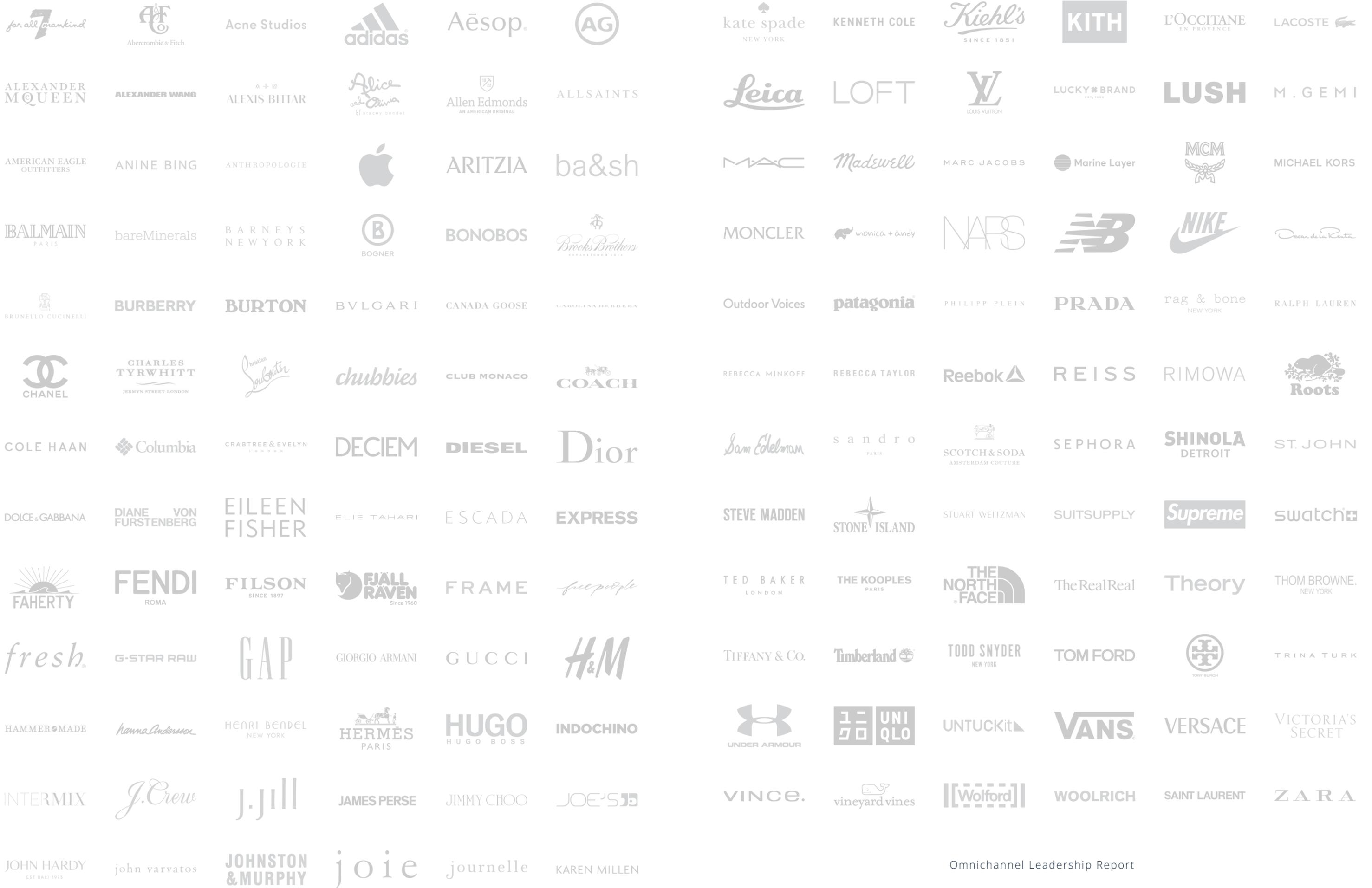


# OMNICHANNEL 2018-2019 LEADERSHIP REPORT

An analysis of 150 luxury,  
lifestyle, and apparel brands  
both from an online and an  
in-store perspective





