

# Great Omnichannel Expectations

How Retailers Can Offer More Personalized, Consistent Shopping Experiences That Increase Sales And Deepen Customer Loyalty



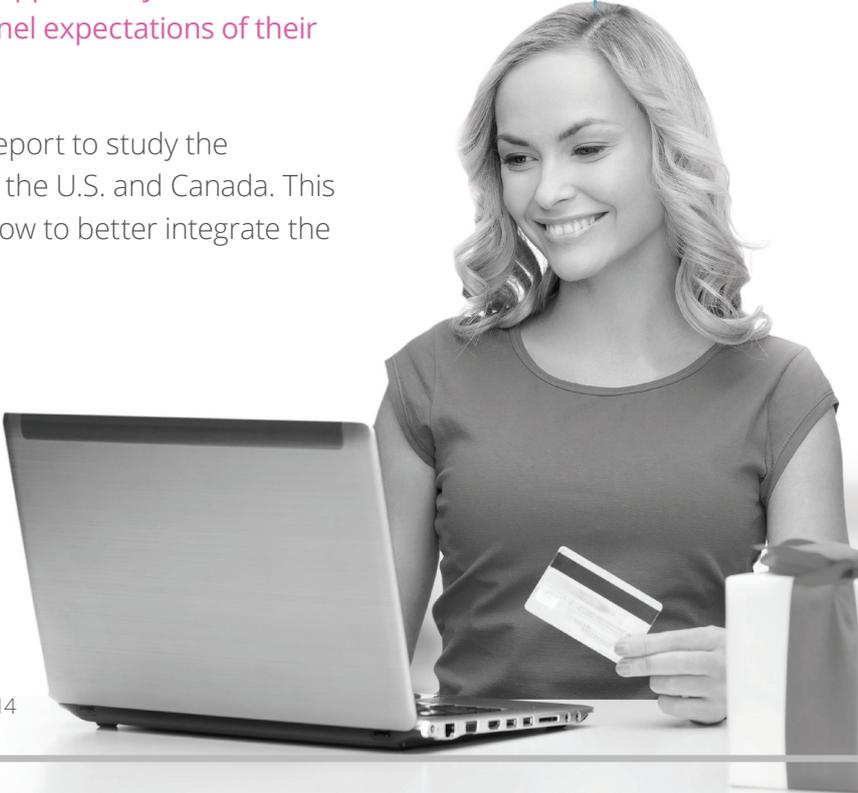
The physical store is still the center of the consumer shopping experience and will be the most profitable retail channel for years to come, despite the growth of eCommerce<sup>1</sup>. However, shoppers now have more choice than ever, thanks to the advent of omnichannel retailing. Years ago, business used to be transacted during store opening hours. Finding the best price meant consumers physically travelled from store to store, or called multiple stores. Retailers could still be successful as long as their prices were competitive and store associates were friendly.

In today's retail environment, the power has dramatically shifted to the consumer, who has more access to information than ever before. With so many choices and increasingly more shopping and research occurring online, retailers must compete not just on price and great customer service, but on the best overall experience. Consumers want to know, "Does this store really know what I need? Does this retailer want to make my shopping experience as enjoyable as possible?" And accordingly, consumers have become less tolerant of negative shopping experiences.

Many retailers still don't have enough information about the shoppers who visit their stores. These retailers are missing a huge opportunity to create a consistent, personalized, connected experience for the customer, with the store being at the center of that journey.

**So how is it that retailers are missing this opportunity, and what can they do to better meet the omnichannel expectations of their customers?**

