



2020

Retail Reputation Report

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Executive Summary

Overview

Einstein said, “The definition of insanity is doing the same thing over and over again and expecting different results.” It’s time for retailers to heed that warning. While most retailers understand the importance of providing exceptional customer experience, many still aren’t really listening or taking action on customer feedback. That’s a problem — 92% of customers trust peer recommendations over traditional advertising. If you’re not in tune to what people are saying about your brand, you’ll lose business to other retailers who are.

92%

OF CUSTOMERS TRUST PEER
RECOMMENDATIONS OVER
TRADITIONAL ADVERTISING.

Although brick-and-mortar retailers still own the majority of the retail market as a whole, eCommerce giants like Amazon are chipping away at their share. Consumers spent \$517.36 billion online in 2018 — a 15% increase from 2017. Nearly 40% of that went to Amazon. Shopping online is easy, convenient, fast and in many cases cheaper; the only thing that will keep consumers walking into storefronts is the experience. **That’s why customer experience (CX) has become the most important differentiator for retail brands.**

Today’s customers expect personalized, convenient service and great experiences whenever they engage with your brand — **and seven in 10 will spend more money to do business with a company that delivers.** To compete — and in some cases, survive — retailers must remove friction from purchase and return processes and create immersive, experiential retail experiences. But to do this, tuning in to and taking action on customer feedback is essential. Brands must look to the unstructured, unsolicited feedback that exists on review sites and social media — the “data in the wild” that holds the key to a retailer’s ability to stay competitive in the Feedback Economy.

Why this Report Matters

The 2020 Retail Reputation Report gives the major retailers included in the study actionable insights into their strengths, and opportunities for operational improvement based on direct customer feedback provided online. It reveals which retailers are leading and which are lagging in terms of online reputation, as well as key service metrics as expressed in the unfiltered — and public — voice of the customer in reviews on Google, Facebook and other review sites across the web.

The 2020 Retail Reputation Report has significant business implications for retailers. We found a strong correlation between a brand's Reputation Score — an industry index of visibility and customer sentiment on the web — and retail store sales growth.



The best way to fully understand on-site customer experience is to apply AI, natural language processing and machine learning to the vast cloud of unprompted, unstructured data on the social web.

Dr. Brad Null

Chief Scientist, Reputation.com



3X

Retailers who improved Reputation Score the most had 3X higher sales growth, year-over-year.

Retailers with a Higher Reputation Score
See Increased Sales Volume

Scope of Analysis

To create the 2020 Retail Reputation Report, Reputation.com's data science team applied machine learning and sentiment analysis to unstructured text from consumer reviews on Google and Facebook for 100 leading retailers. The reviews were posted in 2019. The analysis also takes into account data from business listings, social media, search results and customer engagements. **We organized the data into three categories of customer experience — frictionless shopping, authentic relationships/brand promise and environment — offering a direct comparison by sector.**

For this report, retailers have been organized into 11 distinct sectors, including Apparel, Big Box, Department Stores, Discounters, Consumer Electronics, Grocery Stores, Health and Beauty, Home Furnishing and Improvement, Specialty Stores, and Sporting Goods and Apparel.



33K

We analyzed unstructured data from reviews and social commentary across more than 33,000 locations for 100 top U.S. retailers.

Key Findings

- 1. Retailers who improved their Reputation Scores the most had 3X higher sales growth than the bottom performers.** Of the retailers included in our study, those who manage their online reputations achieve higher sales volume than those who don't. The 10 retailers who improved their Reputation Scores the most realized a 2.25% average increase in sales growth year-over-year, whereas retailers who saw little or no improvement to their scores had minimal increases in sales volume (less than 1% on average). This amounts to 3X higher sales growth for the top 10 performers.
- 2. Jewelers and consumer electronics retailers need to step it up.** Several of the brands who sell jewelry exclusively, such as Jared and Zales, as well as mobile device such as Verizon, AT&T, Apple and others have lower-than-average reputation scores. This could be a problem for these brands who will be competing for shoppers who have a lot of options.
- 3. Trader Joe's and LEGO Store swapped places, but still topped the chart.** These retailers ranked #1 and #2 in our study for the second consecutive year.
- 4. Drugstores need reputation help.** All three retailers in this sector — Walgreens, CVS and RiteAid — ranked in the bottom five in our study. By contrast, specialty stores such as Disney and Michaels, and department stores such as Nordstrom and Kohl's, outperformed others.
- 5. Retailers are missing out by tuning out.** Most retailers in our study are not responding to third-party reviews, particularly negative ones. By not responding to reviews, retailers are missing opportunities to learn from feedback, and demonstrate to customers and the public at large that they are willing to address bad service and take steps to make up for a negative experience. In the long-term, and as reputation management continues to increase in importance, not responding to customer feedback will negatively impact customer sentiment and brand perception.



