerity than their older counterparts. They are roughly twice as likely to say:

- The Sales Associate seemed “phony”, simply trying to make a sale

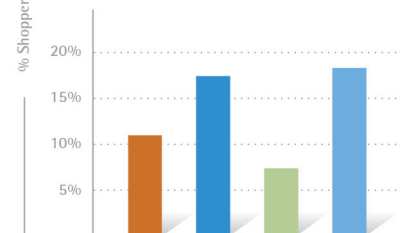
Insufficient Information Near Product



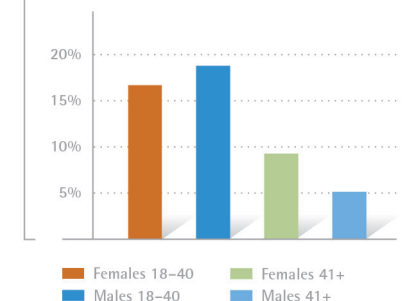
SA Annoyed When You Needed Help



SA Could Not Explain Product



SA Authenticity



Great Shopping Experiences Have Great Impact... When They Occur

“WOW” shopping experiences – those that are surprisingly great – have the potential to significantly enhance a retailer’s market reputation.

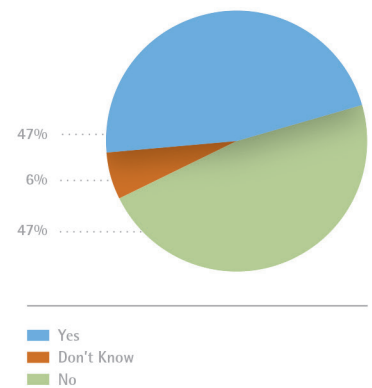
NEARLY HALF OF ALL SHOPPERS HAVE HAD A “WOW” EXPERIENCE AT SOME POINT IN TIME

47% of all shoppers indicated that at some point in their past they enjoyed a “WOW” shopping experience. Notably, women are more likely than men to encounter a “WOW” shopping experience.

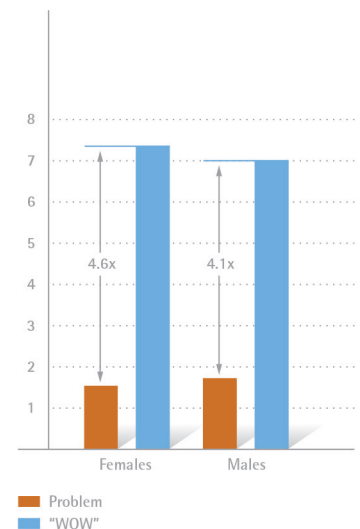
WHEN “WOW” HAPPENS, PEOPLE TALK ABOUT IT

When “WOW” shopping experiences happen, they create tremendous word-of-mouth impact. Overall, men and women share their stories about unexpectedly great shopping experiences at the same rate, which is over 4x the rate at which they share stories about their problem experiences.

% Shoppers Experiencing a “WOW” Shopping Experience (at some point in time)



% of People Told About Shopping Experience



Men Buy, Women Shop

The research draws a clear distinction between the motivations and attitudes of male and female shoppers.

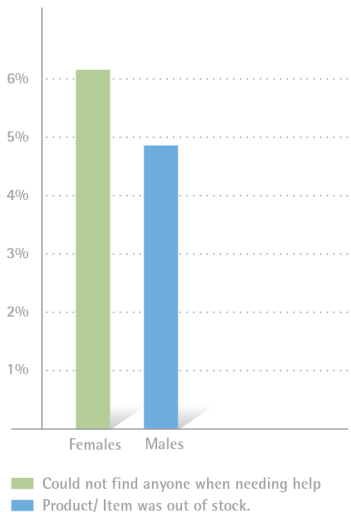
**FEMALE SHOPPERS DEFECT WHEN THEY CAN'T GET SALES ASSISTANCE.
MALE SHOPPERS DEFECT WHEN THEY CAN'T GET THEIR PRODUCT**

When problem experiences are ranked according to the damage they inflict – as measured by the number of shoppers who will not return to a retailer because of the problem – gender differences are clear. Women walk away from a retailer because of unavailable sales associates; men walk away because of unavailable product.