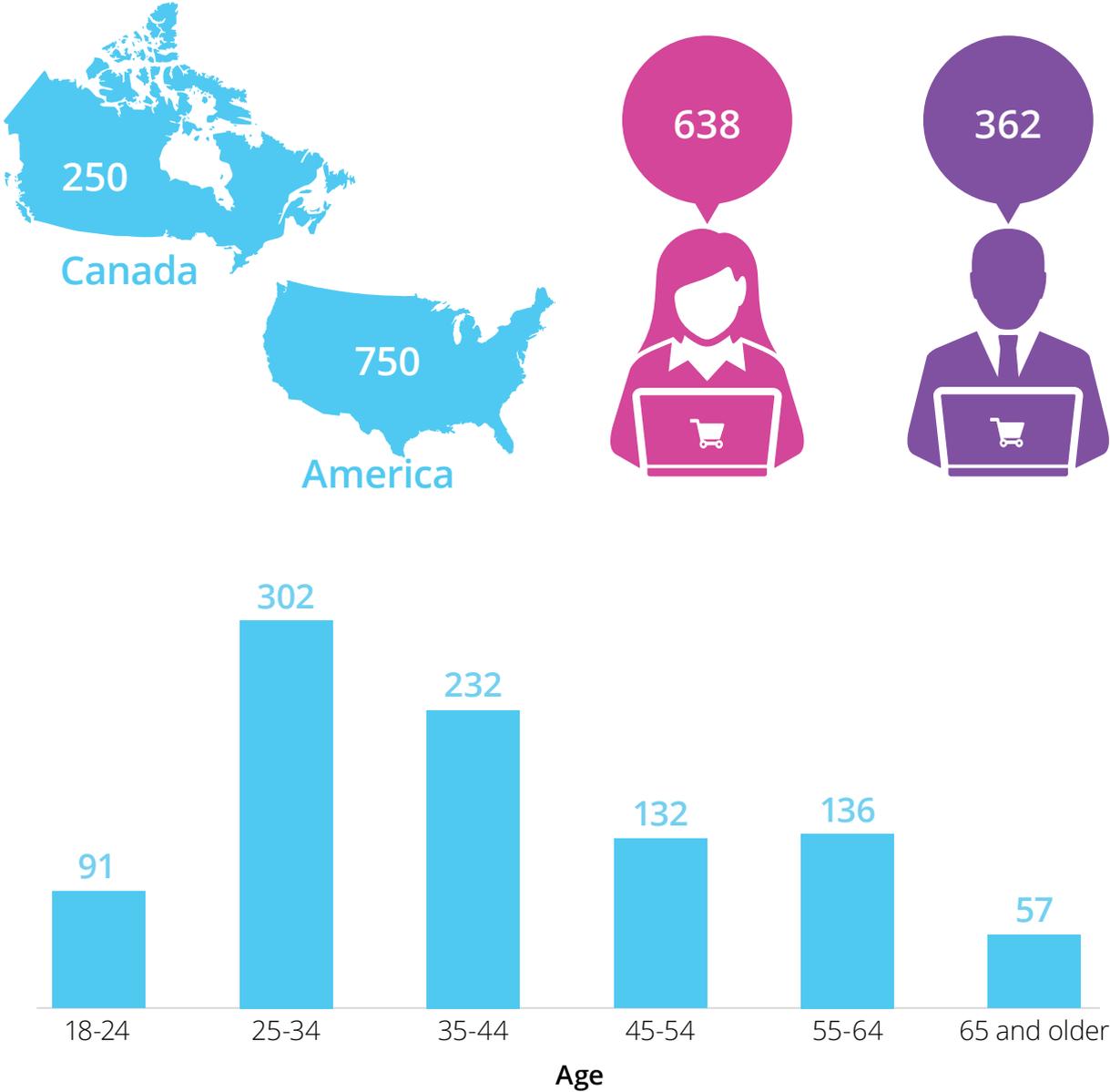
iVend Retail commissioned this research report to study the omnichannel preferences of consumers in the U.S. and Canada. This report is intended to provide insights on how to better integrate the store with other shopping touchpoints.



<sup>1</sup> Global Retail and Consumer Goods CEO Survey: The Omnichannel Fulfillment Imperative, PwC, December, 2014

To capture the most accurate picture of consumers' perception, iVend Retail surveyed 1,000 consumers aged 18 or older, including 750 in the U.S., and 250 in Canada. The sample included 638 women, and 362 men. Here is the number of respondents by age group: 18-24 (91), 25-34 (302), 35-44 (232), 45-54 (182), 55-64 (136), 65 and older (57). Respondents included a broad cross section of consumers by socio-economic backgrounds, employment status and educational levels to be as representative as possible of today's shopper.

