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BLURRED LINES

**Omnichannel Retail Success
Lies Between the Digital and Physical**

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Omnichannel Retail Success Lies Between the Digital and Physical



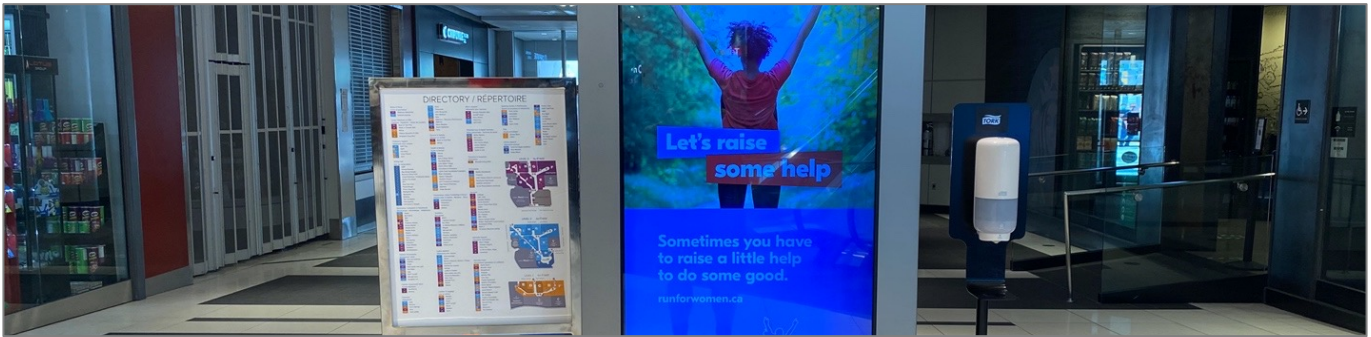
SOURCE: SHUTTERSTOCK

Back With a Bang

The Covid-19 pandemic unpredictably halted in-store retail and forced businesses worldwide to acclimate swiftly to the new normal. Some stores experienced closure due to lowered sales, restrictions, mandates, reduced hours and capacity limits, driving consumers to online channels. While retailers that relied on relationship-selling scrambled to develop eCommerce strategies, retailers with digital-first, omnichannel approaches were able to pivot and stay competitive quickly. The pandemic profoundly changed how the world learns, works, shops, and communicates, forcing the acceleration of the digital timeline five years ahead of expectation.

What happened to speed it up?

The rapid digitization of operating models, the introduction of new revenue streams, the creation of seamless digital consumer experiences, and increased utilization of automation and AI for worker replacement are all responsible. Brands began truly meeting consumers where they are with what they need. Consumer purchasing became progressively non-linear, convenient, relatable, personalized, and easier to execute, permanently lifting consumer expectations. Equally, the pandemic sparked a cultural change that led to a heightened sense of humanity and community kindness among people, significantly impacting consumer behavior. Now more than ever, brands that show emotional intelligence and empathy amplify consumer engagement and purchase decisions. These collective changes in shopping behavior mean data-driven, consumer-led experiences are table stakes for retailer success and growth.



SOURCE: WEB

So, Digital or Physical? Both.

In 2020, eCommerce sales surged by 26.4% to **\$4.25** trillion, 17.9% of retail sales. By 2023, shoppers will spend \$6.5 trillion in online sales.

With numbers like that, it's easy to assume the future of retail is digital. However, the full story is, it's not! The future of retail is everywhere the consumer is, and that means digital first. In-store shopping is up 13.7% compared to pre-pandemic, and 72% of US retail sales will occur in-store in 2024. Consumers are heading out again, and brick-and-mortar stores are prime real estate for curating unique customer experiences that online shopping can't replicate with digital only offerings. Human behavior is multi-dimensional: touch, feel, and smell are powerful marketing tools in the physical space. Consumers spend more when shopping in-store, and Gen Z and Gen X shop more in-store than online. Amazon, Wayfair, and Birchbox are just a few online retailers stepping into brick-and-mortar to tap into those revenue streams.

