

# Wiser Retail Benchmark: Retailers

There are four key elements that drive the customer shopping experience: people (i.e., sales associate engagement), products, “shopability” and sentiment (toward a merchant or location). A retailer’s ability to transform the customer journey from needs and wants to selections and purchases depends on its ability to execute with respect to these four metrics.

Other retail benchmarks can provide some insight into the data that businesses seek but they often lack the cognitive framework required to fully understand buyer behavior. In the world of in-store retail, this might mean asking consumers “What do you notice?” instead of relying, perhaps, on what inventory or point-of-sale data tells us.



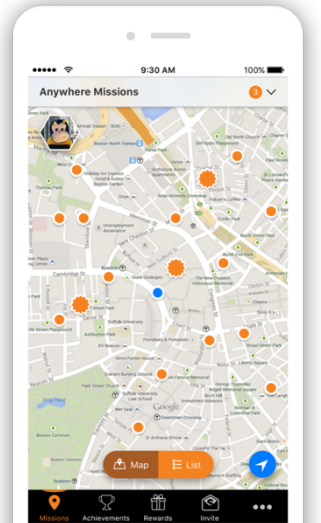
With this in mind, Wiser has created a Retailer Benchmark, which ranks 15 major retailers across our key shopping experience metrics. We’ve designed our benchmark with the retail shopper in mind – in fact, all of our data is based on our in-depth assessment of what customers interpret as “reality.”

## The Retailer Benchmark



### Data Collection

Benchmark data was collected through Wiser’s popular consumer mobile app, Mobee. Mobee uses the power of crowdsourced intelligence to collect real-time shopper insights for brands and retailers.



# The Wiser Benchmark

Using our benchmark – and the data we’ve collected since Wiser’s inception and employed in constructing it – retailers can better determine how they measure up against the competition, while brands can gain better insight into the best approaches to partnering with retailers when considering and executing go-to-market strategies.

Below is a brief overview of the metrics we included when compiling our Benchmark for Retailers, together with our ranking of the winners and losers – for now, at least – based on the element in question, as well as a sampling of the proprietary data we took into account when carrying out our analysis.

## People

It is well understood that retail sales associates can play an integral role in the shopping experience when given the opportunity. While past studies have confirmed the impact they can have on closing and increasing sales, there has been only limited research regarding how those at the front line compare across firms, industries and regions.

One example includes a Mindtree study, which found that sales increased 133 percent in electronics and consumer stores when shoppers interacted with sales associates. By the same token, purchases increased 84 percent in home improvement, 49 percent in specialty retailing, and 44 percent in department stores when an associate was somehow involved in the process.

### Winners

Best Buy  
Costco  
CVS



### Losers

Kohl's  
Dollar Tree  
Sears  
Walmart

In evaluating the often-subtle differences that are easy to miss, Wiser considered whether a customer was greeted upon entering the store, how long it took for the customer to be offered and provided with assistance, and the “hospitality” that transpired during the checkout process. These are several of the factors our analysis has shown that can favorably impact this aspect of a purchase decision.

One caveat: we fully understand that limited staffing – and, therefore, reduced associate interaction – is one means by which value retailers keep costs down. That said, further down in the report we’ve also included a benchmark assessment by “persona” (e.g., “value shopper”). For now, however, we considered the broader notion of associate interaction in calculating our overall scores.

Below is a sampling of the questions we asked to assess this metric:

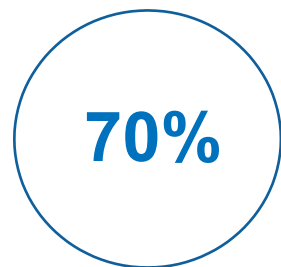
*Were you greeted by an associate when you entered the store?*

Research has shown that greeting shoppers improves their comfort levels and can have a positive influence on repeat business. Given that, it is no surprise that Best Buy and Costco ranked high on the list. Interestingly, Lowe’s fared less well, despite similar ambitions – more granular data offers some insights as to why we believe this is so. Dollar Tree, Sears and Target, meanwhile, were in the cohort of firms whose customers were least likely to be greeted upon entry.

