

The US Multichannel Retailers Customer Experience Index, 2018

How US Multichannel Retail Brands Earn Loyalty With The Quality Of Their Experience

by Sucharita Kodali and Alex Causey

June 19, 2018

Why Read This Report

How well do leading multichannel retailers earn loyalty with the quality of their customer experience (CX)? This year, we reveal the complete rankings of 42 multichannel retailer brands that were analyzed as part of the US Customer Experience Index (CX Index™). We also unveil surprising trends in CX quality and the role that emotion plays in CX. Customer experience professionals can use this report to inform their ongoing improvement efforts.

Key Takeaways

Trader Joe's Is The No. 1 Multichannel Retailer

New entrant Trader Joe's takes the top spot in the US multichannel retailers ranking. The grocery store chain delivered an impressive 69 positive customer experiences for each negative one — the highest among the 287 brands featured in the 2018 US CX Index.

Multichannel Retailers As A Whole Stayed Flat

The multichannel retailer average CX Index score remained flat in 2018, with only six brands seeing a statistically significant change in score.

Feeling Appreciated, Happy, Or Valued Boost Loyalty Most For Multichannel Retailers

Eighty-nine percent of multichannel retail customers who feel appreciated will advocate for the brand, 90% plan to stay with the brand, and 86% plan spend more with the brand.

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by [Sucharita Kodali](#) and [Alex Causey](#)
with [David Truog](#), [Fiona Swerdlow](#), Sam Wolken, and Rachel Birrell
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Related Research Documents

- [Improving CX Through Business Discipline Drives Growth](#)
- [The US Customer Experience Index, 2018](#)
- [The US Traditional Retailers Customer Experience Index, 2017](#)



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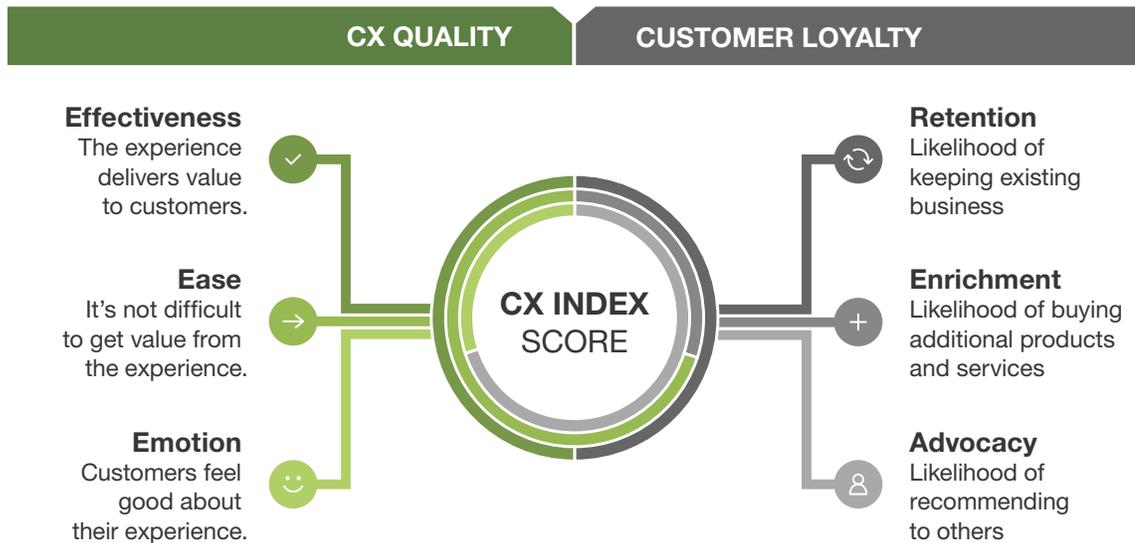
Forrester’s Customer Experience Index Methodology

Customer experience leaders grow revenue faster than CX laggards, drive higher brand preference, and can charge more for their products.¹ Based on a survey of more than 110,000 US adult customers in 2018, Forrester’s Customer Experience Index (CX Index™) methodology measures how well a brand’s customer experience strengthens the loyalty of its customers so it can reap these benefits (see Figure 1).² We use this methodology to benchmark CX quality at 287 US brands, including 42 of the largest and most important multichannel retailers (see Figure 2).

