



Retail Economics report 2024

How messaging can help retail brands solve
consumer pain points within the customer journey



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Executive summary

Many retailers have difficulty understanding their customers' changing shopping behaviors. Our research, leveraging proprietary data from Retail Economics and a survey of 2,000 UK consumers, delves into today's shopping behaviors. We identify critical pain points in the customer journey and which consumer profiles tend to be the most demanding across demographics.

Digital shoppers are demanding

The least tolerant shoppers are predominantly those who shop online, underlining the significance of catering to the expectations and preferences of digital consumers (click [here](#) to read more).

Understanding shopper personas

There is no one-size-fits-all approach in retail, emphasizing the necessity of understanding and catering to our diverse shopper personas to effectively meet their needs and preferences.

Pain points in the customer journey

Identifying and addressing the top pain points in the customer journey is paramount for enhancing satisfaction and retention. Our research found the top five issues to be paying for returns, stock availability, poor communication, lack of delivery options, and order tracking ([page 19](#)).

Communication preferences

Consumers exhibit varying preferences for communication methods, highlighting the importance of aligning messaging with their preferred channels. Consistency of messaging across channels also emerges as a crucial factor in building trust and fostering positive consumer experiences (read the main pain points [on page 19](#)).

Balancing digital and physical experiences

In a rapidly evolving retail landscape, AI and conversational commerce drive personalized experiences. Yet, balancing digital and physical realms is crucial. Retailers must blend online efficiency with in-store engagement, catering to diverse shopper preferences.



Introduction

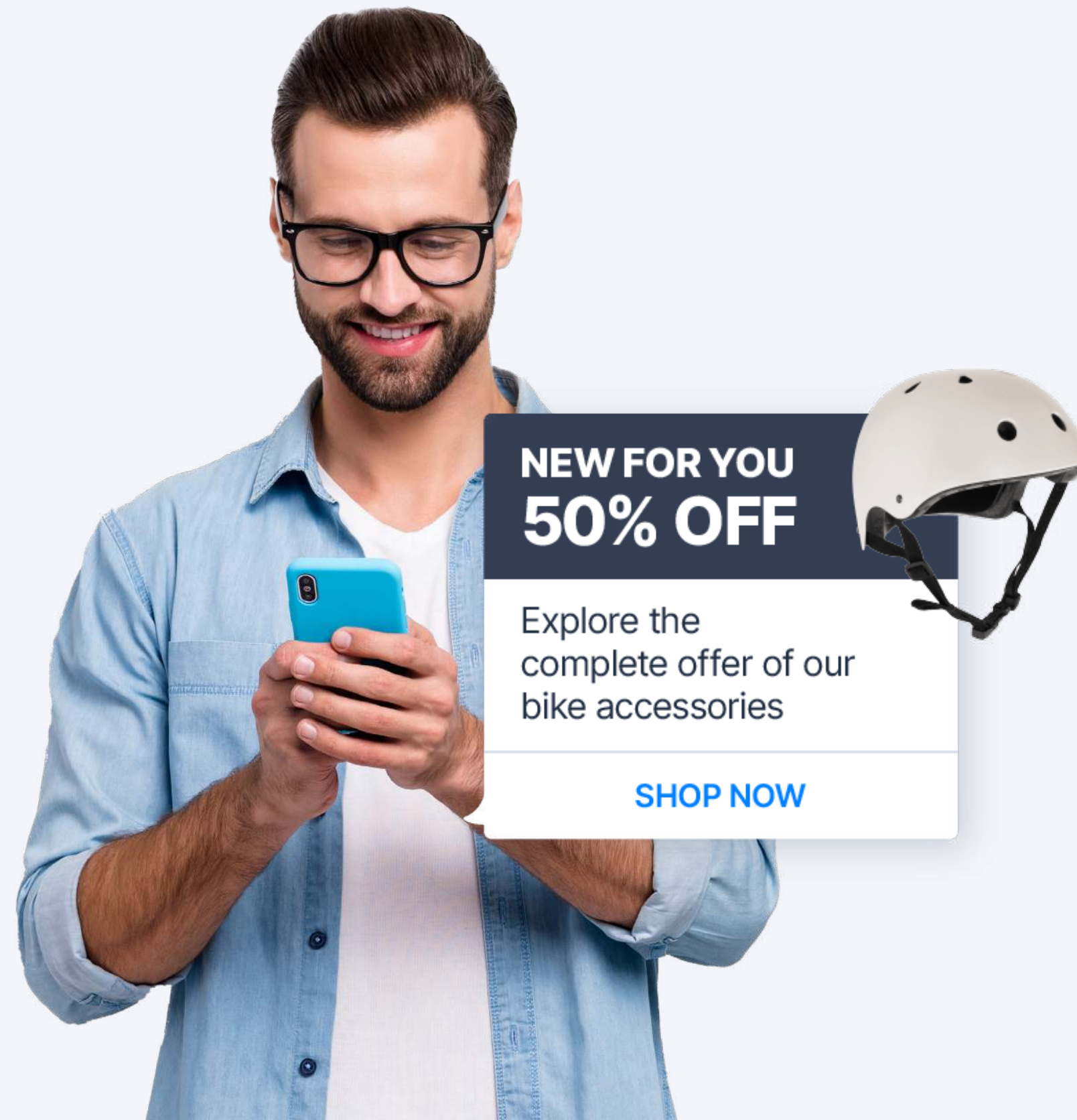
We, at Infobip collaborated with Retail Economics to survey 2,000 consumers across the UK to gain fresh insights about what shoppers want from customer experience (CX).

Navigating the retail landscape in 2024 has become more complex with the changing channel mix, influenced by increasingly tech-savvy consumers and sophisticated retailer propositions.

As trading conditions become more challenging, retail brands are pressured to improve and maintain customer satisfaction and retention. Consumer budgets are severely affected by factors like inflation and rising interest rates, while the economic recovery remains uncertain due to high interest rates, geopolitical tensions, and unclear forecasts.

In this environment, shoppers are more careful during the buying journey, with pricing affecting their purchases and the customer experience. Any friction in the customer journey can lead to cart abandonment. This is why understanding consumer personas and behaviors is vital for enhancing sales and marketing strategies in omnichannel retail.

Today's customer journey involves consumers switching between multiple channels, including in-store, eCommerce, and social channels, while interacting across various digital channels and devices. Retailers are under pressure to be available anywhere, anytime, and to provide seamless, personalized customer journeys.



Dive into our findings:

1. The customer journey

Introducing its concept and identifying the four principal consumer personas within omnichannel retail and associated problems.

[Learn more →](#)

2. Managing customer expectations and building trust

Discussing the importance of managing customer expectations and how trust is influenced.

[Learn more →](#)

3. Navigating the future: strategic recommendations

Guidelines for businesses to improve customer experiences for long-term success.

[Learn more →](#)

[SECTION 1:]
**The customer
journey**



The customer journey

Understanding how people interact with brands is crucial, from initial awareness and research to purchases and returns. By identifying typical consumer personas, retailers can tailor their strategies to better meet the needs and preferences of specific

customer groups, ultimately providing more satisfying and effective customer journeys. From initial awareness to purchases and returns, every interaction shapes the customer experience.

Consumer personas

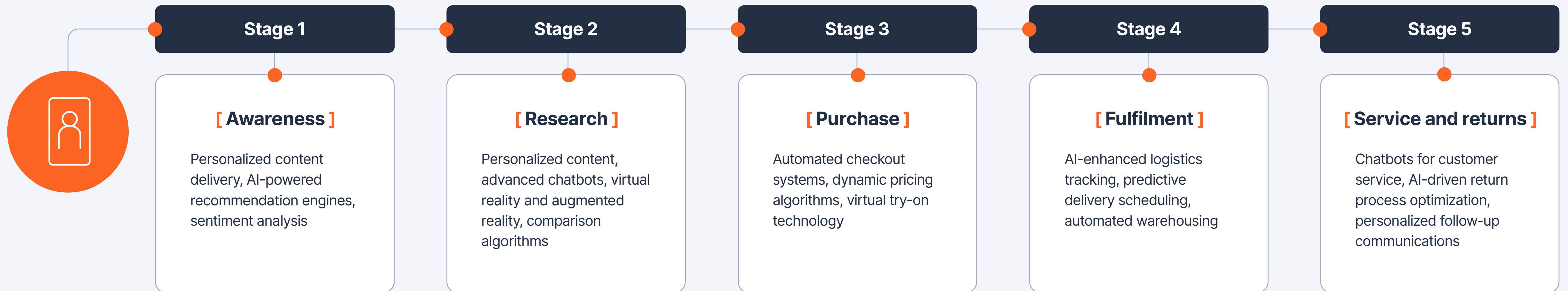
In our study, we established different buyer personas to gain a better understanding of potential friction points in their respective customer journeys:

- 1. The exacting shopper
- 2. The busy shopper
- 3. The social shopper
- 4. The laid-back shopper

Want a quick glance at our personas?

[Download the infographic](#)

The simplified five-stage customer journey



Exacting shoppers

Highly engaged and loyal, the exacting shopper is the most demanding consumer persona. They are accustomed to service excellence and favor online shopping for its convenience. They value digital propositions and personalized recommendations.