### 1,000 Customers Surveyed



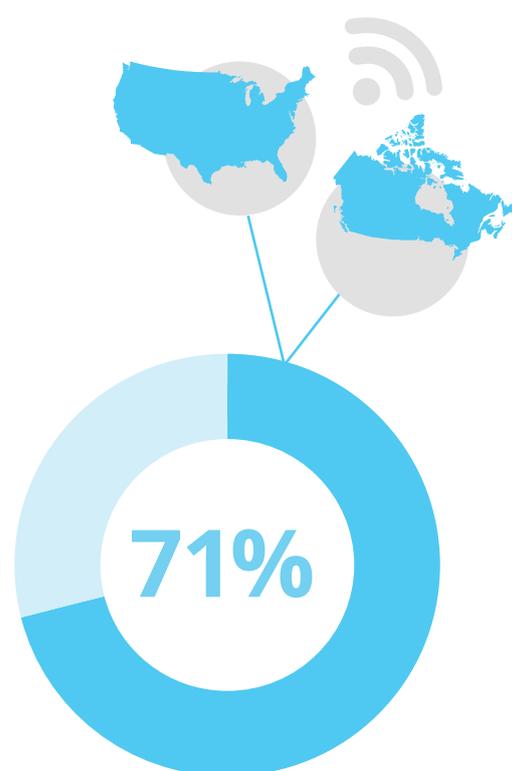
# Why is omnichannel synonymous with online retailing?

To answer this question, let's first consider what omnichannel means. The Aberdeen Group defines omnichannel as "strategic customer engagement initiatives designed to deliver seamless customer experiences across multiple channels (e.g., phone, social media, Web, mobile, and email) and devices (in-store, laptop, and smartphone)."

The traditional lines between offline and online shopping are further blurring. For retailers to provide a holistic, omnichannel experience, they must ensure that each of their sales channels is working harmoniously. Consumers really don't think of shopping in terms of channels. They think of shopping for specific retail brands, and regardless of where the initial research or purchase happens, they expect the experience to be consistent.

**Our research shows that American and Canadian consumers find eCommerce significantly more convenient than shopping in physical stores. In fact, 71% of consumers said they "agree" or "strongly agree" with the statement that they find shopping online more convenient than in a store. Nearly a quarter (24%) said that after shopping online, the store feels like a "let down."**

It's easy to understand why consumers feel this way. As long as they can wait for an item to be shipped, shopping online can save time and effort. In addition, consumers get more offers and promotions tailored to their preferences online, thanks to retailers' ability to track consumers' online shopping patterns to build a detailed picture of their tendencies and interests.



**71% Of Consumers In America & Canada Find eCommerce More Convenient Than Brick And Mortar Stores**

<sup>2</sup>Cloud Contact Center: Path to Better Customer Experiences in Mid-Market and Beyond. March, 2014. Omer Minkara, Senior Research Analyst, Contact Center & Customer Experience Management, The Aberdeen Group

On the other hand, in-store shopping still has its own obvious advantages that can't be replicated virtually. The instant gratification of receiving a product immediately and not having to pay for shipping. Being able to touch, try on or examine a product up close to be sure it is exactly what is needed or desired. Knowledgeable store associates who can help shoppers find the right item and add a personal touch. For each of these reasons, **the store is – and will be for the foreseeable future – where retailers generate the most profit.** Each of these elements – individually and collectively – shapes and influences the shopping experience.

*“We don't think the customer is loyal to channels. We don't hear customers talk about channels very much. Customers value experiences.”*

James Nordstrom, President of Stores, Nordstrom<sup>3</sup>

With that said, one fundamental reason why online shopping has grown so rapidly is that it merged three critical components: **convenience, ease of use, and personalization.** However, as we'll examine further in this report, there is a great opportunity for retailers to reinvent the physical store based on the online model, and work perfectly in tandem with online to get the ultimate end result in the omnichannel world: **more satisfied customers.**



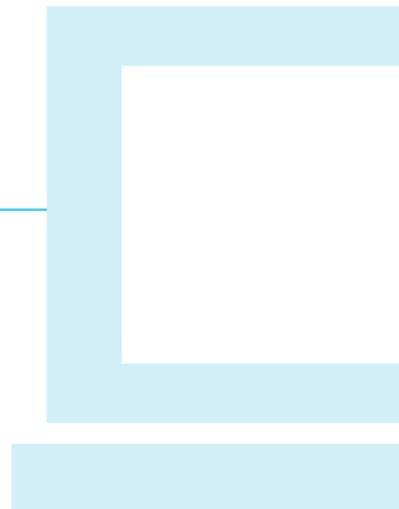
Convenience



Ease of Use



Personalization



<sup>3</sup>“Omni-channel is about customers, not channels, at Nordstrom,” Diginomica, Aug. 14, 2015

