

In 2009, Prophet's UK office is releasing a series of reports on just how the UK customer is being treated by some of the most frequently encountered brands in the land.

These reports focus on brands in consumers' everyday lives—brands they have experience of and opinions about across different sectors.

Prophet's findings are being released in regular reports during 2009. Going forward, Prophet is also inviting broader participation in the research, details of which can be found at the end of this article.

Why are we doing this? As individual spending declines, it is becoming more difficult to get consumers to part with their hard earned cash. Consequently, the loyalty and trust they have in the brands they interact with is becoming ever more important in the battle for share of mind and wallet.

Prophet, a strategic branding, marketing, innovation, and design consultancy, believes that developing loyalty and trust today goes beyond marketing messages to the very relationship between the customer and organisation.

This relationship is fostered through every interaction with

the brand, so it needs to be nurtured and mined at all key contact points.

Furthermore, real brand value lies not only in the promises the organisation makes to its customers, but also in its ability to deliver on them. These promises are fulfilled through multiple experiences and delivered across all touchpoints at a consistent level of quality and value over time. Managed properly, they will ultimately result in deep, trust-based relationships, which generate loyalty, profits, and hence financial returns.

For certain sectors, and specifically for supermarkets where the interaction between the brand and customers is an almost everyday event, effective management of touchpoints is particularly critical. It is in these sectors that customer experience has the most impact on brand perception.

Prophet's aim for this series of investigations will be to focus on the sectors whose perception is most impacted by customer experience, using mystery shopping and our own experience and insight. We will highlight which sectors are delivering great customer experiences, which ones are not, and what lessons can be learnt to help brands survive the downturn and emerge stronger in 2010.

The Prophet Customer Experience Report: Supermarkets

Prophet's second report of 2009 examines the customer experience in the UK's supermarkets. Undoubtedly some of the nation's most familiar brands, UK supermarkets are frequently engaged in price wars against each other—particularly in these times of financial constraint—and in many of the nation's most important debates on environmental and economic sustainability.

Within this context, where product differentiation is also very difficult, the experience these supermarkets deliver to their customers goes a long way in determining which brands build and maintain public trust and hence secure successful futures.

It is a sector in which four big players—Tesco, Asda, Sainsbury's, and Morrison's—dominate with some 75 per cent of the market. Yet, it is a sector where rapid change is frequent. The recent rise of Morrison's and, to a lesser extent, Aldi and Lidl have demonstrated this.

The phenomenal change in the food retailing landscape over the last ten years clearly shows that consumers are more

than happy to change brands. That change is not just based on price, but price combined with customer experience.

Overview: Marks & Spencer Losing Ground In Food Retailing Battle

The report examines customer experiences at the UK's leading food retailer brands—Aldi, Lidl, Marks & Spencer, Morrison's, Sainsbury's, Somerfield, Tesco, The Co-op, Waitrose, and Whole Foods—and concludes that the sector, with the exception of Marks & Spencer, is continuing to improve.

Based on mystery shopping research conducted during April and May, Prophet found that Waitrose is the best performing supermarket in terms of exceeding the customer expectations of individual supermarkets. The positive news for Waitrose is even more impressive because customer experience expectations were higher than for other chains like Aldi and Lidl.

All the supermarkets were given a grade on 25 different criteria of between 1 and 5, with 1 being "exceptionally

below” expectations and 5 being “exceptionally above.” Mystery shoppers also awarded an overall score of 1 to 5 to each supermarket. This score was based on each brand’s performance relative to expected customer service for that specific brand. None of the mystery shoppers were asked to visit the supermarket at which they regularly shop. Waitrose obtained an overall average grade of 4.5, while Marks & Spencer was the only supermarket to score below the “at expectations” grade of 3, gaining a 2.5 mark.

Vanessa Cohen, partner at Prophet said, “The research is not saying that the customer experience at Marks & Spencer is below average. It’s saying that compared to what customers expect from Marks & Spencer, the customer experience is not as good as it should be. Clearly the bar is set higher for the likes of M&S and Waitrose, but while Waitrose managed to be exceptionally above expectations, M&S was a disappointment. M&S may have lagged as levels of customer expectations rise, and the performance of its rivals continues to improve.”