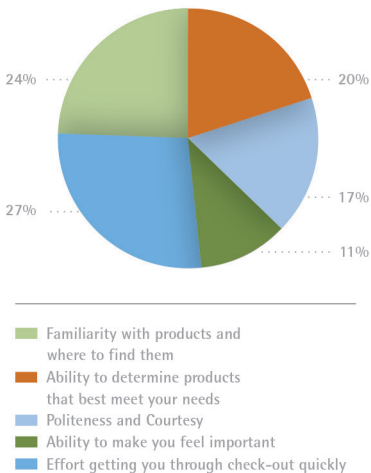
WOMEN HAVE MORE COMPLEX LOYALTY REQUIREMENTS THAN MEN

When looking at the Sales Associate attributes that drive shopper loyalty, it becomes apparent that female shopper loyalty depends on satisfaction with a range of operational, consultative and emotional factors. Male shopper loyalty, on the other hand, depends primarily on the ability of a Sales Associate to get them in and out of the store quickly.

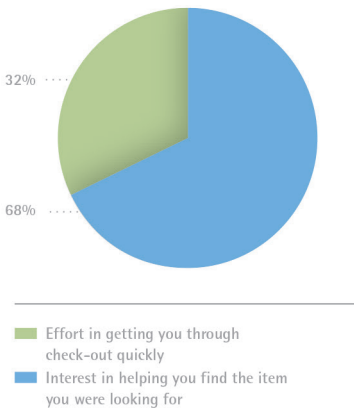
Most Damaging Problems:
% of Shoppers not Returning



Sales Associate Loyalty Drivers:
Women



Sales Associate Loyalty Drivers:
Men



The Shopping Mall: A Study on Customer Experience

The Shopping Mall: A Study on Customer Experience Executive Summary



Introduction

In the fall of 2008 The Verde Group, together with the Baker Retailing Initiative at Wharton, conducted a study across the US to better understand the retail shopping experience within Shopping Mall environments.

This study is the fifth in Verde/Wharton's series of retail experience studies. It surveyed 917 American shoppers to explore the drivers of satisfaction and loyalty to a shopping mall, focusing exclusively on topics pertaining to the mall itself as opposed to topics associated with individual stores. Specifically, it explored:

- Overall shopping patterns and preferences of mall shoppers
- What mall features and characteristics build shopper satisfaction and loyalty
- What features/characteristics drive shoppers away and create negative word-of-mouth
- How mall shopper experiences and attitudes vary by
 - Type of mall (enclosed or open air)
 - Shopper age, gender and employment status
 - History of visits to a given mall
 - Time spent shopping

A summary of findings follows.

917 telephone interviews were conducted nationally with American consumers between October 29 and November 9, 2008. The sample was skewed towards females, approximately 2:1.

All respondents were randomly selected and qualified if they had personally shopped in a fully enclosed or open air mall within the past month. Respondents were asked to exclude mall visits where the purchase objective was for liquor, beer, groceries, prescription drugs or items that cost more than \$2,500.

Results were weighted by age to reflect the current US population distribution (based on the most recent census data.)

Malls Create More Problem Experiences Than Stores

When visiting a mall, shoppers experience more problems with the mall than with the individual stores who are the mall's tenants.

MALL SHOPPERS ARE SERIOUS ABOUT THEIR SHOPPING

The average mall shopper drives nearly 25 miles to the mall of their choice. Overall these shoppers visit five stores per trip; one out of three of them will spend over two hours in the mall and visit eight stores while shopping. And mall shoppers spend. Nine out of ten will make a purchase with an average value of \$155.

SHOPPERS HAVE PROBLEMS MORE FREQUENTLY IN MALLS THAN IN INDIVIDUAL STORES

Previous Verde/Wharton studies have consistently shown that just over half of all shoppers will encounter a problem in a specific store in any given shopping trip. By contrast, over 80% of all shoppers experienced at least one mall related problem in their latest mall shopping trip.