## How long did it take for you to be offered assistance while you were browsing?

It is well understood that one of the single biggest contributors to lost sales is wait times (whether in-store *or* online). While it may seem somewhat simplistic, it is easy to conclude that a customer who is standing around in the hope of receiving assistance can only be viewed as evidence of a failure by the retailer in question.

Based on this standard, Best Buy is clearly a winner. Our data indicates that the electronics retailer's "time to assistance" rates far surpassed those of its competitors (which is likely one reason why, perhaps, it was able to regroup and stand up to the Amazon challenge). Nearly 75 percent of the customers we surveyed were offered assistance in less than three minutes, while almost half waited less than a minute!



At Dollar Tree and Walmart, in contrast, a striking 70 percent of customers were not offered any assistance at all by sales associates; the results from Kohl's and Sears were not all that much better.

## Checkout Experience

To gauge the checkout experience at the various retailers, we asked customers who were making – or who had made – purchases the following questions after their transactions were completed:

- *Did the associate thank you for shopping at this location?*
- *Did the associate ask you if you found everything you needed?*

- *Did the associate ask if you were a loyalty/rewards member?*
- *Did the associate offer you a loyalty/rewards membership?*

In conducting our assessments, we paid particular attention to the responses to the first two questions, which are key elements based on our work with a broad cross-section of bricks-and-mortar retailers. Generally speaking, most customers reported that they experienced “hospitable” checkout experiences at least 80 percent of the time, with Costco and Lowe’s positioned modestly ahead of the rest.

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However, the same did not hold true for Walmart. While the aggregate responses did not indicate that the retailer did anything wrong, per se, we found it interesting that one-third of its customers marked “other” when asked to name everything their associates communicated (the selection of that response by so many shoppers was unique to Walmart).

Of potentially greater interest to Walmart is that they were the retailer whose associates mentioned a loyalty program—either participation in or an offer to join—the *fewest* number of times. In theory, the use of “other” by shoppers could mean customers were asked about the Walmart credit card (the retailer offers customers a loyalty component to credit and debit card offerings, rather than a points-only plan), and in our shoppers’ minds, at least, this didn’t directly equate to a loyalty program. This also suggests the need to dig a bit deeper in our next round of surveys.

Interestingly, while the sales associates at Big Lots and Kohl’s had less engagement with customers than other retailers did, both ranked highest when it came to asking shoppers during checkout about their participation in loyalty programs.

It was probably no surprise to find that retailers that exhibited elevated levels of engagement, including CVS, Walgreens, and Rite Aid, all ranked quite high with respect to this aspect of the checkout experience. We found that the three pharmacy chains asked shoppers about their loyalty program participation 63 percent, 76 percent and 88 percent of the time, respectively.

# Products

Outside of margins, there are many factors that influence a retailer’s product assortment strategy, including positioning, pricing, retailing “niche,” and the socioeconomic status of its customer base. Nowadays, firms try to avoid being all things to all people – with some exceptions – and seek to provide a shopping experience that is relevant and personalized to the needs of their targeted segment.

## Winners

Target  
Meijer



## Losers

Dollar Tree  
Sears

Given this, our query strategy was more generalized than the fully customized approach we typically employ in client engagements. We kept our questions fairly simple, focusing on variety and selection as key indicators for determining the level of customer satisfaction with a retailer’s product offering.



*How does the store’s product variety compare to retailers selling similar products? How satisfied are you with the selection of products available in the store?*

Generally speaking, this aspect is assessed in two dimensions: variety and selection. Product variety represents the extensiveness or depth of product lines on offer. Perhaps not surprisingly, the winners in this subsegment were Meijer and Best Buy, followed closely by Walmart and Target. In contrast, Sears, Dollar Tree and Costco ranked lowest; shoppers noted that they had “less” or “much less” variety in comparison to similar stores.

Product selection, meanwhile, can be summed up by the following question: “How satisfied are you with the range of products that are available?” Most notable here is the fact that Costco, despite ranking lowest in variety, was seen by shoppers as having the best selection. Taken together, this suggests that the retailer’s customers are quite happy with what’s on the table despite the limited variety.



## Shopability

The use of clear and bold signage, floor and category maps, and other in-store (and online) visual cues that make the search-and-select process easier and more efficient for shoppers has become ubiquitous in recent years. If consumers don't see or can't find the products they need or want, then for all practical purposes those items are not for sale.