FIGURE 1 Forrester’s CX Index Is A Measure Of A Brand’s Ability To Drive Loyalty With Its Customers



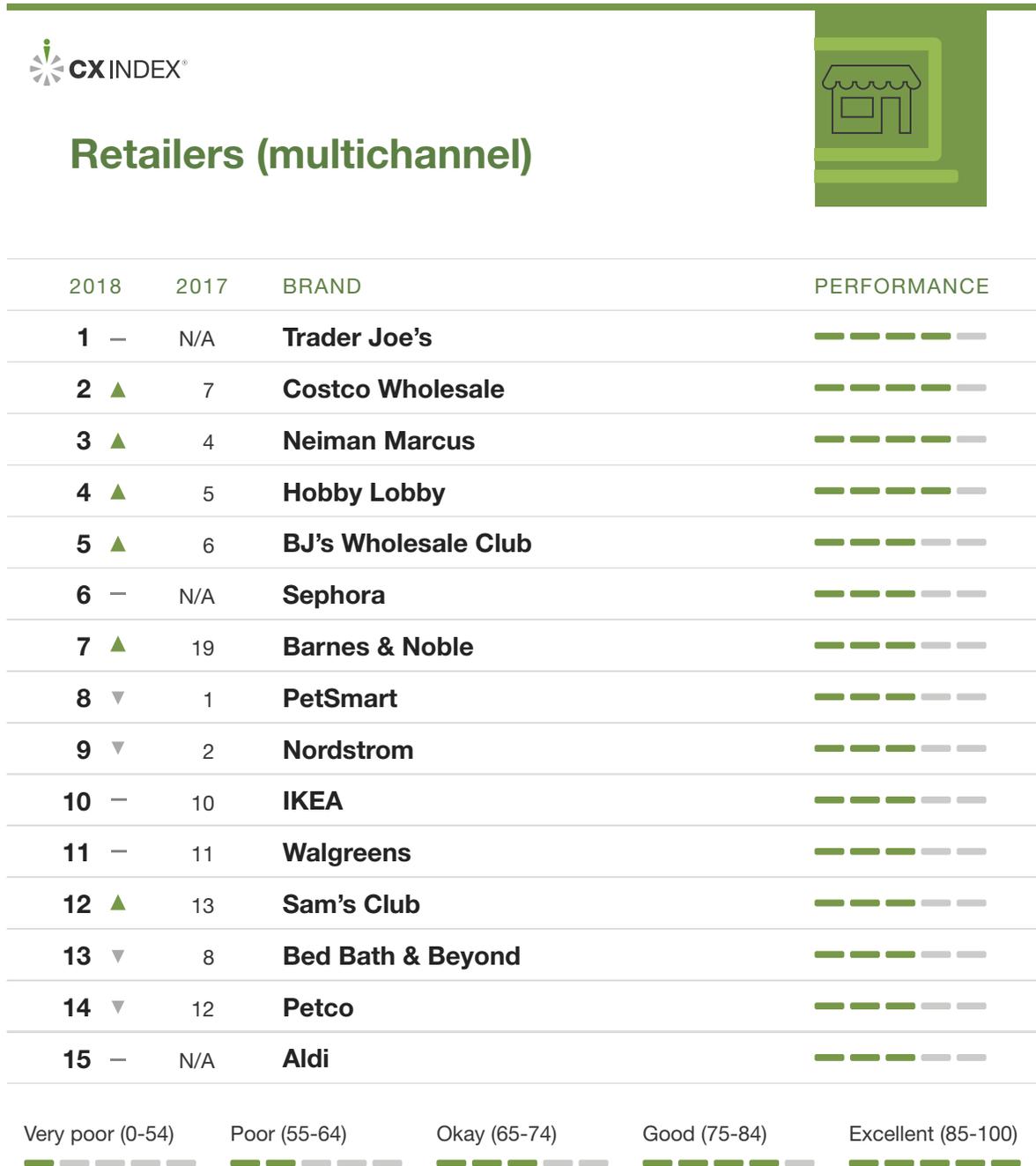
Forrester’s CX Index score measures how successfully a company delivers customer experiences that create and sustain loyalty.