SHOPPERS HAVE MORE PROBLEMS IN MALLS THAN IN INDIVIDUAL STORES

On average, a shopper will encounter 50% more problems in a mall environment than in an individual retail store.

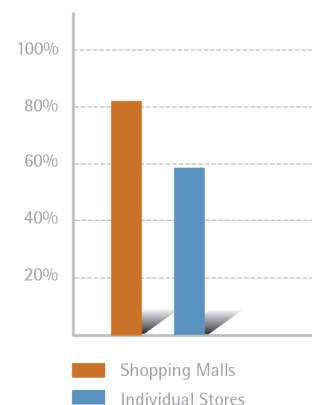
MALL PROBLEMS HURT SHOPPER SATISFACTION AND LOYALTY

Shoppers who experience a mall problem are 37% less likely to be “very satisfied” with their mall experience when compared to shoppers who don’t experience a problem. Their loyalty declines as well - these shoppers are 29% less likely to “definitely recommend” the mall to their friends and associates.

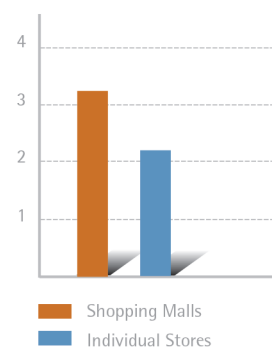
MALL REPUTATION SUFFERS WHEN PROBLEMS OCCUR

Nearly one-third of all shoppers who have a problem will talk about their negative shopping experience. And they’ll talk a great deal. On average, each of these shoppers will tell nearly 5 people about the problems they encounter.

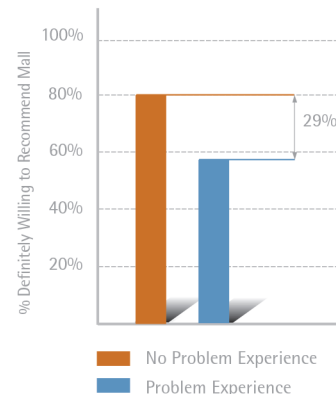
% Shoppers Experiencing Problems



Average Number of Problems Per Shopper



Problem Impact on Shopper Loyalty



To Drive Mall Loyalty, Encourage Exploration and “Discovery”

Where should a Mall focus in order to drive satisfaction and loyalty?

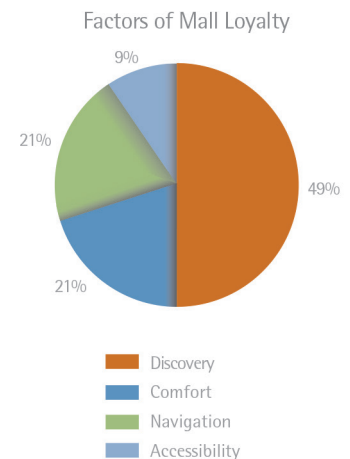
THE FOUR ATTRIBUTES OF MALL SATISFACTION AND LOYALTY

The study found that there are four distinct attributes of the Shopping Mall experience that drive shopper satisfaction and grow shopper loyalty.

- **Discovery.** Does the mall offer a diversity of stores and restaurants, with unique products and interesting special events? Is it attractive, inviting and environmentally conscious?
- **Comfort.** Is the mall clean, well maintained and safe? Are washrooms numerous, easy to find and sanitary?
- **Navigation.** How simple is it to find the mall from the street or highway? Once inside, is the mall layout easy to navigate with clear signage?
- **Accessibility.** Is parking ample and conveniently located?

“DISCOVERY” MAKES THE DIFFERENCE

A successful shopping mall must have an appropriate blend of all attributes. But when it comes to creating loyal mall patrons “Discovery” is the most important attribute, far outweighing all other experience factors.



The Shopping Mall “Discovery Deficit”

The “What’s around the corner?” factor is sorely missing for shoppers at the mall.