Equally important, research suggests that stressed shoppers simply spend less. Situational factors, such as the inability to find desired products, long lines, messy shelves, and pushy or slow sales associates, tend to foster this dynamic.

Choice-related influences, including the presence of too many brands, difficulties in comparing brands or deciding which is best, and a lack of sufficient product information, can also be detrimental. In fact, one study revealed that two-thirds of consumers surveyed said problems with the shopping experience had led them to either stop shopping or shop less frequently at a given store.<sup>1</sup>

<sup>1</sup> <https://kelley.iu.edu/doc/bloomington/faculty-research/departments/marketing/shoppability.pdf>

To assess what we characterize as shopability – the in-store conditions that make it easy for a customer to find items for purchase – we asked customers questions regarding three areas: how well stocked the shelves were, how easy it was for them to find what they wanted, and how long it took them to check out.



*How well stocked are the shelves in this store?*

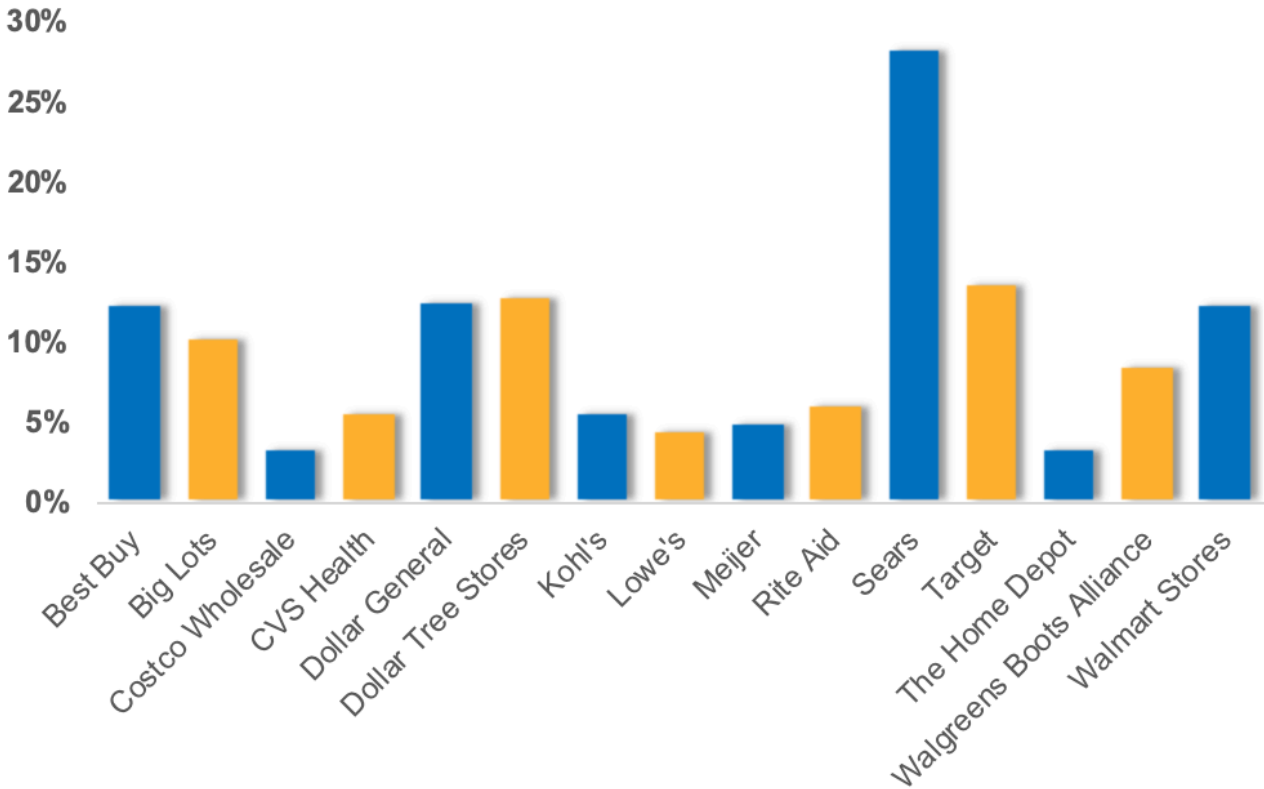
Having enough inventory on hand to satisfy customer needs has long been shown to be critical to retailing success. According to ECR Community Shrink & OSA Group, a 3 percent increase in on-shelf customer availability (OSCA) of a brand equates to a 1 percent boost in sales.

