Carina Perkins, Suzy Davidkhanian, and Sarah Marzano

The Weekly Listen: What's next for Amazon as it turns 30, Toys 'R' Us's all-AI ad, and why customer experience is so low

Audio

On today's podcast episode, we discuss what Amazon has planned for its thirties, the all-AI ad that sparked a debate about the future of marketing, why customer experience is historically low, the most impactful AR feature in retail, what animal can fly backwards, and more. Tune in to the discussion with our vice president of content Suzy Davidkhanian and analysts Sara Marzano and Carina Perkins.

Subscribe to the "Behind the Numbers" podcast on Apple Podcasts*,* Spotify*,* Pandora*, Stitcher*, YouTube*, Podbean or wherever you listen to podcasts.* Follow us on Instagram*.*

Episode Transcript:

Marcus Johnson (00:00):

eMarketer is your trusted partner for actionable data and insights on marketing, advertising, commerce, and more. But did you know eMarketer also has a division focused on B2B media solutions? You could partner with eMarketer today and connect your brand messaging with our powerful audiences. Visit emarketer.com/advertise to learn more.

(00:20):

Hello, everyone, and thanks for hanging out with us for the Behind the Numbers Weekly Listen, an eMarketer podcast. No video today, but we will have video for you next week for the Weekly Listen. But this is still the Friday show that was just told it can borrow Carina's horse so I can compete in show jumping. Right, Carina?

Carina Perkins (00:38):

Sure.

Suzy Davidkhanian (00:39):

I mean.

Marcus Johnson (00:39):

I feel ready.

Suzy Davidkhanian (00:41):

That was a stretch.

Marcus Johnson (00:42):

Does it matter if I've not ridden before?

Carina Perkins (00:44):

I don't know. I'd be willing to lend him to you if I can watch.

Marcus Johnson (00:47):

Really?

Carina Perkins (00:47):

Yeah, if I can watch.

Marcus Johnson (00:49):

Watch me die?

Carina Perkins (00:50):

Yeah.

Marcus Johnson (00:52):

That's probably what would happen. I'm your host, Marcus Johnson. In today's show, what's next for Amazon as it turns 30?

Suzy Davidkhanian (00:58):

It is very clear that they're trying to break down some of those silos. And so on the back end, whether it's with AI or whether it's through retail media, they have so much data around what people are doing.

Marcus Johnson (01:10):

All-AI ad from Toys "R" Us elicits some controversy.

Sarah Marzano (01:14):

I think the technology must improve in order for it to work, but I think it will and I think there is, for marketers, a lot of exciting potential.

Marcus Johnson (01:23):

Why is customer experience at an all-time low?

Carina Perkins (01:27):

Having to pay more for something that's not better than it was previously, I think that's really frustrating people. And has value become a real obsession, and I think a lot of people don't think they're getting good value.

Marcus Johnson (01:36):

Walmart experiments with AR, and what animal can fly backwards. Joining me for this episode, we have three people. Let's meet them. We start with our principal analyst, who covers everything retail media. Based in New York City, it's Sarah Marzano.

Sarah Marzano (01:59):

Hi, Marcus.

Marcus Johnson (02:00):

Hello there. Well, that was a bit subdued. What's wrong?

Sarah Marzano (02:04):

Victoria asked me the same thing.

Marcus Johnson (02:05):

You sound mad with me. Why do you sound angry? Thanks, Marcus. Yeah. [inaudible 00:02:09].

Sarah Marzano (02:09):

So I want you to remember who I am.

Marcus Johnson (02:11):

Oh, because I forgot where you... Okay.

Sarah Marzano (02:11):

Yep. Mm-hmm.

Marcus Johnson (02:13):

I forgot where Sarah lived, and she's sulking now apparently.

Sarah Marzano (02:16):

I'm holding a grudge.

Marcus Johnson (02:18):

The whole episode.

Suzy Davidkhanian (02:18):

Guys, I think I'm going to win today.

Sarah Marzano (02:20):

I just know I'm making him feel so bad that I need to win.

Marcus Johnson (02:22):

Yeah, it's not going to work.

Suzy Davidkhanian (02:22):

Oh, I don't know. That has the opposite effect. Yeah.

Sarah Marzano (02:24):

It's a bad strategy?

Suzy Davidkhanian (02:24):

Uh-huh.

Marcus Johnson (02:26):

Can no one win? Probably. We're also joined by someone who also might not win. It's Suzy Davidkhanian, our vice president of content. Heads up our retail and e-commerce desk. She's also based in the city. Hello.

Suzy Davidkhanian (02:38):

Hi.

Marcus Johnson (02:39):

Oh, good. You too.

Suzy Davidkhanian (02:39):

Was that a good one?

Marcus Johnson (02:42):

I'm fine [inaudible 00:02:42].

Suzy Davidkhanian (02:42):

That was really hard.

Sarah Marzano (02:42):

You put so much effort into that.

Suzy Davidkhanian (02:42):

It was really hard.

Marcus Johnson (02:46):

And finally, we have someone who covers retail for us based in the UK. Covers a bit of Western Europe as well. She's on the south coast of England. Our senior analyst, Carina Perkins.

Carina Perkins (02:56):

Hi, Marcus.

Marcus Johnson (02:57):

Hello. Hello there. That was so fake.

Carina Perkins (03:01):

Every time I say hello, you accuse me of being-

Marcus Johnson (03:04):

Yeah, just I know.

Carina Perkins (03:05):

Sounding like I'm being sarcastic. So I try and put a bit of enthusiasm into it, and now you tell me that I sound fake.

Marcus Johnson (03:10):

Just do it normal.

Carina Perkins (03:12):

I'm trying to do it normal.

Marcus Johnson (03:13):

All right. Really?

Carina Perkins (03:14):

Okay. Yeah.