MALLS ARE SUFFERING FROM A “DISCOVERY DEFICIT”

Of all the problems shoppers report having in a mall, over one-third are “Discovery” related. And four of the five most frequent mall problems are “Discovery” problems:

- The selection of restaurants was too limited
- There was nothing new or unique in the mall
- There were too many stores that carry the same products
- The range of stores was too limited

WHEN DISCOVERY IS ABSENT, SHOPPERS DEFECT

Of the top four mall problems that drive shoppers away, three are “Discovery” issues:

- There was nothing new or unique in the mall
- There were too many stores that carry the same products
- The range of stores was too limited

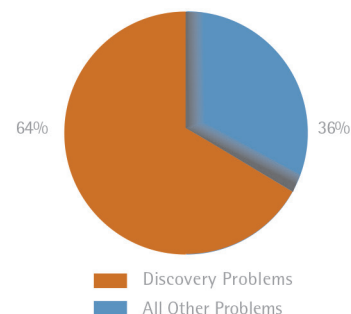
THE “DISCOVERY DEFICIT” SUPPRESSES SHOPPER TIME-IN-MALL AND SPEND

When “Discovery” issues are prevalent, shoppers spend less time and money in the mall. For example, shoppers who felt there was “nothing unique in the mall” are 17% more likely to exit the mall in under 2 hours compared to other shoppers. And when a shopper feels the “range of stores is too limited”, they are 26% less likely to spend over \$100 in that particular visit.

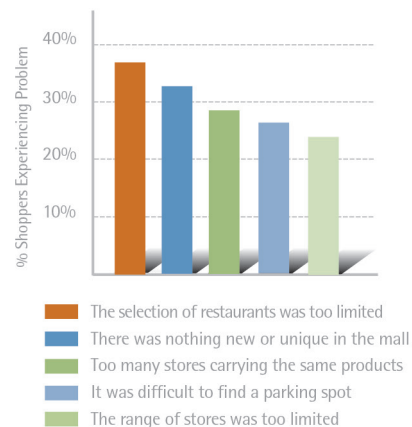
DISCOVERY ISSUES DRIVE NEGATIVE WORD OF MOUTH

Over 25% of all negative mall shopper word-of-mouth occurs because of “Discovery” related issues. Particular damage to a mall’s market reputation occurs when shoppers perceive the “range of stores is too limited.” This problem alone accounts for over 15% of all negative mall shopper word-of-mouth.

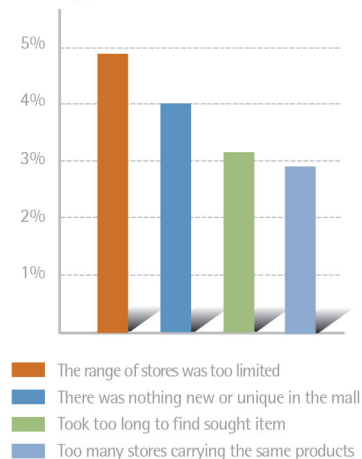
Frequency of “Discovery” Related Problems



Most Frequent Mall Problems



% Shoppers Lost Because...



Age and Gender Matter

Shopper age and gender impact mall problem experience, satisfaction and loyalty.

YOUNG SHOPPERS ARE THE TOUGHEST CUSTOMERS

Shoppers 18 - 24 years of age are 23% more likely to have a problem than all other shoppers, and have nearly twice as many problems. Overall, they are half as satisfied with their mall shopping experience compared to older shoppers.

And yet younger shoppers remain active shoppers. They spend 25% more time in the mall compared to shoppers over 40, and visit 70% more stores per mall trip.