The full list of the grades (out of five) awarded during the research is as follows:

Waitrose	4.5
Sainsbury’s	4.2
Whole Foods	3.9
Tesco	3.5
Asda	3.3
Aldi	3.2
Lidl	3.1
Morrison’s	3
Somerfield	3
The Co-op	3
Marks & Spencer	2.5

One of the clear results to emerge is that all of the supermarkets met customer expectations for food quality and freshness. Looking in more detail, Waitrose also won plaudits for other dimensions of the experience it offers customers, including location, design and layout of stores, quality and range of products and stock levels, as well as helpful and knowledgeable staff who had a good attitude to helping customers. The only negative was the lack of a store loyalty card for those who do not have a John Lewis credit card.

Sainsbury’s also scored highly for the convenient location of its stores, the excellent design and layout, and their customer service (especially from aisle staff who were generally found to be very willing to leave what they were doing to help

shoppers find particular products). Tesco, too, scored highly for the helpfulness of aisle staff, the layout of its stores, and for their parking facilities, but came just below Sainsbury’s in terms of stock levels and the efficiency and friendliness of check out staff.

At the top end of the market, Whole Foods matched the very high levels of food quality expected, exceeded expectations of cleanliness, stock levels, and the expertise of staff, but was let down by the fact that shelves were very high, the check-out too slow, and the prices too expensive even for the exceptional quality of food available.

At the opposite end of the scale, the likes of Aldi and Lidl performed well, delivering the expected good value with a customer experience at levels to be anticipated for discount operations.

The majority of supermarkets surveyed fell in to the “slightly above” and “at expectations” categories. In all cases, the quality of products and the range of produce and their freshness matched or exceeded expectations, but indifferent or inconsistent levels of customer service, excessive queues at the check out, untidiness, and poor or dated in-store design and layout all played their part in keeping scores down.

It was, in fact, problems of stock levels and general tidiness around the stores that were the primary factors for the disappointment of the mystery shoppers who visited Marks & Spencer stores, even though the quality of the food purchased met the high standards expected.

Cohen said, “The food on sale at UK supermarkets is really good quality. No doubt about it. But customers are becoming ever more discerning about how and where they spend their money. This means that the overall customer experience is becoming more and more important. This customer experience depends on the layout, cleanliness, and tidiness of the store, but most importantly on the staff and their ability to genuinely engage with and help customers. In this respect, UK supermarkets need to work out how they are going to emulate Waitrose.”

Detailed Analysis

Aldi (3.2 Overall Score)

Some of the issues raised about customer experience at Aldi focussed on unsuitable opening hours for those who work full-time (stores generally open at 9 AM and none of the stores visited closed later than 8 PM), a confusing layout with products apparently arranged haphazardly, and little or no

signage to guide the customer. Staff disengagement was also a frequent problem.

The chain, however, was highly praised for the standard of in-store cleanliness, and although the range of products was limited, high scores were given for freshness, quality, and value for money. Although check-out staff were not found to be friendly, the service was very efficient.

Asda (3.3 Overall Score)

Asda delivered an above-expectation customer experience especially in the most important criteria, the range and quality of goods on sale. Shoppers were particularly impressed with its fruit and vegetable selection and with the attitude and friendliness of the on-floor staff.

The overall score could have been higher had it not been for the fact that goods ordered online were far from being as fresh as those available in store, and the variable service given to customers at the check-out tills.

Lidl (3.1 Overall Score)

Lidl is a rare example of a supermarket that achieved an “at expectations” score by providing a customer experience that varied widely between extreme positives and extreme negatives.

While shoppers were very pleased with the quality of food and the sheer practicality and convenience of their shopping experience, they were somewhat disappointed by the layout of stores and by the level of service and lack of communication offered by employees, a number of whom spoke very poor English.

Marks & Spencer (2.5 Overall Score)

Marks & Spencer did win praise for its focus on fair trade goods, customer incentives, and the quality of products available. Its meals were found to be of a very high standard, but this was expected of M&S.