12%

of customers fall under this category

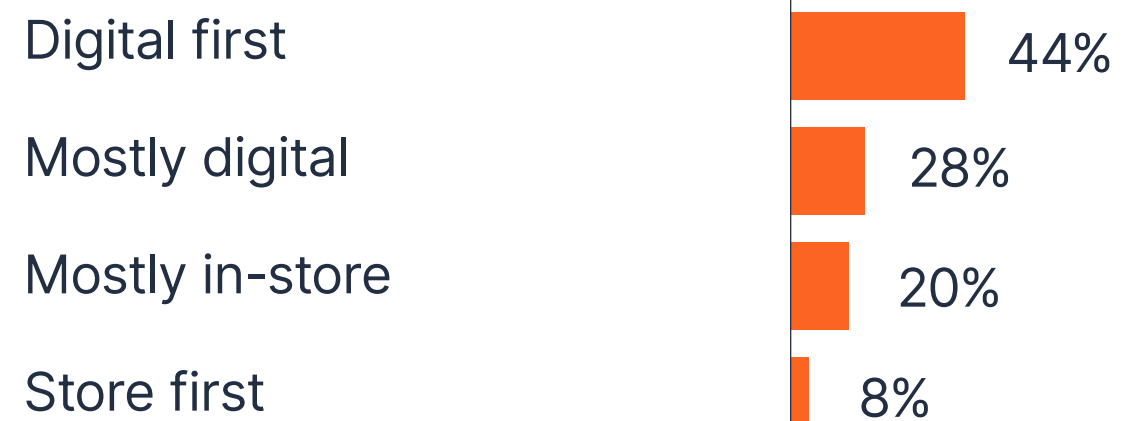
[Traits]

Digital-first

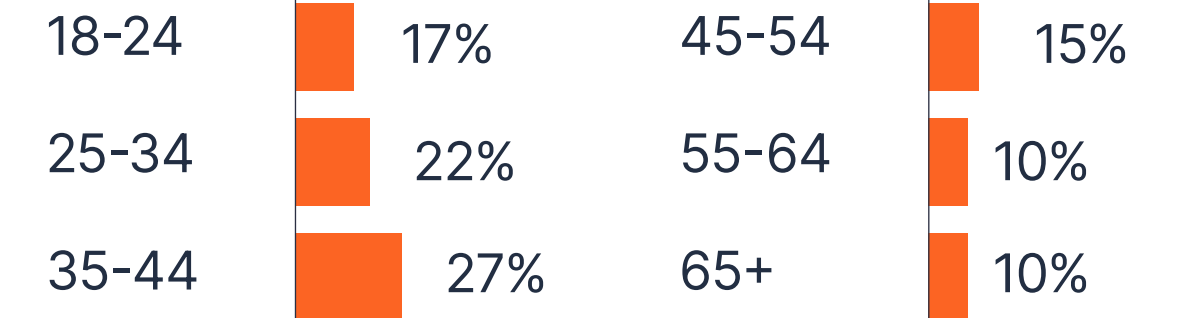
Typically under 45

Expect fast and low-friction CX

[Channel preference]



[Age]



[Top issues]

- ✗ Paying for returns
- ✗ Tracking
- ✗ Stock availability
- ✗ Communication

[Winning strategy]

- ✓ Digital excellence
- ✓ Efficient, consistent service
- ✓ Targeted communications and offers



Busy shoppers

Always on the go and juggling commitments, busy shoppers switch between retailers based on their immediate needs. While they're more tolerant of CX shortcomings than exacting shoppers, they prioritize digital channels and seek hassle-free experiences.

29%

of customers fall under this category



[Traits]

More likely omnichannel

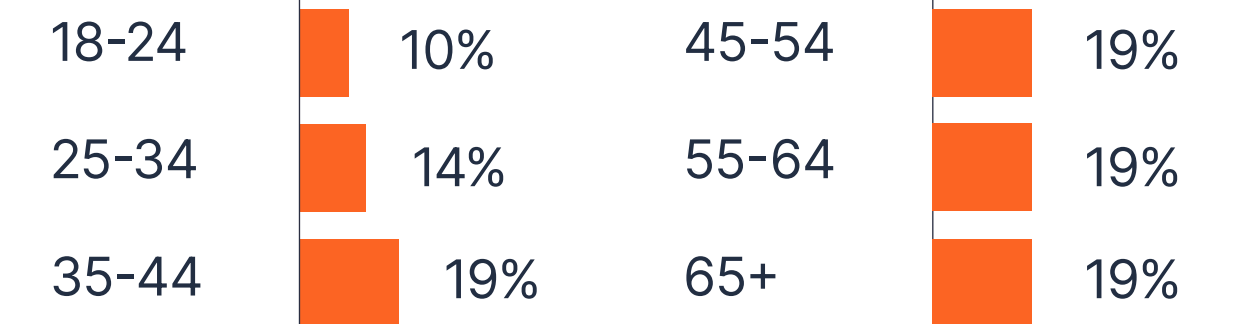
Mostly age-agnostic

Opt for the closest, hassle-free experiences

[Channel preference]



[Age]



[Top issues]

- ✗ Paying for returns
- ✗ Communication
- ✗ Stock availability

[Winning strategy]

- ✓ Omnichannel flexibility
- ✓ Simplified processes & transactions
- ✓ Proactive and prompt communication

Social shoppers

Social shoppers balance online and in-store shopping. They value personal connections while switching between digital and physical stores, along with data protection and ethical practices. As a result, they have a high appreciation for secure, seamless, omnichannel CX.

44%

of customers fall under this category



[Traits]

More likely omnichannel

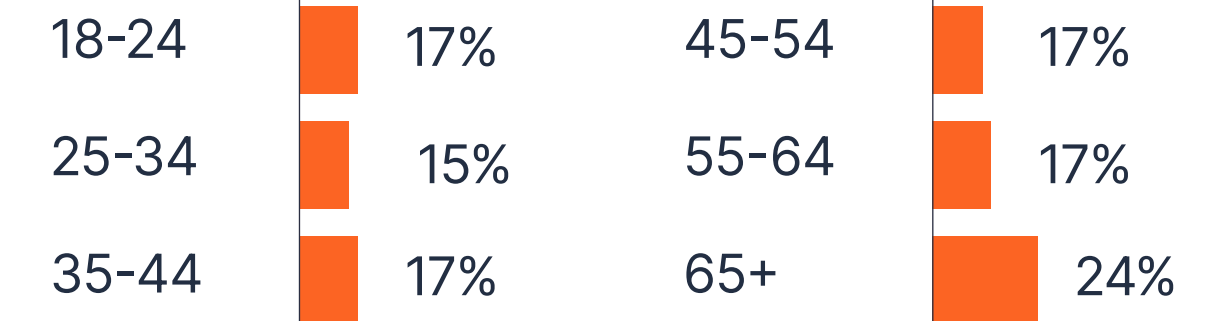
Easily switch between digital and in-store shopping

High preference for human elements in the shopping journey

[Channel preference]



[Age]



[Top issues]

- ✘ Lowest tolerance for mistakes
- ✘ Stock availability mistakes
- ✘ Paying for returns

[Winning strategy]

- ✔ Maintaining the personal touch in-store and online
- ✔ Organic engagement through community events and user-generated content
- ✔ Privacy and trust

Laid-back shoppers

Favoring in-store experiences, laid-back shoppers show loyalty with minimal digital engagement. They're forgiving of mistakes but appreciate good communication.

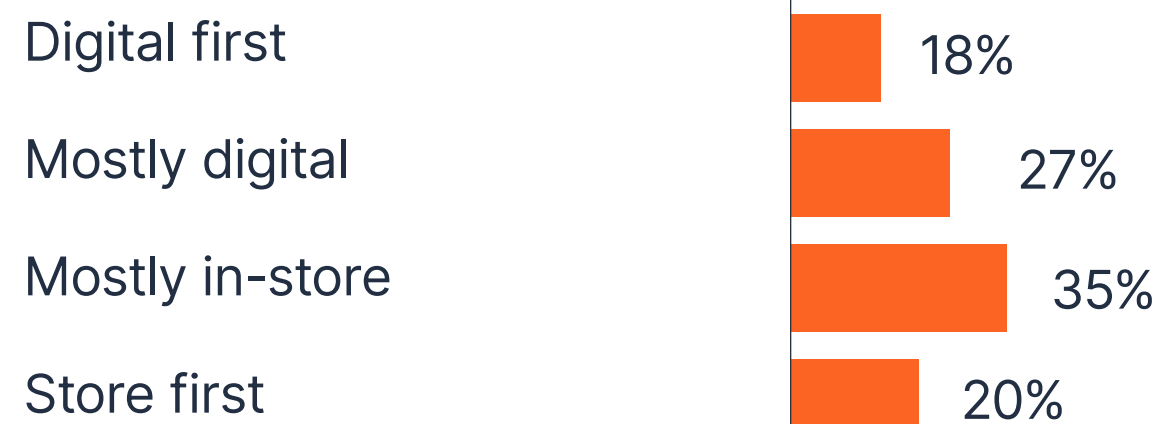
15%

of customers fall under this category

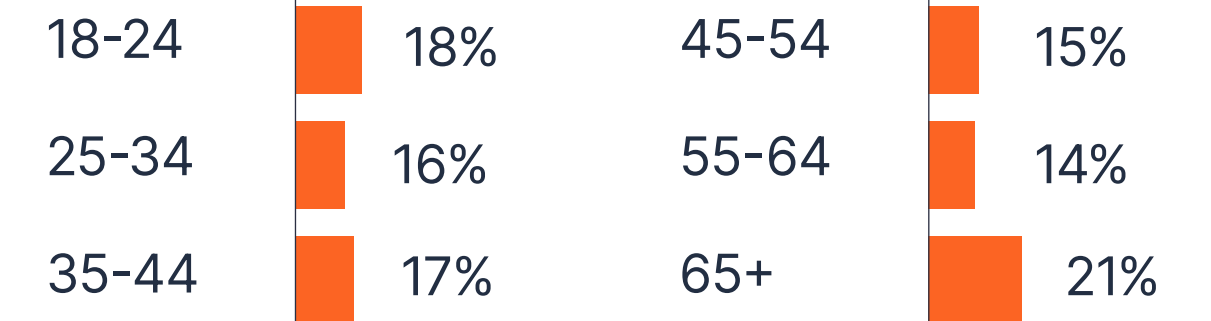
[Traits]

- Prefer in-store shopping
- High tolerance for mistakes

[Channel preference]



[Age]



[Top issues]

- ✘ Paying for returns

[Winning strategy]

- ✔ Simplified, stress-free shopping and processes
- ✔ Flexible policies, lenient returns, and relaxed in-store experience
- ✔ Unobtrusive marketing with natural engagement & easy promotions



Decoding consumer complexity: Looking beyond age and income

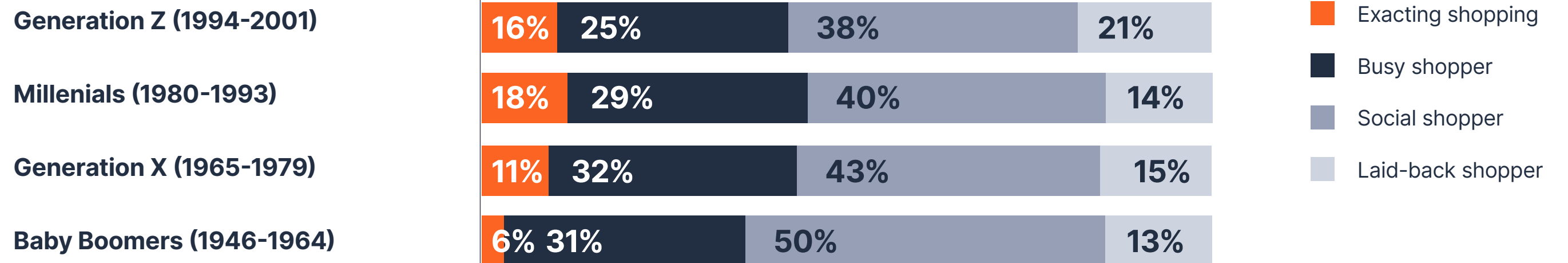
Our research has shown that making assumptions about shopper traits based on income and age would be wrong.