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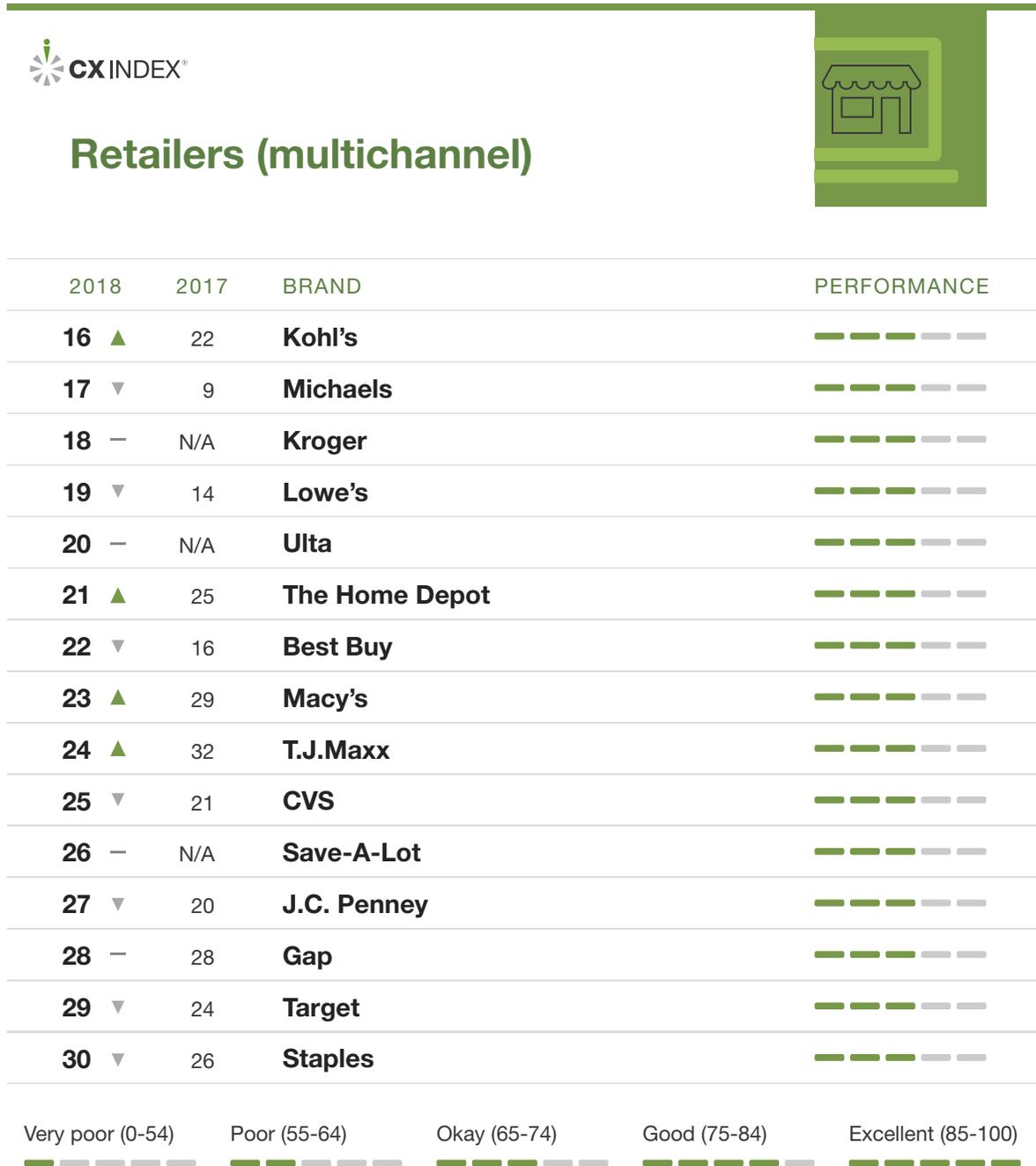
FIGURE 2 Forrester’s US CX Index, 2018: Rankings Of Multichannel Retailers