2%

Average response rate to
negative reviews.

Reputation Scores for Top 100 U.S. Retail Brands

Reputation Scores for Top 100 U.S. Retail Brands

Rank	Brand	Avg. score	Avg. review volume last 12 months	Avg. star rating last 12 months	Avg. review response to complaints
1	Trader Joe's	642	367	4.62	0%
2	The LEGO Store	640	194	4.60	0%
3	Bass Pro	636	924	4.51	0%
4	Costco	630	943	4.52	0%
5	Wegmans	625	574	4.61	0%
6	Disney Store	623	198	4.49	0%
7	Bath & Body Works	616	96	4.55	0%
8	Nordstrom	616	366	4.31	51%
9	Ace Hardware	611	69	4.49	5%
10	Barnes & Noble	615	395	4.53	0%
11	Hobby Lobby	606	364	4.49	0%
12	Nordstrom Rack	605	247	4.17	79%
13	Red Wing Shoes	601	33	4.43	4%
14	Pearle Vision	590	12	4.37	6%
15	Hot Topic	590	130	4.36	0%
16	Fossil	589	113	4.52	0%
17	Cabela's	583	868	4.35	0%
18	Victoria's Secret	579	117	4.37	0%
19	Michael's	576	255	4.35	0%
20	Under Armour	572	89	4.33	0%
21	Ikea	567	1962	4.30	1%
22	Skechers	559	95	4.28	9%
23	Ulta	556	98	4.23	21%
24	Boot Barn	555	79	4.33	0%
25	Levis	555	112	4.27	0%
26	Kohl's	555	244	4.22	3%
27	Bed Bath & Beyond	554	168	4.26	0%
28	GameStop	553	69	4.29	0%

Reputation Scores for Top 100 U.S. Retail Brands

(Continued)

Rank	Brand	Avg. score	Avg. review volume last 12 months	Avg. star rating last 12 months	Avg. review response to complaints
29	TJ Maxx	552	158	4.26	0%
30	Nike	550	278	4.27	0%
31	American Eagle Outfitters	549	38	4.24	0%
32	Dillard's	549	254	4.22	2%
33	DSW	549	99	4.19	0%
34	Adidas	549	152	4.22	0%
35	Ralph Lauren	547	89	4.23	0%
36	Neiman Marcus	545	147	4.31	0%
37	Coach	544	74	4.39	0%
38	Anthropologie	544	28	4.34	0%
39	Whole Foods	543	166	4.23	15%
40	Hollister Co.	541	70	4.24	0%
41	AT&T Wireless	535	31	4.19	20%
42	H&M	534	120	4.18	0%
43	Aerie	534	38	4.25	0%
44	Williams-Sonoma	534	28	4.29	0%
45	Banana Republic	532	62	4.23	0%
46	Michael Kors	531	49	4.28	0%
47	The North Face	530	101	4.17	2%
48	Ross Dress for Less	529	224	4.14	0%
49	Old Navy	527	108	4.13	0%
50	Belk	526	179	4.22	0%
51	REI	522	94	4.50	0%
52	Dollar General	519	83	4.12	0%
53	Macy's	518	550	4.11	0%
54	Best Buy	518	650	4.18	5%
55	J.C. Penney	518	268	4.09	0%
56	Aeropostale	517	47	4.21	0%