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Not surprisingly, we viewed OSCA as a key factor when scoring retailers.

<sup>2</sup> <https://ecr-shrink-group.com/page/home>

**Percentage of Time Shelves Viewed as Only 50 Percent Full (or Less)**



The reality, of course, is that always having the right amount of products on hand is the holy grail of retailing. Out-of-stocks are an intractable problem for most operators, amounting to 8.3 percent on average and 10 percent or higher for the fastest-moving items, according to research sponsored by the Grocery Manufacturers of America, The Food Marketing Institute and CIES.<sup>3</sup> The study found that nearly three-quarters were the direct result of retail store practices, including merchandising and display non-compliance issues, and cost a typical retailer approximately 4 percent of its net sales.

Still, some seem to get it more right than others. Based on our analysis, Sears was the biggest loser in this category, with shoppers noting that shelves were only half full – or less – more often than at any other retailer. Interestingly, despite Walmart's increased focus on OSCA, they ranked below Sears, Target, Dollar General, Dollar Tree, and Best Buy.

<sup>3</sup> [http://itsoutofstock.com/wp-content/uploads/2013/04/GMA\\_2002\\_-Worldwide\\_OOS\\_Study.pdf](http://itsoutofstock.com/wp-content/uploads/2013/04/GMA_2002_-Worldwide_OOS_Study.pdf)

### How easy was it for you to find the items you wanted?

The amount of effort a customer must exert to find, select and purchase an item is often a good indicator, and predictor, of brand loyalty. It might seem obvious, but when you make it easy to buy – as with Amazon’s “Buy now with 1-Click” option – consumers tend to spend more.

But there is more to it than that. According to a CEB study published in the *Harvard Business Review*, “delighting” customers alone doesn’t build loyalty; reducing the work they must do to get their problem solved does. By keeping this perspective firmly in mind, retailers can expect to improve customer service, reduce service costs, and decrease customer churn.<sup>4</sup>

Regardless, while there weren’t many big losers here, Dollar Tree and Sears were the retailers that ranked lowest.

### How long did it take from the moment you got into line at check-out and the completion of your transaction?

Another dimension of shopability we evaluated was the relationship between check-out times and the number of shoppers who purchased items at the retailers in question.

Winners in this category tended to be the value stores, including Rite Aid, Big Lots, Target, and Dollar General, while the biggest loser was Costco.

That said, it is worth keeping in mind that the data sample for this analysis was much smaller than for the previous categories (which didn’t require a customer purchase). Even so, Costco was

the only retailer where there were a handful of responses pointing to wait-times of greater than 15 minutes. This is despite the fact that Costco purportedly monitors incoming customer flow, data about which is then relayed to those in charge of opening registers, to mitigate against long wait-times.<sup>5</sup>

“They know that for a certain amount of people entering the store, within a certain amount of time, there should be a certain amount of registers open to accommodate those shoppers who are ready to check out,” a Costco employee told *Mental Floss*.

## Sentiment

### Winners

Target  
Best Buy  
Lowe’s  
Costco



### Losers

Dollar General  
Dollar Tree  
Sears  
CVS  
Rite Aid

Despite the much-talked-about growth of online shopping, a compelling 2019 study of in-store versus online shoppers revealed that consumers shell out significantly more per visit at bricks-and-mortar retailers than at their virtual counterparts. First Insight found, for example, that 78 percent of men and 89 percent of women spend \$100 or more during an in-store shopping trip,

<sup>4</sup> <https://hbr.org/2010/07/stop-trying-to-delight-your-customers>

<sup>5</sup> <http://mentalfloss.com/article/544123/secrets-of-costco-employees>

compared to 21 percent and 17 percent, respectively, of online shoppers.<sup>6</sup>

In determining how customers viewed a given retailer, we considered whether the firm in question was the “go to” retailer for the products it specialized in, the perceived value – based on price and quality – of the products it offered, overall satisfaction with its location (or locations), and the likelihood that a customer would pay a return visit to do more shopping.