Marcus Johnson (03:15):

We'll pretend like we're meeting. We're just going to hang out, all right?

Carina Perkins (03:17):

Okay.

Marcus Johnson (03:17):

So just [inaudible 00:03:18]. We're at the pub. Oh, Carina. Hey. How's it going?

Carina Perkins (03:20):

Yo, Marcus. What's up?

Marcus Johnson (03:21):

No. What? Yo?

Carina Perkins (03:22):

I'm... Yeah.

Marcus Johnson (03:22):

We'll just cut in someone else's voice.

Carina Perkins (03:22):

Sure.

Marcus Johnson (03:29):

[inaudible 00:03:29].

Sarah Marzano (03:31):

Now we all have performance anxiety because of the way our hellos have been critiqued.

Marcus Johnson (03:32):

As well you should. It's going to be a rough episode.

Sarah Marzano (03:34):

I don't see this getting better.

Marcus Johnson (03:37):

They're the people in today's show. We've got a story of the week, a game, and we end with some trivia. Let's do it. We start with the story of the week.

[NEW_PARAGRAPH]"What next for Amazon as it turns 30?" questions recent article from The Economist. The online shopping, digital ad, and cloud computing giant just celebrated 30 years on this planet on July 5th, going from Seattle-based online bookseller in 1994 to one of only five companies with a $2 trillion valuation. Today, amazon accounts for 40% of everything that is bought online in America, according to us. They deliver more packages each year than FedEx or UPS. They make a hundred billion dollars in profit each year just from cloud computing, and they are the third largest digital ad player in the US, making more than Microsoft, TikTok, Apple, LinkedIn, Hulu, Walmart, and Pinterest combined.

(04:36):

So what does Amazon have planned for its 30s, is the question. It does everything, it seems, going from, I think they were saying the everything sites to the everything company. So Suzy, I'll start with you. What's next? What can Amazon possibly have planned for its 30s? Should it just retire? It feels like it's done it all.

Suzy Davidkhanian (04:52):

It's going to be really hard, I think, for them to think about how do you move into something new and create newness in a place where there are a lot more players when you think about how now they're referred to as a tech company. And so I'm not actually really sure what can they do that is next and new and wow that someone else in that tech space isn't already starting, but it'll definitely have to be in the tech space because they've really taken everything from the retail online space and made it bigger and potentially better, depending on who you ask. So I don't know.

(05:25):

I guess maybe if I was to answer your question more directly, they're going to have to focus on stores, and you can see that with Saks Global. They have a little partnership with Saks Global, so there might be an in there. And they've done partnerships with Kohl's that haven't necessarily brought store footprints directly into place. They've closed a lot of concepts. So

they haven't figured out that piece, I guess I would say. That's what's going to happen in their 30s.

Marcus Johnson (05:48):

That was actually my next question. As you were talking, I was going to ask you about the stores piece, because they currently make... About 6% of their money comes from physical store sales. So not a ton, but it's 20 billion a year, so it's not nothing.

(05:59):

And this was one of the issues The Economist pointed out, saying it's got three issues it's going to face in its 30s: increasing competition in AI, we'll talk about that, onslaught from antitrust regulators, that's another one, and then the third one but they had first was slowing e-commerce. And they're basically saying online store sales grew 40% in 2020 for obvious reasons. Last year it grew 5%, so a massive slowdown. The year before that, it was 1%. So it's been single digits, low single digits for a couple of years now. And that's a problem because that line item, online store sales, accounts for 40% of Amazon's money. So stores, maybe. I mean, Carina, was stores your answer as well, or is there something else Amazon's focusing on in its 30s for you?

Carina Perkins (06:43):

Stores wouldn't be my answer actually. I would say AI, the gen AI piece. I think they've explicitly said that's going to be a big part of their strategy going forward. I think it's going to be less about building that kind of consumer-facing applications, though, and more about building the underlying AR models and selling them. So they've already got Amazon Personalize, which enables retailers and other businesses to build recommendation engines for gen AI-powered recommendations. So I think that's going to be quite a big focus for its strategy.

(07:14):

And I think another one is going to be growth in emerging markets, because I think it is hitting saturation in the west. We're seeing those retail sales slow down, so I think there's going to be a bigger focus perhaps on some emerging markets. And we've already seen for Prime video, it's commissioning local original shows. So I think that's going to be another focus for it going forward.

Marcus Johnson (07:34):

Mm-hmm. I think slowing down because we just can't... I mean, one of The Economist articles reading for this was saying basically, the streets are just so clogged, you can't give things to people faster than you already do. Enter drone deliveries. And will that give the market a boost? Are people just tapped out in terms of how many things they can buy from Amazon? Why is it struggling so much there?

Suzy Davidkhanian (07:53):

So it's not struggling.

Carina Perkins (07:55):

No.

Marcus Johnson (07:55):

Well, in terms of growth. In terms of growth. It's definitely not struggling, but 5% growth 2023, -1% the year before that. To try and reinvigorate that, is there a way to, or is it just the law of large numbers like, "Nah, that's tapped out. They're going to have to focus on stores or AI or other things"?

Sarah Marzano (08:13):

When I was thinking about this question, I annoyingly decided to stay in my lane and think about it through the lens of retail media, but there's a lot of parallels with what we're talking about. Because in online retail media, they're at three quarters of the market in terms of ad spend. And I think once you get to a certain level of saturation, it's going to really become about defending your share versus any sort of meaningful step change in growth.