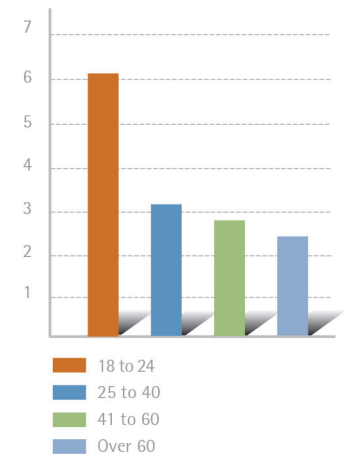
MEN AND WOMEN PROCESS THE MALL EXPERIENCE DIFFERENTLY

When it comes to mall shopping, men have a more negative experience than do women, encountering 16% more problems. They are particularly bothered by too many mall stores carrying the same product – men are 60% more likely to experience this issue than women. However, women talk more about the problems they have. One-third will discuss their mall problems with a friend or colleague compared to less than one-quarter of men. On average women will tell twice as many people about their problems as will men.

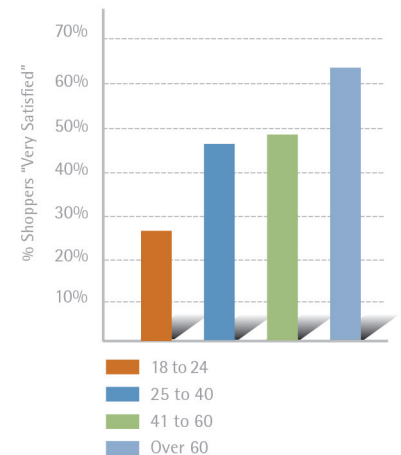
WOMEN ARE MORE LOYAL TO THEIR MALLS THEN MEN

Although women talk more about their shopping issues than men, they remain more loyal to the mall, particularly when problem issues occur. When a woman encounters a mall problem while shopping, her loyalty to the mall falls by 25%. But a man's loyalty drops by nearly 40% when he encounters a mall problem. These findings are consistent with those from the 2007 Verde/Wharton study *He Buys, She Shops: A Study Of Gender Differences In The Retail Experience*.

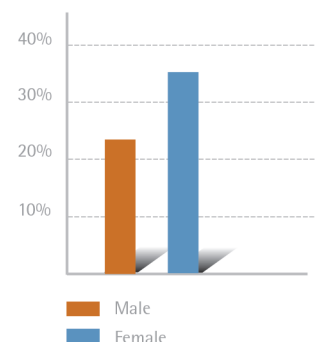
Average Number of Problems Per Shopper



Overall satisfaction with Mall



% Shoppers Speaking to Others About Their Mall Problems



Discovering “WOW” – A Study of Great Retail Shopping Experiences in North America

Discovering “WOW” – A Study of Great Retail Shopping Experiences in North America Executive Summary



Introduction

In the Spring of 2009 the Verde Group, The Jay Baker Retailing Initiative at the Wharton School of Business and the Retail Council of Canada conducted research to explore the “WOW” shopping experience.

This study, which is the sixth in Verde/Wharton’s series of retail experience studies, surveyed 1,006 North American shoppers to explore what constitutes “WOW” shopping experiences – those retail interactions that are particularly great, that surprise and delight the customer, and that build long term loyalty to a retailer. Specifically, it explored:

- How do shoppers define great retail experiences?
- How frequently do they occur?
- Do they vary by gender, age, country or store type?
- Which great experiences matter most to loyalty and a store’s bottom line?

A summary of findings follows.

1,006 online panel interviews were conducted nationally with North American consumers between May 11 and May 13, 2009. The sample was weighted 60% : 40% US vs. Canadian shoppers.

All respondents were randomly selected and qualified if they had purchased products at a retail store in the past month. Respondents were asked to exclude liquor, beer, grocery, and prescription drug purchases or items valued at more than \$2,500.

The results were weighted to reflect the current US and Canadian population distribution based on census data for age, region and gender

Great Shopping Experiences Happen Frequently

Over 50% of shoppers have had a great shopping experience at some time.

A MAJORITY OF SHOPPERS HAVE ENJOYED GREAT SHOPPING

Over one-third of shoppers have had a great shopping experience within the last six months. Nearly another one-fifth have had a great shopping experience at some point in their shopping history.

