

The Challenge of a Truly Omni Channel Approach for Retailers

Theodor PURCĂREA

Abstract

There is an increasing preoccupation for the Omni channel integration experience, Omni channel customer spending more, depending on his Omni channel shopping experience, and wanting to be educated to be sure he is getting the best value. Retailers are under real pressure for identifying the best solutions while facing challenges through the sales cycle, struggling to have the big picture of their customers' Omni channel journey. They have to synchronize online and physical experience to deliver on brand promise, so as to ensure the seamless, personal and relevant experience wanted by their consumers. Omni channel practices are considered essential for a quality shopping experience, and mapping the customer journey is the first step in creating a proper problem-solving company's framework within a strategic digital marketing approach taking into account what matters to always connected consumers.

Keywords: Omni channel shopping experience; Omni channel practices; Omni channel journey;

Omni channel digital customer experience

JEL Classification: L81, L86, M31

Omni Channel Strategy and Delivering on the “Bon Ton” Promise

“Bon Ton” is an adjectival phrase in French meaning consistent with good manners, the etiquette or common sense. (wiktionary.org) According to Merriam-Webster dictionary, “Bon Ton” means fashionable manner or styles, the fashionable or proper thing, high society.

NAPCO Media's Total Retail recently showed the interesting Omni channel integration experience of Bon-Ton Stores (which are owned by The Bon-Ton Stores, Inc.), underlining some significant facts resulting from its Omni channel approach during a session at the Internet Retailer Conference & Exhibition (Chicago, June 7-10, at McCormick Place West), such as: Bon-Ton retailer incorporates web IDs and keywords for search into its print catalogs, uses engaging content to connect with and inspire its customers, help customers to choose products in its retail environment by providing kiosks and leveraging web inventory in-store (stores or distribution centers), creates more customer engagement by using an e-receipts program (emailing to customers thanks to email addresses collected from its customers at checkout by store associates), offers a virtual credit card that its customers can use in-store via their mobile devices. Bon-Ton retailer's customers have also the option to buy online and pick up in-store, and - as an Omni channel customer spends more - they are incentivized to shop through multiple channels by an engaging loyalty program. (Campanelli, 2016)

It is not by chance that a recent Forbes Insights (the strategic research and thought leadership practice of Forbes Media) and Synchrony Financial survey (synchronyfinancial.com) of 250 retailers (representing major sectors of big-purchase retailing, including appliances and electronics, automotive, home furnishings, and outdoor and sports equipment) confirmed customers' tendency towards an Omni channel shopping experience, by showing that: customers do research online and buy in stores when shopping for major purchases (46%); customers prefer to research and buy online (36%); customers prefer to research and buy in the store (18%). These responses indicate that 82% of customers do research online, but the biggest group still buys in stores.

The above mentioned research findings also showed the surveyed retailers' opinion on top five reasons why customers make purchases from a retailer: overall value – 47% of the surveyed retailers (customers also wanting to be educated to be sure they are getting the best value); known/reliable brand – 44%; the right product offering – 43%; variety/wide selection of items – 39%; stands behind product – 38%. Other research findings underlined top five factors that drive customers to visit the stores: friendly and helpful associates – 38%; pricing/good deals – 38%; retailers' brand reputation – 36%; retailers' website – 33%; Word of mouth – 32%. On the other hand retailers' top challenges through the sales cycle were highlighted:

- Presale: research and decision making – 51% In store, 35% Online, 32% Omni channel;
- Closing the sale – 35% In store, 45% Online, 36% Omni channel;
- Post-sale: service, returns – 14% In store, 20% Online, 32% Omni channel.

This valuable Forbes Insights and Synchrony Financial survey also showed that from the viewpoint of Omni channel journey: 13% of the surveyed retailers have not started yet, and are not planning to; 22% have not started yet, but plan to; 27% early on; 25% other; 13% fully Omni channel. In what concerns the top five challenges with creating a positive online experience, respondents mentioned: cybersecurity – 32%; understanding customer online habits – 28%; privacy issues – 24%; variety of product offering – 24%; analytics of online data to understand customer needs. The research conducted by Forbes Insights and Synchrony Financial drew relevant conclusions, such as: the need of stores to be connected with online operations via instore technologies and talent in order to succeed; the main reason customers are drawn to the store is represented by the sales associates, and this because customers want the human interaction; a critical factor to success is to combine all the channels into one seamless experience for the consumer; the need of associates to have training and be equipped with technologies to bridge the channels and provide the right customer experience.