For example, while more tech-savvy consumers under 45 tend to fall under the exacting shopper persona, many of them could also be laid-back shoppers, especially those in Generation Z. This counters the stereotype of younger consumers consistently having elevated retail expectations.

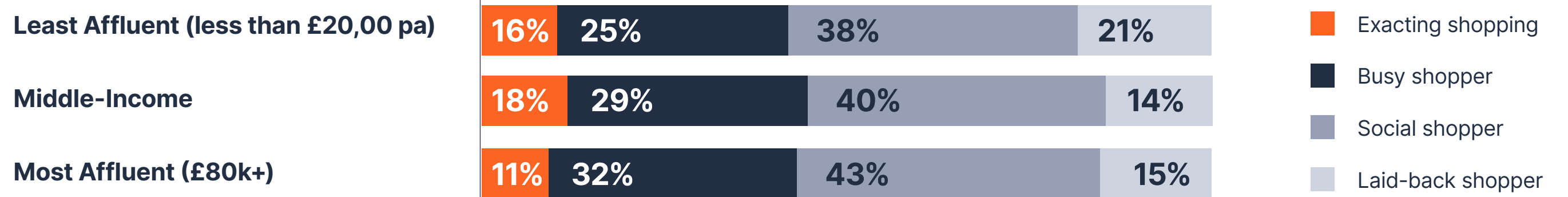
The lines are also blurred between income groups: higher incomes don't always mean lower tolerance, nor do lower incomes guarantee greater leniency.

Affluent individuals show a similar proportion of laid-back shoppers as middle-income groups, challenging assumptions about financial status and retail expectations. Conversely, the least affluent have more exacting shoppers than middle-income brackets.

[Shopper personas by generation: a nuanced picture]



[Shopper personas by income]



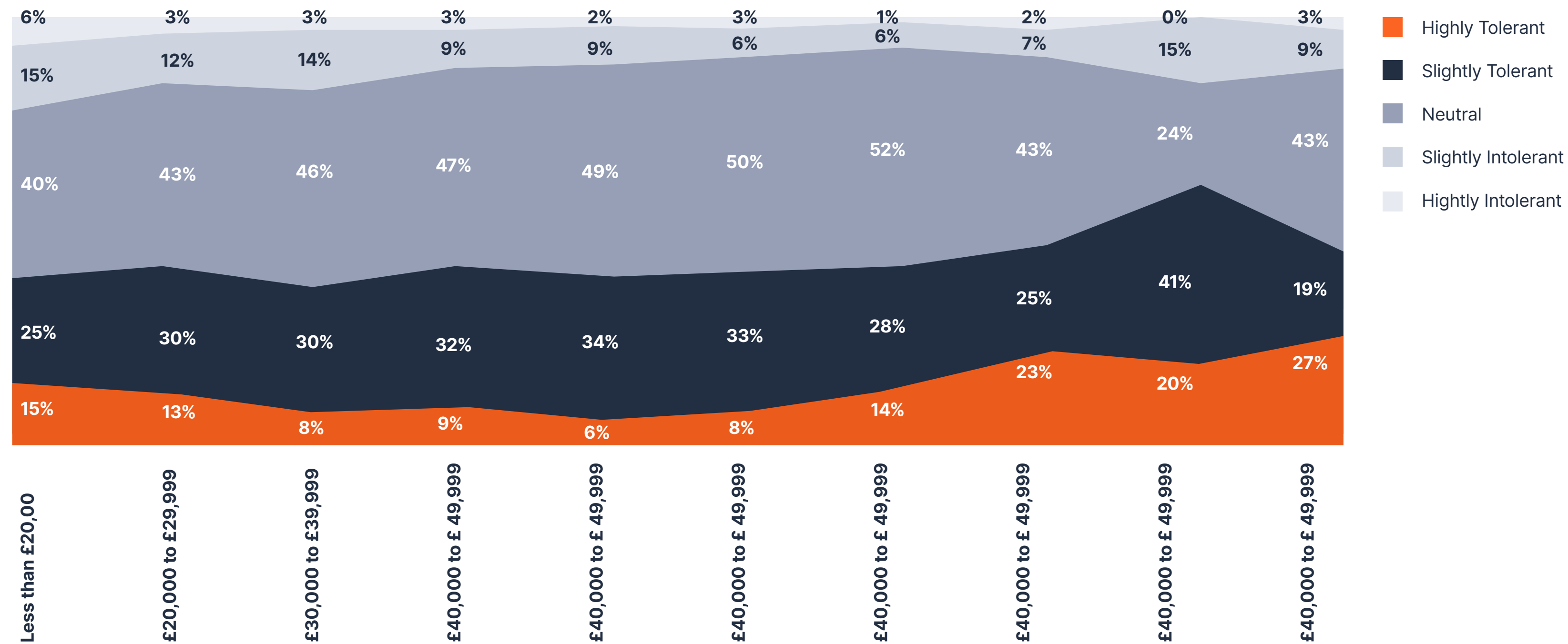
Source: Retail Economics, Infobip

← Higher tolerance Lower tolerance →



[Question for different income groups]

How do you typically respond to a poor customer experience with a retailer?



- Looking at the different income levels of our shopper personas, we found that income does not play a major role in their tolerance for friction in the customer journey.
- Higher incomes don't always mean lower tolerance, nor do lower incomes guarantee greater leniency.
- Understanding the different types of shoppers, regardless of income, will help to understand each individual's needs better.

Source: Retail Economics, Infobip

Friction within the customer journey

Identifying friction areas is vital to improve touchpoints and solve problems in the journey. In doing so, retailers can enhance customer experience, loyalty, and business success.

Our research identifies several areas for enhancement across various stages of the customer journey:

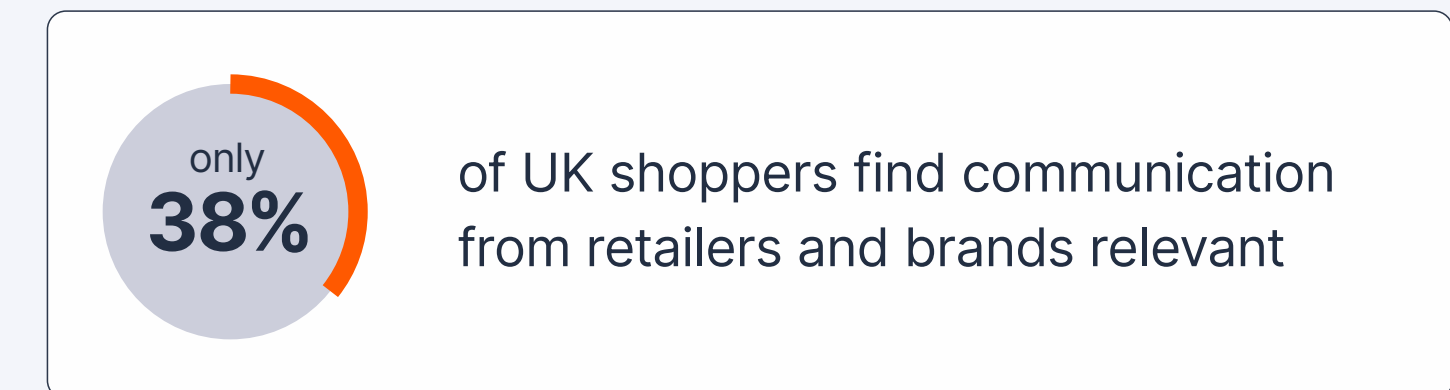


Stage 1: Awareness and discovery

Creating brand awareness is a complex process, regardless of the maturity and size of a brand. The challenge intensifies in the digital space, saturated with advertising and promotions. Further learnings at this stage include:

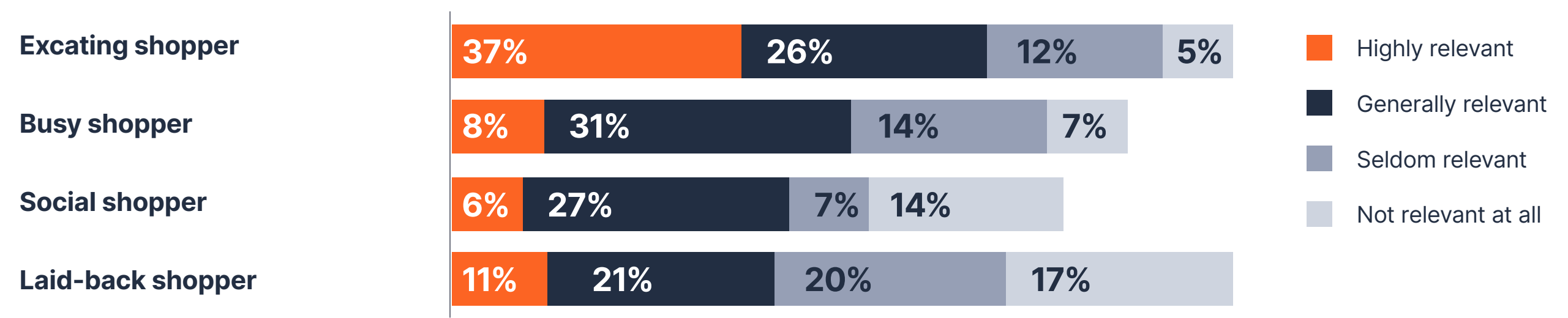
- Personalized communication helps to break through digital clutter, especially with exacting shoppers who appreciate individualized messaging.
- Traditional channels remain essential for brand discovery, but retailers increasingly turn to data-driven marketing for precise targeting and improved ROI.
- Physical stores are evolving into experiential destinations, bridging the gap between digital and physical realms – also known as phygital retail.
- Social media, particularly short-form videos, is vital for brand discovery, especially for Gen Z and millennial consumers.

- Crafting engaging content across demographics is key, underscoring the importance of a unique brand voice and genuine connections with consumers.