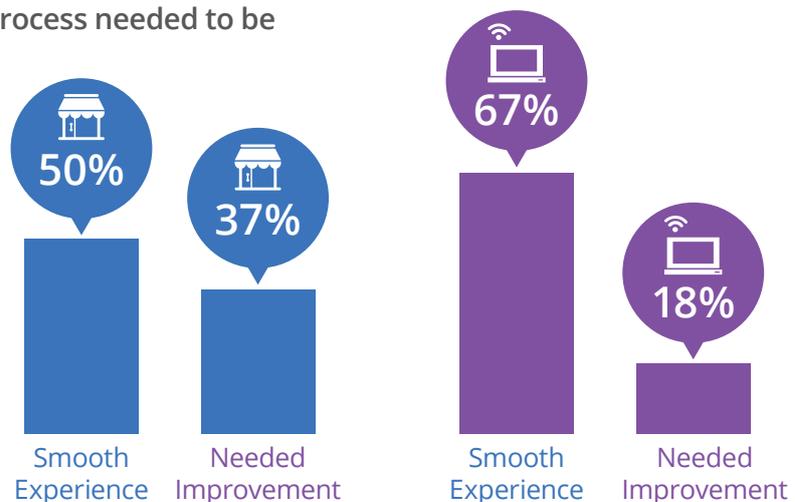
# Challenge 1: Understanding Consumer Expectations of the Shopping Experience

As noted above, online shopping has grown up much faster and online commerce has shaped shopper expectations of experience. Clearly, the store has several areas to improve to catch up with eCommerce.

Overall, consumers are more likely to have a problem-free experience online versus in the store. Two-thirds of consumers (67%) in the U.S. and Canada said the online shopping process was generally smooth, while about 18% said there was room for improvement. By comparison, just 50% said shopping in a store is a smooth experience, and 37% said it needed improvement.

While conventional thinking has it that it's mostly the younger generations who find shopping in a store a hassle, the research reveals a different picture. In fact, 27% of shoppers age 55 and older said there was "room for improvement" in shopping in a store, while just 16% said the online shopping process needed to be improved.

Shopping  
Experience,  
In Store vs.  
Online



<sup>4</sup> "5 Time-Tested Success Tips From Amazon Founder Jeff Bezos," Forbes, April 30, 2013

*"We see our customers as invited guests to a party, and we are the hosts. It's our job every day to make every important aspect of the customer experience a little bit better."*

Jeff Bezos, founder and CEO of Amazon.com<sup>4</sup>

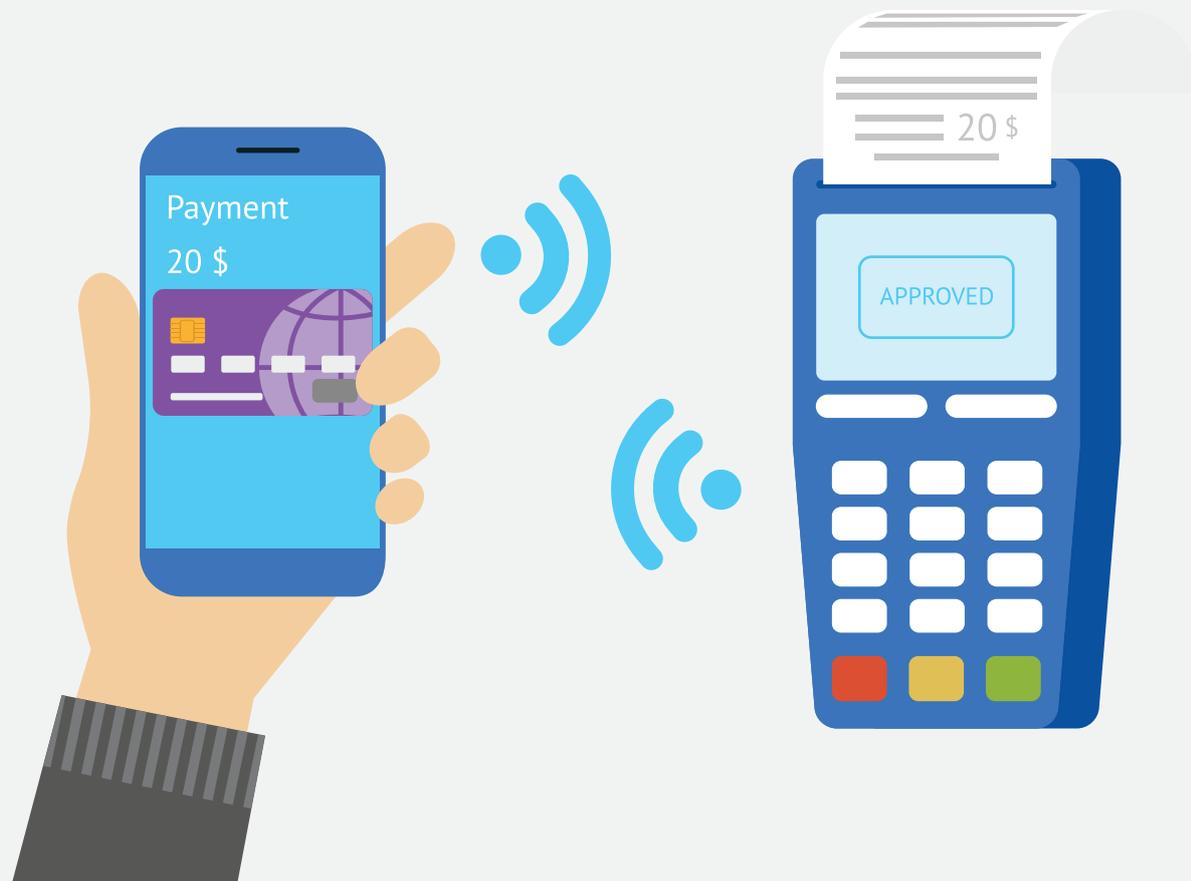
# What can retailers do to improve the in-store experience?