It is also worth mentioning, within this context, the relevant Synchrony Financial's list (synchronyfinancial.com) of the top 10 technology, marketing and consumer trends that can have an impact on retail sales in 2016: wearable technology; new retail holidays; voice technology;

virtual reality in the shopping experience; video streaming; internet of things; mobile payments & alternative payments; social network buy buttons; increased spending on pets; personalization. We can see here a link with the last conclusion (from the above paragraph) that targeted a personable experience.

Allow us to also remember that on 20th April 2016, (cxexcellenceworld.com) on the occasion of the CX Excellence World - Day Two: Summit (Movenpick Hotel Paris Neuilly, Paris, France, 18-20 April, 2016), one of the hottest topics on the Agenda was “*Omni-channel Management: Synchronising online and physical experience to deliver on brand promise*”, within this framework significant issues have been addressed, such as: the top 3 priorities to become Omni channel across silos; how to implement and manage Omni channel, and how to measure Omni channel experience; how do consumers perceive Omni channel, and how do they care about channels as defined by enterprise; measuring multichannel customer experience: combined revenue, combined costs and customer satisfaction.

A real challenge for retailers: the personal and relevant experience wanted by consumers

We have seen before retailers’ real need to be equipped with technologies to bridge the channels and provide the right customer experience. Two years ago, a Forrester Consulting thought leadership paper (commissioned by Accenture and hybris, an SAP company) showed that as consumer expectations for Omni channel experience (a brand differentiator) intensify, and retailers’ organizational, technical, and operational barriers remain hard to overcome (many retailers have reached a false state of Omni channel comfort, and they must abolish siloed channel strategies altogether), it is important to consider some key recommendations, such as: start integrating channels and leverage technology to enable a seamless experience; create a cross-functional Omni channel leadership team, and establish clear goals that bridge the gap between customer’s expectations and existing capabilities; create success metrics and incentive structures that drive Omni channel results. (accenture.com)

Within this framework, retailers must identify ways to enhance marketing with consumer-generated content (such as: showcasing consumers’ photos, using contests and giveaways, encouraging reviews) in order to increase brand awareness, new sales lead generation, and customer loyalty, encouraging retail brand followers to share, building a strong community on platforms (Facebook, Twitter, Instagram and so on), leveraging consumer-generated content across retailers’ entire marketing strategy through Omni channel. (Bedgood, 2016) There is no doubt that more and more shoppers are accessing channels by mobile (mobile devices being a key aspect of the shopping journey) at every opportunity, by researching, price checking, comparing products, purchasing, reviewing products, and contacting customer service. The top 5 ways consumers are using their phones while not in a store location – according to the North American Consumer Technologies Retail Survey (2015) – are: to locate a nearby store or check store hours (30%); to compare prices (30%); to look up product information (29%); to purchase a product (24%); to read customer reviews of a product (24%). (Bedgood, 2016) The integration of online, mobile and in-store

offerings seems to be accepted today as a must for delivering consistent, relevant, personalized experiences, taking into account that consumers want more contextualization. (Pearson, 2016)

A year ago, on the blog of “CPC Strategy” – a thought leader in the retail search industry – which understand the evolution of online shopping as being driven by on-demand convenience and personalization, (cpcstrategy.com) a very interesting case study from the viewpoint of the best Omni channel retail practices for holistic marketing was revealed (Omni channel practices being considered essential for a quality shopping experience). (Johnson, 2015) In the above mentioned case study (cpcstrategy.com) of Jerome’s Furniture (generating \$150 million through its 11 local locations per year in gross sales, the majority coming from in-store traffic, but with a growing proportion coming through online channels) that embraced Omni channel marketing, the biggest challenge was for everyone from the Jerome’s business to understand what was happening in Omni channel. And after establishing the proper framework for who their customers were by updating analytics and tracking technology, they conceived a list of specific Omni channel target goals (drive in-store sales, drive web sales, better understand how online ad spend is contributing to in-store sales, drive brand awareness through YouTube and other display mediums and so on).