[NEW_PARAGRAPH]And I think Amazon is going to turn its focus to new arenas where there is market share to be had. But I think for retail media, that's going to look like leveraging the scale they have and customer data and taking that off site, and it's going to look at innovative approaches to capturing some of the retail sales and activity that happen in physical stores. And I think what's going to be interesting is that I don't think it's necessarily going to look like opening a bunch of brick and mortar stores. They just made an announcement in partnership with Stackline, where they are going to leverage data clean room capabilities to be able to attribute customers who see an Amazon-powered advertisement, but then transact at a

different retailer so they can claim that influence whether or not the final transaction is made at an Amazon. So they're well aware that the purchase funnel is nonlinear, and they're positioning themselves to be able to take advantage of that.

Marcus Johnson (09:34):

Mm-hmm.

Suzy Davidkhanian (09:35):

And Marcus, you know what I would add to all of the answers is, I mean, we all know, and that's why we did The Power of Amazon and we did it again, right, because everybody was asking for an update on how all the different divisions... And it's very clear that people at Amazon who are working in Amazon don't know what all the different divisions do. If they're-

Marcus Johnson (09:51):

This is our Power of Amazon reports that we put out.

Suzy Davidkhanian (09:54):

Oh, yes.

Marcus Johnson (09:54):

Yeah. Mm-hmm.

Suzy Davidkhanian (09:55):

Sorry. Yes, our Power of Amazon report. But it is very clear that they're trying to break down some of those silos. And so on the backend, whether it's with AI or whether it's through retail media, they have so much data around what people are doing in different parts, whether it's reading, watching TVs, whatever, streaming, whether it's deliveries, what they're purchasing, how they're entertaining themselves in general, music, podcasts. So I think if they're able to use technology to stitch all that data together, then that might be... Because they have so much more information about us than any other company really does. That might be their next big thing.

Marcus Johnson (10:32):

Yeah, stitching things together seem to be a bit of a theme, but that does bring antitrust attention, and they've got the FTC case so that... From last year. FTC, Federal Trade Commission, suing Amazon for illegally maintaining monopoly power. So we'll see where that goes. They also, in the EU, they blocked them from buying iRobot, the robovac people, because they thought they were too big. So yeah, it does seem like that could be a next move that we've seen that from other folks. We've seen that from Google and some of its other counterparts in the tech space just be like, "Okay, we've got all these different pieces. We're going to stitch them together." Meta. So maybe that's Amazon's next move. We'll see.

Suzy Davidkhanian (11:08):

At the end of the day, though, if they do anything that disrupts their core business, I think people will be very upset, including the government, and may not be as generous.

Marcus Johnson (11:17):

Mm-hmm. Yeah. All right, folks. Let's move now to the game of the week. Today's game, the Super Duper Game. There's no cool way to say that.

Sarah Marzano (11:30):

Woo-hoo.

Marcus Johnson (11:31):

How does it work? That made it worse.

Sarah Marzano (11:34):

Sorry [inaudible 00:11:35].

Marcus Johnson (11:34):

That made it way [inaudible 00:11:37].

Suzy Davidkhanian (11:37):

I liked it actually.

Marcus Johnson (11:38):

It was sarcastic.

Sarah Marzano (11:39):

You could hear me regretting [inaudible 00:11:41].

Suzy Davidkhanian (11:43):

Woo-hoo. Woo-hoo?

Marcus Johnson (11:43):

Yay. How does it work? Three rounds. Today, we have Fortune Teller, Slice of Pie, and Fill in the Blank. The better the answers, the more points you get. Let's play.

(11:54):

Round one. We start with Suzy. The Fortune Teller. This is where we predict the future. All-AI ad from Toys "R" Us debate over the future of marketing, writes Patrick Coffee of the Journal, saying the toy brand's new ads, Toys "R" Us, created almost entirely with OpenAI's Sora text-to-video tool prompted heated reactions and predictions of more to come. He explains that the minute-long video depicts Toys "R" Us' late founder, Charles Lazarus, as a child who dreams of a toy store and Geoffrey the Giraffe, the store's brand mascot. He notes that the range of responses from creative professionals went from brilliant to an abysmal insult, one person said. But Suzy, fortune teller. What does the future of all-AI, as in an all-AI ad, look like?

Suzy Davidkhanian (12:46):

So I think... I thought you were going to ask about marketing, because I don't think producing an ad is the same as marketing in general and that they're different use cases. So when you think about AI in something creative, I think there's a lot of interesting tension, especially for this Toys "R" Us, around this idea to be quick and efficient and, in addition, to using cutting-edge technology, but be nostalgic and bring back people to an emotional state. And how can something that's so innovative and cutting-edge technology have that sort of emotional lens to it? And you saw in one of the articles that they were talking about how they produced it, and it was really hard for them to get the facial expressions. And it was also, over and over again, they tried, and the character doesn't quite look the same in every frame and they decided to keep it like that.

(13:30):

So I think for me, from a creative perspective, as long as companies stay authentic to what they're trying to do and don't try and overcorrect, I think it should be fine. But it's a little bit like retail. You need art and science mixed together.

Marcus Johnson (13:44):

Very good. Sarah.

Sarah Marzano (13:46):

I think this is the whole reason for my bad mood today, because of reading about this. It just makes me so cynical, and I did not like watching the ad.

Marcus Johnson (13:54):

Knew it wasn't me.

Sarah Marzano (13:56):

But question, is what does the future of all-AI advertising look like? I hope it looks a lot better than this ad did. This definitely struck a chord with viewers. For me, it reminded me of the Apple debacle earlier, I think it was this year, where they came out with the ad of the iPad ostensibly furnishing the power of creativity, but it just came across as this dystopian future in which the technology takes out all these creative tools.

(14:21):

But there is so much money to be saved. I think that there is a future for all-AI advertising and I think there is, for marketers, a lot of exciting potential when it comes to thinking through whether or not you could really personalize an advertising campaign. Instead of casting a wide net across a whole slew of demographics that you're looking to target and message, could you tweak advertisements just a little bit to make sure they resonate with whichever market you're speaking to? So I think there's a lot of potential here, whether or not I like it.

