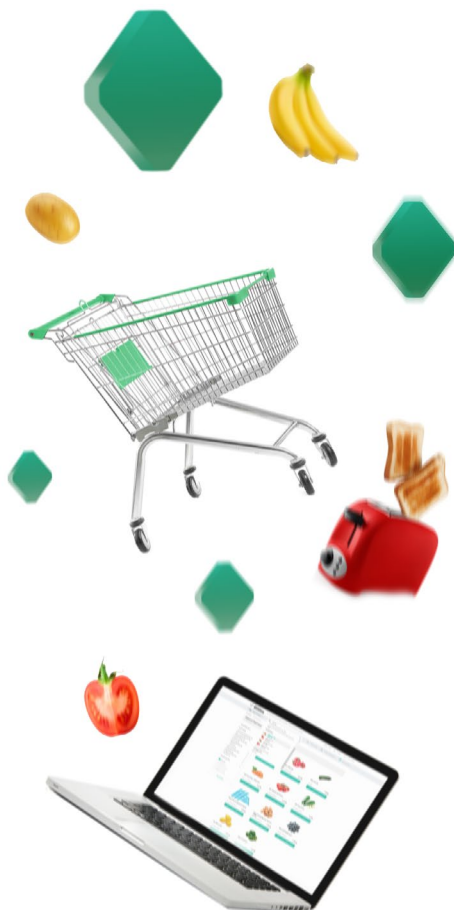# 5 Ways Retailers Can Leverage Data To Improve User Experience

Digitization translates to a wealth of customer data, but many retailers aren't making the most of it. Ensure your business is ahead of the curve with these top 5 tips.

If you're one of the **thousands** of retailers that started an online sales channel during the pandemic, or if you've been running your e-commerce channel for a while now, then chances are you've now got reams and reams of additional customer data. The question is - what are you doing with it?

For many businesses that are new to digitization, chances are that this newly acquired data is being massively underoptimized. New sales channels provide organizational silo challenges where it can be difficult to align and ultimately leverage data across a company.

However, knowledge is power, and with that knowledge, you can improve user experience for your customers across all touchpoints - so it's vitally important that you start utilizing your goldmine of data. With it, you can increase sales and profit, which will ultimately lead to an increase in customer satisfaction and retention. In this handout, we'll reveal 5 ways retailers can leverage this data and ensure they stay ahead of your competition.

# E-Commerce User Experience Status Quo

Every retailer knows that **customer demands** are only increasing, and not just in the B2C space. B2B buyers are increasingly expecting a B2C-style user experience - which means personalization, a sleek interface, and top-rate customer service.

Brand loyalty is everything to retailers, and a good user experience is one way of making your customers stick around. The pandemic has put traditional brand loyalty into peril, however, as McKinsey has shown that some **30-40% of consumers changed brands or retailers when the item they wanted was out of stock.** This illustrates a larger shift in consumer brand loyalty where buyers are much more likely to jump ship if a competitor offers a better user experience or offer.

**Studies** show that it costs between 6 to 7 times more to get a new customer vs. keeping the customers you already have, so customer retention should be a huge priority for any retailer.

This means that to retain your customers and not lose them to the competition, you've got to offer the best user experience possible - across every touchpoint.

With e-commerce on the rise, many retailers are now operating a hybrid model of online and offline selling across various touchpoints including web stores, apps, social networks, chat services, wearables, and more. This is good news for data.

**Think of customers as cookie-eating Hansel and Gretel wandering through the forest of e-commerce, leaving little crumbs behind them.**

With their consent, customers leave you data with potential leverage at every touchpoint, and this is the biggest advantage you have over your competitors. With **third-party cookies** looking to be a thing of the past very soon, your first-party data has suddenly become infinitely more valuable.

User experience is clearly worth investing in, so, how exactly can you leverage all those data crumbs your customers leave behind to improve their UX?
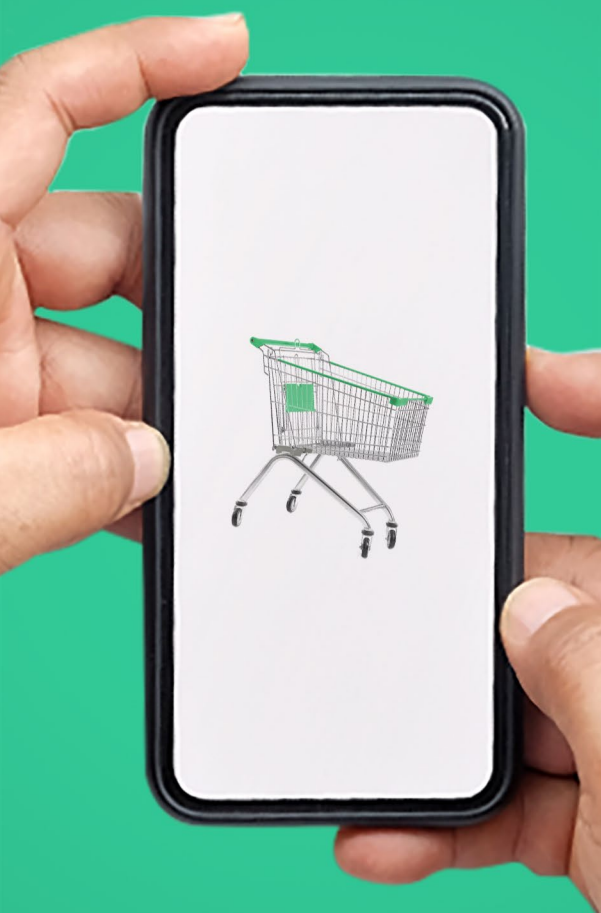
# #1 Use Data to Anticipate Your Customer's Wants and Needs

