Roadmap to Omnichannel Retail Optimization

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1.800.800.0014	1.800.369.1047

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Executive Summary

Buying behaviors no longer begin and end in-store. Though the overwhelming majority of transactions still happen in brick-and-mortar locations, most of those purchases start online where customers research products and brands. Because the buying journey for today's customers begins online, traditional stores can't compete without engaging customers through digital channels.

In order to thrive in this shifting market, retailers need to bridge physical and digital experiences to get in front of customers wherever and whenever they shop. This roadmap highlights the steps to bolster omnichannel processes to help retailers compete effectively, as well as garner brand loyalty and delight customers within and beyond stores.

The Journey to Brick-and-Click

There is no low-tech way to succeed as a retailer in today's market. Retailers need to integrate their digital and in-store efforts to improve data management, streamline internal processes—and, ultimately, create a unified shopping experience.

Though Deloitte research shows that 90 percent of all retail transactions are completed in a brick-and-mortar location, 84 percent of those purchases start online where customers research the products they need and the brands who supply them. Furthermore, customers who shop both online and in-store spend twice as much as those who go to a physical location alone.

For this reason, industry leaders have shifted from a brick-and-mortar to a click-and-mortar model through omnichannel retail. Buying behaviors no longer begin and end in-store. So, retailers need to engage customers with digital touchpoints if they want to compete.

That's not to say these digital channels can replace the in-store experience. Even Internet-first retailers like Warby Parker decided to open up physical stores because, as their co-founder Neil Blumenthal said, "The future of retail is at the intersection of e-commerce and bricks-and-mortars."

This is especially true when unprecedented circumstances like COVID-19 arise. What this pandemic did to retail was act as a catalyst for pre-existing trends. From August 2019 to August 2020, there's been a 42 percent surge in ecommerce sales and 259 percent increase in BOPIS sales, according to the 2020 Adobe Digital Economy Index.

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The future of retail is at the intersection of e-commerce and bricks-and-mortars.

Neil Blumenthal
CEO,
Warby Parker

Not surprisingly, restaurant deliveries accounted for a substantial share of this rise in ecommerce sales. An Earnest Research report found that restaurant delivery experienced the third-highest growth of online orders, led by electronics and groceries. Quick service restaurants devised other creative solutions to adapt, as well. Many chain restaurants turned to meal-kit services that allowed customers to enjoy signature items in the comfort of their homes.

The key to success—regardless of the unforeseen circumstances that impact the industry—is to create more avenues to engage customers effectively. But you can't achieve this without in-depth data and analytics. Your ability to collect, analyze, and apply data to connect with customers as unique individuals across the virtual and physical shopping experience will determine how your organization performs in the years to come.

Step 1: Forge the Bridge with Data

The first step to creating a unified shopping experience is to know who your customers are, what they value, and when and how they shop. The bridge that creates this connection is your data.

Unfortunately, many retailers still haven't invested in the resources to forge this bridge. Findings from the Salesforce Shopper-First Retailing report revealed that 64 percent of shoppers feel that retail brands don't really know them.

The Cost of Not Investing in Data

Retailers who don't invest in data analytics are missing out on huge opportunities. For one, their bottom line could be suffering by as much as 60 percent in profit losses, according to a McKinsey Global Institute report.

Your ability to compete is dependent on the quality of your data and how well you analyze and apply it. After all, your data should inform your marketing efforts to help you increase brand loyalty and sales, as well as navigate any circumstance that impacts your business—be it a pandemic or the holiday season.

In-store and digital metrics should work in tandem to help you curate personalized buying journeys for your customers. Traffic counting, customer path analytics, dwell time, and heat mapping are just as critical to your efforts as your website traffic, conversion rates, email opt-ins, and shopping cart abandonment rates.

Until you know how customers interact with your brand at every stage of their buyer's journey, you can't influence their behavior. You need to have a comprehensive understanding of what customers want to see from your organization and how you can best deliver it.

Step 2: Lay the Foundation for Better Integration

Once you gather your customer insights, you need to ensure your software and hardware tools can support how you manage your data and align your in-store and digital efforts. At this phase, you need to identify the following:

1. The software and hardware tools that you leverage today, across both in-store and online experiences.

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2.   Where these tools need to be improved.

3.   The tools you need but don't yet have.

Just ask yourself: What's holding you back from creating a connected experience? Do the current tools you have support a vast network that demands speed and efficiency to accommodate employee and customer needs? Perhaps you should fortify your network infrastructure for faster Wi-Fi connectivity or update your barcode and RFID technology for better inventory management.

All of these elements impact how customers interact with your brand. Finding the weaknesses in your internal platforms and tools will inform where you need to start optimizing.