Marcus Johnson (14:53):

Carina.

Carina Perkins (14:54):

So I agree that the Toys "R" Us ad was a little bit horrifying. It was just a bit creepy, wasn't it?

Sarah Marzano (14:54):

Mm-hmm.

Carina Perkins (15:02):

I don't know. It lacks a bit of a human touch and it's a bit depressing. But I think we have to remember that this is a really early iteration, and this is as bad as it's going to be and it's only going to get better. So I think there's no doubt that we're going to see more all-AI advertising.

(15:17):

I think in the short near term, we're going to see it used perhaps to generate concepts for adverts. I could see that being really useful, quick concepts that they can then go on and make with other means, perhaps, not just using AI. I think that could be really useful.

(15:33):

And I completely agree with Sarah that I think that personalization is a potentially really strong use case here. So perhaps not making the entire ad with AI, but using AI to personalize elements of it to different markets, regions, segments. I think that would be really interesting. I think in the long term, we probably will see more all-AI ads, but I think that the technology is going to have to move on a little bit before it can replace more traditional.

Marcus Johnson (15:57):

Yeah, and it's not just Toys "R" Us. Others have faced criticism over releasing AI-generated marketing materials in recent months. This was a note from our briefings writer, Daniel Konstantinovic, pointing to LEGO and Under Armour as well. This one probably had the most AI components in it. It was about 80, 90% AI, and then humans added the finishing touches, did a bit of cleaning up.

(16:18):

One of the points that Danny made though, I thought was really interesting, which is brands might decide just to not disclose its use of AI in ads, making the point that cost-saving potential means brands aren't likely to stop using it. They might just not tell you they have because there are very few rules about AI in the US at least. But we'll see. Let's move round two.

Slice of Pie is round two. We start with Sarah. In this round, folks, choose up to three reasons why something is happening and attribute shares to each. We're talking about customer experience, which is at an all-time low. This is a note from our retail analyst, Rachel Wolff. That's according to Forrester's annual Customer Experience Index, she points out, indicating this year's reading fell to 69.3 out of a hundred. That's down a point and a half from last year and the third straight year of declines and the lowest point since 2016 when Forrester introduced its current methodology. Also, twice as many brands saw their CX, their customer experience, scores drop significantly year on year. The question is, for Sarah first, slice of pie, what do you think is the biggest reason for customer experience hitting this all-time low?

Sarah Marzano (17:26):

I'm adding up to a hundred with up to three reasons, right? I forgot sign of percentages. You're going to have to watch me do math [inaudible 00:17:33]. Marcus is making a face for the listeners.

Marcus Johnson (17:34):

Just for folks listening, we go through the runner show before every episode. There's days and days-

Sarah Marzano (17:40):

You just... You didn't-

Marcus Johnson (17:40):

They could ask me these questions before we hit record.

Sarah Marzano (17:42):

The way you posed it just now made me confused although I'm good. I'm fine. I'm going to go forward. Okay, number one, number one-

Marcus Johnson (17:49):

[inaudible 00:17:49]. All right, who's up next? Carina.

Sarah Marzano (17:50):

Nope. No, no, no, no, no, no. Number one, I think there is a lot of fatigue when it comes to price increases and inflation. Customers are tired. There is a significant mental load when it comes to managing their budgets.

(18:02):

There was a great analysis, I think it was from the Wall Street Journal a few months ago, around to the impact of higher prices on grocery store shopping and loyalty. And it talked about the number of grocery stores' customers are going to increasing because we're hunting for better deals. But I think with that comes this exhaustion and fatigue that is going to make every bit of friction sting that much more. So I'm going to put that as the number one reason. I'm going to assign it 60%.

(18:27):

And then I think a slew of staffing solutions, and I think that's playing out across the board both in online and physical settings. And I think it's whether retailers are proactively looking to address staffing shortages or looking to cut costs and create efficiencies. So everything from AI chatbots that are ostensibly there to replace customer service and really frustrating consumers, or self-checkout which famously was supposed to cut down the staffing needs, but it's causing frustration among customers. And I'll put that at 30%.

(19:00):

And then I think there's also this rollback of features, like free shipping and returns, that customers have gotten really used to and accustomed to and almost feel like we deserve. And when those things get taken away, it is upsetting. 10%.

Marcus Johnson (19:12):

Okay, very nice. We got there.

Sarah Marzano (19:15):

So sorry.

Marcus Johnson (19:16):

It was rough, but we got there. Carina, show her how it's done.

Carina Perkins (19:20):

Okay, so I'm going to go with a perceived lack of value as 50%. So as Sarah was saying, there's been a lot of inflation. It's really driven up costs. People are frustrated with paying higher prices when they're not getting a better product or a better service. So compared to what they're paying before, they're paying more for things and they're not getting something better. So that includes all the grocery shrinkflation, which is obviously an issue, but also just having to pay more for something that's not better than it was previously. I think that's really frustrating people. And value has become a real obsession, and I think a lot of people don't think they're getting good value. So that would be 50%.

(19:58):

30%, I would say, is changing expectations. So everyone shopped online during the pandemic. And now, they've gone back into stores. They want to shop in stores, but they're used to the convenience of shopping online and they're getting really frustrated about going into shops and finding that items aren't in stock or they've got to wait in long queues. And then similarly, when they're shopping online, you've got the Amazon factor. So everyone now expects instant free delivery, and not all retailers can do that and people are frustrated with having to pay for returns and things like that.

(20:27):

Then 20%, I'm going to go with lack of a human touch. So this speaks to Sarah's point as well about staffing. So I think retailers have gone pretty heavy on the of chatbots and the self-service and automated checkout, and people really like dealing with humans when they're shopping. I think the technology, while it's great, it still can't replace humans at the moment.