Perhaps the biggest surprise we found was that Rite Aid, which has, according to the company, more than 2,500 stores in 19 states, was a loser in the “location satisfaction” category, despite being included in what would be considered a frequently-visited store segment. Similar arguments could be made for Dollar General and CVS, with 15,597 and 9,900 locations respectively.

## Deeper Analyses

We understand, of course, that an assessment of the shopping experience requires more data and insight than can be provided by the metrics detailed in this report alone. At Wiser, we know from our extensive experience working with retailers across the size, location and category spectrum that not all are created equal; a substantial majority are in the business of serving a customer base comprised of those who want to buy from them.

One strategy we use to understand and help improve retailing

performance is to evaluate clients in more granular terms, including identifying the “persona,” or shopper-type, of customers who tend to frequent or favor certain retailers or categories. Based on our research, we believe that the 15 major firms we evaluated can be segmented as follows:



For now, let’s focus on the first group, which includes retailers that operate with a simple playbook, designed to keep overhead in check and prices cheap:

- Small, no-frills stores in towns that the bigger retailers shun
- Narrow product range
- Limited staffing

Dollar General, for instance, typically sells no more than 10,000 items – a large Walmart, in contrast, might offer 10 times as many – and has only two or three employees working per shift. By keeping real estate and labor costs low, the retailer can price the vast majority of its products under \$10 and still turn a profit. According to Nielsen, shoppers spend \$13 on an average dollar-store visit, compared with \$40 at a big-box retailer such as Walmart.<sup>7</sup>

<sup>6</sup> <https://www.firstinsight.com/press-releases/71-percent-of-shoppers-are-spending-more-in-store-than-online-according-to-new-survey>

<sup>7</sup> [http://fortune.com/longform/dollar-general-billions-revenue/?utm\\_source=twitter.com&utm\\_medium=social&utm\\_campaign=social-share-article](http://fortune.com/longform/dollar-general-billions-revenue/?utm_source=twitter.com&utm_medium=social&utm_campaign=social-share-article)

With the above in mind, we benchmarked retailers based on our key measures – product selection, on-shelf availability, check-out times, product value and location satisfaction – weighted in terms of what a value shopper would care most about, and ranked them from best to worst, as follows:

## The Value Shopper's Experience



## Getting Wiser

To be sure, this sort of analysis is just the beginning. In working with retailer clients of all shapes and sizes, we ask a great many questions at the outset in an effort to understand the dynamics of any given firm, its industry segment, its target customer, and its geographic footprint, among other factors. What might prove highly beneficial for one may be less so for another.

Nevertheless, based on our experience and the data highlighted above, it seems clear that certain strategies can make a big difference to the shopping experience. Aside from asking more granular, company-specific queries – “What can Dollar Tree learn

from Dollar General?” “How can Costco gain from Rite Aid’s experience?” and “What insights can Walmart pick up from The Home Depot?” – our experience has helped us identify actions and approaches that have proved beneficial across the retailing space.

With the above in mind, following is a list of measures that both retailers and brands may want to consider to ensure their in-store execution strategy keeps them at the top of their game.



### RETAILERS:

1. Optimize the volume and impact of sales associate interactions and time to customer assistance.
2. Strike the right balance between employee tasking or engaging and the store’s level of “busyness”.
3. Monitor product and promotional display out-of-stock levels.
4. Ensure pricing and promotional accuracy.
5. Keep tabs on sentiment regarding ease of shopping, and the checkout and product



### BRANDS:

1. Ensure compliance with merchandising and promotional efforts.
2. Assess category and competitive positioning, availability, and pricing.
3. Check planograms with regard to availability, facings and adjacencies.
4. Monitor brand recommendations and the influence of sales associates on product purchases.
5. Evaluate sentiment toward products and competitor.

### ABOUT WISER

To learn more about the ways you can employ associate interaction, shopper sentiment and merchandising visibility **at scale** with Wiser’s Crowd, contact us directly at [info@wiser.com](mailto:info@wiser.com).