Far too frequently, however, shoppers complained of poor stock levels and general untidiness. There were complaints on pricing, with basic items considerably more expensive than expected. Similarly, M&S did not live up to expectations when it came to the presentation of products. Items were difficult to find and badly stacked.

In some cases, unrelated items such as meals and fresh produce seemed to have been simply left together in an area of the store without customers being able to work out whether these items were on special offer, about to be put on the shelves, or being taken away.

Morrison's (3.0 Overall Score)

Morrison's scored well for its customer service, with queries being acted upon quickly and effectively; its fruit and vegetable sections; and its no-gimmicks approach to in-store marketing. Some stores, however, had a down market feel with a clear lack of integration and updating of former Safeway stores. There were also complaints about excessive clutter and narrow aisles.

Sainsbury's (4.2 Overall Score)

In most categories that the mystery shoppers looked at, Sainsbury's and Tesco obtained very similar grades. The one area where Sainsbury's consistently scored higher than Tesco was in the service provided at the check-out, where staff were found to be friendlier and more willing to engage customers in conversation, as well as more willing to help customers at the self-check-out stations. Sainsbury's online shopping experience also performed well and, again when compared to Tesco, the friendliness of delivery staff struck a chord with customers.

The knowledge of staff at specialist counters such as fish and cheese also met expectations although there was a certain amount of inconsistency here, especially when it came to advising customers on seasonal items.

Sainsbury's, and similarly Tesco, obviously have devoted considerable resources to researching optimal ways to design stores and how to light them. This clearly has an impact on shoppers who reported on the ease with which they could navigate the store and find the products they were looking for.

Somerfield (3.0 Overall Score)

Somerfield exceeded customer expectations in the price of certain products, especially cleaning products and other non-perishables. The chain also offered good customer service and a quick and efficient check-out service. The most commonly reported negative aspects were that many of the stores visited were clearly in need of refurbishment, there was a lack of fresh meat, and that the levels of discounting were so great that they created doubt in the shoppers mind about quality.

Tesco (3.5 Overall Score)

Tesco's top performing area was the layout of its stores, which—like Sainsbury's—were light and well designed, making it easy for shoppers to find the products they were looking for. As the UK's largest supermarket, Tesco was also on the receiving end of positive reviews regarding the convenient location and easy access to its stores. Positive grades were also

recorded for the knowledge of its staff and its parking facilities. The service provided at check-out, with staff being efficient but rarely engaging, and occasional stock issues, particularly for more specialist ingredients, proved to be the greatest disappointments.

As one of the few stores to offer a full online shopping service, Tesco's website was praised for its easy navigation and for its delivery service, although stock levels and consequent replacement of goods without warning proved to be stumbling blocks in achieving a higher grade.

The Co-op (3.0 Overall Score)

The Co-op's ethical nature was repeatedly praised during the research, but as this was expected, the impact on the overall grade was not significant. The convenience of its locations, opening hours, and the quality of food did, however, exceed expectations. The common complaint of poor check-out service and issues concerning layout and signage resulted in the Co-op being given an overall grade of 3.

Waitrose (4.5 Overall Score)

Waitrose was by far the best performing supermarket, achieving scores of 4 or 5 in every criteria from every shopper and gaining an overall average score of 4.5. Uniquely, Waitrose check-out staff were the only ones to appear to be enjoying their work, and were not simply efficient but genuinely engaging and friendly with customers. The stores visited obtained excellent scores for their location, the quality and range of products, stock levels, and facilities but it was the quality of service and staff knowledge that really set it apart.

Whole Foods (3.9 Overall Score)

Whole Foods, without doubt, met the very high expectations of customers in terms of the quality of food being sold, and exceeded expectations in terms of stock levels and cleanliness. Shoppers were, however, disappointed with the slow check-out and the fact that some items were on shelves that were too high to reach. The price of produce, even for the exceptional quality on offer, was also deemed to be too expensive.

UK Supermarkets—What Next?