Step 3: Save the Sale with Employee Engagement

Your employees are the pulse that keeps your organization alive. Across all departments, their work impacts the customer experience. That said, they can only perform at the level your technology allows.

A survey from EKN Research, now EIQ Research Solutions, found that store employees spend only 30 percent of their time interacting with customers. The remaining 70 percent is devoted to operational tasks, like inventory management and back-room and merchandise organization.

Retailers are losing a huge portion of in-store sales simply because their frontline staff is inaccessible. The last thing you want is for your sales associates to be spending the majority of their time in the back office away from customers. By investing in better inventory management, mobile devices, and POS systems, your employees can be more engaged and better equipped to serve your customers.

Enable Updates in Real-Time

Your employees need to be able transfer data in real-time across your organization. Everything from new compliance protocols to inventory changes should be disseminated in seconds, not minutes, to ensure all points in your supply chain are in sync.

If your employees don't have accurate product information, that's the easiest way to lose a sale. Furthermore, employees need to be able to access this information from anywhere, on a PC or mobile device. That way they can be readily available to customers throughout the store or online.

Equip Frontline Employees for Success

Employee mobility also impacts customer perceptions. Customers believe—and rightly so—that sales associates are more capable of providing fast, quality service when armed with a phone or tablet, which is why over half (52.8 percent) of customers in-store will seek them out exclusively.

Efficiency isn't the only advantage though. Some retailers have adopted employee mobility as a means of creating opportunities for personalized service. Chick-fil-A, for example, was able to manage high volumes of drive-thru traffic and engage customers one-on-one with their "face-to-face ordering."

Instead of having customers place orders via intercom, this ordering model has employees take a more personable approach. Tablet in hand, they walk up to customers' cars, take their orders and relay them to the kitchen. This strategy not only made their drive-thru operations move faster at peak times but also enabled employees to provide a quality service experience.

Create a Seamless Checkout Experience

Beyond mobility, you also need to equip your employees with a great POS system, so they can provide a seamless checkout experience. Nothing is more frustrating for sales associates and customers alike than working with a slow, malfunctioning POS system.

Not to mention, a lag in transaction processing can also create a bottleneck in your checkout lines that could be driving severe losses. In fact, one study conducted by the payment platform Adyen found that long in-store lines were among the biggest hurdles to a positive shopping experience, with nearly half (48 percent) of participants reporting that any wait over 5 minutes is too long.

Shoppers forced to wait too long said they either bought the item elsewhere or abandoned the purchase altogether. This trend costs retailers a staggering $37.7 billion in sales every year.

Having an efficient POS system is only the start though. You can also use it to foster better engagement. Incorporating a quick, smiley face customer satisfaction survey is a smart way to get instantaneous feedback. You could also put your brand's core values into practice by asking customers to donate to a cause you care about. Note that charity initiatives work far better and yield higher satisfaction when you offer something, like a reusable shopping bag, to customers in return for a donation, as one Harvard Business Review study reports.

The point is that your service should go beyond speed and efficiency. To nurture brand loyalty, you need to create a personalized experience for customers, and that starts with how well you equip employees to make it happen. Retailers that don't invest in employee mobility and updated POS systems cannot compete with the quality of service provided by those that do.

Step 4: Connect Where It Matters Most

Employees are a vital channel to connecting with customers in stores. But online, there are various avenues to choose from. Your data inform which ones will work best for your engagement strategy.

For example, appealing to a younger demographic might call for increasing your Instagram ad budget. Or perhaps you need to double down on search engine PPC ads for customers who spend more time there than on social media. Either way, you need to analyze where your customers spend their time online and what types of content are most palatable to their tastes.

Above all else, you need to ensure that every piece of content you produce is mobile-friendly so that you can connect with customers whenever and wherever they shop. Of all the personal devices, people spend the most time on their phones.

The Nielsen Total Audience Report shows that, in an average day, adults spend 2 hours and 27 minutes using apps and the web on their smartphones, versus 52 minutes on a computer and 34 minutes on a tablet. With this in mind, it's no wonder that smartphones are projected to account for over 50 percent of all online spend by September 2022, according to the Adobe Digital Economy Index.

Personalize Your Ads

Aside from mobile accessibility, personalization is among the most important components of your marketing, as verified by the 88 percent of retail and consumer goods marketers surveyed by Salesforce. Connecting with your customers where they spend time online makes them feel special.

To effectively target customers, retailers need to leverage physical locations and search and purchasing histories. Many shoppers find these targeted ads to be extremely helpful. Among shoppers who

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embrace technology, two thirds of them appreciate when brands send them personalized information, such as local offers, push notifications and mall promotions.