## Make it more like shopping online

When asked “what would improve your in-store experience,” survey respondents’ top choices included having personalized loyalty offers sent to them when they enter the store. **42%** said they wanted these offers sent to their phone (so that they can access through a digital wallet like Apple Pay® or Google Wallet™), while **29%** wanted them delivered via email.

This is to be expected. When shopping online, consumers are used to receiving exclusive promotional offers as they shop more frequently with their favorite brands. Why should the store be any different?

New technologies enabling retailers to send targeted offers to entice customers to spend more when they are in the store are emerging. Reinforcing the store with online capabilities satisfies the customer’s expectations, which are being driven by their online experiences.



# Challenge 2:

## The Educated and Connected Consumer

By the time a shopper has walked into a store, they may have already done considerable research, online or on their mobile device about the goods or products they plan to purchase. There is still the shopper who's just browsing – not sure of the item or brand that they want, but many shoppers are well informed and have a good sense of where they can find the item that suits their needs best.

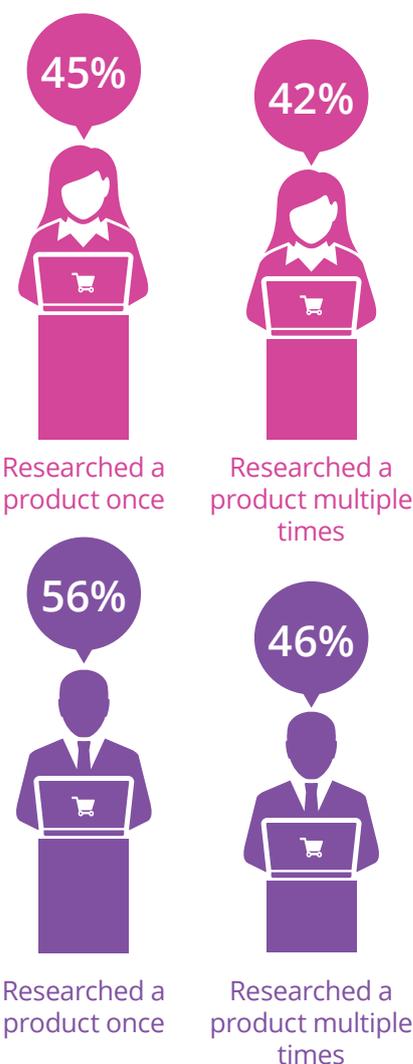
Nearly half (49%) of American and Canadian consumers surveyed said they research a product online once before they visit a store to buy. 44% said they research a product multiple times online.

Interestingly, it's not just younger consumers who are doing all this research. Half (50%) of consumers aged 55 and older have researched a product online once, and 38% have done so multiple times, before going into a store to buy it.

Our research also cast doubt on traditional shopping roles of men and women. For example, men are known as the "purposeful" shoppers, and women more the "browsers." Our research found that both genders appear similarly targeted in their shopping goals. 45% of women research a product at least once and 42% multiple times before going into a store. For men, it was 56% once, and 46% multiple times.

Using a smartphone to check out a competitor's price and availability of an item is another hallmark of this educated consumer. More than a third (34%) of consumers said they like to use a smartphone to research more information while in the store.