Marcus Johnson (20:50):

You ran horribly long, same as Sarah, but that was okay. Suzy.

Suzy Davidkhanian (20:55):

So it's interesting because I actually wouldn't put value or shrinkflation or any of these cost items in a customer experience. I would put them in brand love or the way you feel intrinsically about a brand, but I wouldn't maybe change my experience about... My customer shopping experience. So I took the question in a slightly different way. And I also think there are different friction points if it's online or in-store, so I did two.

(21:20):

For online, I think 60% is around filtering and the search and that it's not intuitive. There is no easy pay option. That should be a must. You cannot have me enter my information every time especially when I'm signed in. 25%. And then this idea around out of stock when I'm at the cart, ready to check out, and then it's like, "Whoops. Sorry, we don't have what you're looking for in that size." I find very frustrating.

(21:45):

In the store, I would say the chaos of the store itself. The display, the merchandising, 50%. That there aren't enough cash registers open even the self-service, 30%. I shouldn't be waiting in line to give you my money. And 20%, it's that human touch that Carina just said, where there isn't a sales associate to help you find what you're looking for or get you the size you need.

(22:06):

Because I think at the end of the day, it's really about just making the life easier the harder it is. But I find interesting is that the article and my colleagues were talking about value as diminishing a customer experience.

Carina Perkins (22:18):

I think it's a customer experience, though, at a grocery store if I was paying one pound for a chocolate bar and then I went and it was one pound 20 for a chocolate bar that was smaller than it was previously. As a customer experience, that would be quite poor.

Marcus Johnson (22:31):

Yeah.

Suzy Davidkhanian (22:32):

Yes.

Marcus Johnson (22:32):

It's an interesting interpretation from you guys because maybe they are trying to measure one thing, but they're actually measuring something quite different. Because I think customers, yeah, they might be frustrated with the price going up, and they might see that as part of their experience even though retailers might not incorporate that potentially.

Sarah Marzano (22:47):

No, and I think that's a really good point. Customers are going to define it as their experience regardless of-

Marcus Johnson (22:47):

Yeah.

Carina Perkins (22:52):

I don't think retailers would necessarily, but customers.

Sarah Marzano (22:52):

No.

Suzy Davidkhanian (22:55):

No. I'm pretty sure they wouldn't.

Marcus Johnson (22:55):

Yeah.

Carina Perkins (22:56):

Yeah. Another thing is I think it's just getting the basics right, isn't it? To Suzy's point, I think sometimes everyone's very excited about jumping on the new shiny toy, like generative AI, personal shopping assistants. But if you don't have the basics right, consumers aren't going to have an enjoyable experience. And that, to be honest, is more important than the new shiny toy.

Marcus Johnson (23:15):

However you look at this, it's not a good trend because from 2017 to 2021, the index was going up. And then since then, the gains made have been wiped out, falling each of the last three years. What's interesting, though, as well is that the companies that were ranked in the top 5% in experience satisfaction, it's hard to know what they have in common. They're all quite different. So you have chewy.com, Edward Jones, Etsy, Lincoln, Navy Federal Credit Union, Subaru, Tesla, USAA, and zappos.com. So interesting to look at those and see why are they doing so well in terms of customer experience, however that's defined. A.

(23:52):

LI right, let's move to the final round. Good scores regardless, folks. Carina just out in front by a point on six, and Suzy and Sarah have five each. Carina's going to kick us off for the start of round three, Fill in the Blank, where folks have to do that.

(24:06):

Walmart experiments with various AR, augmented reality, use cases to help folks discover and share new items, writes our senior retail analyst, Zak Stambor. A VentureBeat piece notes that Walmart already offers virtual try-on across beauty, hair, furniture, and more, and also be your own model, where shoppers use their own photo to better visualize clothes on themselves. But this summer, Walmart will launch Shop with Friends, letting shoppers put outfits together on a model and get feedback from their friends and family. But fill in the blank, starting with Carina. The most impactful augmented reality feature in retail is/will be blank.

Carina Perkins (24:43):

This may be a bit boring, but I'm just going to go with virtual try-on technology. I think that it has the potential to overcome one of the biggest frustrations with shopping online, which is returns or getting something that doesn't fit or that doesn't look good in your home. So I think if they can really improve that virtual try-on technology, I think that's where the biggest gains are going to be. So that when people are shopping for something online, they can be comfortable that it's the right thing and they're not going to have to deal with things like returns.

Marcus Johnson (25:08):

Mm-hmm. Suzy.

Suzy Davidkhanian (25:10):

Me too. I say the same one. And what I would add to it is if you can make it happen naturally and it's embedded in the process... There are some eye shops where you can see you hit the little button and you see the glasses on your face before you move on to the next thing. So I think if they can do the virtual try-on in a very natural way that doesn't feel like it's causing any extra work for me, it's going to be a game-changer like Carina says. People won't be buying twosies and threes of things so that they return them. Harder in shoes, but I think in clothing it'll be a big win.

Marcus Johnson (25:46):

I'd like to see some numbers on how much people think virtual try-on replaces in-store try-on. How close do they think it is? Because I think it's so far away from close. And maybe that will get better, but...

Carina Perkins (25:57):

If you look at adoption rates, it's still pretty low actually. But I think that like Suzy said, it's really about making it a natural part of the buying process. I think that that's what they haven't quite done yet.

Marcus Johnson (25:57):

Good point.

Carina Perkins (26:09):

And making it realistic enough that it gives you a genuinely-

Suzy Davidkhanian (26:12):

Yes.

Carina Perkins (26:12):

... good... I think not all of it is that good yet. I think that's the only way to go.

Suzy Davidkhanian (26:18):

You have to feel comfortable putting your own measurements and picture in so that it is truly your avatar so you see how it looks on you.

