

New IBM Studies Reveal Brands Struggle to Meet Demands of Today's Consumers Including Members of Generation Z

98 Percent of Gen Zers with a Buying Power of \$44 Billion Still Shop in-Store

IBM Watson Customer Engagement Enables Retailers to Connect with Today's Always-on Consumer

ARMONK, N.Y., Jan. 12, 2017 [PRNewswire/](#) -- Retailers are grappling to meet the demands of consumers and must transform quickly to inspire loyalty with customers who are hopping from store to web to mobile to social, and back again, according to new research from IBM (NYSE:[IBM](#)).

IBM's [IBV study](#) of 15,000 Generation Z shoppers, which represent \$44 Billion in estimated buying power, found the following:

- Despite living largely digital lives, 67 percent of Generation Z prefer to shop in a brick-and-mortar store all the time, with another 31 percent preferring to shop in-store sometimes.
- 66 percent frequently use more than one device and 60 percent will not use an app or website if they are too slow to load.
- Gen Zers demand highly personalized interactions, value quality over price and want to be engaged with the brand across all channels.

IBM's new Customer Experience study of more than 500 brands in 24 countries shows that despite changing customer demands, businesses are struggling to deliver on the expectations of consumers. The research shows:

- Only 19 percent of retailers can provide a highly personalized digital shopping experience
- A mere 17 percent can provide more than in stock/out of stock information.
- 84 percent did not offer any in-store mobile services.

This gap between what consumers demand and what brands can deliver requires cognitive capabilities that allow retailers to take information from all types of engagement, quickly act across multiple channels and change the rules of engagement. IBM's cloud-based cognitive solutions can examine customer data and combine it with data on other critical factors such as weather patterns, pricing trends, buying behaviors, and supplier availability to deliver personalized experiences that customer demand.

"In this new era of customer engagement, what will separate the winners from everyone else is a differentiated brand experience that delivers high impact engagements with compelling personalization regardless of where the customer is," said Harriet Green, General Manager of IBM Watson Customer Engagement. "With Watson Cognitive Engagement solutions, IBM is working with retailers across globe to make these experiences a reality for millions of consumers."

IBM Watson Customer Engagement is helping leading retailers drive enduring brand loyalty with their customers:

- **HSN, Inc.:** HSN, Inc. is comprised of a portfolio of brands that offer innovative, differentiated experiences on TV, online, via mobile devices, in catalogs, and in brick and mortar stores. One of its operating segments, leading direct-to-consumer retailer HSN, uses Watson Marketing to enhance its commitment to delivering a personal and customized cross-platform customer experience. By leveraging IBM's cognitive marketing capabilities to gather data and uncover insights, HSN is able to create meaningful relationships that improve customer engagement and enhance loyalty.
- **Ermes:** The Ermes Group, the largest and most diversified retailer in Cyprus, is using IBM's cloud-based Watson Commerce pricing optimization solutions to determine which specific products in each store should be marked down due to stagnant sales, what the new price should be and when the reduction should take place. As a result, Ermes can introduce product markdowns at a price that resonates with the needs of value-seeking customers while contributing to the profits for most of its key retail locations. Since going live with IBM, Ermes has significantly streamlined its retail pricing strategy while increasing profits.
- **1-800 FLOWERS.COM:** GWYN (Gifts when you Need) is a Watson powered gift concierge. Since launching GWYN less

than a year ago, 1-800 Flowers.com has noticed a distinct change in customer behavior. There has been a measurable increase in customer engagement that comes from GWYN helping to find the perfect gift across the company's family of brands. Because of the value GWYN provides, consumers are willing to devote more time to the process, asking on average five questions per session and interacting with GWYN for more than two minutes. 80% of consumers who tried GWYN said they would use the service again.

IBM Watson Customer Engagement

IBM powers a full spectrum of cognitive engagement offerings delivered as a service and on premise for thousands of retailers worldwide including: [Amadori Group](#), American Eagle Outfitters, [Boots](#), Ermes, hhgregg, Luxottica, [Moosejaw Mountaineering](#), Office Brands, [Performance Bicycle](#), REI, [Sherwin Williams](#), [The Clorox Company](#), [The North Face](#), The Works UK, and William Sonoma. You can hear more about how the **Home Depot** and **Luxottica** are using IBM Watson Customer Engagement solutions from a [recent panel discussion](#) with IBM's Harriet Green.

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1. IDG: New Research Shows Brands Struggle with Online Commerce Even as Its Importance Grows
2. <https://www.entrepreneur.com/article/238998>
3. <http://www.marketwired.com/press-release/deep-focus-cassandra-report-gen-z-uncovers-massive-attitude-shifts-toward-money-work-2004889.htm>

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