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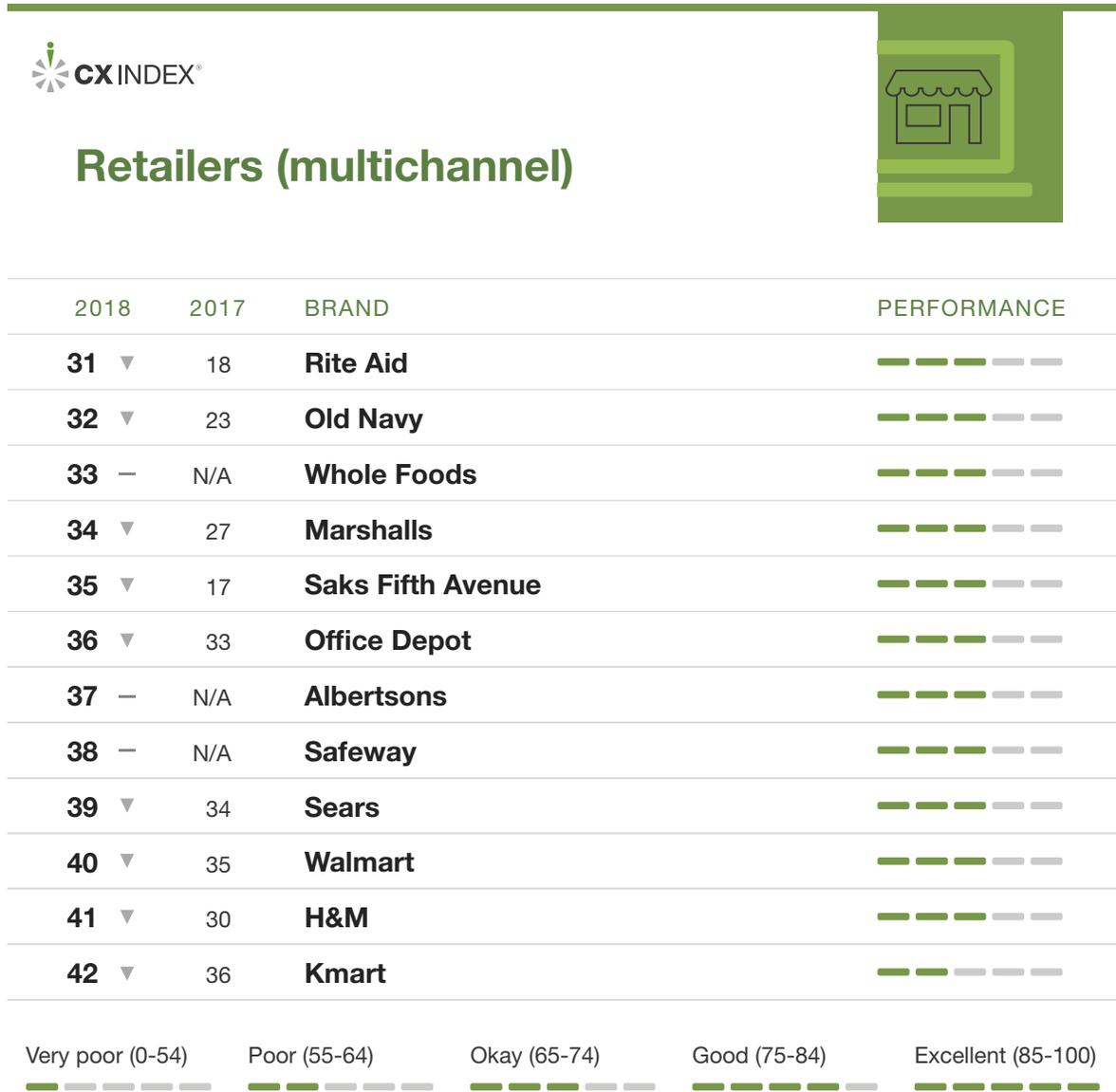
FIGURE 2 Forrester’s US CX Index, 2018: Rankings Of Multichannel Retailers (Cont.)



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FIGURE 2 Forrester’s US CX Index, 2018: Rankings Of Multichannel Retailers (Cont.)