Marcus Johnson (26:25):

Mm-hmm. Yeah. Yeah, why does that not exist across sites? There's too many companies know too much to not just have-

Suzy Davidkhanian (26:31):

Oh, this is a very big, very, very big conversation. It's like there isn't universal sizing. There are so many reasons for that.

Marcus Johnson (26:39):

But there is universal sizing in terms of I am this tall and my shoulders are this wide. And so if you were able to share those measurements instantly with a retailer and they could be like, "Okay, based on what you've told us, this." And I know it does that, but every time you have to put those details in. It would be nice to have a little kind of a clothing profile where you could be like, "Do you want to share these numbers, these measurements with the retailer?" And you could say yes, and then you would get recommended sizes for that particular [inaudible 00:27:09].

Carina Perkins (27:09):

Or even better, if people didn't want to share their measurements with retailers, which I guess might be something that some people don't want to do, if you could have it stored on your device somehow and there was this on-device personalization, I think, is a really interesting thing to explore. So.

Suzy Davidkhanian (27:26):

I mean, some of them already do it without it being AI. Bloomingdale's, if you purchase enough things there and you're signed on and they know what you're returning, will make suggestions. But a size eight in one brand is a size six in another brand. There's vanity sizing. Is a size 10 in another brand. And so that's hard.

Marcus Johnson (27:27):

Yeah. True.

Sarah Marzano (27:45):

I also just think I am not super confident in the ability to do a virtual try-on and have it replicate what it's like to put a piece of clothing on your body in real life. Our bodies are all different in so many ways. And I enjoy purchasing vintage denim and I know exactly what measurements should fit me, but that doesn't necessarily mean even if a pair of jeans I find online is those measurements that it's going to look good or suit my body type.

(28:12):

So my answer is the not virtual try-on, but things like being able to see what a chair would look like in your actual living room, right, building the confidence to purchase a higher ticket item

that is less nuanced than a piece of clothing. So my answer is different than Carina and Suzy's, so I have a chance of winning.

Marcus Johnson (28:30):

Same category, different-

Suzy Davidkhanian (28:31):

For the record.

Sarah Marzano (28:31):

Nice.

Marcus Johnson (28:31):

Sorry, same [inaudible 00:28:32], different category.

Carina Perkins (28:31):

No.

Sarah Marzano (28:31):

Nice.

Carina Perkins (28:33):

I'd like to clarify when I said virtual try-on, that encompassed clothing try-on but also furniture in your room.

Suzy Davidkhanian (28:40):

Me too.

Sarah Marzano (28:40):

Didn't sound like it.

Suzy Davidkhanian (28:40):

Me too. And also cars and stuff. How do you look on the bike, motorcycle, or whatever? All of it.

Carina Perkins (28:46):

Wow. How do you look... Yeah, I love that. It's me in a BMW.

Sarah Marzano (28:47):

I really want to buy this motorcycle, but the one thing holding me back is what am I going to look like [inaudible 00:28:56]?

Marcus Johnson (28:56):

[inaudible 00:28:56].

Suzy Davidkhanian (28:56):

I'm trying to win, girl.

Marcus Johnson (28:58):

It's not going well. Carina wins this week's game of the week.

Carina Perkins (28:58):

Yay.

Suzy Davidkhanian (28:58):

Whoo.

Sarah Marzano (29:01):

[inaudible 00:29:01]. What do I have to do?

Marcus Johnson (29:01):

Congratulations to her.

Suzy Davidkhanian (29:04):

You have to be on more often. It's a numbers game.

Marcus Johnson (29:04):

No, you just-

Sarah Marzano (29:04):

I'm never coming back.

Marcus Johnson (29:09):

... have to give the best answers. That's why. Sarah, don't do that to me. Congratulations to Carina. She wins the championship belt and the-

Suzy Davidkhanian (29:19):

Woo-hoo.

Marcus Johnson (29:19):

Okay. And the-

Carina Perkins (29:19):

Woo-hoo.

Marcus Johnson (29:21):

... last, the final word.

Sarah Marzano (29:21):

Woo hoo.

Carina Perkins (29:23):

Woo-hoo. That was it.

Sarah Marzano (29:26):

Sorry. Can you talk about plants?

Marcus Johnson (29:32):

No. Please don't. You get your final word, Carina.

Carina Perkins (29:36):

I've said it. That was it. Woo-hoo.

Marcus Johnson (29:38):

Oh, that was the... Oh, okay.

Carina Perkins (29:40):

Yeah, that was my final word.

Marcus Johnson (29:41):

So much of a word.

Carina Perkins (29:42):

Should I do something... Well, it is a word, isn't it?

Marcus Johnson (29:44):

No, it's okay. We'll move on.

Carina Perkins (29:45):

Do you want multiple words?

Marcus Johnson (29:47):

No, not anymore. We've already lost half the listeners.

Suzy Davidkhanian (29:51):

[inaudible 00:29:51] you didn't have this conversation before.

Marcus Johnson (29:51):

Yeah, it's good. Thanks. Wonder why [inaudible 00:29:54]-

Carina Perkins (29:54):

I'm saving it all for my Dinner Party Data [inaudible 00:29:56].

Marcus Johnson (29:55):

All right, let's get to it then. It's, yeah, Dinner Party Data time. This is the part of the show where we tell you about the most interesting thing we've learned this week. We start with Carina, who's going to crush it apparently.

Carina Perkins (30:22):

So the big news in the UK at the moment is that Keir Starmer's Labour Party is now in power after a landslide victory, bringing an end to 14 years of Conservative rule. So Labour won a majority of 412 seats versus Conservative's 121 seats, so that's quite a big majority. However interestingly, Labour only had... So that's 63% of seats, but it only had 33.7% share of the vote. And that's due to the UK's first-past-the-post system, which I won't explain to you because it's really complicated.