Reputation Scores for Top 100 U.S. Retail Brands

(Continued)

Rank	Brand	Avg. Score	Avg. review volume last 12 months	Avg. star rating last 12 months	Avg. review response to complaints
57	Saks Fifth Avenue	515	144	4.22	0%
58	The Vitamin Shoppe	513	13	4.29	0%
59	Athleta	511	11	4.35	0%
60	Express	511	31	4.00	11%
61	Vera Bradley	510	27	4.29	6%
62	Justice	503	17	4.16	0%
63	Gap	500	66	4.23	0%
64	Target	496	60	4.23	0%
65	Kate Spade	495	35	4.15	0%
66	Publix	490	133	4.43	0%
67	Foot Locker	488	38	4.10	0%
68	Urban Outfitters	488	82	3.97	0%
69	Lowes	487	353	4.11	0%
70	J. Crew	485	24	4.17	0%
71	Lululemon Athletica	483	17	4.22	0%
72	Abercrombie & Fitch	479	56	4.00	0%
73	Sears	460	177	3.83	7%
74	Apple Store	456	265	3.82	0%
75	Finish Line, Inc	441	28	3.82	7%
76	West Elm	441	31	3.83	0%
77	Dick's Sporting Goods	438	94	3.95	1%
78	Pottery Barn	437	37	3.89	0%
79	Steve Madden	437	96	4.16	0%
80	Sam's Club	433	211	4.25	0%
81	Sephora	425	32	3.77	0%
82	Walmart	422	654	3.68	0%
83	Staples	417	36	3.99	0%

Reputation Scores for Top 100 U.S. Retail Brands

(Continued)

Rank	Brand	Avg. Score	Avg. review volume last 12 months	Avg. star rating last 12 months	Avg. review response to complaints
84	Signet Jewelers	408	11	4.15	0%
85	Saks Off 5th	407	104	4.00	1%
86	Home Depot	396	209	4.09	0%
87	Burlington	382	20	3.23	0%
88	Marshalls	377	148	4.25	0%
89	Kay Jewelers	374	12	4.10	0%
90	Kmart	363	27	3.12	0%
91	Patagonia	353	60	4.43	3%
92	True Value Hardware	353	34	4.25	2%
93	Jared	312	21	4.03	0%
94	Office Depot	311	27	3.85	2%
95	Zales	311	22	3.85	1%
96	Verizon	299	49	4.11	16%
97	Walgreens	268	6	2.84	0%
98	Kroger	255	133	4.12	0%
99	CVS	249	7	2.83	0%
100	Rite Aid	215	3	2.99	1%



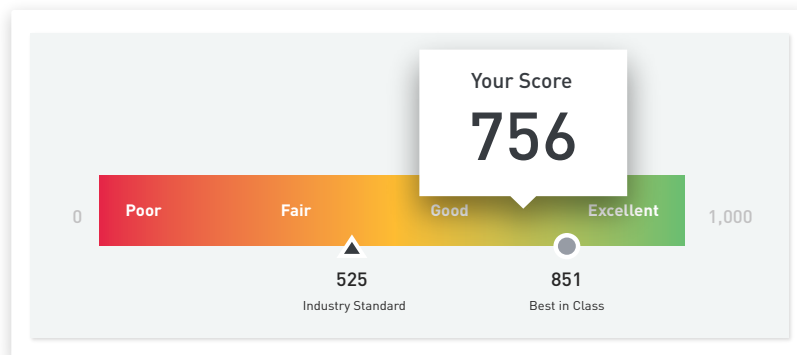
Reputation.com helps us understand the world of feedback. NPS is a good number, but it's an incomplete data stream in that it doesn't give you enough qualitative information about customer sentiment and experience. By contrast, Reputation.com provides feedback from across the omnichannel spectrum and enables us to communicate on outlets such as Google My Business. By doing this, we can more effectively maintain stewardship over our reputation.

Doug Zarkin

VP and CMO, Pearle Vision

What's Your Reputation Score?