GREAT IS A FUNCTION OF MULTIPLE ELEMENTS

It is rare for a single aspect of the shopping experience to create greatness. For those shoppers who have experienced great, less than 10% say it is due to a single element. Nearly 70% said their shopping experience was great due to six or more elements occurring during the shopping trip in question.

RETAILERS DELIVER ON COURTESY AND PRODUCT FAMILIARITY...

For the most part, retailers deliver the experiences shoppers seek. The top two most frequently occurring great shopping elements are:

- Were very polite or courteous to you
- Were very familiar with the products the store carried

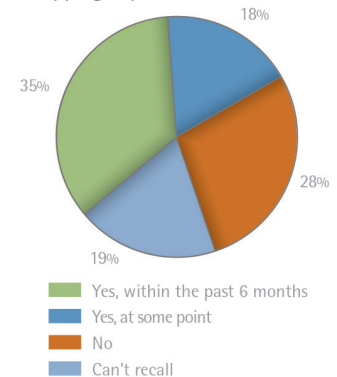
These two elements are also the top two most *important* great shopping elements

– i.e. the shopping experiences shoppers value the most.

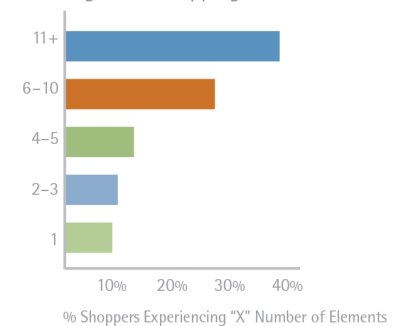
...BUT MISS ON PRODUCT QUALITY

Shoppers care about quality. “Quality of products at this store is consistently great” is the second most important great shopping element for shoppers. But it is tenth in frequency of occurrence. Only 43% of shoppers who had a great shopping trip report experiencing this element.

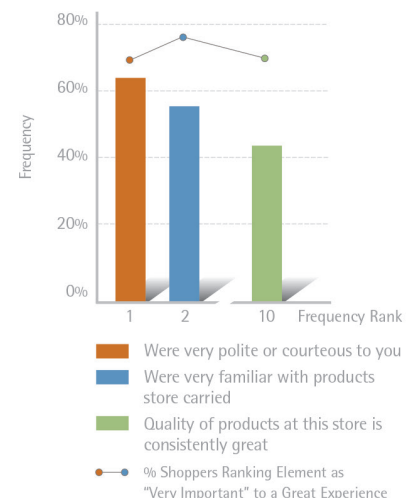
% Shoppers Having a Great Shopping Experience



Average Number of Elements Creating Great Shopping



Elements Creating Great Shopping



Great Shopping Creates Loyalty

When a shopper enjoys a great shopping experience, store loyalty increases dramatically.

GREAT SHOPPING EXPERIENCES BRING BACK SHOPPERS

75% of shoppers who have enjoyed a great experience with a specific retailer definitely intend to return to that retailer the next time they need a similar product or item. When shoppers encounter merely “standard” experiences at a store, their likelihood to return drops by over 65%.

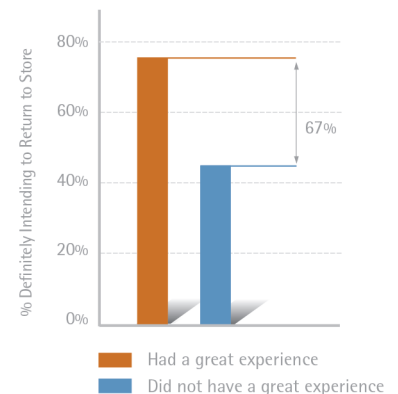
GREAT SHOPPING EXPERIENCES DRIVE STORE ADVOCACY

When a shopper enjoys great shopping, they are almost 80% more likely to definitely recommend the store to their friends and associates than those shoppers who experience “standard shopping.”