[Question]

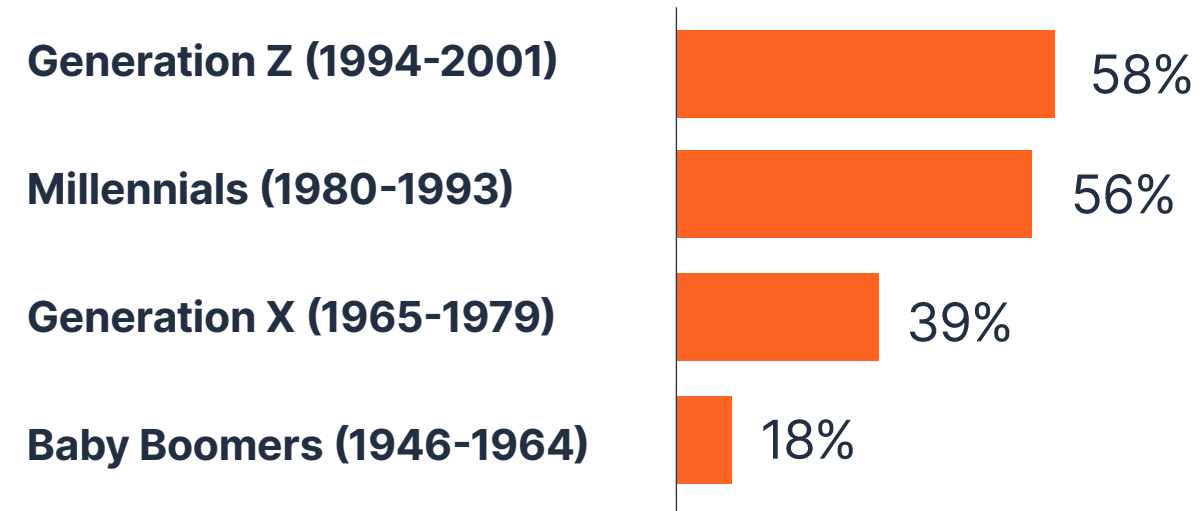
How relevant do you find the personalized communication (such as emails, targeted ads, and product recommendations) you receive from retailers and brands?



Source: Retail Economics, Infobip

Shoppers increasingly rely on social media for brand awareness

[The role of social media in brand discovery between different generations]



Source: Retail Economics, Infobip



Stage 2: Research



Digital channels are essential in reducing the frustration linked to purchase decisions – especially when expensive items are involved.

A significant **58% of consumers** find it straightforward to research and locate product information online. However, there is a notable gap between digitally-savvy shoppers and more occasional store-first shoppers. This highlights a potential digital skills gap and underscores the need for accessible, user-friendly online platforms for all shoppers.

Consumers find digital tools more conducive to researching products



[Question]

Thinking about researching products before you buy them, how would you rate the following in terms of ease?



Source: Retail Economics, Infobip

Retailers can improve the research stage by considering the following:





Stage 3: Purchase



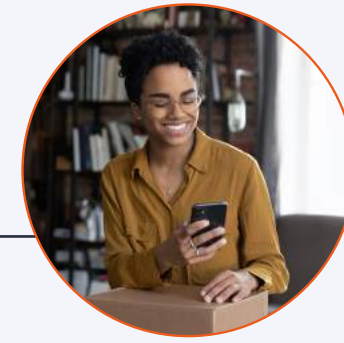
The purchase stage of the customer journey presents unique challenges for each consumer persona, crucially impacting the transaction experience and overall satisfaction.

Research highlights that "items out of stock" is the primary frustration experienced by 52% of respondents. Following closely are "long queues in physical stores" (44%) and "confusing website navigation" (25%).

Tailoring strategies to address each persona's pain points is essential. Providing streamlined in-store processes for busy shoppers, intuitive online experiences for social shoppers, and real-time updates for exacting shoppers can reduce purchase abandonment rates and boost satisfaction levels.



Stage 4: Fulfilment



Delivery is a predominant theme in the fulfillment stage, revealing distinct customer preferences.

Clear communication during delays is paramount, with over 82% of shoppers valuing updates. Automated notifications and real-time tracking enhance this communication, meeting customer expectations.

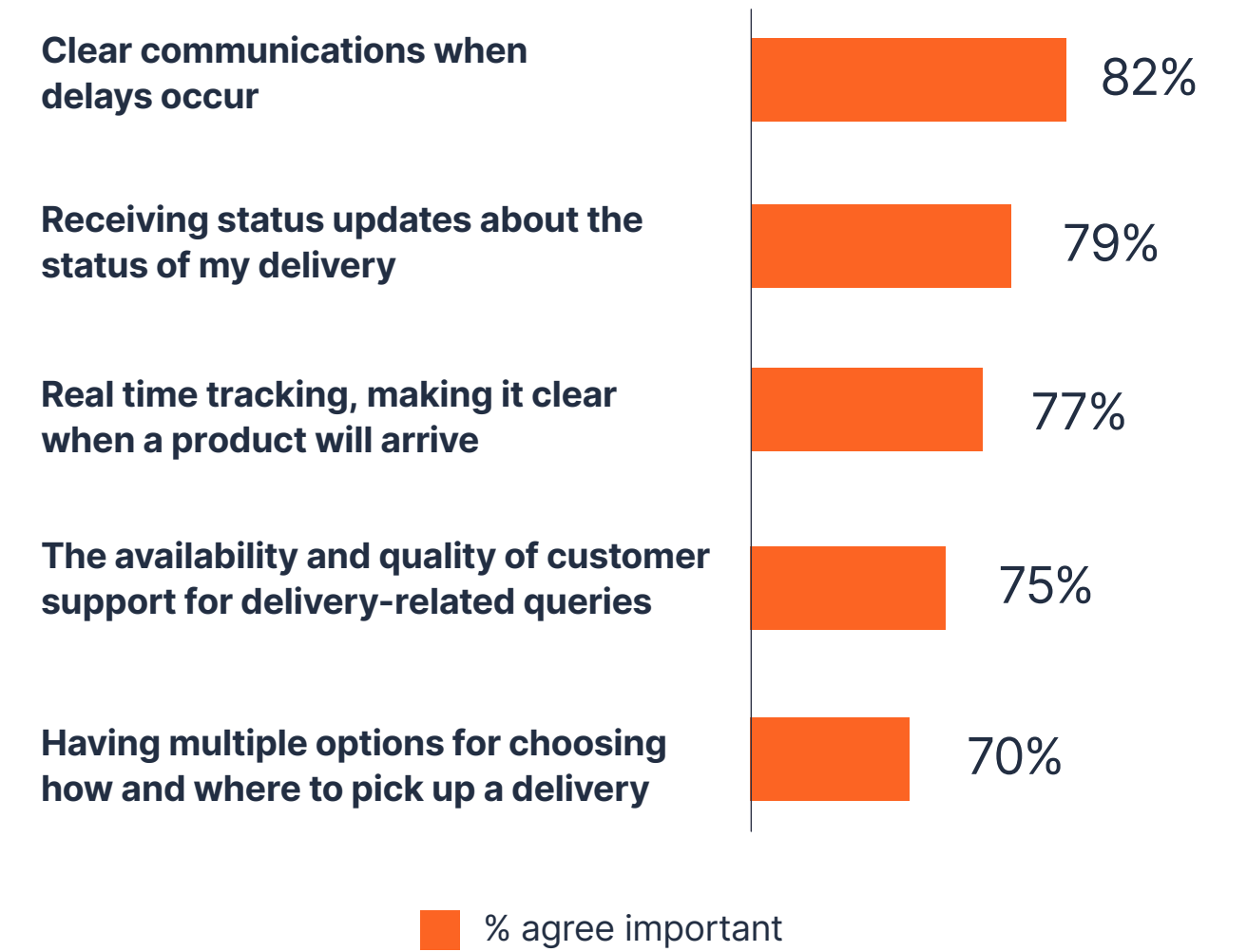
Exacting shoppers prioritize reliable delivery and flexible options. Busy- and social shoppers favor real-time tracking, clear communication about delays, and delivery status updates. Tailored strategies for older shoppers emphasize personalized communication for reassurance.

Efficient, sustainable delivery practices, including diverse options and eco-friendly packaging, enhance the fulfillment experience while addressing environmental concerns.

Frequent and reliable communication is crucial during the delivery stage

[Question]

Thinking about online shopping and delivery, how important are these services to you?



Source: Retail Economics, Infobip



Stage 5: Returns

Returns pose a significant challenge in the customer journey, mainly return shipping costs, affecting 32% of all consumers. 37% of exacting shoppers are impacted the hardest at this stage, decreasing their shopping frequency. This cost discourages nearly a third (32%) of all consumers from revisiting a retailer, necessitating more consumer-friendly return policies.

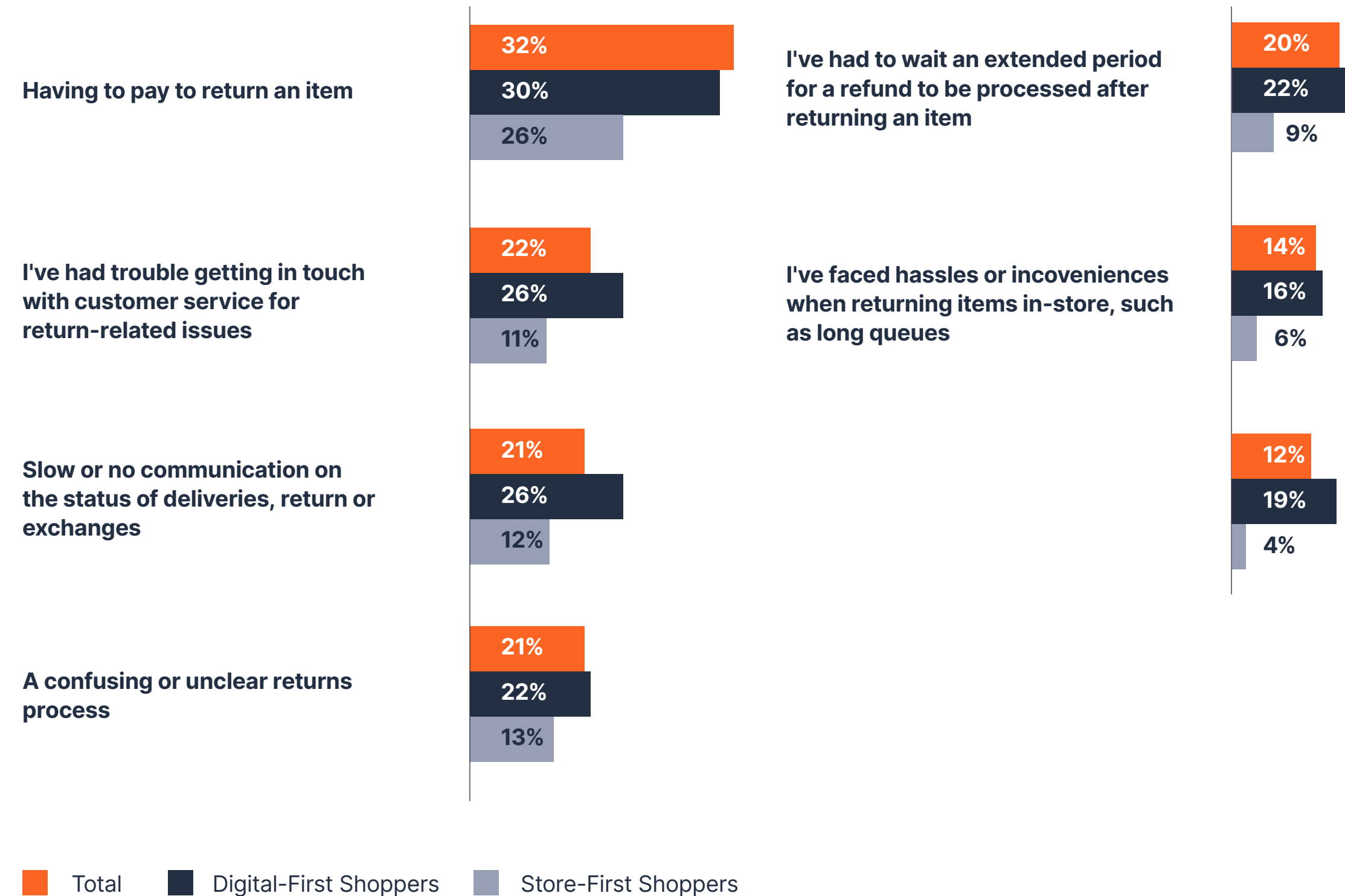
Some solutions to this pain point include:

- Tailoring returns for frequent shoppers through loyalty or delivery membership programs that provide enhanced return options
- Personalizing the returns experience for different consumer personas. For example, more convenient return options for Exacting Shoppers and more personal interaction for Social Shoppers
- Dedicated returns hotlines, streamlined online return processes, and responsive chat support can streamline the returns experience

Returns are a real pain point for digital shoppers

[Question]

Thinking about the returns process, which of the following have you experienced?



Source: Retail Economics, Infobip

[SECTION 2:]


Managing customer expectations and building trust



Managing customer expectations and building trust

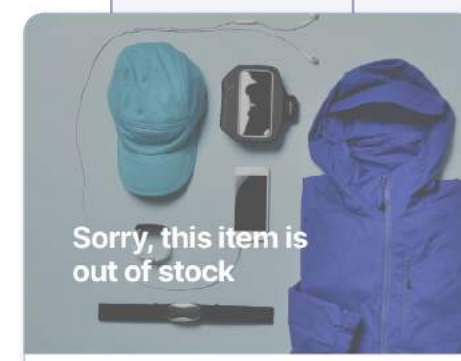
We identified five key areas where customers feel their expectations are unmet, which are critical points for retail brands to focus on to deliver significant improvement:

1. Paying for returns: Over a third of exacting and busy shoppers have stopped shopping with brands that expect customers to pay for returns. Confusing or unclear processes also lead to brand abandonment.



Return to Sender

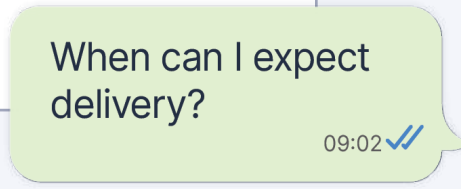
2. Stock availability directly impacts customer satisfaction, sales, repeat business, and retention rates. Nearly 25% of all shoppers ended relationships with retailers because of this.



Sorry, this item is out of stock

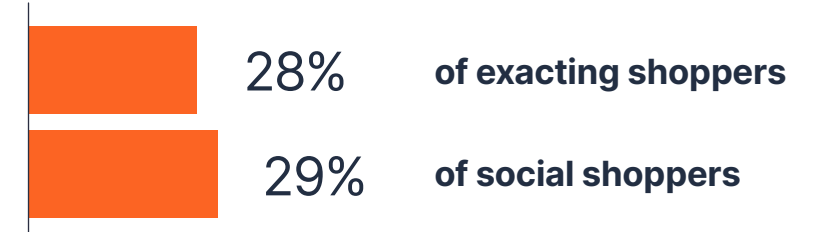
Shop now

3. Poor communication when delays or issues arise is vital within the customer journey, as it helps maintain trust and transparency, mitigate dissatisfaction, and preserve customer relationships.



When can I expect delivery? 09:02 ✓

4. The lack of delivery options negatively impacts customer satisfaction and loyalty. 29% of exacting shoppers and 28% of social shoppers stopped shopping with retailers who don't offer different delivery choices.

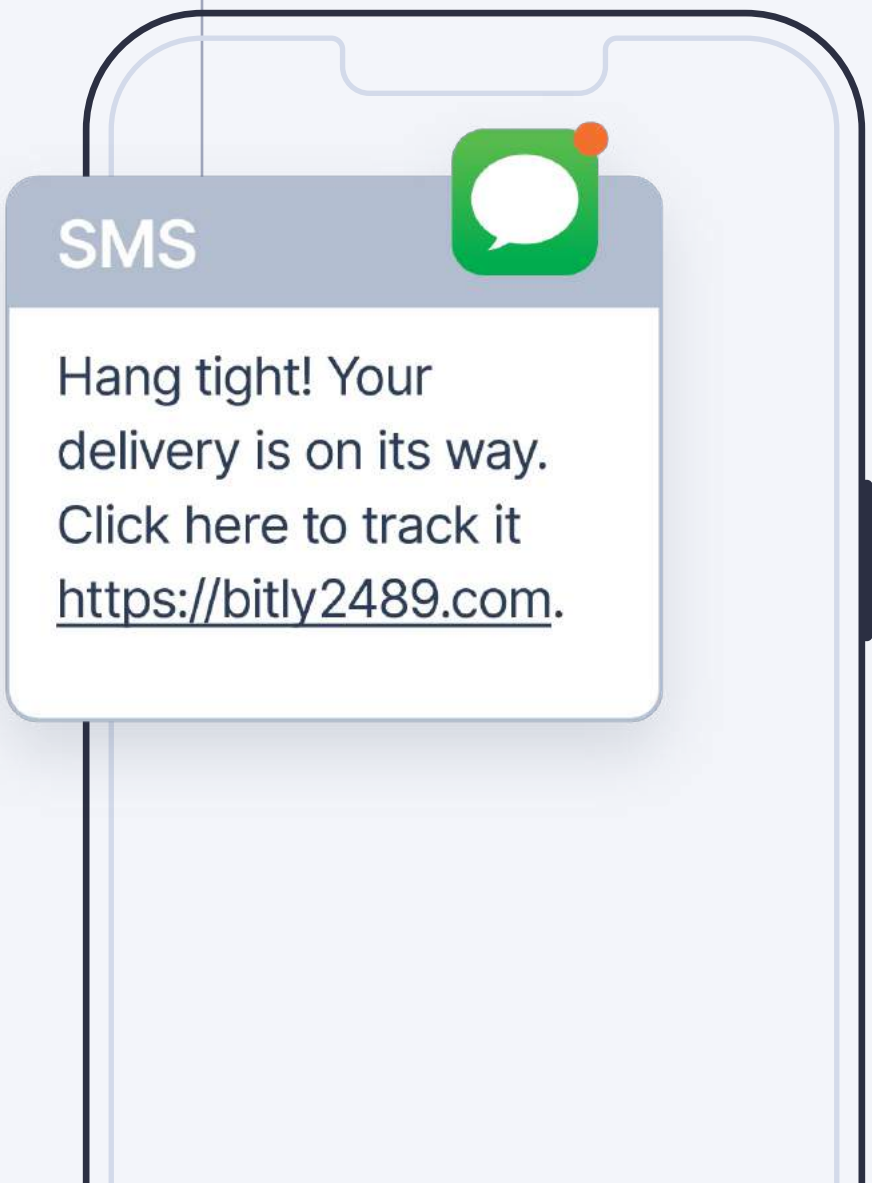


28%	of exacting shoppers
29%	of social shoppers

What is your delivery preference?

- Home
- Office
- Collect

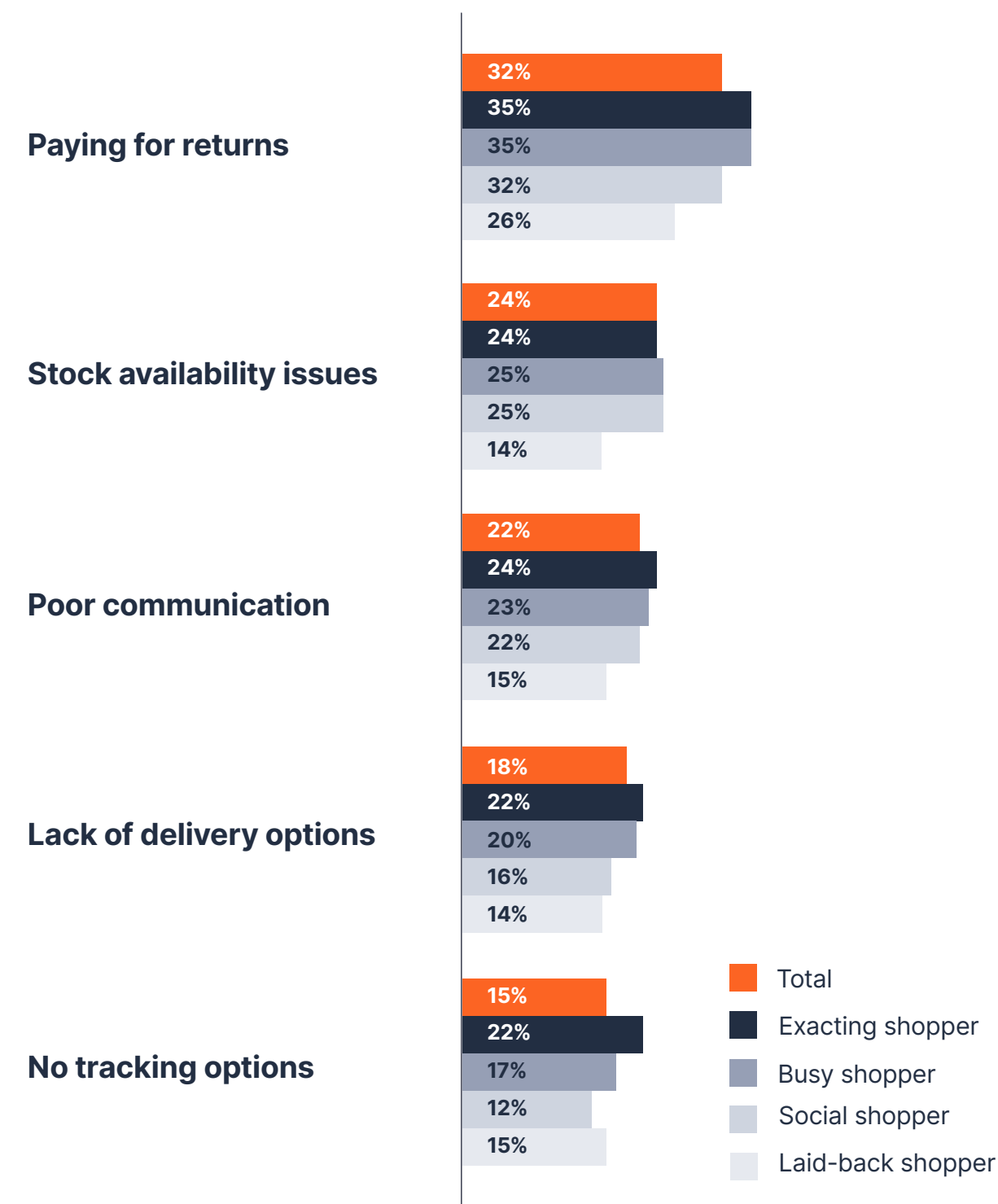
5. Delivery tracking builds confidence and bolsters customer trust. Exacting shoppers will most likely stop shopping altogether with retailers that don't offer this (22%).