Measured on a scale of 0 to 1,000, the Reputation Score is a comprehensive index of the digital presence of retail locations in over 70 industries. It is calculated based on nine factors that reflect and impact consumers' retail banking experiences and opinions, online and on-site.



- Star Average
- Review Volume
- Review Recency
- Review Length
- Review Spread
- Review Response
- Search Impression
- Listings Accuracy
- Social Engagement



500

Average Reputation Score for the
Retail industry is 500 out of 1,000.

How is the Retail Industry Performing Overall?

Retail Reputation Scores are at the Lower End

Compared to the industries Reputation.com has studied, this is on the lower end, and is significantly lower than last year’s average score of 552. Yet, Retail’s average star rating is higher than that of most industries, at 4.1.

A potential reason for a lower than average Reputation Score is a lack of processes for responding to reviews. In striking contrast with companies in other industries, retailers tend to not respond to negative feedback. Retailers in our study respond to just 2% of negative reviews, on average, compared with 70% for Real Estate companies, 69% for Auto Dealers and 66% for Dining establishments. Additionally, Retailers have a low average monthly volume of reviews which our research shows directly impacts Google search rankings.

Retail vs. Other Industries

Industry	Reputation Score	Star Rating Last 12 Months	Reviews per Location Last 12 Months	Response Rate to Negative Feedback
Auto Dealers	607	4.4	263	69%
Hospitality	605	4.2	609	23%
Dining	584	4.0	444	66%
Real Estate	571	4.0	45	70%
Retail	500	4.2	170	2.8%
Healthcare	401	3.6	14	48%
Finance	367	3.0	5	15%

Performance by Sector

Our data science team segmented the data by industry sector to provide a competitive benchmark for the brands included in the study. There were some striking differences between sectors.

- **Specialty Stores** topped our chart, with The LEGO Store, Disney and Hobby Lobby all landing a top-10 spot. Michaels was close behind, ranking 16.
- **Department Stores** fared well overall, with many in the top 25, and the highest average Reputation Score of all sectors at 534.
- **Discounters**, such as Nordstrom Rack, TJ Maxx and Saks Off Fifth had the highest overall engagement score, with a 9.2% response rate to negative feedback.
- **Grocery Stores** had the highest average star rating, at 4.4 stars.
- **Consumer electronics had highs and lows.** AT&T outperformed Verizon by a significant margin for Reputation Score, average star rating, sentiment, visibility and engagement. Whereas AT&T had an average Reputation Score of 535, Verizon came in at just 299. Apple split the difference at 456 with a high sentiment score (59%) but a very low engagement score (5%).
- **Jewelry Retailers** performed poorly, with the exception of Signet Jewelers. Zales had an average Reputation Score of just 311 and an average star rating of 3.85 stars.
- **Drugstores**, as a sector, performed poorly across the board. All three brands included in our study (Walgreens, CVS and RiteAid) were in the bottom five for Reputation Score and average star rating. CVS had the lowest overall star rating at 2.83 stars, and RiteAid has the lowest Reputation Score at 215.

Performance by Sector

Industry	Avg. Score	Avg. review volume last 12 months	Avg. star rating last 12 months	Avg. review response to complaints
Specialty	541	210	4.33	0.33%
Department Stores	534	259	4.17	7.05%
Sporting Goods and Apparel	525	236	4.24	0.81%
Apparel	520	70	4.21	0.75%
Grocery	511	275	4.40	3.00%
Home (furnishing / improvement)	487	321	4.17	0.80%
Footwear and Accessories	484	55	4.22	1.34%
Consumer Electronics	472	213	4.12	8.14%
Big Box	469	379	3.96	0.06%
Discounters	434	138	3.59	9.70%
Health/Beauty	429	33	3.73	3.56%

Jewelers and Consumer Electronics Need to Step It Up

Brands in two key market sectors — jewelers and consumer electronics — need to focus on CX or risk losing sales volume to competitors.