This year, the Future Stores 2016 Conference (already in its 4th year), which took place on June 20-23, 2016, Sheraton Seattle, Seattle WA, brought together retail executives to discuss in-store innovation and best practices for merging the digital and physical retail, including focusing on Omni channel integration. On June 20, 2016 – the “Pre-Day: Retail Innovation In Action” – participants were invited to pay a visit to the Impinj RAIN Experience Center (REC), a Seattle-based innovation center created to test and showcase item connectivity applications in real-world retail shopping scenarios. The Conference agenda informed, for example, that visitors can see how Item Intelligence and RAIN RFID enable Omni channel fulfillment, digitally enhanced shopping experiences, and so on. (futurestores.wbresearch.com)

Mapping the customer journey into an Omni channel world

According to Marketo, well-known for its Engagement Marketing Platform spanning digital, social, mobile and offline channels, the likelihood a customer will respond positively to a campaign’s call-to-action is increased by an Omni channel approach that allow customers to easily view via mobile, desktop, or tablet throughout the day. In other words campaigns are optimized to be Omni channel. Marketo underlines that every step of customers’ journey (from discovery through conversion and advocacy) should be monitored and facilitated by the company, and all digital and non-digital channels should provide an element of personalization because consumers jump seamlessly between channels.

Mapping the customer journey is the first step in creating a proper problem-solving company’s framework within a strategic digital marketing approach. This step involves identifying the channels used by the company (all the touch points where company’s customers

encounter company's brands and departments) in order to send messages and detect not only its customers' intent and action, but also eventual opportunities for new messaging programs. Of course, this first step opens the way for the other ones, such as: identifying the fulcrum points, talking to other departments than marketing, and to people on the customer front lines, reviewing company's customer satisfaction surveys, examining Management by Objective (MBO) goals in other departments, looking for content to repurpose, seeking out quick wins and situations where the company can build on its success, setting up goals and choosing adequate metrics. (McDonald, 2016)

At the beginning of this year, Experian Marketing Services (well-known promoters of creating the customer journey framework, and moving beyond this journey) brought to the fans of MarketingProfs (O'Shea Gorgone, 2016) a very challenging talk with Dr. Carl Marci, chief neuroscientist at Nielsen Consumer Neuroscience, co-founder Innerscope Research. Let's take a look at some highlights from this interesting talk: it is important for marketers to consider all four outputs or expressions of emotion that matter: verbal, nonverbal, behavior, information stored in memory for future use; while better understanding the impact of their marketing by collecting data on consumer reactions in real time, marketers have to do it without disrupting the experience; marketers have to know that they can't read people's minds, but they can come close with the help of the modern technology. And as retailers are collecting more data than ever before they have an opportunity to use that information to create the kinds of personalized shopping experiences which consumers now demand (and increase their conversions and, ultimately, revenues in the process).

Two years ago, a representative of Neosperience (which has defined Digital Customer Experience/DCX since 2014; the one and only DCX cloud that empowers organizations to engage and monetize digital customers by easily delivering customer-facing and business apps) showed (neosperience.com) that: the interactivity between brands and customers will become more relevant with the help of technology (and this thanks to the level of customer behavior understanding provided by neuromarketing) allowing customers to stay connected directly and i.e. order customized products from top brands; an Omni channel digital customer experience can translate into the most powerful brand experience; (Melpignano, 2014) once properly designed and implemented customer-facing app delivers a number of benefits, such as: selection, convenience, speed, information, right-time personalization, smart commerce capabilities. (Melpignano, 2014)

It is interesting to note that KPMG's Omnichannel Retail Survey 2016 (which analyzed key trends from over 250 retailers during the Black Friday and Christmas period 2015 and reviewed their impact on the supply chain, key trends covering including Black Friday, delivery models, consumer shopping preferences, returns and the online experience) revealed (home.kpmg.com) among others that: UK Retailers saw in 2015 an increase in online sales through smartphones and tablets; for those consumers purchasing using the mobile app, only 35% received delivery notifications through their app (indicating room for improvement); 35%

of high street shoppers actually bought add-on-sales, compared to 21% of online shoppers (also indicating room for increasing revenue through Internet-based channels by further improving personalisation and effectively leveraging data collected); there is an opportunity for Omni channel retailers to challenge online-only specialists by achieving a single view of inventory; convenience (next day delivery or Click & Collect) and cost (low / nil for delivery) are key priorities for customers. (assets.kpmg.com)