New Entrant Trader Joe’s Snags The Top Spot

Forrester surveyed the customers of 42 multichannel retailers in the US to determine how they perceive their experiences and how CX drives loyalty. Overall, we found that:

- › **Trader Joe’s stormed into first position in the rankings.** A new entrant in the 2018 US CX Index, grocery store chain Trader Joe’s took the top spot among multichannel retailers. Eighty-seven percent of Trader Joe’s shoppers said their experience of shopping with the brand was easy, well

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ahead of the other multichannel retailers we measured in the US CX Index. It also delivered an impressive 69 positive customer experiences for each negative one — the highest among the 287 brands featured in the 2018 US CX Index. Trader Joe's small, easy-to-navigate store formats, curated assortments, cult private-label products, and friendly customer service all help deliver unique value in the hyper-competitive grocery world. One of the great ironies of its top position is that it has a rudimentary digital footprint and no owned eCommerce presence.

- › **Costco Wholesale rose five places to take second place.** A three-point improvement in its CX Index score caused Costco to rise to second place this year. The percentage of Costco shoppers who reported having effective experiences with the brand was higher than that of all the other multichannel retailers we measured in the US CX Index. The warehouse clubs all fare well in Forrester's rankings, but it's no surprise that Costco rises to the top in light of its strong product assortment, generous return policy, and recent investments in eCommerce, which have led to strong double-digit year-over-year online sales growth.
- › **Barnes & Noble vaulted up 12 places in the rankings, making it 2018's biggest mover.** The bookseller partially recovered from its 2017 dip, moving up from 19th to 7th place. That's a significant leap, given that although we removed two brands that beat Barnes & Noble last year, we also added two brands that beat it. Barnes & Noble continues to be in a dog-eat-dog fight with Amazon and other booksellers, and its stock price is at an all-time low. However, it has also diversified into categories like toys, electronics, and food services. Barnes & Noble's most loyal customers find its staff particularly helpful and its digital content and services like in-store pickup valuable. Its physical locations also help connect customers with authors like Nicholas Sparks and Chelsea Clinton at local events, which create unique loyalty opportunities that digital booksellers can't replicate.
- › **Saks Fifth Avenue tumbled 18 spots in the rankings.** A statistically significant decrease in its CX Index score caused Saks Fifth Avenue to fall 18 places in the rankings, coming in at 35th in 2018. This position is a dramatic slide, even taking into consideration the fact that we added seven brands this year that beat Saks. The luxury department store sector has struggled financially, but Saks has struggled the most because of shopper expectations of a best-in-class experience. Parent company Hudson's Bay has seemingly focused more on cost cutting and its real estate portfolio than on generating tremendous value for shoppers. This year, Saks is investing significantly in its flagship Manhattan store, which is a disproportionately large contributor to the brand's sales; in particular, it's moving its beauty department upstairs to make more room on the entry level for other brands and products.

Average CX Quality Remained Flat Year Over Year

With just six brands seeing a statistically significant change to scores in 2018, the average score across multichannel retailers remained flat in 2018. When we examined the details of the underlying scores, we saw that:

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- › **Three brands' scores improved; three got worse.** Of the 42 multichannel retailers, only Costco, Barnes & Noble, and Kohl's had statistically significant increases in their CX Index score, while Saks Fifth Avenue, H&M, and Kmart saw significant decreases.
- › **Most multichannel retailers are struggling to differentiate.** The clustering of multichannel retailers' CX Index scores suggests customers perceive little or no difference between the experiences these retailers deliver. Competition is particularly tight in the middle of the rankings, with half of the brands — from Bed Bath & Beyond to Whole Foods — all within 3.2 points of each other. This explains the volatility in those midrange rankings: It doesn't take much of a change in score to affect the rank order.

The Three E's Of CX Quality Differ By Channel

Conventional wisdom suggests that customers prefer digital experiences, so it's no surprise that companies raced early on to create entirely digital experiences to entice customers away from physical channels like call centers and brick-and-mortar locations. More recently, most have course-corrected toward offerings that better integrate digital and physical channels. When we examined how various channels performed in the three E's of customer experience for multichannel retailers, we found a mix of preferences that reflected the importance of both.