In our analysis, Jared and Zales had very low Reputation Scores (312 and 311, respectively). Zales' average star rating was only 3.85. Like most retailers, these brands don't respond to reviews, but additionally, they scored low on key service metrics, such as affordability, product quality, speed of service and manager interactions. With leading department stores such as Nordstrom and Kohl's offering a wide selection of fine jewelry, these jewelers have to compete on key service areas to capture their share of the business. In most cases, it's the experience alone that prompts consumers to leave department stores and visit a specialty retailer for this type of purchase. Failing to deliver can have significant impact on sales volume.

For consumer electronics brands — particularly those who sell smartphones and accessories such as Verizon, AT&T, Apple, T-Mobile and Sprint — direct and fierce competition necessitates exceptional service delivery. Verizon, in particular, needs to up its game. With an overall Reputation Score of just 299, it will need to completely overhaul the customer experience to compete with AT&T, whose score is 535. AT&T also responds to 20% of negative reviews — by far one of the highest engagement scores among retailers in our study.

311^{points}

JEWELERS SHOULD ENGAGE WITH CUSTOMERS TO INCREASE SCORES.

299^{points}

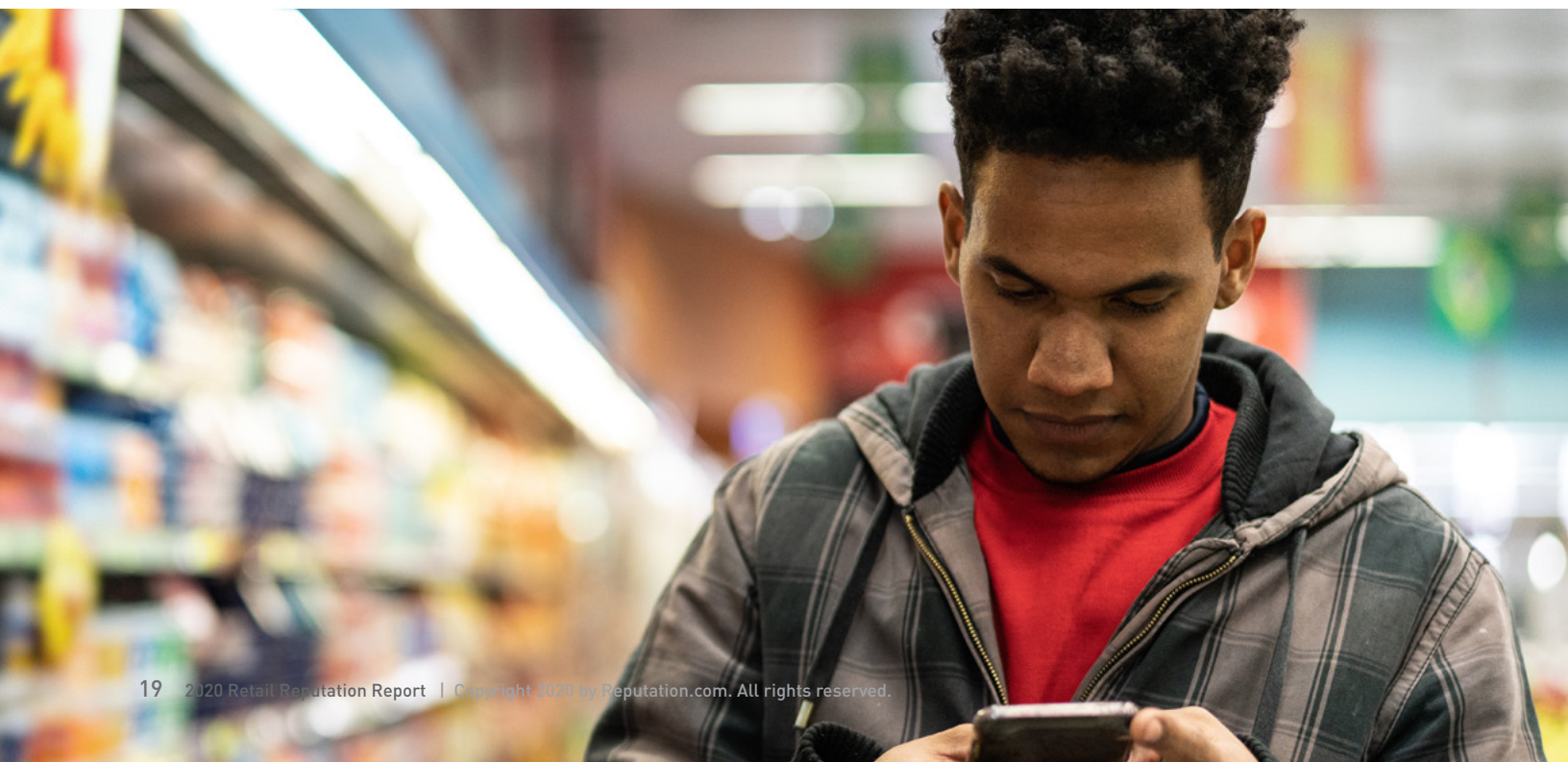
VERIZON MUST CHANGE ITS CX STRATEGY TO COMPETE WITH AT&T AND APPLE.