Omnichannel: Not Just a Buzz Word

True omnichannel success in retail means blurring the lines of physical and digital shopping experiences, giving shoppers everything they get online plus heightened experiences they can only get in-store. 67% of consumers bought products directly due to consumer experiences, and 95% of retailers are looking to boost their technology to accommodate the shifting landscape. Excellent customer service is no longer enough. Retailers need to leverage trends and technology like local market tailoring, mixed-reality try-before-you-buy, in-store classes, endless aisles, QR codes for reviews, and shopper data for personalization to win in-store engagement, conversion, and loyalty.

Amazon, Nike, and REI are just a few retailers focusing on unique in-store experiences for their customers by leveraging digital elements and innovative technology. Amazon, a retail disrupter, is reimagining in-store experiences to meet online consumer expectations with innovative features like frictionless pay and smart carts. Nike has launched Nike Live, which designs stores focused on the consumer insights of the store's location, think local teams, community-inspired décor, and services that pair with the Nike app. *(continued next page)*



SOURCE: WEB

Omnichannel: Not Just a Buzz Word – Continued

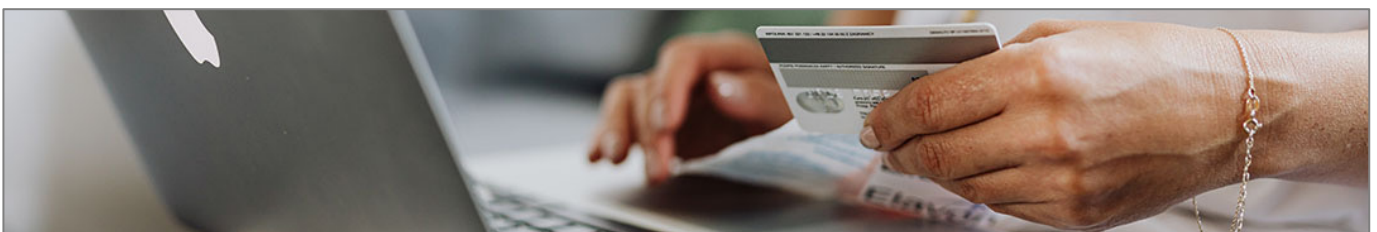
Similarly, REI has opened a co-op store with educational workshops and communal spaces where outdoor enthusiasts can work, have Instagrammable photo opportunities, and get some shopping done on lunch breaks.

Retailers know that consumers want experiential retail environments, but most retailers don't know where to start. 29% say they have challenges keeping online and in-store experiences consistent, and 36% say they don't understand what experiential technology they should choose. Most brands are not in-tune with what their shoppers truly want out of a shopping experience, typically focusing on using data and research to drive conversion, not consumer behavioral insights. Determining purpose and intent is the key to designing the optimal retail experience. Do you want to create an experience? Or do you want to drive sales? The two are not synonymous, though both business goals can apply the same best practices to reach the desired business outcome of engagement or conversion.

Three Experiential Best Practices for Every Brand

1. Customer-Centric, Data Led

Experiences should be designed with the consumer at the center and validated with data. What do brand-specific retail customers look for in an ideal experience? What criteria do they leverage to engage or purchase? How does location affect strategy? Leveraging 1st-party, 0-party (consumer shared data), affiliate, and other external data sources, think survey and psychographic data, to understand unknowns is critical to creating tailored in-person experiences that are complementary to your digital experiences.