- › **Effectiveness: A brand's website is best at meeting customer needs.** Multichannel retail shoppers find using a brand's website on their computers the most effective way to meet their needs — better than live, in-person interactions, for example. Because consumers often research online even before purchasing in stores, a brand's site helps a customer “know before they go.” This information helps make the store visit more efficient as shoppers can quickly find items that they know are in stores.
- › **Ease: Talking face to face can't be beat for convenience.** Multichannel retailer shoppers said they found that speaking with someone in a store was the easiest and most convenient channel — better than online chat, for example. In a store, shoppers often have quick questions, such as asking where a product is located, and these can be most quickly answered when there is a knowledgeable store associate nearby.
- › **Emotion: Emails from the brand evoked the most positive emotions.** Surprisingly, the channel that evoked the greatest amount of positive sentiment and the least amount of negative sentiment of any channel was emails from the brand, with social media close behind. So why, even though customers say it was easy to do, would speaking with someone in-store not do as well at evoking positive emotions? We believe it's because shoppers browse less in stores since they've done more online research — and part of that research comes from email and social media recommendations, where shoppers often discover offers and products, particularly during key shopping periods like Thanksgiving and Christmas.

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The Keys To Achieving CX Leadership For Multichannel Retailers

To understand and ultimately improve the quality of their customer experience, multichannel retailers need to understand why the industry ranks the way it does. Sixty-five underlying drivers combine to determine the overall perception of CX quality by multichannel retailers' customers. These drivers fall into eight broad categories: customer service; products and service; stores; respects me as a customer; prices and fees; website and mobile app; communication; and returns, exchanges, and refunds (see Figure 3). What's more, the three dimensions of CX quality — effectiveness, ease, and emotion — are not equally important. As it turns out, emotion is key to differentiation (see Figure 4). We found that:

- › **Customer service is the most important driver category for multichannel retailers' CX.** Drivers relating to customer service have the most impact on a multichannel retailer's overall CX Index score. Unfortunately for many of the brands, on average, only two-thirds of multichannel retail customers said they had a positive experience with the customer service of the brand about which they were responding. The availability of store associates and their ability to resolve customer questions effectively drives this sentiment.
- › **Returns, exchanges, and refunds is not as important as the other driver categories.** Although this experience driver category is less important than the others we measured in the CX Index, our research into consumer preferences and our work with retailers shows that returns, exchanges, and refunds remain very important. Multichannel retail brands should be concerned about — and take steps to remedy — consumers' low satisfaction with this driver category: On average, only 64% of multichannel retailer customers had a good experience with returns, exchanges, and refunds.
- › **The top emotions that increase loyalty are feeling appreciated, happy, or valued.** What emotions lead to customer loyalty among multichannel retailers' customers? The top three are feeling appreciated, happy, or valued. On average, among shoppers who felt appreciated, 90% plan to stay with the brand, 89% will advocate for the brand, and 86% plan to spend more with the brand.
- › **Annoyance, disappointment, or frustration drive customers away most.** Making your customers feel annoyed, disappointed, or frustrated is the most harmful thing you can do to their loyalty relative to other emotions. On average, of those shoppers who feel annoyed, just 15% will advocate for the brand, 20% say they will stay with the brand, and 20% will spend more.

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FIGURE 3 The Eight Drivers Of The Quality Of US Multichannel Retailer Customer Experience

	CX driver categories, ranked by impact on CX Index™ scores for multichannel retailers	Percentage of customers who indicated that multichannel retailers performed well in the category
1	Customer service	66%
2	Products and service	65%
3	Stores	61%
4	Respects me as a customer	50%
5	Prices and fees	59%
6	Website and mobile app	75%
7	Communication	78%
8	Returns, exchanges, and refunds	64%

Base: 31,620 US online consumers (18+) who interacted with a specific multichannel retailer within the past 12 months

Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018

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FIGURE 4 The Top Three Positive And Negative Emotions That Affect Multichannel Retailer Customer Loyalty**Positive emotions**

Appreciated

Happy

Valued

**Negative emotions**

Annoyed

Disappointed

Frustrated

Base: 31,620 US online consumers (18+) who interacted with a specific multichannel retailer within the past 12 months

Source: Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018

Recommendations**Chart Your Course To CX Transformation**

Data from Forrester's CX Index proves that when customers have a better experience, their intentions to stay with a brand longer, buy more from that brand, and recommend that brand all increase. But great CX in multichannel retail is still rare. That means that there is huge financial upside for multichannel retailers that transform their CX. To start down the path to CX transformation:

- › **Craft a CX vision that aligns with your brand.** A company's CX vision provides a North Star for the organization's efforts. It aligns employees and partners to design and deliver not just a positive experience but the *right* positive experience — one that fulfills the promise of the brand.³ Customer experience professionals should start crafting their vision by developing a thorough understanding of the brand promise that they will translate into the vision. The end result should be authentic (accurately represent brand values), inspiring (galvanize customers and employees to act), and mobilizing (prescriptive and actionable). For example, Southwest Airlines checks all three boxes, with its CX vision of “dedication to the highest quality of customer service delivered with a sense of warmth, friendliness, individual pride, and company spirit.”
- › **Track your organization's progress toward CX management maturity.** To achieve exceptional CX, a multichannel retailer must master six specific CX competencies in service of its CX vision: research, prioritization, design, enablement, measurement, and culture.⁴ You can determine the level of your company's CX management maturity by taking Forrester's free [online self-assessment](#). CX pros should target a level of CX management maturity based on their company's mission, vision, and values and how vital CX is to the brand's ability to compete for customers.⁵ Maturing

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beyond that level wastes resources and reduces the ROI of CX investments. When assessing your progress, be sure to survey a wide range of stakeholders and then look for both trends and gaps across business units, roles, and levels of seniority.⁶

- › **Create your road map from current state to CX transformation.** The results of the self-assessment will guide you to the Forrester [CX transformation playbook](#) reports that are appropriate for your starting point on the path to CX maturity. Each of these reports will give you insight into the tasks ahead so that you can estimate how much time it will take you to accomplish those tasks. Your estimates will vary significantly by competency depending on its level of difficulty, your starting point, and your target endpoint. For example, if you already conduct some form of customer-centric measurement and you make a determined effort, you can establish a baseline CX measurement program in as few as nine months. At the other end of the spectrum, simply establishing a culture transformation program will probably take a year — just so you can begin the task of systematically transforming your culture.
- › **Build a business case and ROI model.** When you have a good grasp of your level of effort and timeline, you'll come face to face with the gritty details of something you no doubt suspected: Your CX transformation will be a huge commitment for your company. How can you estimate the economic benefits of your transformation? What will achieving those benefits cost? In the end, will the transformation be worth it? We've found very few organizations that know how to answer those questions in a systematic, repeatable, highly defensible way. If you want or need help in running the numbers for your company, read [The ROI Of CX Transformation](#).

How Forrester Can Help

Even a minor improvement to a brand's customer experience quality can add tens of millions of dollars of revenue by reducing customer churn and increasing share of wallet.⁷ What's more, happier customers are more willing to pay a premium price for the same products and services.⁸ When you add in other benefits of superior CX — like reduced service costs and low-cost customer acquisition through word of mouth — the ROI of even small-scale CX transformations can be jaw-dropping.⁹ CX pros can earn these benefits for their brands via a disciplined approach to envisioning, designing, and delivering a consistently high-quality experience. Forrester can help you:

- › **Understand the drivers of great CX for your brand with CX Index data.** Forrester collects CX Index data from over 200,000 consumers on almost 600 brands in 20 industries across seven markets: Australia, Canada, France, India, Singapore, the UK, and the US. Underlying data behind the CX Index can help brands identify the key drivers of a great CX for their customers. This allows you to focus on improving the aspects of experiences that matter most for driving revenue and avoid wasting time and money on those that don't move the needle.

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- › **Prove the ROI of CX transformation.** To get the benefits of improved CX, companies need to invest in areas like training, technology, and professional services. Do the benefits of CX transformation outweigh the costs and result in a positive ROI? And how can you determine that for your company? Forrester analysts working in concert with our Total Economic Impact (TEI™) group can calculate the benefits, costs, and ROI of an enterprisewide CX transformation. You can use the resulting ROI model to fuel a winning business case for CX transformation.
- › **Partner with us to develop breakaway CX.** Work with Forrester's experts to create your customized road map to CX that drives top-line growth. We tailor our data, frameworks, and best-practice research to accelerate your success.

To learn more about how Forrester can help, contact your account manager or email us at forrestercx@forrester.com.