Frictionless Experience, Brand Promise and Environment

As a key part of this analysis, we looked at 16 key service metrics and grouped them into the following three categories:

- **Frictionless Shopping:** This category includes Speed of Service, Manager, Sales Assistant/Staff, Cashier, Competence, People and Courtesy.
- **Authentic Relationships/Brand Promise:** This category includes Product Quality, Affordability, Availability/Selection, and Food.
- **Environment:** This category includes Cleanliness, Appearance, Product Categorization/Organization, and Parking/Facilities.

Our analysis sheds light on how the various retailers in this study perform in each of these categories.



Who Delivers a Frictionless Experience?

Creating a frictionless experience for consumers is critical for success in the Feedback Economy. Amazon has led the charge in delivering a frictionless experience, with ample product choice and availability, next-day deliveries and easy returns. Removing friction from the in-store experience, however, involves other factors, such as staff and management interactions, and speed of service. Retailers attempt to remove friction from the buyer's journey using various tactics and initiatives, such as no-hassle returns, curbside pickup and self-checkout.

Top 5 Brands		Overall Frictionless Experience
1	Trader Joe's	66%
2	True Value Hardware	53%
3	Bath & Body Works	51%
4	Ace Hardware	50%
5	Wegmans	50%

Winners in this category include Trader Joe's, who scored high on all key factors. Other front runners include Hobby Lobby, Bass Pro, Disney, The LEGO Store and Costco. Hot Topic also deserves a mention, coming in among the top five for Speed of Service and Manager.

Scoring lowest in this category were drugstores, with RiteAid in the bottom five for five of the seven metrics. This is somewhat surprising, given the recent trend among drugstores to offer ancillary services such as expedited refills, wellness and drug disposal programs, health-focused events and clinical services such as flu shots.

Who is Authentic and Delivers on Brand Promise?

Regardless of the shopping experience, consumers want to get what they pay for. Does the service or product deliver on the promises made by the brand?

Top 5 Brands		Overall Authenticity/Brand Promise
1	Trader Joe's	85.25%
2	Carter's	80.05%
3	Wegmans	78.32%
4	Marshalls	76.67%
5	TJ Maxx	75.42%

The winner in this category was Trader Joe's, who scored in the top five for all four metrics. Signet Jewelers scored high for two of the metrics, as well, breaking away from its lower-scoring direct competitors. TJ Maxx also ranked high in this category, landing a top-five spot for "Product Quality" and Availability/Selection.

Scoring among the lowest in this category were RiteAid, Walgreens and Ikea, among others. Affordability and Availability seem to be the area in which these retailers are falling short of customer expectations. CVS, for example, scored just 6% for Affordability, with RiteAid coming in at -6% and CVS at -9%. Perhaps the new services offered in their stores are pushing price points higher, as they attempt to ramp up staff and promote those new services.

Who Provides the Best Shopping Environment?

The environment in a retail location can turn a shopper into a customer or drive them out the door. It can also entice people to come to your store, rather than simply order something online — and that provides an opportunity for your sales staff to add value. Everything from lighting and music, product presentation and displays, appearance and cleanliness, and even parking contribute to the shopping experience. Certain retailers do all of this well.