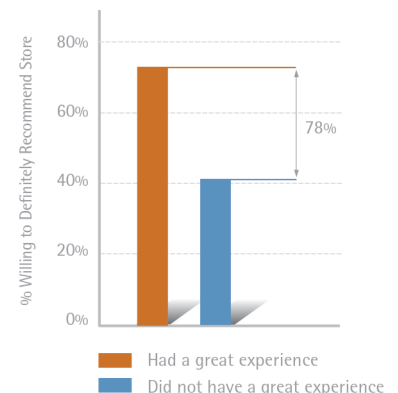
SHOPPERS TALK ABOUT THEIR GREAT EXPERIENCES

Nearly 80% of shoppers who enjoy a great shopping experience will talk about it with their friends and associates. When they talk, they talk widely: on average, they'll tell between four and five other people about their experience. And volume makes a difference. The higher the number of elements in a shopper's great shopping experience, the more people they tell about the experience.

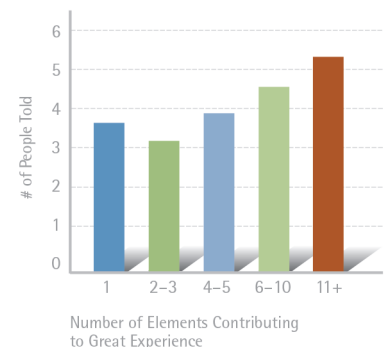
Intent to Return to Store



Willingness to Recommend Store



Number of People Told About Great Shopping Experience



Not All Great Shopping Experiences Are Equal

Which great experiences should a Retailer focus on in order to drive shopper loyalty?

THE FIVE CATEGORIES OF GREAT SHOPPING EXPERIENCES

1. **Engagement.** Being polite, genuinely caring and demonstrating sincere interest in helping, acknowledging and listening.
2. **Executorial Excellence.** Patient explanation and advice, checking stock, helping find products, having product knowledge and providing unexpected product quality.
3. **Brand Experience.** Exciting store design, consistently great product quality, making customers feel they're special and that they always "get a deal."
4. **Expediting.** Being sensitive to customers' time and long check-out lines, and being proactive in helping speed up the shopping process.
5. **Problem Recovery.** Helping resolve and compensate for problems, upgrading quality and ensuring complete shopper satisfaction.

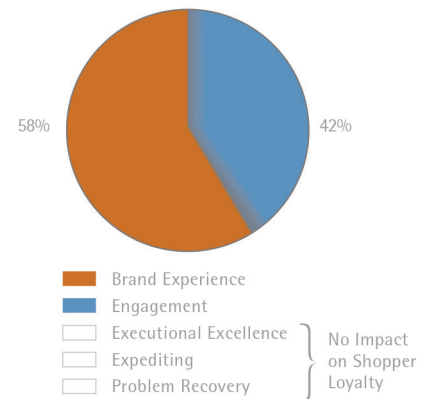
LOYALTY DEPENDS ON "BRAND EXPERIENCE" AND "ENGAGEMENT"

Only two of the five great shopping experience categories – "Brand Experience" and "Engagement" – have a meaningful impact on shopper loyalty. Of these two, "Brand Experience" is the more important factor by nearly 40%.

RETAILERS UNDER-DELIVER ON "BRAND EXPERIENCE"

Although "Brand Experience" elements are by far the most important for creating shopper loyalty, they are less frequently experienced by shoppers. Retailers do a much better job at delivering "Engagement" experiences.

Drivers of Loyalty:
Great Experience Categories



Frequency of Great Shopping Experiences



Great Shopping Depends on the Shopper

Age, gender and country of shopper define a great shopping experience.

OLDER SHOPPERS ARE HARDER TO “WOW”

The older the shopper, the less likely they are to report having great shopping experiences. And it takes more to deliver great shopping to older shoppers. On average, shoppers over 60 years of age require more than 11 great shopping elements to create a single great shopping experience – nearly 30% more than their younger counterparts.

GREAT HAS LESS IMPACT ON YOUNG SHOPPER LOYALTY

Although it is easier to “WOW” younger shoppers – particularly those 18 to 30 – delighting these shoppers has a lower loyalty payoff. In general, delivering great shopping to this age segment has a 25% lower loyalty return than does delivering great shopping to older shoppers.