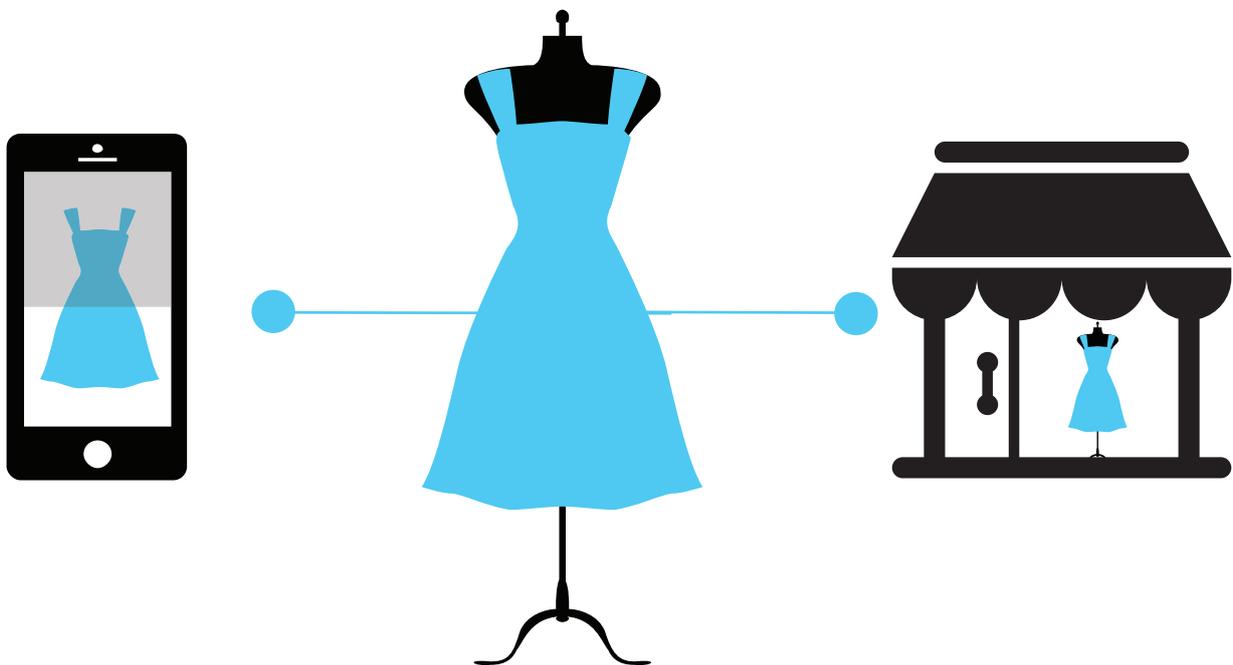
### Online Product Research Is Growing



# Integrated Retail Experience for Informed Shoppers

No matter what age group or gender a retailer or brand targets – or for that matter, what products they offer, whether it is women’s apparel or tools – retailers must ensure their physical store is well integrated with their digital presence. They must be ready to cater to the needs of this informed shopper.

When a shopper arrives at the store, they are usually looking for specific things. Typically, they want to know that the product has the right physical attributes - the right size, color, sound or texture, and that it’s in stock - before they go to the store. Once the shopper confirms it’s the item they want, the “moment of truth” comes for the retailer. Their store will either become a showroom for that shopper to make a purchase elsewhere (such as on Amazon), or they will capture that shopper’s purchase with a shopping experience that meets their level of sophistication and expectation of a pain-free shopping process.



# Challenge 3: Ordering and Pickup Experiences

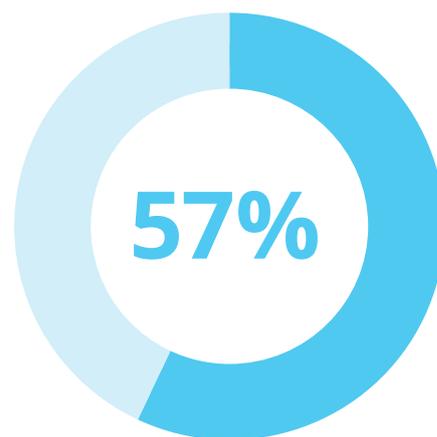
If there is a secret weapon that stores have at their disposal to enhance the shopping experience, it's the ability to get an item to the customer at their preferred delivery or collection point.

Retailers need to keep in mind the hassle-free ordering and seamless delivery experience that shoppers have become accustomed to with Amazon and other eCommerce sites, and consider how they can replicate this experience within their store.