SMS

Hang tight! Your delivery is on its way. Click here to track it <https://bitly2489.com>.

Top 5 friction points impacting customer loyalty and repeat purchases



Factors contributing to building consumer trust



Factors potentially damaging consumer trust



Communication goes both ways

Communication is crucial in establishing trust and loyalty. Understanding consumer preferences in communication channels is essential for effective strategies.

While email remains the most popular across the board, there are a few notable trends between the buyer archetypes:

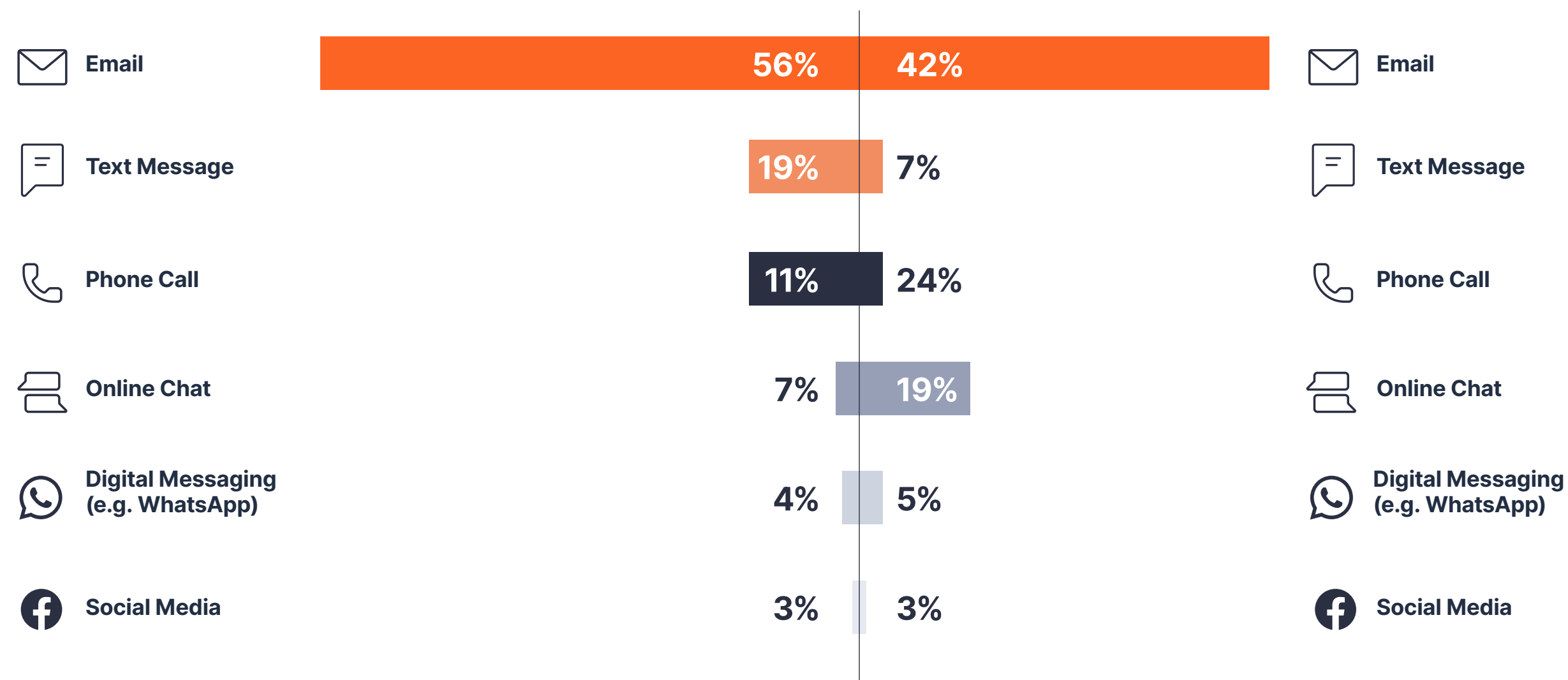
- The time-sensitive exacting shoppers favor phone calls or talking to chatbots
- Gen Z leans toward communication via text messages, phone calls, and social media
- 24% of consumers opt for phone calls, highlighting the enduring importance of human interaction for issue resolution
- Between different age groups, digital channels like WhatsApp, social media, and online chat are still dominated by more conventional channels like phone calls, text messages, and email.
- AI integration in customer service, including chatbots, garners mixed reactions. Only 27% of consumers are comfortable with AI-enhanced communications, indicating a need for cautious implementation.
- Despite technological advancements, 40% of consumers desire more effortless access to human support. This preference for human interaction fosters trust and loyalty, outweighing the need for speedy resolution.

Modes of communication differ depending on who's contacting who

Communication preferences

[Retailer to consumer]

[Consumer to retailer]








[SECTION 3:]

Navigating the future: Strategic recommendations



Navigating the future: Strategic recommendations

Concluding our research, we established five focus points to help retail brands tackle key consumer pain points throughout the customer journey:

- 1. Customer-centric approach 
- 2. Digital transformation 
- 3. Communication 
- 4. Seamless returns 
- 5. Data management 

Customer-centric approach

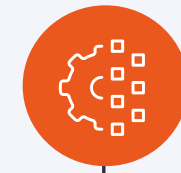
Positioning the customer at the heart of the CX strategy is essential for understanding and navigating diverse consumer groups' changing needs and preferences.

Personalization is the most critical building block of a customer-centric approach. From customized product recommendations to targeted marketing efforts, the goal is to nurture loyalty and long-term engagement by making customers feel valued and understood.

Additional recommendations:

- **Use data wisely:** Utilize advanced analytics to decode consumer behavior and preferences, enabling highly personalized experiences aligned with individual preferences.
- **Challenge generational stereotypes:** Recognize that consumer profiles don't always fit generational stereotypes; adapt strategies to evolving preferences and technology.
- **Integrate online and offline experiences:** Blend online and offline touchpoints seamlessly to provide a consistent user experience across all channels. Utilize loyalty programs and third-party data to tailor in-store and online experiences.

Digital transformation



57% of consumers opt for a digital shopping experience, underscoring the need for innovation to ensure a seamless, satisfactory CX. AI and Data analytics are leading digital transformation strategies to achieve this. It enables the optimization of 'next best action' strategies to guide consumers towards purchases that maximize their lifetime value proactively.

UK online retail sales leaped from £21 billion in 2010 to £122 billion in 2023, and brands trading through mobile-optimized design and apps are leading the pack. The demand for a seamless shopping experience is higher than ever before.

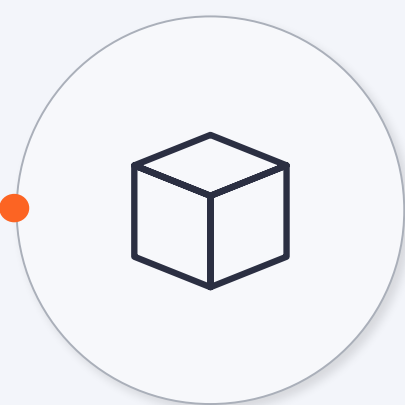
Essential for the digitally adept Exacting Shoppers, a user-friendly, mobile-optimized website is equally vital for Busy Shoppers and Social Shoppers, who expect a seamless online experience across various devices and apps.

It is also important to consider the impact of operational efficiency on CX. One element that plays a particularly significant role in retail CX is stock availability. Thanks to the latest advancements in AI, brands now have the resources for accurate stock management and demand forecasting.

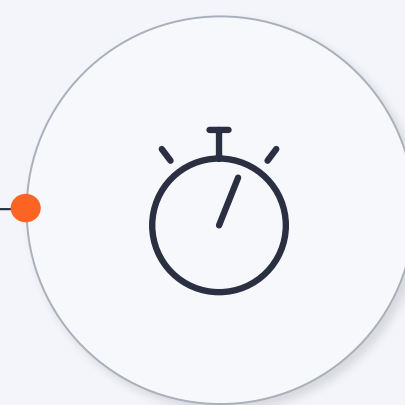
Improving delivery speed and reliability and providing more options throughout the customer journey can significantly reduce friction in the customer journey. Investments in technology like real-time tracking and predictive delivery windows are essential for elevating customer satisfaction. Forming tech partnerships will be key, with third party logistic models becoming an effective route to scale for some businesses.



mobile-optimized website



stock availability



delivery speed and reliability

[Sustainability: A core aspect of digital strategy]



Modern consumers and investors appreciate and support brands that are committed to sustainability. Retailers can further bolster their customer growth and retention by implementing sustainability measures through digital transformation strategies. Thanks to AI, businesses can practice sustainable inventory management and optimize delivery routes while reducing their carbon footprint.