(30:58):

Another big thing we've seen this election is a shift to smaller parties and independents. So in 2019, Labour and Conservatives had a combined share of 76%. But in this year's election, they had a combined share of just 58% with the remaining 42% going to smaller parties and independents. And voter turnout across the UK as a whole was only 60% in 2024. That's down from 67.3% in 2019, and it's the lowest since 2001 when it was just 59.4%.

Marcus Johnson (31:33):

Wow. Is it that hard to explain first-past-the-post?

Carina Perkins (31:35):

Yeah.

Marcus Johnson (31:40):

It's just first past the... It's just the first person to get past the post of [inaudible 00:31:43]-

Carina Perkins (31:42):

Yeah, so we have different... It's not done on voter share. You have different-

Marcus Johnson (31:50):

Oh, I see what you mean. Constituencies. Yeah, [inaudible 00:31:51].

Carina Perkins (31:51):

... areas and you vote an MP... So the constituency and then the most amount of votes in the constituency will get an MP. And then the most amount of MPs wins.

Marcus Johnson (32:03):

Yeah, yeah, that's fair. All right. We just do it differently, America. All right? Labour's kind of like the Democrats, but not exactly. But it'd be the closest comp. Conservative Party's not exactly like the Republicans. They're further to the middle-

Suzy Davidkhanian (32:15):

Just fiscal. Yeah.

Marcus Johnson (32:15):

... on the slider. But yes.

Suzy Davidkhanian (32:17):

It's just fiscally conservative.

Carina Perkins (32:18):

Hmm, are they though? Hmm.

Marcus Johnson (32:19):

Interesting numbers though. Voter turnout down. I wonder why. Let's go Sarah not because she was second, just because she's second now.

Sarah Marzano (32:30):

You just burst my bubble.

Marcus Johnson (32:31):

She's just second now.

Sarah Marzano (32:33):

I feel like Carina's data made me smarter, and I'm not going to do that for everybody.

Marcus Johnson (32:38):

Oh, good.

Sarah Marzano (32:39):

And so the big news in the US is... Just kidding. There's a lot of way more important things happening. But Dr. Pepper did surpass Pepsi as the second most popular soda brand. And I pulled some-

Carina Perkins (32:39):

Love Dr. Pepper.

Sarah Marzano (32:55):

... Civic... All right, so I'm making... This is going to be useful for us, but CivicScience published some data on the way Dr. Pepper enthusiasts differ from Coca-Cola enthusiasts, so I brought some of those stats. Folks who love Dr. Pepper are six points more likely to exercise several times a month or more, at 71%. They're eight points more likely to trust cryptocurrency, at 31%. And they're more likely to report having felt lonely, at 39% versus 30% among Coca-Cola enthusiasts.

Suzy Davidkhanian (33:31):

Is it just me or did you start with Pepsi?

Sarah Marzano (33:32):

They said because... Yes, sorry. So Dr. Pepper is now... Has surpassed Pepsi. It is now the number two-

Suzy Davidkhanian (33:38):

Oh. Okay.

Sarah Marzano (33:38):

... most popular.

Carina Perkins (33:39):

Number two to Coca-Cola yeah.

Sarah Marzano (33:41):

Correct. Yeah.

Marcus Johnson (33:41):

Suzy wasn't listening.

Suzy Davidkhanian (33:42):

I was listening. I just didn't know-

Marcus Johnson (33:42):

Shocker. Okay.

Sarah Marzano (33:42):

Busted.

Marcus Johnson (33:42):

Unbelievable.

Sarah Marzano (33:45):

She's still thinking about the past-the-post.

Marcus Johnson (33:48):

How does it work? Very good.

Suzy Davidkhanian (33:52):

I'm was Googling it, and gen AI gave me... I'm part of their pilot. I got a gen AI answer.

Marcus Johnson (33:56):

Suzy, you're up. Let's do it. 30 seconds.

Suzy Davidkhanian (33:59):

So I-

Marcus Johnson (33:59):

You had 30 seconds.

Suzy Davidkhanian (33:59):

... had a report-

Marcus Johnson (33:59):

You now have 10 seconds.

Suzy Davidkhanian (34:00):

I had a report from Klaviyo and Recharge.

Marcus Johnson (34:02):

Times up. We move on.

Suzy Davidkhanian (34:04):

They did a global study about SMS, and it is really an important retail tool. Now, I don't know if you guys get instant messages, like text messages from brands you love, but 7 out of 10 US and global think that one message a week is a good amount, which I think seems like a lot if you ask me. But if you send less-

Sarah Marzano (34:24):

Mm.

Marcus Johnson (34:24):

From all companies or one company?

Suzy Davidkhanian (34:25):

From the one brand.

Marcus Johnson (34:27):

That's too many.

Suzy Davidkhanian (34:27):

So if you-

Sarah Marzano (34:28):

But was that the lowest option?

Suzy Davidkhanian (34:29):

And also, 7 out of 10. Have you guys ever made a purchase from a text message?

Carina Perkins (34:34):

Yes.

Suzy Davidkhanian (34:35):

Neither have I.

Marcus Johnson (34:36):

[inaudible 00:34:36].

Carina Perkins (34:36):

I have.

Suzy Davidkhanian (34:36):

Oh, you have?

Carina Perkins (34:36):

Yeah, I have. Yeah.

Suzy Davidkhanian (34:37):

Oh, you're part of the 7 out 10 have made a purchase after receiving-

Marcus Johnson (34:41):

7 out of 10? What did-

Suzy Davidkhanian (34:42):

Yeah. Both global and the US. So I looked at both numbers just to see where the US is-

Marcus Johnson (34:46):

Is that how you bought your home, Carina?

Carina Perkins (34:46):

Yes, it was.

Marcus Johnson (34:49):

Text message.

Carina Perkins (34:50):

Text message.