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DO OR DIE

## Introduction

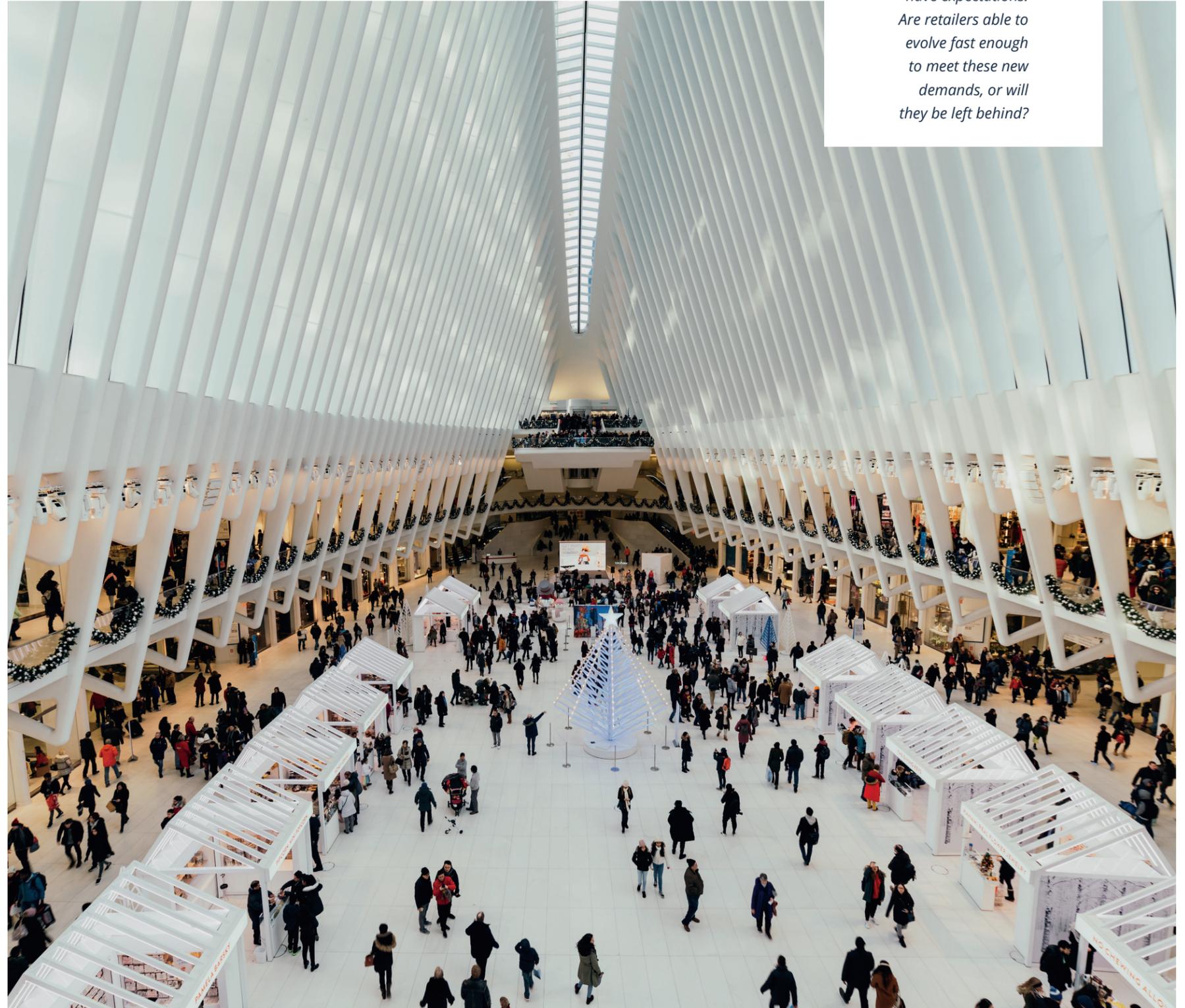
Retailers no longer have a choice. Omnichannel capabilities will be table stakes, and those brands that continue to find organizational or technological excuses will disappear.

Ironically, all retailers understand what's at stake, but providing mobile-obsessed customers with a true omnichannel shopping experience has yet to become a reality. It requires a complete transformation along every corporate dimension. This is why we have seen a technology landscape littered with shortcuts, such as point solutions that only address slivers of omnichannel; a little clienteling here, a little endless aisle there, and maybe a hint of mobile payments somewhere in between. It's easier to say "yes" to incremental change, but these baby steps are far from what consumers want from physical retailers in the Amazon age.

Omnichannel requires a vision and drive for innovative leadership that demands and inspires organizational alignment among teams, operations, and technologies. To further complicate things, the very definition of omnichannel varies from retailer to retailer. For some, it is as simple as replacing traditional cash registers for a cashless mobile point of sale (POS) system, and for others, it is about empowering associates with mobile devices for inventory, product, and customer data purposes. Some have set their eyes on tackling the Amazon problem with a bevy of customer-friendly fulfillment options like endless aisle, buy online pickup in-store (BOPIS), buy online return in-store (BORIS), same day shipping, ship from store, etc.

Regardless of how retailers believe omnichannel is defined or what technology solutions they want to put in place, it is not completely up to them. Consumer expectations dictate an always-on, seamless, consistent and personalized shopping experience across all channels and touchpoints. In 1909, Harry Gordon Selfridge, founder of London's Selfridges department store, coined the adage "the customer is always right," and this still holds true today. The modern shopper's journey has evolved, and so have expectations. Are retailers able to evolve fast enough to meet these new demands, or will they be left behind?

Now in its third year, the 2018 - 2019 Omnichannel Leadership Report evaluates the omnichannel capabilities and maturation of 150 apparel, lifestyle, and luxury brands. The focus of the research is to evaluate core offerings and omnichannel capabilities for these brands in relation to how they support the modern shopper's customer journey, as well as the value to customer acquisition and revenue. To do this, we visited various flagship or full-line retail stores in New York City, as well as their digital properties, and looked at three core ingredients to omnichannel nirvana. Think of them as the primary colors for delivering the perfect omnichannel experience, and each retailer mixes them with varying degrees of success.