Communication

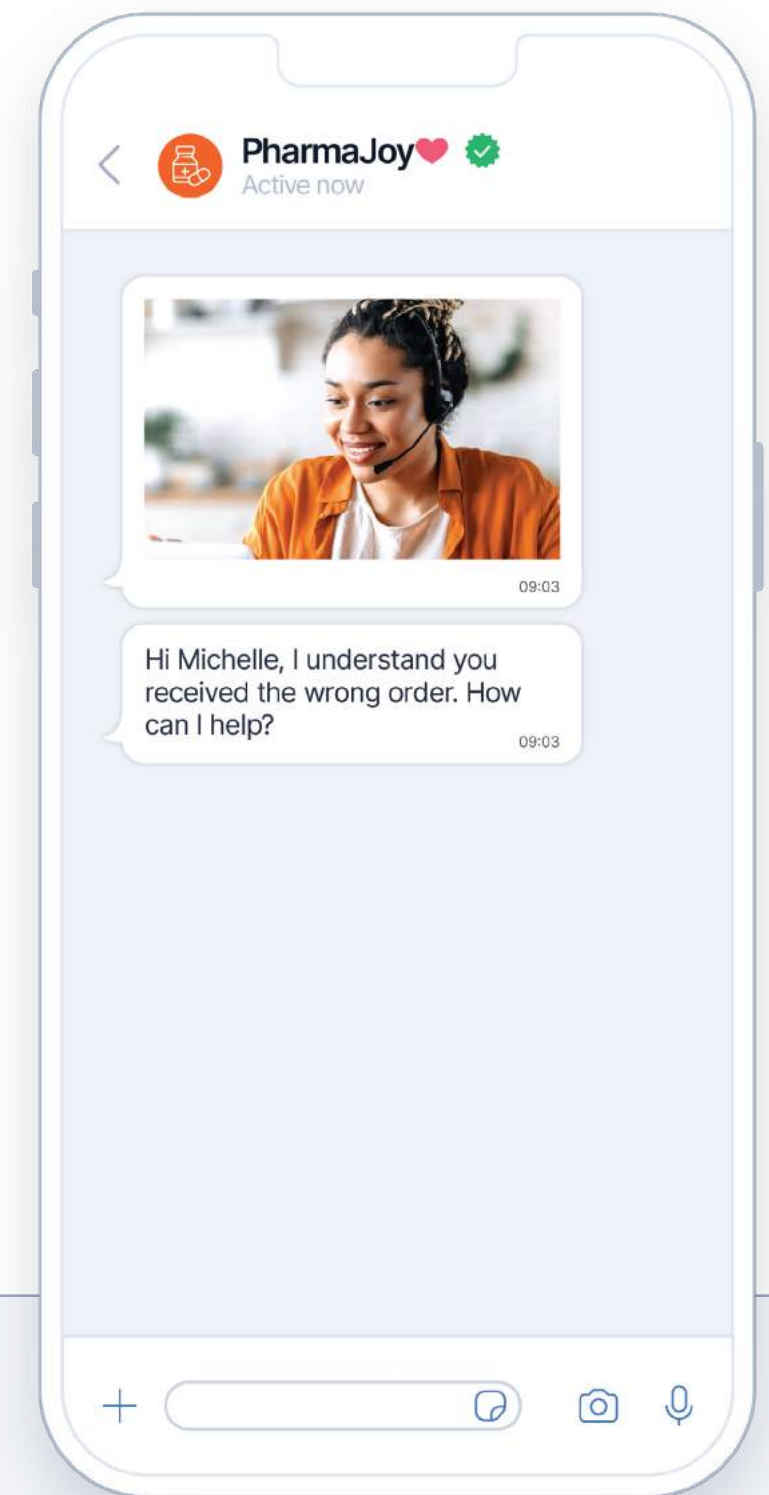
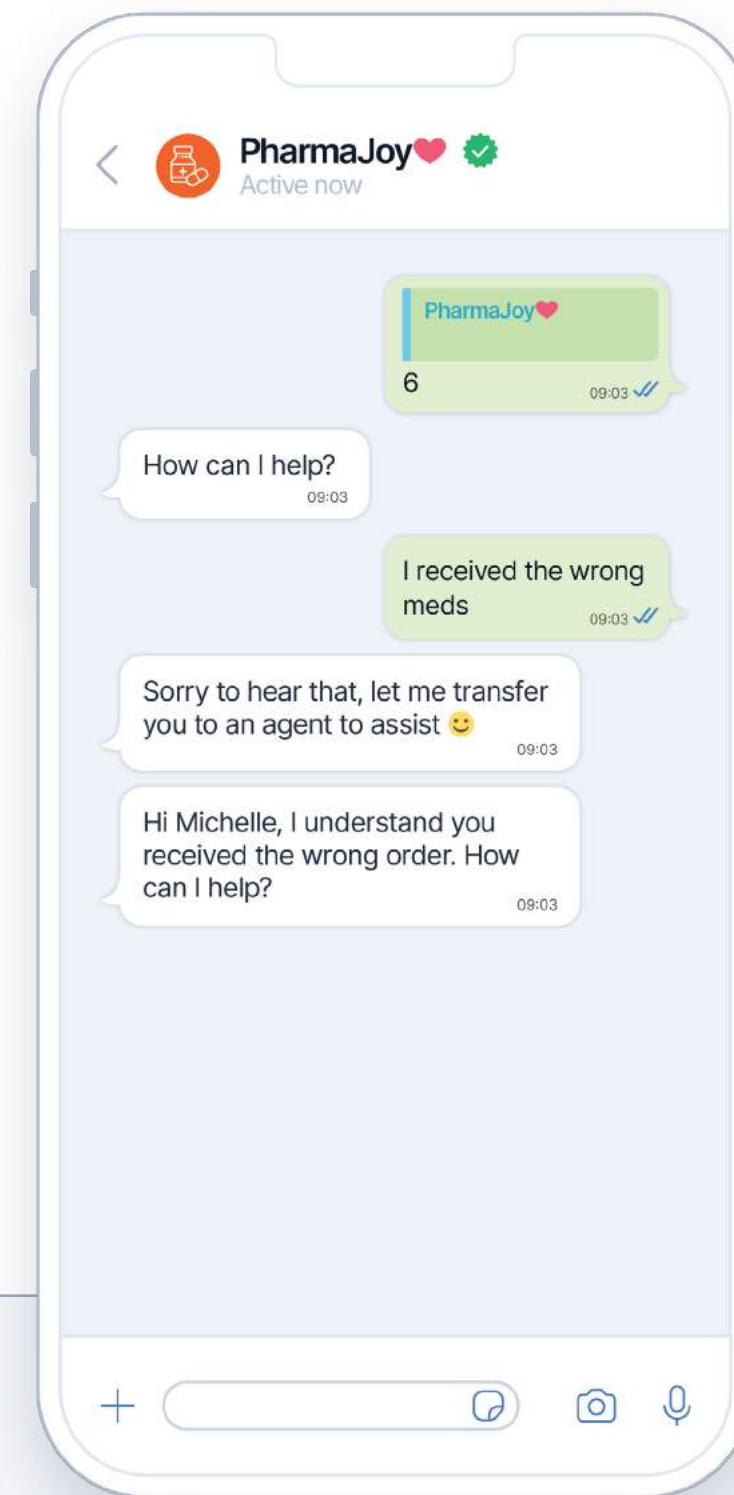
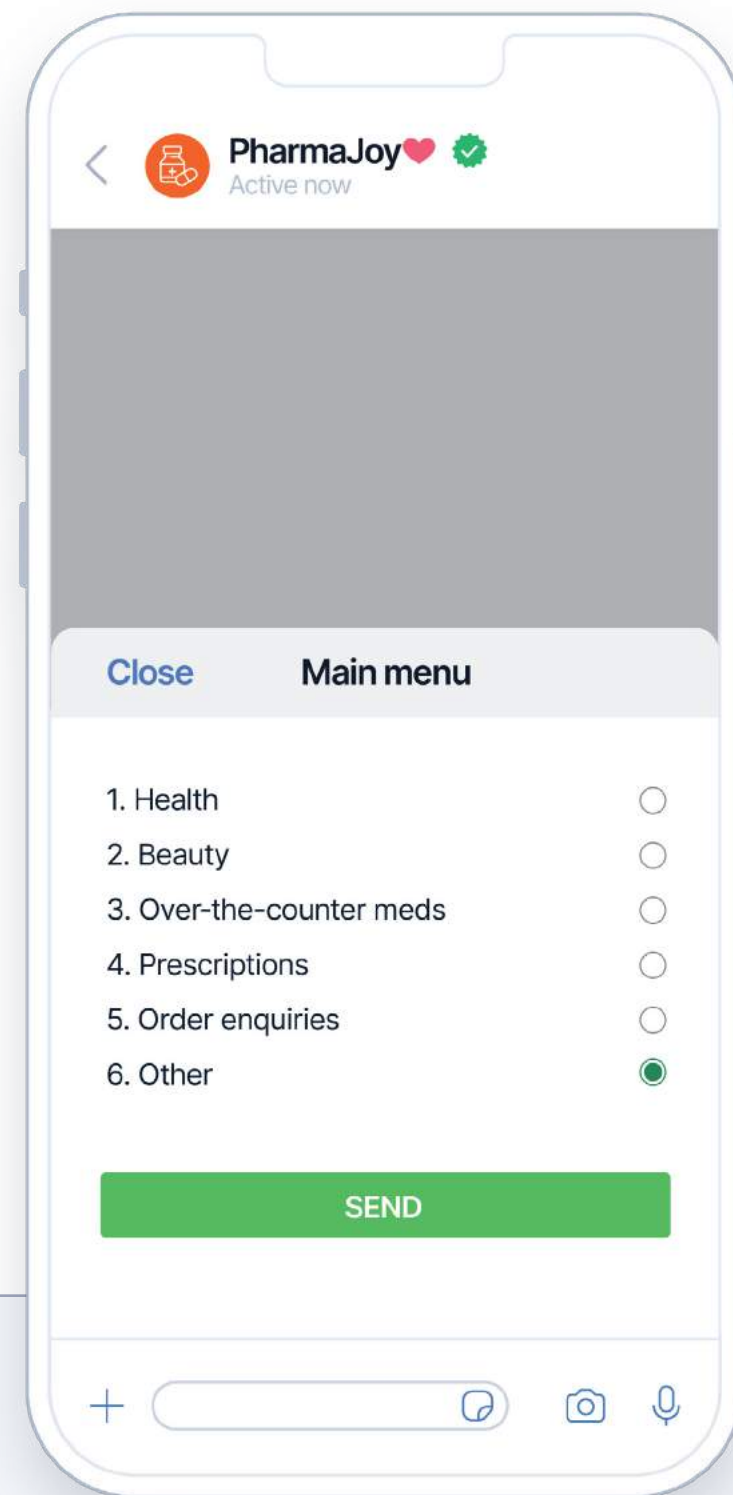
Retailers grapple with mounting pressures on profitability, with rising labor costs in the UK posing a significant challenge. As consumers increasingly seek instant solutions and transparent updates, retailers must balance the human touch and technological efficiency. As a result, businesses need to follow a nuanced approach to customer service, where the extent of human interaction aligns with market segment expectations. Doing so might impact labor costs, but technology like customer data platforms and cloud contact centers allows personalized service to meet with operational efficiency, which ultimately reduces the cost of customer service and improves ROI.