At the end of the last year, James Rowell, Lecturer Operations and Supply Chain Management, Business School, University of Buckingham, argued in a relevant article, (Rowell, 2015) published in “Romanian Distribution Committee Magazine”, that Omni-channel has become even more competitive, retailers reviewing from marketing and operations perspective the range(s) of products made available through different channels and/or locations., and speed becoming a crucial competitive factor. He underlined that there is a real need to develop the operating model(s) which are attractive to their market segments and customer base, and retain their loyalty.

Instead of conclusions

There is no doubt, indeed, that Omni-channel has become even more competitive. An Omni-Channel Shoppers Study (US only, fielded Sep 6-18, 2015; more than 2,400 adult “omni-channel shoppers”) by GfK (commissioned by Facebook IQ) found that: today, 45% of all shopping journeys contain mobile (57% for Millennials – 18-34 years old), Omni-channel shoppers are looking for a better experience across all of their devices, but especially on mobile; the mobile shopping experience is still very much lacking in many areas, but smartphones and tablets are the preferred devices among most people shopping online and even while in brick-and-mortar stores; brands will have to rethink how they present product details in a visually impactful way that’s clear yet small-screen friendly. (insights.fb.com)

McKinsey’s global survey (Magni, Martinez, and Motiwala, 2016) of more than 22,000 consumers highlighted recent shifts (differing by region) in buying behaviors, one of them having to do with where people shop. Respondents claimed to have shifted a considerable fraction of their spending toward online and discount channels. On the other hand, allow us to remember another opinion expressed within the context of the Retail Business Technology Expo (RBTE), which took place on March 9-10, 2016, in London (the next one will be on May 8-9, 2017). As the Website of RBTE recommended checking out their supplement in The Telegraph, we find out the opinion of the Head of retail propositions at BT Expedite (a strategic partner and proven innovator for 100 leading retailers in over 170 countries worldwide), who pointed out (btexpedite.com) that: what matters to always connected consumers (using multiple touch-points, from tablets, apps and online to in-store when shopping) are ease, convenience, speed and a seamless shopping experience which takes them from browsing to delivery; what matters to retailers is having a truly Omni-channel approach, continually improving their ability to provide personalised customer service, enhancing customer engagement and boosting loyalty by

improving speed and service, ensuring an unique shopping journeys built around consumers individual preferences and shopping styles. (Denton, 2016) From the viewpoint of BT Expedite, as customers want a frictionless experience, wanting to be in control, retailers need to understand that genuine Omni-channel is leaner and smarter, being all about integration, making everything retailer sells available to every customer, anywhere and everywhere. (btexpedite.com)

References

Bedgood, L. - Why consumer-generated content is key for today's retailers, Jun 19, 2016, retrieved on 20.06.2016, from: <http://customerthink.com/why-consumer-generated-content-is-key-for-todays-retailers/>

Bedgood, L. - Getting Mobile in Retail: Why 87% of Retail Marketers Plan to Up Mobile Spend in 2016, May 17, 2016, retrieved on 21.05.2016, from: <http://customerthink.com/getting-mobile-in-retail-why-87-of-retail-marketers-plan-to-up-mobile-spend-in-2016/>

Campanelli, M. - A Peek Into Bon-Ton Stores Omnichannel Strategy, June 10, 2016, retrieved on 12.06.2016, from: http://www.mytotalretail.com/article/a-peek-into-bon-ton-stores-omnichannel-strategy/#utm_source=total-retail-report&utm_medium=newsletter&utm_campaign=2016-06-10&utm_content=a+peek+into+bon-ton+stores+omnichannel+strategy-

Denton, M. - Working together to create a superior omni-channel experience for everyone, Business Reporter, an independent report from Lyonsdown, distributed with the Sunday Telegraph, February 2016, Industry View, p. 4, retrieved on 04.06.2016, from: <http://www.lyonsdown.co.uk/publications/2016/retail.pdf>

Johnson, T. - Best Omni-Channel Retail Practices For Holistic Marketing in 2015, April 6, 2015, retrieved on 09.05.2016, from: <http://www.cpcstrategy.com/blog/2015/04/best-omni-channel-retail-practices-for-holistic-marketing-in-2015/>