Sarah Marzano (34:50):

Add to cart.

Carina Perkins (34:52):

No, it was a... There's a hair care brand called BondiBoost. And they're really good, but it's really expensive. And I got a text message saying that there was 70% off, so I clicked through and I bought some.

Suzy Davidkhanian (35:04):

Well, it's interesting you say that because the number one reason Americans, it's not the same globally, Americans sign up for SMS messaging from a brand is 63% because they want the discount. And number two in America was being able to have what they call conversational SMS, so being able to have a conversation with whoever you're texting with to ask questions. The fact is, though, according to the study, that SMS helps boost conversion and helps make that purchase happen much more quickly. So retailers should be thinking about it.

Carina Perkins (35:35):

Mm.

Marcus Johnson (35:35):

Very good. I got one for you real quick. What animal can fly backwards? Any guesses? It's not dragon.

Sarah Marzano (35:42):

Bumblebee.

Suzy Davidkhanian (35:43):

Oh, squirrel.

Carina Perkins (35:43):

Hummingbird.

Marcus Johnson (35:44):

No.

Sarah Marzano (35:45):

Penguin.

Marcus Johnson (35:46):

Wait, who said hummingbird?

Carina Perkins (35:47):

I did.

Marcus Johnson (35:48):

Bang. Yes. They beat their wings at up to 80 times per second, rotating them in a figure eight, which allows them to go backwards and also hover. And their name comes from the humming noise their wings make because they beat so fast.

(36:03):

They also... A few other facts about them. Their little legs can't walk or hop. They only use them for perching and moving sideways whilst perched. They're incredibly lightweight. They weigh less than a nickel, which is shocking because they're also the smallest migrating bird. And the research suggests that hummingbirds can travel close to a marathon's distance in one day. Hopefully, there's no wind at all considering how little they weigh. However, during migration, they can fly across the Gulf of Mexico and cover up to 500 miles in one sitting, which is insane.

Carina Perkins (36:45):

That is insane.

Marcus Johnson (36:46):

They don't migrate in flocks, though, like other species. They typically travel alone. That's a long way to go by yourself.

Carina Perkins (36:52):

Oh. Do they drink Dr. Pepper?

Sarah Marzano (36:53):

I was going to make that joke.

Marcus Johnson (36:54):

It's a lot of quiet time. Took it from me.

Sarah Marzano (36:58):

I got excited to make that joke. And while I was getting excited, Carina swooped in.

Marcus Johnson (37:04):

Sorry, it's a bad joke. Yeah, Carina... She dodged in front of a bullet for you, to be honest, Sarah. It was a terrible joke. All right.

Carina Perkins (37:07):

That was another pizza box moment.

Sarah Marzano (37:10):

[inaudible 00:37:10].

Carina Perkins (37:09):

I didn't miss your joke, though, about the wind that fell a bit flat as well, Marcus.

Marcus Johnson (37:14):

What'd you mean? No, it was great.

Carina Perkins (37:16):

Mm.

Marcus Johnson (37:16):

We'll throw a laugh in.

Suzy Davidkhanian (37:17):

I didn't even hear the joke.

Marcus Johnson (37:18):

We'll throw a laugh track in.

Suzy Davidkhanian (37:20):

[inaudible 00:37:20].

Sarah Marzano (37:20):

[inaudible 00:37:20].

Carina Perkins (37:19):

Suzy didn't even realize you were trying to make a joke.

Suzy Davidkhanian (37:22):

[inaudible 00:37:22].

Marcus Johnson (37:22):

Because she never listens. She just tunes out.

Suzy Davidkhanian (37:24):

Yes, of course I was listening.

Marcus Johnson (37:24):

Uh-huh.

Suzy Davidkhanian (37:26):

What was the joke? Say it again.

Marcus Johnson (37:27):

It wasn't a joke. It was just a-

Suzy Davidkhanian (37:30):

The pun. What was the play on words?

Marcus Johnson (37:30):

... hysterical comment.

Suzy Davidkhanian (37:32):

Well, can you repeat it please?

Marcus Johnson (37:33):

No, you have to listen to the episode. All right. That's all we've got time for for today's episode. Thanks so much to Victoria who edits the show, Stuart... Oh, I haven't thanked any guests. I don't really feel like thanking you guys, to be honest.

Suzy Davidkhanian (37:44):

Hey.

Marcus Johnson (37:45):

Maybe I did that on purpose. Thank you to Sarah, I guess.

Sarah Marzano (37:48):

I'm never coming back. [inaudible 00:37:50].

Marcus Johnson (37:49):

Nothing back. Unbelievable. Thank you to Carina.

Carina Perkins (37:53):

Thanks, Marcus.

Marcus Johnson (37:54):

Thank you to Suzy.

Sarah Marzano (37:55):

She was being sarcastic.

Marcus Johnson (37:57):

Of course.

Suzy Davidkhanian (37:57):

Thanks so much for having me.

Sarah Marzano (38:00):

[inaudible 00:38:00].

Suzy Davidkhanian (38:00):

I loved this episode.

Marcus Johnson (38:01):

Dial it back. Thank you to Victoria who edits the show, Stuart who runs the team, Sophie who does our social media, Lance who does our video podcast, but this isn't one. He'll be here next week, helping us out with that. Thanks to everyone for listening in.

(38:11):

I know it's the worst when folks ask you to leave a review, but it genuinely helps us keep this podcast going. So if you have a few minutes, we would really appreciate it beyond measure. We hope to see you on Monday for Behind the Numbers Daily, an eMarketer podcast. But if you don't leave a review, we might not be here. Too much?

Carina Perkins (38:28):

Bit much.

Marcus Johnson (38:29):

Happy weekend.

Sarah Marzano (38:30):

Way too much.

Suzy Davidkhanian (38:30):

Just enough.