Top 5 Brands		Overall Environment
1	Publix	77.79%
2	Disney Store	73.39%
3	Wegmans	73.08%
4	Barnes & Noble	72.49%
5	Hobby Lobby	72.14%

Winners in this category were from different segments. Ranking at the top for the four metrics are Publix, Nike and Costco. Department stores and discounters did well in the category, too, as well as Whole Foods, who scored in the top five for Appearance and Parking/Facilities. Two competitors, Nike and Foot Locker, ranked highest for “Cleanliness.”

The brands coming in last for Environment include Walmart, Steve Madden, Staples, Jared and True Value Hardware, among others. Brands in this category should focus on product organization and presentation — and rethink and improve upon how products are displayed.



Tune In and Take Action

Reputation management is an ongoing endeavor — you can't set it and forget it. Consumers' expectations around CX are constantly evolving, and to keep pace, retailers must tune in and take action. Putting the right technology in place to support the following activities is essential for ensuring a stellar reputation — online and in-store:

- **Update and maintain business listings.** Google owns over 88% of the search market, so a strong Google presence is critical. Start by auditing and claiming all of your locations' business listings, then make sure they're accurate and complete. A reputation management platform like Reputation.com can make this process seamless and automatic, ensuring your business listings are never outdated or incorrect, and that your Google presence is optimized for higher rankings and visibility.
- **Generate review volume.** The more reviews you have, the better. Reviews are a key factor in Google's algorithm for local search rankings, and 84% of customers trust online reviews as much as a personal recommendation when evaluating a business. Increasing review volume also boosts star ratings, as research shows that when you request reviews, they tend to be more positive. The lowest performing brands in our study had low average monthly review volumes, presumably because they're not proactively requesting reviews. When you leave reviews to chance, it's likely that only unhappy customers will write them. Implement a process for consistently asking for reviews from every customer to build volume and increase your ratings and rankings.

- **Monitor and respond to reviews.** Understanding customer sentiment is critical to delivering a positive customer experience. Insights from online reviews help brands improve operations, as well. It's also critical to respond to reviews — particularly negative ones — to demonstrate a commitment to customer satisfaction and a customer-centric focus. A reputation management platform like Reputation.com makes it easy to monitor all reviews for all locations across the web, and respond appropriately in a timely manner.
- **Engage on social channels.** Like reviews, social commentary contains a wealth of unstructured data that, when analyzed, reveals critical insights about customer sentiment. Moreover, engaging via social channels with local communities builds customer loyalty and enables you to provide targeted content and advertising that helps drive traffic to your stores. An online reputation management platform such as Reputation.com can help you consistently monitor and engage in social conversations about your brand. It can also help you organize, manage and disseminate relevant social content, while enabling you to glean important insights from social commentary.
- **Take action on customer feedback.** To take action, you need insights — such as those provided in this report. With more than 20 patents and over a decade of experience in AI and machine learning, Reputation.com can help you leverage CX insights to keep your locations on-track and ensure your online presence showcases the exceptional CX you provide.



Consumers have many choices, and brick-and-mortar retailers are at high risk for going out of business if they don't deliver on expectations for a frictionless and satisfying shopping experience. Paying attention to customer feedback and the insights Reputation Score can provide is absolutely essential for a retail brand's ability to survive and thrive.

Joe Fuca

CEO, Reputation.com

About Reputation.com

Reputation.com, Inc., based in Silicon Valley, pioneered online reputation management (ORM) technology for the enterprise market in 2006. With its SaaS platform, Reputation.com's patented technology has managed tens of millions of consumer reviews and consumer interactions across hundreds of thousands of online points of presence for global companies spanning 77 industry verticals. Most recently, Reputation.com was ranked No. 1 in Enterprise Online Reputation Management in G2's Fall 2019 report.

Reputation.com is pleased to offer your team a complementary diagnostic review of your Reputation Score and the nine components that comprise it.

To request your deep-dive diagnostic, please contact Claudia Gerbasi, Managing Director, Retail, at cgerbasi@reputation.com.