In the UK supermarket sector, it seems that the intense competition is set to remain with room for organic growth increasingly restricted. More and more supermarkets are likely to continue expanding the range of non-food products they

offer and increase their online services.

In the long run this will make it more difficult for customers to differentiate on product and price. The choice of supermarket between a value/discount positioning that focuses on low prices and heavy promotions or a premium/quality positioning will become starker, and the market more polarised.

To survive in this environment, customer experience will become increasingly critical. Here, too, competition is fierce with a high overall standard. However, a customer experience that is above expectations may not be good enough. To continue improving, supermarkets must continue to work on understanding which touchpoints matter.

Understanding which touchpoints are most important to customers is key. How are brand opinions formed and what specifically drives customer decisions? Armed with the answers to these questions, programmes, systems, products, and processes can be built to deliver what is truly important to the customer, and supermarkets can avoid wasting money on what is not.

Getting the Basics Right

Customers' basic expectations will continue to increase. What will do today won't be acceptable tomorrow. Delivering on these "foundational experiences"—which represent the minimum standard customers expect in their everyday contact with a brand—does not define it or differentiate it but is an essential building block, and if not present, will turn them away.

Beyond this, supermarkets will need to focus less on price and more on "differentiating elements." These are important experiences, which have the potential to separate the brand from competitors. They can include things like providing on-site childcare facilities, which pleasantly surprise customers and make them feel valued.

Finally, "signature elements" are experience elements which are essential to defining the brand uniquely. Waitrose's ability to give customers a truly enjoyable shopping experience in the way that staff interact with customers is perhaps a consequence of its partnership model. It is, however, something unique that sets it apart from everyone else.

All three of these "experience" elements, however, need to be combined and delivered flawlessly to create sustainable differentiation with which it will be extremely difficult to compete.

Delivering the Necessary Change

Delivery is a challenge which all supermarkets will continue to face. Successful customer experience implementation depends

on whether or not staff at the delivery point understand it and, more importantly, feel motivated to support it. Translating marketing-speak into language relevant to front-line employees is a critical task.

Telling front-line employees they need to behave “according to the brand identity” will not light the fires of change. Supermarkets should excite employees about the contribution they make in delivering the brand promise. This entails educating them on messages to communicate to different customer groups, the behaviours and experiences customers will value, and why these messages and experiences matter.

Managing the customer brand experience across a large organisation with multiple touchpoints is extremely demanding. The key is to be clear, concise, and consistent, and support as necessary with appropriate training, processes, measures, and reward systems.

Ultimately the most reliable way to deliver excellent customer experiences is to reach the point where employees are able to decide for themselves what the “on-brand experience” is for any given situation. This behaviour is typically inspired by a vision, which excites and motivates, and in which the contribution of employees is acknowledged and respected, not enforced through management procedure.

About Prophet

Prophet (www.prophet.com) is a global consultancy that helps senior management more effectively use branding, design, marketing, and innovation to drive profitable growth. Prophet has established a successful track record with a growing roster of global companies such as American Express, Cartier, Capital One, Charles Schwab, Diageo, GE, JP Morgan, Johnson & Johnson, Kellogg's, NBC, Tata, United Airlines, and Zurich Financial.

Measuring Success

Through measurement, managers can monitor individual or team-based performance, publicly rewarding brand-aligned behaviour and encouraging a culture which embraces brand-led change. Managers can also understand how effective the different levers of experience are at driving customer perceptions and behaviour, and hence financial returns.

Conclusion

The UK supermarket sector offers a good customer experience. But the competition is intense. The need for continual improvement of the customer experience at every touchpoint be it in-store, online or on the phone, is clear. Most seem able to keep up with what customers want but even the slightest drop in standards, could quickly result in customers walking away.

Would you like to take part in future research?

Prophet is always keen to find new people willing to share their customer experiences and contribute to our ongoing research. In the months ahead we will be looking at supermarkets, fast food chains, mobile operators, and the UK's leading department stores, amongst others. If you would like your views to be heard in any of this research, or would like us to keep you updated on the results, please visit www.prophet.com/customer.

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