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Supplemental Material

Survey Methodology

For the Forrester Analytics Customer Experience Index Online Survey, US Consumers 2018, Forrester conducted an online survey fielded in February through May 2018 of 110,828 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 110,828), there is 95% confidence that the results have a statistical precision of plus or minus 0.01% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. The final data set was stacked by brand (287 US brands) and weighted by age, gender, region, income, and broadband adoption to represent 215,540 weighted respondents answering for all brands. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the internet and feel more comfortable transacting online.

Bases: For each industry in 2018, the number of US online adults (18+) who interacted with a specific brand within the past 12 months is as follows: airlines: 8,450; auto and home insurers: 14,046; auto manufacturers (luxury): 5,493; auto manufacturers (mass market): 10,824; banks (direct): 7,421; banks (multichannel): 13,229; brokerages (direct): 9,088; brokerages (multichannel): 8,215; credit card issuers: 11,155; federal government: 11,649; health insurers: 12,696; hotels: 26,218; internet service providers: 8,995; OTT providers: 4,605; rental cars: 7,701; retailers (digital): 8,148; retailers (multichannel): 31,620; TV service providers: 7,529; and wireless service providers: 8,457.

For the Forrester Analytics Customer Experience Index Online Survey, US Consumers 2017, Forrester conducted an online survey fielded in February through May 2017 of 118,992 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size (N = 118,992), there is 95% confidence that the results have a statistical precision of plus or minus 0.01% of what they would be if the entire population of US adults who are online weekly or more often had been surveyed. The final data set was stacked by brand (314 US brands) and weighted by age, gender, region, income, and broadband adoption to represent 234,889 weighted respondents answering for all brands.

Bases: For each industry in 2017, the number of US online adults (18+) who interacted with a specific brand within the past 12 months is as follows: airlines: 9,123; auto and home insurance providers: 14,097; auto manufacturers: 16,118; credit card providers: 11,137; digital-only retailers: 10,275; direct banks: 7,367; direct or discount brokerages: 8,786; full-service investment firms: 7,915; health insurance providers: 12,598; hotels: 25,860; internet service providers: 10,439; mobile device manufacturers: 9,167; OTT providers: 4,529; parcel shipping/delivery providers: 2,394; PC manufacturers: 7,757; rental car providers: 7,396; traditional retail banks: 13,345; traditional retailers (stores and digital): 27,236; TV service providers: 9,014; US federal government agencies: 11,665; wireless service providers: 8,673.

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(Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the internet and feel more comfortable transacting online.

How To Get Access To Forrester's CX Index Data Analysis And Insights

Forrester's CX Index helps companies do three things. It: 1) arms you with a deep and actionable understanding of the quality of your customer experience; 2) provides competitive benchmark data so you know how you stack up against your peers; and 3) enables the ability to model which improvements will have the biggest impact on revenue and other key business metrics.

Forrester collects CX Index data on almost 600 brands in 20 industries across seven key markets (Australia, Canada, France, India, Singapore, the UK, and the US). If you wish to find out more regarding Forrester's CX Index data and services or how you can leverage the methodology, please contact your account manager or email data@forrester.com.

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Endnotes

- ¹ See the Forrester report "[Improving CX Through Business Discipline Drives Growth.](#)"
- ² See the Forrester report "[The US Customer Experience Index, 2018.](#)"
- ³ See the Forrester report "[Root Your CX Vision In Your Brand.](#)"
- ⁴ We identified these six competencies — and specific activities required within them — by interviewing thousands of organizations across industries, analyzing the brands in the CX Index, and deriving best practices from our work helping clients improve their CX.
- ⁵ For more details on planning the extent of a CX transformation, see the Forrester report "[The Five Essential Steps To Plan Your CX Transformation.](#)"
- ⁶ See the Forrester report "[Avoid These 14 CX Misconceptions.](#)"
- ⁷ See the Forrester report "[Drive Revenue With Great Customer Experience, 2017.](#)"
- ⁸ Our models showed that improving CX indirectly drives willingness to pay by increasing brand preference and trust. Other factors like elements of the price experience, exceeding customers' expectations, membership in a loyalty program, and willingness to forgive also influence willingness to pay a premium. See the Forrester report "[The Price Premium Of Customer Experience.](#)"
- ⁹ See the Forrester report "[The ROI Of CX Transformation.](#)"

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