For customers who subscribe to your emails, using personal information like their name and birthday to make meaningful connections can also yield major results. To illustrate, the Experian Birthday Email Campaigns Audit found that sending customers a birthday email can increase transaction rates by a whopping 481 percent and revenue per email by 342 percent, in comparison to other promotional email offerings.

Whichever digital channels you choose to invest in, personalizing your content to make your customers feel known is one of the surest ways to foster a positive experience with your brand.

Maintain Your Digital Storefront

It's one thing to make customers feel known, but you also need to ensure they know where to find you—both online and in-person. Your digital storefront maintenance with local listings on Google is crucial for driving both web and foot traffic.

> Many people assume that search results only benefit ecommerce, but Google research has shown that three in four shoppers who find helpful local information in search results are more likely to visit the physical stores.

That's why it is so important that all of your store information—your physical addresses, hours of operation, options for delivery or pick-up—needs to stay updated, especially in times like COVID-19 where shoppers are unsure of how your stores are affected.

Build Social Proof

Another critical aspect of your digital storefront is reviews. Reviews are a vital determinant in whether a shopper will choose you over your competitors. A BrightLocal survey found that 90 percent of consumers use the Internet to find a local business, with a third (33 percent) searching every single day. What's more, the average consumer spends 13 minutes and 45 seconds reading reviews before making a purchasing decision.

Reviews are an invaluable source of insight for both the customer and your organization, and the more data you have, the better. Consider more incentivization programs that encourage customers to leave reviews, so you find opportunities at every store location to better serve them.

Step 5: Make the Store the Destination

All of the aforementioned steps will work together to create more channels that all lead back to you. We've discussed how to leverage consumer insights, the need for employee enablement, and digital practices to guide customers to your stores. Now let's talk about how you can empower customers once they're in your brick-and-mortar locations to give them an optimal shopping experience.

Provide Service at Their Fingertips

The key to a positive in-store experience is to make it just as convenient as shopping online. According to the Omnico US Retail Research report, 86 percent of shoppers want to be able to use devices to

save time and skip lines. They want access to apps where they search for items, participate in loyalty programs, and pay.

Retailers can also empower shoppers with self-service kiosks and QR codes where shoppers can find in-depth product information. For example, when Alibaba opened its first Hema supermarket in 2016, a creative feature they offered to validate the freshness of their products was to develop QR codes that showed the exact date food items were harvested, sourced, and delivered.

Kiosks can also drive sales by providing endless aisle capabilities, so customers can find and ship the product they need from other store locations and not experience the frustration of leaving a store empty-handed. A Forester Research, Inc. report found that endless aisle accounts for up to 10 percent of a retailer's revenue. With endless aisle, the limitations of your inventory will never hinder customers from getting the product they want.

Delight with Digital Signage

Convenience and information aside, retailers can also use technology to delight shoppers with digital signage and interactive displays. Digital signage has various benefits, from boosting sales to improving queue management and product recall. Not to mention, stats from Mvix show that it can even increase customer satisfaction by 46 percent and the average purchase amount by 29.5 percent.

With all of these technologies available, there are so many ways to interact with customers and create a unified shopping experience. Retailers need to embrace these digital elements if they want to be the destination over their competitors.

The Road Ahead for Retail

The in-store experience will never become obsolete. Though customers value the convenience of online shopping, they still crave tangible experiences. The main differentiator among retail brands is no longer the quality of their products—but the quality of the experiences they create. And your ability to curate these experiences comes from your data.

Retailers need to use every opportunity to gather insights on their customers and how they interact in their stores and on their digital channels. If you don't invest the time and resources to learn about your customers, you won't be able to effectively engage them in times when you need them most. No matter what the future of retail holds, your customer insights are your greatest asset in your omnichannel strategy.

Pave Your Path with Connection

Need help implementing the practices in this roadmap? Pave your path with a trusted industry leader. With over 37 years of retail experience, Connection has navigated the evolution of this exciting market, gathering insights and guiding clients to success for the future.

Our experts are here to listen to your challenges, offer technical consultation that cuts through the clutter, and empower you with the right solutions. Whether you need an updated POS system for better queue management or a comprehensive Location in a Box solution for fast, cost-effective equipment installation, Connection has what you need to compete in today's market. Contact us to take the first step in your path to optimization.

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As a leading National Technology Solutions Provider, we've been trusted for more than 35 years to connect people with technology that enhances growth, elevates productivity, and empowers innovation. Connection stands ready to deliver, install, and maintain technology nationwide by leveraging our internal professional services expertise and top-tier vendor partnerships.

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