Picking up purchased items in store remains problematic for some retailers. When asked to choose what would improve their in-store shopping experience, **25%** of consumers said improved in-store collection processes when picking up an item they've ordered online.

This is a significant area of opportunity for retailers, considering that **57%** of US and Canadian consumers said they have ordered an item online for collection in a store. Many consumers don't like paying for shipping, and they also don't want to be inconvenienced by waiting for deliveries. Consider, as well, the widespread media reports of packages not being delivered in time for the holidays in recent years, which has understandably led to customers' frustrations.

Ordering online and collecting in the store gives the customer assurance that their item will be delivered as promised. Further, in store collection presents an opportunity for retailers to utilize knowledge of what item(s) are being purchased to arm sales associates for cross-sell opportunities upon collection. Rather than consider online ordering and collection a threat



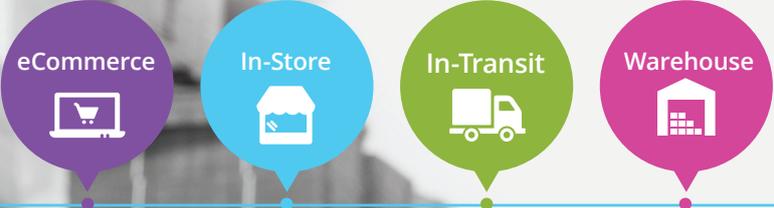
**57% Of Consumers  
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In A Store**



to traditional channels, it can present new revenue opportunities and logistically, new stock allocation and storage processes must be mastered, as retailers who continue to allocate stock by each channel, will be burdened by excess inventory.

Fortunately, there are technologies available today that allow stores to create a single inventory stock pool to ensure that products are available for whatever channel the consumer prefers. Retailers should have an integrated system that gives them real-time views of their inventory, wherever it is, in the warehouse, in store or about to dock at a port of entry.

Inventory management is a key part of omnichannel retail success, and it helps ensure the physical store is a seamless part of the omnichannel shopping experience.



# Challenge 4:

## Loyalty Experiences

Ever since American Airlines introduced its “Frequent Flier” program in 1981, which tracked customers’ flown miles and rewarded them with upgrades and free tickets, brands have been continuously refining loyalty programs to deepen engagement with customers and ensure repeat purchases.

Just like personalization, loyalty programs have also been reshaped by online shopping experiences. Most retailers recognize that excellent customer service is the best way to build customer allegiance, but loyalty programs play an important role in helping to keep customers satisfied.

Today, programs that recognize a customer’s purchases must be part of a truly connected experience. To accomplish this, retailers should understand the value of each customer in all channels. They also need to ensure customers are benefiting in the most convenient manner to them.

Unfortunately, many retailers’ programs haven’t evolved for today’s omnichannel shopper. Many still use paper-based coupons, gift cards and loyalty cards. It’s clear from our survey that many of these benefits aren’t being used, which is a missed opportunity for retailers.

If shoppers are missing out on all these benefits, what can retailers do to boost customer loyalty?

A robust digital pass application can help retailers give their loyal customers more timely rewards. This type of application allows retailers to deploy digital passes on iOS™ and Android™ devices, via their digital wallet applications. Customers can manage all of their coupons, gift cards and rewards from

40%

Of Consumers Have Missed Out On Loyalty Points Because They Didn’t Use Them Before The Expiration Date

36%

Often Forget To Use Paper Coupons They Receive In The Store

24%

Often Forget To Use Loyalty Cards In Their Wallet

17%

Have So Many Loyalty Cards That They Find It Hard To Remember Where They Are A Member

one place, and don't have to carry a paper or plastic card with them. In addition, this technology allows retailers to send push notifications to a customer when a coupon is about to expire, or when they've earned enough points to get a reward. So you don't even need to plan ahead and bring your paper coupon. Geo-fencing allows retailers to geo-tag stores so that customers receive notifications when they walk into that particular store.

Many consumers are looking for more digital delivery, rather than paper. About 42% would prefer to receive loyalty offers sent to their email and 30% would like offers sent directly to their mobile device.

Think it's just younger shoppers - the "digital natives" - who find paper coupons to be a hassle? Think again. Among those 55 and older, 42% prefer to receive digital coupons via email, rather than paper.



# Challenge 5:

## Personalizing the Store Experience

As mentioned earlier, the ultimate goal for retailers is to achieve a true omnichannel view of each customer, monitoring their purchasing habits both online and offline. This allows retailers to enhance the relevance of their marketing and give shoppers personalized offer everywhere they shop.