MEN TALK MORE ABOUT GREAT THAN WOMEN

When it comes to spreading the word about great shopping experiences, gender makes a difference. Although male and female shoppers are equally likely to tell someone when they’ve enjoyed great shopping, male shoppers talk more widely. On average, they will tell nearly 50% more people about their shopping experience.

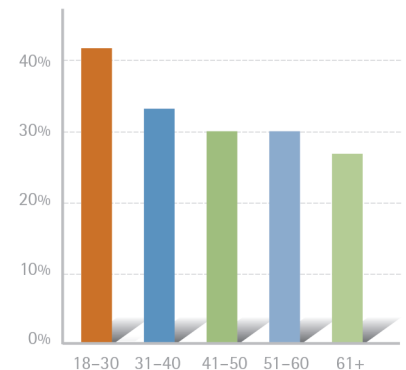
WOMEN CARE MORE ABOUT GREAT THEN MEN

While great shopping experiences inspire men to speech, they inspire women to action and loyalty. Female shoppers who enjoy great shopping are 30% more loyal than their male counterparts, and are 25% more likely to return to the store where they enjoyed their great experience.

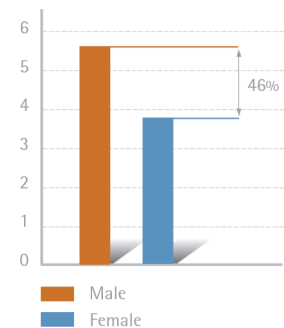
CANADIAN SHOPPERS SEEK DEALS AND EXCITEMENT

Canadian and US shoppers enjoy great shopping experiences at the same rate, but define great shopping differently. In particular, Canadian shoppers are 50% more likely than US shoppers to feel that they are “getting a deal” when they have a great shopping experience. They also crave more excitement in their shopping than do US shoppers: the shopping element “store design and atmosphere are exciting” is over 60% more important to Canadian shoppers than to their US counterparts.

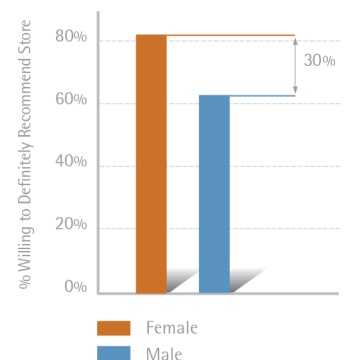
Great Experience Frequency by Age



Number of People Told About Great Shopping Experience



Impact of Great Shopping on Loyalty by Gender



About the Verde/Wharton Retail Research

ABOUT THE VERDE GROUP

The Verde Group is a customer experience consultancy, growing businesses by employing a proprietary research methodology that is based on a fundamental principle of human behaviour: Individuals are far more likely to take action in response to negative events than positive ones. What makes us different is our ability to financially quantify revenue at risk by isolating the most business-critical pain points across the customer journey and turn those negative experiences into revenue drivers. With our client partners, we create enduring change and financial results. For more than 20 years, across more than 25 countries, we've been passionate about partnering with top executives in Fortune 1000 companies to deliver actionable, sustainable and measurable improvements to customer experience.



ABOUT THE JAY H. BAKER RETAILING INITIATIVE

The Jay H. Baker Retailing Initiative at the Wharton School of the University of Pennsylvania is an education “industry center” created with a \$10 million gift from Patty and Jay H. Baker, Wharton Undergraduate 1956, and former president of Kohl's, with the sole focus of exposing students to the dynamic opportunities of a retail career. Visit bakerretail.wharton.upenn.edu for more information.

ABOUT THE VERDE/WHARTON RETAIL EXPERIENCE RESEARCH SERIES

Since 2006 The Verde Group and the Jay H. Baker Retailing Initiative at the Wharton School have been collaborating on research that explains the drivers and dynamics of customer dissatisfaction in the retail channel. For full study findings for any of the executive summaries offered in this collection, please visit the Verde Group's website at www.verdegroupp.com.

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