



Steps to Successful Omnichannel Retailing

BY STEPHEN MADER, KANTAR RETAIL 15 DEC 2014

Delivering an omnichannel experience means identifying key decision points along the purchase path, and being ruthless about removing friction to motivate purchase.

By Stephen Mader, Digital Retail Insights Director,
Kantar Retail

There will always be buzzwords to describe the future, and nothing is more jargon-laden than the future of retail. Let's take a look at one of these buzzwords, "omnichannel", which should not be used interchangeably with multichannel. Omnichannel means delivering a perfectly seamless brand experience across all touch points that the consumer uses to engage with your brand. Simply put, it's a shopper-centric view of the world. Sounds great, but this shopper-centric view cannot be realized without relying on smart retail partners that

can execute well across all channels – proper multichannel is execution-led and process-driven...and this is where the omnichannel experience often fails.

Getting it right

Two brands currently delivering an omnichannel experience are clothing retailers Bonobos and Me and the Met.

US-based Bonobos recently moved from being a pure-play online men's fashion retailer to opening physical shops in New York and Boston. Shoppers make appointments at these "guide shops," which carry the company's full range of styles, sizes and colors. Bonobos identifies shoppers through a CRM system that is accessed by in-store employees via iPads. Once consumers make a product selection, the staff orders the items for free two-day delivery.

Me and the Met, an online fashion shop based in Denmark, offers a try-on-at-home-while-the-courier-waits service in Copenhagen. A courier delivers ordered items within an hour, and customers try the items on while the courier waits. Shoppers can send back the clothes that don't fit or look good. That's convenience at its best.

Both these examples show what can be accomplished by new players with a ground-up approach to execution. Strong backend IT systems and unique economics allow for shopper-first operating models. For established retailers, however – those that must balance quarterly reporting with the organizational shifts required to satisfy this future shopper – a more iterative approach is necessary. There are many small, incremental steps that can take friction out of the retail system and help transform a business to be more agile. Such steps will be different for every brand, but all will touch on four key areas: technology, delivery logistics, CRM and more integrated media planning.

Using technology and mobile

For many brands, technology means using mobile devices to speed up the interaction between shopper and retail outlet, thereby turning shopping impulse into action or improving

loyalty via enhanced customer experience.

A good example is Walgreens' mobile app, which allows customers to scan a pill bottle to order a refill for pick-up at a local branch. App users can also send photos from a child's birthday party or school play to the store closest to grandparents (whether that's 30 or 3,000 miles away). The app is popular because Walgreens first identified the primary reasons that people go into their stores, and then built the app around these drivers. Harris + Hoole, the UK coffee retailer backed by Tesco, has an app that speeds up the purchase process. Once an individual "checks in" to the coffee shop, the cashier can view the customer's profile, photo, loyalty data and regular order. This allows employees to address customers by name and take payments via a pre-charged account.

The urge to find new ways to leverage technology is sending brands to trade shows like CES in the US and Mobile World Congress in Barcelona, and forward-looking firms like Unilever have run hackathons to create innovative ways to connect shoppers to brands.

Big differences with logistics

The second area where little changes are making a big difference is in logistics. For many consumers, convenience has moved from being able to take purchases with them from the store to having items delivered in a one-hour slot the next day. As a result, retailers are becoming very aggressive in developing new solutions. Consider Amazon as a prime example. Amazon offers same-day delivery in twenty US cities, and is partnering with Royal Mail to do the same in the UK. The company has started Sunday delivery in Milan and is expanding Amazon Locker, a self-service parcel delivery system, throughout the US and UK. During the past three years, Amazon has doubled its fulfillment capacity as it tries to close the distance between the sale and its shoppers as quickly as possible.

The UK supermarket chain Waitrose offers a "click and collect" service for free, but customers can spend more to have groceries delivered to a locker or by courier during a one-hour window. Needless to say, shoppers want as many fulfillment options as possible, and many retailers are counting on their willingness to pay more for the added convenience.

Loyalty schemes and CRM

Another way to drive omnichannel success is through investments in CRM and loyalty programs, and there's an opportunity to open up (and personalize) these loyalty schemes. Taking a page from the video gaming community, retailers are gamifying their loyalty schemes by allowing users to "win" vouchers and money-off coupons. "Players" can also see how far they are from their next voucher or reward tier, which motivates additional spending.

US-based Meijer, for example, creates transparency around its supermarket rewards program by showing consumers who shop in the baby and beauty categories how close they are to receiving the next awards voucher (and who doesn't want that next precious baby product or lipstick?).

Integrated media and operations planning

Finally, in a world where a brand's largest commercial partners are also quickly becoming massive media platforms, brands must change the way they align operating functions across digital marketing and commercial teams. Amazon, Google and Alibaba are all trying to control the customer journey, starting at search and continuing through fulfillment. The first stop for many US and Western European shoppers researching potential purchases is Amazon, but brands need to be sure they are tending to all their partner relationships as sources of not only additional shopping revenue, but for added brand equity, as well.

SYSTEMS THINKING