McDonald, L. - How Your Marketing Smarts Can Solve Company Problems, 09 June 2016, retrieved on 14.06.2016, from: <http://www.silverpop.com/blog/How-Your-Marketing-Smarts-Can-Solve-Company-Problems?>

Melpignano, D. - Neuromarketing and the Art of the Digital Customer Experience, Jul 13, 2014, retrieved on 06.01.2016, from: <http://blog.neosperience.com/neuromarketing-and-the-art-of-the-digital-customer-experience>

Melpignano, D. - Retailers & CPGs: ride two horses to achieve digital customer experience mastery, Jun 27, 2014, retrieved on, from: <http://blog.neosperience.com/retailers-cpgs-ride-two-horses-to-achieve-digital-customer-experience-mastery>

Magni, M., Martinez, A. and Motiwala, R. - Saving, scrimping, and . . . splurging? New insights into consumer behavior, March 2016, retrieved on 04.06.2016, from: <http://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/saving-scrimping-and-splurging-new-insights-into-consumer-behavior>

O'Shea Gorgone, K. - What Makes Buyers Tick: Dr. Carl Marci of Nielsen Consumer Neuroscience on Marketing Smarts [Podcast], January 06, 2016, retrieved on 06.01.2016, from: <http://www.marketingprofs.com/podcasts/2016/29104/carl-marci-nielsen-neuroscience-marketing-smarts#ixzz3wTjAvhSJ>

Pearson, B. - We Have A Bot For That: How Aldo, Frank + Oak Put The Shopper Experience In Context, Jun 13, 2016, originally appeared on Forbes.com, retrieved on 15.06.2016, from: <http://customerthink.com/we-have-a-bot-for-that-how-aldo-frank-oak-put-the-shopper-experience-in-context/>

Rowell, J. - Omni-Channel Retailing: the changing battleground, in Romanian Distribution Committee Magazine, Volume 6, Issue 4, 2015, pp. 10-17

*** https://fr.wiktionary.org/wiki/de_bon_ton

*** <http://www.merriam-webster.com/dictionary/bon%20ton>

*** <http://www.napco.com/what-we-do/>

*** <http://www.mytotalretail.com/about-us/>

*** <http://www.bonton.com/content/about/our-community/social-responsibility/content1.html>

*** Forbes Insights. A Split Screen. Online Information and a Human Touch, retrieved on 12.06.2016 , from:
https://www.synchronyfinancial.com/Synchrony_Exec._Brief_5-25-2016-18_Final-Web.pdf

*** 10 THINGS TO KNOW. THE TOP 10 RETAIL TRENDS FOR 2016, retrieved on 12.06.2016, from:
https://www.synchronyfinancial.com/16_RetailTopTenTrends_Final.pdf?bf69fc

*** <http://www.cxexcellenceworld.com/day-two-summit-wednesday-20th-april--agendaday>

*** https://www.accenture.com/ca-en/~/_media/Accenture/Conversion-Assets/DotCom/Documents/Global/PDF/Technology_7/Accenture-Customer-Desires-VS-Retailer-Capabilities.pdf

*** <http://www.cpcstrategy.com/about/>

*** <http://www.cpcstrategy.com/clients/jeromes-furniture-case-study/>

*** <http://futurestores.wbresearch.com/agenda-mc>

*** Digital-Marketing-101-Key-Tools-for-Engagement-Marketing-Marketo

*** <http://www.neosperience.com/about>

*** Omnichannel Retail Survey 2016, 4 February 2016,
<https://home.kpmg.com/uk/en/home/insights/2015/02/omnichannel-retail-survey-2016.html>

*** Omnichannel Retail Survey, 2016, <https://assets.kpmg.com/content/dam/kpmg/pdf/2016/02/omnichannel-retail-survey-2016.pdf>

*** The M-Factor for Today's Omni-Channel Shoppers, February 4, 2016, retrieved on 04.06.2016, from:
<http://insights.fb.com/2016/02/04/the-m-factor-for-todays-omni-channel-shoppers/>

*** <http://www.irce.com/>

*** <http://www.btexpedite.com/about-us/>

*** <http://www.btexpedite.com/solutions/omnichannel/>