

# digital convergence is here



# contents

03 differentiation through digital experience

04 consumer dissatisfaction with cross-channel disparity

05 consumer needs

- retail consistency

- shopping flexibility

- loyalty-building efficiency

07 retailer needs

- visibility into every channel

- selling from every channel

- optimizing the selling experience

# differentiation through digital experience

While digital convergence of retail channels is well under way for many retailers, a substantial number is just embarking on the venture. Steadily, merchants are branching out from the structural confines of malls and onto mobile devices as well as more traditional e-commerce sites.

Although big box and anchor retailers have been able to distinguish themselves with their physical presence, with digital convergence every retailer sports a 1920 x 1080 pixel storefront.

With such an egalitarian approach, retailers must use new, innovative approaches to differentiate themselves from each other through the digital experience they deliver to consumers.



# consumer dissatisfaction with cross-channel disparity

Long ago, stores kept selling channels — brick and mortar and e-commerce — distinct. Often, even annual reports viewed them as separate lines of business. Some merchants chose to brand their online businesses as unique entities, with a few operating their online counterparts under different names.

Pricing, too, was not necessarily the same between channels: An Oster blender at walmart.com may or may not have been the same price as one in the brick and mortar Walmart down the street.

That practice angered customers, who began feeling as though they were required to do homework before purchasing. What happened next: Customers did that homework well and became very accustomed to doing it. They created, out of necessity, a practice called showrooming: the act of going to a store, test-driving a product in-person, but buying it online.

For a time, showrooming was the bane of a retailer's existence. No longer held captive by merchants' pricing, consumers could easily find the lowest price for virtually any item.



**Today's retailers are well aware that price matters, but so does service, whether that's in person or online. Engagement across each channel must be complementary, not contradictory.**



*Kerry Lemos*

*CEO | Retail Pro International*

In a comment on cross-channel engagement, Kerry Lemos, CEO of Retail Pro International, a retail management software company, said, *"Today's retailers are well aware that price matters, but so does service, whether that's in person or online. The multiple channels through which they engage customers must be complementary, not contradictory."*

However, consumers and retailers have different needs, so when converging channels, both must be addressed.

# consumer needs

## retail consistency

There are many channels in retail, and the challenge is determining how to make them converge to provide a seamless experience. Retail management platforms such as Retail Pro Prism® offer businesses a hub into which they can plug their mobile, e-commerce and other channels, providing an organized, cohesive approach to sales management.

At the core, there are the channels of mobile, desktop/e-commerce and cash wrap (brick and mortar), which can even be narrowed down further to two main channels: e-commerce and in-store. Such focus simplifies the shopping process for the customer, and also cuts costs for the retailer, while providing a consistent shopping experience no matter which channel is used.

## shopping flexibility

For consumers, access to e-commerce, loyalty points, wish lists, are all critical. Younger consumers, particularly Millennials – those born since 1980 – make up a significant number of on-the-go shoppers, and are driving mobile commerce growth. Globally, approximately 40% of those between the ages of 16 and 24 use a mobile device to shop online every month, according to a quarterly m-commerce report from Global Web Index.

The report also notes that Millennials are the most active group with shopping apps. Nearly 60% of respondents ages 16-34 said they used a shopping app in the past month. The younger demographic is eager to engage digitally with retailers to enhance and expedite their shopping experience.

## loyalty-building efficiency

Converging channels enables consumers to buy more product and waste less of their valuable time. For example, shoppers that can easily determine whether a particular item is in stock in a physical store by simply searching the website are more satisfied, provided the item is in stock.

Even when the product is unavailable, stores that offer a suggested replacement or an anticipated in-stock date will fare better in the mind of the consumer than one that does not. Such service builds client trust and, in turn, loyalty.



# retailer needs

For retailers, concerns are different — but they always refer to keeping the customer engaged and satisfied. *“An engaged customer is more likely to make a purchase, and to achieve that goal, converged channels must offer better information, better communication, better logistics,”* said Mr. Lemos.

## visibility into every channel

Offering transparent inventory is one way retailers can meet those objectives. For example, the Container Store was an early leader in customer-focused inventory management. The merchant has a singular channel-agnostic view of inventory across the supply chain, customer-focused merchandising teams, and a focus on in-stock awareness.

To manage warehouse stock and logistics effectively, companies must be able to deploy resources dynamically based on sales. Another example is apparel retailer Zulilly, which focuses on busy Moms with targeted one-day to 72-hour sales.



**An engaged customer is more likely to make a purchase, and to achieve that goal, converged channels must offer better information, better communication, better logistics.**



*Kerry Lemos*

*CEO | Retail Pro International*

Zulilly doesn't hold inventory but orders merchandise only after all orders have been received – and sometimes merchandise isn't even produced until all orders are placed. However, such a strategy must be carefully managed; in times of high demand, delivery times can be unacceptably long to some customers.

## selling from every channel

A singular view of inventory can help manage products as well as expectations in a time when customers can interact with brands across multiple channels. McMillan and Doolittle, a consulting firm, suggests retailers first determine how inventory should be held between stores and e-commerce, whether it should be a single repository, divided among channels, or a hybrid approach.

Although that answer will differ depending business type, considerations should include a brand's service promise, technology capabilities and organizational structure.

In addition, such inventory systems let retailers offer exceptional customer service. A customer coming into the store looking for an item can call it up on a smartphone, and the associate can perform the same action from the retailer's device on the identical system.

Likewise, desktop systems would also be able to access the inventory system. That's like using one digital language for mobile and desktop, brick and mortar and e-commerce – instead of a separate system for each one.

## optimizing the selling experience

Here's a look at how a converged channel can optimize the selling experience.

A new mom is at the park, with a stroller that's equipped without a cup holder. She really wants to go across the street and get a cup of coffee, but does not want to hold the coffee and steer the stroller simultaneously.

Fortunately, she is in a city where there is a big-box retailer within walking distance. She logs into the free public access wi-fi and uses the shopping app she's downloaded from the retailer. She searches for the cup holder, sees it's in stock, and then adds a child tray to her cart as well.

She makes payment via her mobile phone, takes a quick way to pick up the merchandise and less than a half hour later she is back in the park enjoying a latte and a stroll with her child.

And that is the converged channel dream.



# Want to see what Retail Pro® can do for *your* store?

**REQUEST A FREE CONSULTATION**

## About Retail Pro

Retail Pro International (RPI) is a global leader in retail management software that is recognized world-wide for rich functionality, multi-national capabilities, and unparalleled flexibility. For over 25 years, RPI has innovated retail software solutions to help retailers optimize business operations and have more time to focus on what really matters - cultivating customer engagement and capitalizing on retail's trends. Retail Pro is the chosen software platform for omnichannel strategy by serious retailers everywhere.



800-RETAILPRO (738-2457)  
+1 916 605 7200



[moreinfo@retailpro.com](mailto:moreinfo@retailpro.com)



[www.retailpro.com](http://www.retailpro.com)



[www.retailpro.com](http://www.retailpro.com)