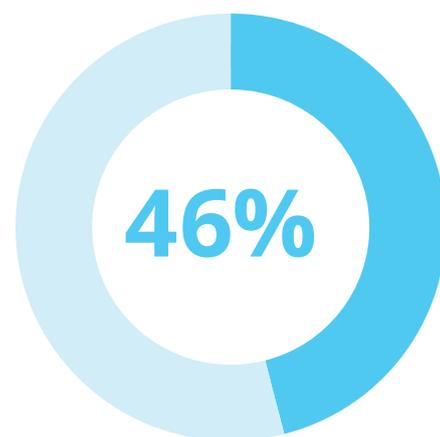
The problem facing many retailers is that there is a significant disconnect between the online and in-store worlds.

Nearly half (46%) of American and Canadian consumers said they receive online offers based on what they buy, but don't receive targeted offers in the store. As a result, many consumers feel the online experience is more personal.

Nearly a quarter (23%) said they would like stores to give them a more personalized experience like they get online.

To get that experience, consumers are willing to allow retailers track their purchasing habits and use that information to send them targeted offers. Two thirds (67%) said it was either "very important" or "somewhat important" that retailers have one view of them as a customer – both from online and in-store shopping history. 22% say they would like stores to know more about how they shop online so that they can improve service.

A retail application platform optimized for omnichannel retailing gives retailers visibility of every customer across their business. It allows the retailer to make product recommendations based on previous transactions; cross-selling or up-selling in a relevant or timely manner; extend product availability everywhere that it's needed; and place online orders at the customer's preferred delivery or collection point.



**46% Consumers Said They Receive Online Offers Based On What They Buy**



*Understanding the value of a shopper in all channels is absolutely fundamental to success.*

# Challenge 6:

## The Mobile Opportunity

Mobile has certainly changed the game to give shoppers the upper hand – with better real-time access to information on pricing and product availability.

Retailers who understand the mobile opportunity are empowered to deliver a shopping experience in the store that's more like what shoppers are used to online.

Technology can be the key to improving customer engagement in the store – not only by equipping store associates with the knowledge needed to improve each customer interaction, but by eliminating long lines at the checkout counter.

**Shoppers are very eager for stores to embrace technology. In the same question referred to earlier about what would improve their in-store experience, 35% of consumers said they would like sales associates to use tablets to take payments and shorten lines at the register. In addition, 29% would prefer to have sales associates using tablets to provide them with product information.**

This is another advantage that the store enjoys over online shopping – being able to go into a store and interact with a person, one on one.

By equipping store associates with mobile point of sale (POS) devices, retailers can process sales on the floor, and the customer can avoid checkout lines. It also allows the associate to look up a customer's purchase history, make customized recommendations based on that customer's profile and check product inventory. Mobile POS also frees up valuable real estate in a store that would otherwise be used for registers. If the customer is also using digital passes, they can easily collect and redeem points in the same transaction, just like they can with a traditional POS system.

Mobile is clearly the cornerstone on which retailers can base their omnichannel strategy that most effectively integrates the physical and online channels.

*“We are a decade away from the end of the traditional POS. The entire process will need to change, not just the register. It is more of a business problem than a tech problem.”*

Ratnakar Lavu, EVP of Digital Innovation, Kohl's<sup>5</sup>

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<sup>5</sup>“The Absolute Best Stuff Overheard at NRF 2015,” RIS News, January 2015

# What does your omnichannel roadmap look like?

If you're reading this report, chances are you're somewhere on the road towards a connected retail model – there will be some retailers yet to start, but most will have made some successful steps forward.



Integrating the store into the omnichannel retail experience is absolutely fundamental to meeting customer expectations across all channels, and technology is the missing link between the physical advantages of bricks-and-mortar and the digital flexibility of eCommerce.

iVend Retail can support retail businesses in the implementation and management of store technologies, to finally bridge the gap between online and offline shopping.

**We'd love to talk to you about where – and how – to continue your journey.**  
For more free omnichannel resources, visit: [www.ivend.com](http://www.ivend.com)

## Get in touch with iVend Retail

iVend Retail is the omnichannel retail management solution for the way retailers work today. It delivers a fully integrated solution designed to enable change, not just built to last. iVend Retail innovates retail technology, providing a technically-superior solution and offering open APIs which can be integrated broadly with leading ERPs and customer-facing applications.

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