Proactive communication: Building trust through transparency

Proactive communication, including early problem-solving and regular updates, is crucial in nurturing trust. Automated alerts and AI-driven predictive customer service can enhance this proactivity, keeping consumers informed and engaged, especially during service delays or issues.

[Optimized customer service in action]

Forward-thinking retailers leverage technology by combining AI chatbots with cloud contact centers. The agents have access to customer data platforms (CDP). The AI chatbot can answer simple FAQs about products and services and assist with order tracking or updates. When the query gets complex, a human agent can take over the interaction to provide a personalized service, thanks to data provided by the CDP. In doing so, the retailer optimizes the service of agents who don't have to deal with repetitive, simple requests, providing more time to solve complex issues – all while customers feel their individual needs are met.





Seamless returns

Besides communication, our research highlights the returns process as a critical area to get right, representing a common pain point in the customer journey. Areas retailers could prioritize to address this include:

- **Transparency:** Offering clear communication about returns policies is essential, even at the pre-purchase stages of the customer journey, to avoid frustration.
- **Leveraging technology for efficiency:** Integrating technology such as AI-driven customer service can enhance the efficiency of the returns process. This technological adoption facilitates easy tracking and regular updates, simplifying the customer returns experience.
- **Tailored approaches for different personas:** Adapting returns policies to cater to various customer personas ensures that specific needs and preferences are met. This could mean expedited processing for exacting shoppers or additional assistance for social shoppers.
- **Partnerships for Returns Management:** Forming partnerships with third-party logistics providers can streamline the returns process. Utilizing a 3PL model allows retailers to benefit from the expertise and infrastructure of these specialists, offering a cost-effective and efficient solution.

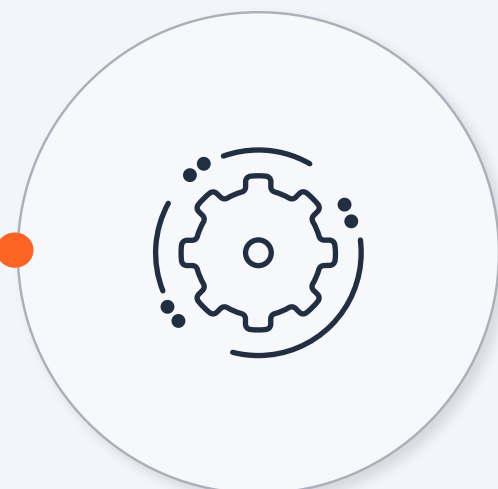


Data management

Data stands at the forefront of transforming CX. It allows retailers to refine their customer propositions and to navigate the intricacies of data security and ethical handling, ensuring a balance between personalization and privacy.

Retailers need to shift their focus from mere data collection to insightful utilization to maximize the data at their disposal. Leveraging loyalty schemes and customer interactions can unlock valuable insights into shopping habits and preferences, allowing retailers to tailor offerings and elevate the customer journey.

Fit-for-purpose data architecture, systems, and technology can help businesses fully leverage their data assets, break down operational silos, and enable a consistent, integrated approach to data utilization across the entire organization.



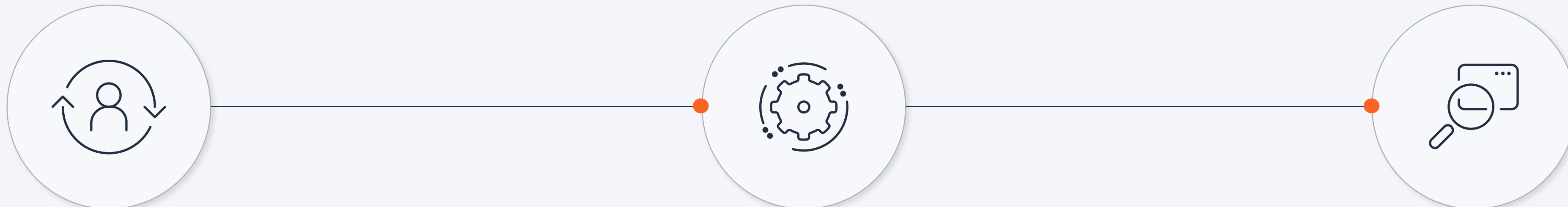
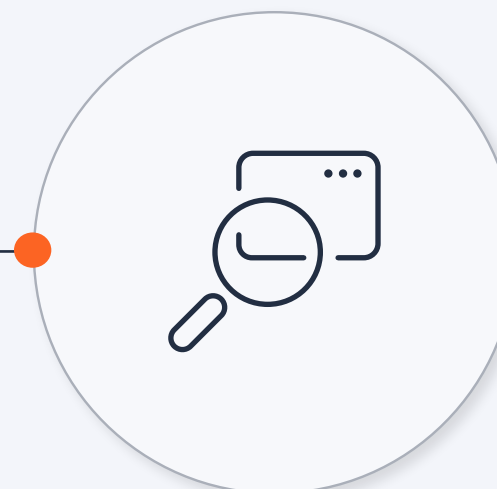
The role of ethics in data security

Data security and ethical handling are at the heart of consumer trust. Investment in data protection measures like encryption and multi-factor authentication has become common practice, and businesses that do not follow suit risk losing consumer confidence. Transparency is paramount – customers deserve clarity on how their data is managed, used, and safeguarded.

From an internal perspective, creating a culture that values data privacy and protection is essential. Regular staff training on data ethics and frequent audits and updates keep retailers aligned with technological advancements and evolving cyber threats.

Appointing a Data Protection Officer with a team equipped with advanced data analysis and management skills is a strategic move for overseeing data practices. Professionals trained in data science can interpret complex data sets, database experts ensure the integrity and accessibility of data, and specialists in machine learning, and AI can predict trends and automate decision-making processes.

In some instances, the necessary skills may lie outside the organization. In such cases, embracing external expertise through partnerships or consulting with data science and AI firms can provide the necessary impetus to data initiatives.



Conclusion

Understanding the multifaceted pain points throughout the customer journey and the different types of customers is essential for retailers who would like to enhance consumer satisfaction and loyalty.

Retailers must focus on crucial areas like operating user-friendly websites, robust data management, and delivering personalized and relevant customer experiences. They must also ensure stock availability and accurate demand forecasting to avoid customer frustrations, as our research shows loyalty can be fragile when shoppers can't find what they are looking for. Delivery options should be diverse and reliable, with clear and proactive communication throughout, especially during service delays.

Beyond delivery, effective communication stands out as a vitally important aspect of retail operations to master. Brands need to focus on less experienced online shoppers to aid reassurance, sophisticated targeting of consumer groups where data volumes permit, and on GenZ as they become more commercially significant.

In addition, maintaining the human touch in customer service remains a vital aspect of CX despite the growing preference towards digital solutions – especially for older shoppers. While personalization is desirable, it should not overshadow the need for swift and efficient problem-solving where years of building trust and loyalty can be jeopardized.

Retailers armed with these customer insights and strategies are well-positioned to transform these challenges into opportunities. They can mitigate these pain points and elevate their brands by embracing a holistic, data-driven approach, building trust, and meeting consumer expectations.

This journey towards improvement is not just a response to challenges but a strategic move towards creating more genuine connections with consumers, helping them solve real problems in their everyday lives.



Build conversational experiences with Infobip

✔ **Complete conversational experience solution**

- Customer engagement solution
- Chatbot building platform
- Contact center solution

✔ **Personalized with a customer data platform**

✔ **Powered by advanced AI and generative AI**

Contact us →



The Infobip Advantage



Global reach and local presence

- ✔ 8,000+ global connections
- ✔ Connect with over 7bn people and things
- ✔ Strong enterprise client base
- ✔ 75+ offices on 6 continents

Our local presence enables us to react faster and have everyday interactions with our customers, providing solutions in-line with their needs, local requirements and based on proven global best-practices.

Scalable, fast and flexible solutions

- ✔ Best-in-class delivery rates
- ✔ High speed and reliability
- ✔ Low latency
- ✔ In-house developed platform

Our solutions are created to adapt to the constantly changing market and communication trends at speeds and levels of precision and personalization that only an in-house solution can offer.

Remarkable customer experience

- ✔ Technical expertise
- ✔ Solutions consultancy
- ✔ Customer success management
- ✔ 24/7 support and network monitoring

We will help you to get up and running in no time, whether it's assisting with integrations, messaging best practices or solutions consultancy.

Own infrastructure

- ✔ Locally available services
- ✔ Compliance to local regulations
- ✔ 40 data centers worldwide

Our worldwide infrastructure easily scales horizontally, leveraging the hybrid cloud model to never run out of resources. Our built-in global compliance engine is constantly updated with the latest in-country regulations and operator requirements.



Juniper Leaderboard

CCaaS Established Leader 2023
CPaaS Established Leader 2023
Customer Data Platforms Established Leader 2023
SMS Firewalls Established Leader 2023
Conversational Commerce Established Leader 2023
Platinum Winner as the Best RCS Provider in 2020, 2021, 2023
Platinum Winner as the best CPaaS Provider in 2024



Gartner® Magic Quadrant™ for CPaaS, 2023

Infobip is named a Leader



Metrigy CPaaS MetriRank report

Ranked as #1 CPaaS provider 2023



Omdia Universe

CPaaS Leader 2022, 2023



IDC MarketScape

CPaaS Leader 2021, 2023



Best A2P SMS Vendor as Rated by MNOs 2017, 2018, 2019, 2020, 2021, 2022

Tier 1 A2P SMS Vendor as Rated by Enterprises 2022, 2023

Tier 1 SMS Firewall Vendor 2017, 2018, 2020, 2021, 2022, 2023