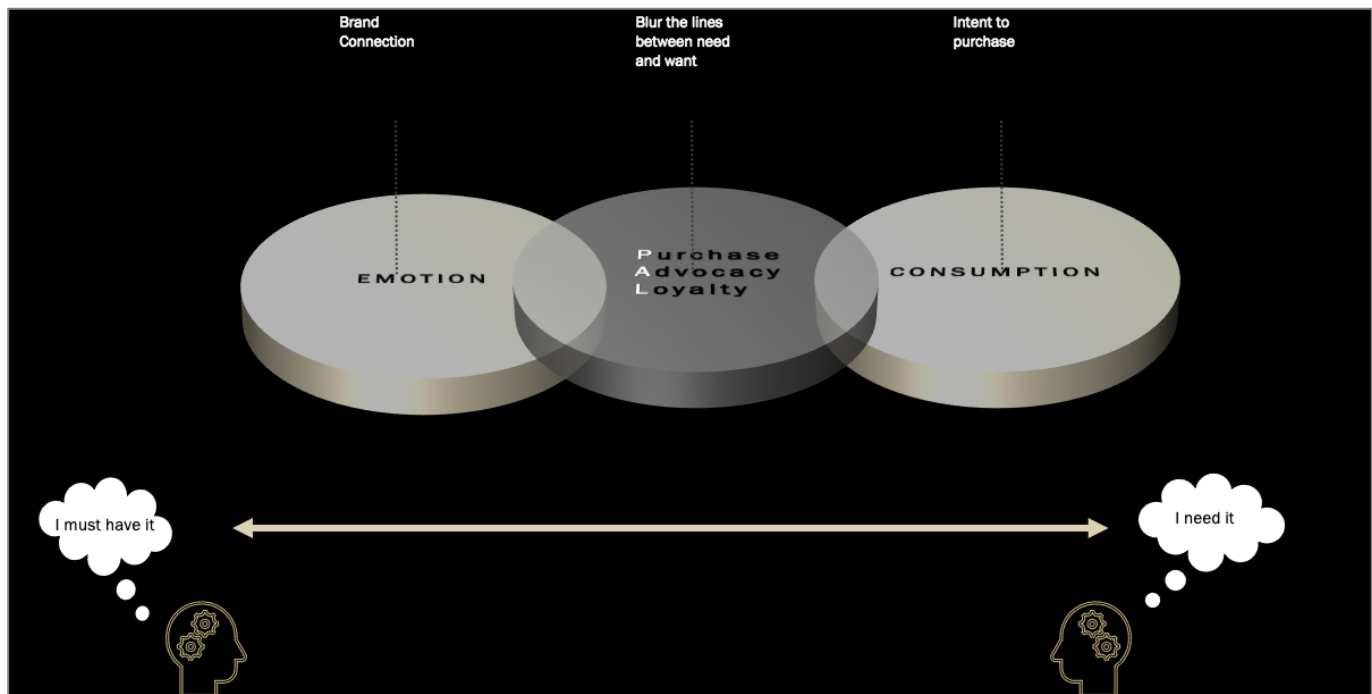
SOURCE: WEB

Three Experiential Best Practices for Every Brand – Continued

2. Make a PAL

Making an emotional connection with shoppers should drive the in-store experience design. How consumers think and feel about a brand has an influencing factor on their brand-oriented actions. An immersive retail experience starts with creating an environment that helps the customer emotionally connect with a brand in person, deepening the brand and consumer relationship. Consumer purchase, advocacy, and loyalty (aka PAL) occur at the intersection of emotion and consumption. Brand experiences that change consumer wants into consumer needs create lasting brand bonds beyond the purchase, motivating people to share their experiences with others and return for more. Lululemon offers free in-store classes to connect with customers while encouraging them to spend more time at their retail sites. Under Armour builds human connections outside of retail stores and online through their UA app. The app tracks steps, sleep and nutrition, workout statistics, and provides exercise clips, all of which helps UA evolve into a 'lifestyle' brand that speaks to their customer's interests. Forrester found that 85% of customers buy from companies they have strong emotional connections with and are likely to spend more because of this connection.

Taco Bell's 2019 pop-up, 'The Bell,' which offered customers a 4-night Taco Bell-themed hotel experience, sold out in 2 minutes, making it one of the most successful pop-ups in quick service restaurant history. Customers came from 21 states to the Palm Springs location to enjoy a fully immersive and digital experience with the brand. Immersive experiences can tap into consumers' need to connect with what they deem intelligent, emotional, caring brands, helping win long-term customers.



SOURCE: PUBLICIS COMMERCE

Three Experiential Best Practices for Every Brand – Continued

3. Eyes on the Prize

Many solutions, trends, and technologies support physical-digital design, making it easy for brands to get swept up in chasing the latest innovation. It's not about what's new; it's about creating a connected experience that will inspire your customer to connect with your brand by offering a different experience than that of your competitors. To succeed, brands need to think of physical-digital experiences as a structural necessity that will continue to evolve and elevate consumer expectations.



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