Do you shop online for your groceries? If you do, and you shop at a smart retailer, you'll already have noticed this strategy in action. When you log in to make a food delivery order, the company should recommend you items that you've ordered previously, make suggestions based on previous purchases, and offer a seamless checkout due to stored preference data regarding your delivery address and preferred payment method.

More than anything, customers want convenience, especially with ordering online deliveries, so it's important that you use the wealth of data your customers give you to anticipate not only their needs, but also their wants.

As a retailer, this opens up a wonderful opportunity for up-selling and cross-selling, creating personalized bundles, tailored offers, and more. The easier and more satisfying the purchase for your customer, the more likely they will return.

Interesting in consumer behavior in the online grocery space? **Check out this report**, revealing that half of Americans now buy their groceries online some of the time.

# #2 Level Up Your Customer Service Offering

There's nothing customers hate more than having to contact customer service because they can't find a solution to their problem. Actually, that's not quite true - what they hate even more is bad customer service

## 96% of consumers will leave your brand due to a poor customer service experience.

Customer service requests are inevitable, so it's your job as a retailer to make the process as soon and painless as possible. One way of doing this is by not making the customer spell out their entire life story just to get to a solution.

Retailers can now link customer data to their service center so that when a customer approaches them, they can provide a tailored support experience with all the information about their account, purchase history, and potential current orders already at hand. Offering 5-star customer service can help to transform a negative experience into a positive one, and actually increase brand loyalty while you're at it.

## #3 Gain Trust Through Data Transparency

Today's customer is increasingly **wary about their data and privacy.** As laws and regulations regarding data storage and usage are constantly evolving, it's wise to ensure that you are open with your customers about how you use their data, and how they can manage their preferences.

Provide clear documentation of exactly how you use their data (i.e. to offer more personalized shopping experiences), and grant your customers access to some kind of consent management and opt-in/out choices. While you might worry that offering customers the option to stop sharing data might hurt business, being transparent about the value that data brings and exactly how you use it actually works to foster trust and loyalty between your brand and your customers.

**80%** of customers report actively wanting personalized shopping experiences, which means that most consumers are perfectly happy to consent to certain data being stored - if it then translates to a better user experience.

> Highly personalized customer experiences, when offered to millions of individual customers by using proprietary data, are difficult for competitors to imitate." **McKinsey**

# #4 Connect With Your Customer's Emotions

Psychology has long told us that connecting a brand to emotion is one of the most surefire ways of success. Just consider all the commercials around Christmas time, arguably one of the most emotionally-driven times of the year. They make us cry, laugh, and feel warm and fuzzy...and then go and **spend lots of money.**

By connecting with your customer across a variety of touchpoints including email and social, you have the chance to run sentiment analysis queries to determine how your customers are feeling. You can also send surveys to collect more data and feedback, and then track how your customer's buying habits change according to big emotional triggers such as national holidays, seasonal changes, or big life changes.

According to **Forbes**, there are five top emotions that get people digging into their wallets: belonging, trust, values, happiness, and fear. Those brands that best understand their customers' emotions, and how to leverage them, have a huge competitive advantage.

## #5 Offer Your Customers a Sleek Unified Commerce Experience

One of the biggest challenges facing retailers who have recently digitized is how to integrate all the data from various channels in order to offer customers a sleek experience, no matter the touchpoint. Currently, customers expect a hybrid commerce approach from retailers where they can buy in-store, order online, organize curbside pickup or BOPIS, and more - and they want to have the same user experience no matter the channel.

This translates not only to a unified look and feel, but also a fully integrated inventory management system where customers can look up whether an item is available via one channel, and purchase it via another. By leveraging the data around your customer's buying behavior, you can anticipate stock management (especially around certain big events), meet your customer's expectations, and reduce over-ordering.

Your business should consider Electronic Shelf Labels (ESL) to help you manage price, product, and promotions from one central location and ensure your customers have a unified user experience.

> Omnichannel shopping is ascendant, with about 60 to 70 percent of consumers researching and purchasing both in-store and online across categories" McKinsey

## The Bottom Line

There are dozens of ways that retailers can leverage data to improve customer experience. While here we've highlighted just five, the most important takeaway is that you must be mining your first-party data and turning it into gold - because trust us, your competitors are already doing this, and you'll never keep up with the changing pace of the industry if you don't start to make 'smarter' data-led decisions to keep up with your customers' rising demands.

→ Want to learn more about retailers who have successfully created a unified commerce experience for their customers by leveraging data?

**Read all about METRO here.**