*The modern shopper's journey has evolved, and so have expectations. Are retailers able to evolve fast enough to meet these new demands, or will they be left behind?*

# Methodology

The 2018 - 2019 Omnichannel Leadership Report chronicles the results of 150 apparel, lifestyle, and luxury retail brands and evaluates their omnichannel capabilities, maturation, and readiness.



*Our team of researchers analyzed each brand in-store and online.*



As secret shoppers, our team of researchers analyzed each brand in-store and online, engaging and interacting with in-store technologies and systems, store associates and managers, as well as each brand's mobile apps and web presence.

In the following section, you'll see an overview of the data points we collected on each brand, across the three key areas of the modern customer journey: Search & Discover, Personalization & Engagement, and Path to Purchase & Fulfillment. Each brand received a score from 0 - 100 (100 being the optimal score) across the three categories, as well as an overall score based on the average across those three sections. All of the data points were weighted based on their relevance to the customer journey, as well as impact on revenue.

### RESEARCH OBJECTIVES:

- Benchmark retailers' progress toward adopting omnichannel strategies and solutions.
- Understand how retailers are empowering store associates with data and tools to increase productivity and sales.
- Identify the steps retailers are taking to connect consumers, store associates, product and inventory information, and stores with each other.
- Determine how well brands integrate mobile into the customer journey.
- Evaluate the user experience across each brand's mobile website and native app.

## Search & Discover

### MOBILE

- In-store inventory visibility
- Related products
- Suggested looks / product pairings
- Shoppable app
- Product ratings

### IN-STORE

- Inventory visibility at other stores
- Inventory visibility in-store
- Store Wi-Fi available
- Customer facing devices

## Personalization & Engagement

### MOBILE

- Schedule in-store appointment
- Chat capabilities
- Push notifications

### IN-STORE

- Associate facing mobile device(s)
- Online / offline purchase history
- Cart / wish list visibility
- Associate customer communication
- Modify customer profile / notes

## Path to Purchase & Fulfillment

### MOBILE

- Wish list/favorites
- Ease of checkout
- Formless payment
- In-store pickup

### IN-STORE

- Mobile checkout
- Apple Pay
- Endless aisle
- Ship from store
- In-store returns

WHAT ARE WE WAITING FOR?!

## Summary Findings

Incremental progress is still progress, and consistent with last year's report — that much was evident in our research findings for this year. Overall, in our analysis of 150 brands, we saw subtle, but encouraging improvement across the industry as a whole, but also clear areas for improvement.



However, the inability of store associates to execute key omnichannel workflows as well as some of the systems and solutions in place — or lack thereof — shows that retailers are still figuring out how to deliver a true omnichannel experience.

Mobile is the connective tissue between the consumer and a brand, but it is still underutilized as a method of helping to bridge the gap between online and in-store experiences. Brands have made improvements when it comes to product search and multichannel inventory visibility online and through in-store POS systems, but in many cases those same capabilities do not translate to mobile. Further, there are significant gaps and improvements brands need to make to realize the full potential of clienteling and modern fulfillment options like endless aisle, BOPIS, BORIS, and ship from store, to name a few.

### COLD HARD TRUTHS

Slow technology adoption has bred workarounds for standard use cases, chief among them being endless aisle. To save the sale, we've seen store associates encourage customers to get online with them in-store and place an order via the website. Maybe they'll provide a discount code for the inconvenience. Together they fill out payment, address, and order information. But, is this the frictionless and efficient promise of true omnichannel? Hardly. Brands have also loosened policies to accept in-store returns for online purchases only to ship them to a distribution center where the item must be accepted back into the system before the customer is refunded. Finally, many store associates use their own personal devices to communicate with customers, which is less than ideal given all of that information and data could be lost if the employee leaves.

**Omnichannel is everywhere, but only in bits and pieces. Delivering true omnichannel is hard.**



### PULSE OF THE INDUSTRY

The retailers analyzed in our report averaged a collective "43" overall score. This was strikingly representative of what we see with omnichannel today; a little bit of this and that, but not a cohesive shopping experience.

# Omnichannel Leaders

1

## DIESEL

Always the provocateur, Diesel has built its reputation on being controversial and edgy. What other brand would partner with a German kebab shop, or sell its own knock off clothing? Beyond partnerships and brilliant ad campaigns, Diesel gets omnichannel. The brand's ranking is a reflection of its end-to-end omnichannel capabilities across all three categories, offering a completely cohesive customer shopping experience online or in-store assisted by an associate. For example, it was the only brand to provide international inventory visibility in our research, despite it being an extreme edge case for most retailers. Diesel's ability to integrate its systems and deliver an exceptional customer experience was a major differentiator, and likely evidence of a continued effort to re-energize the brand.

2



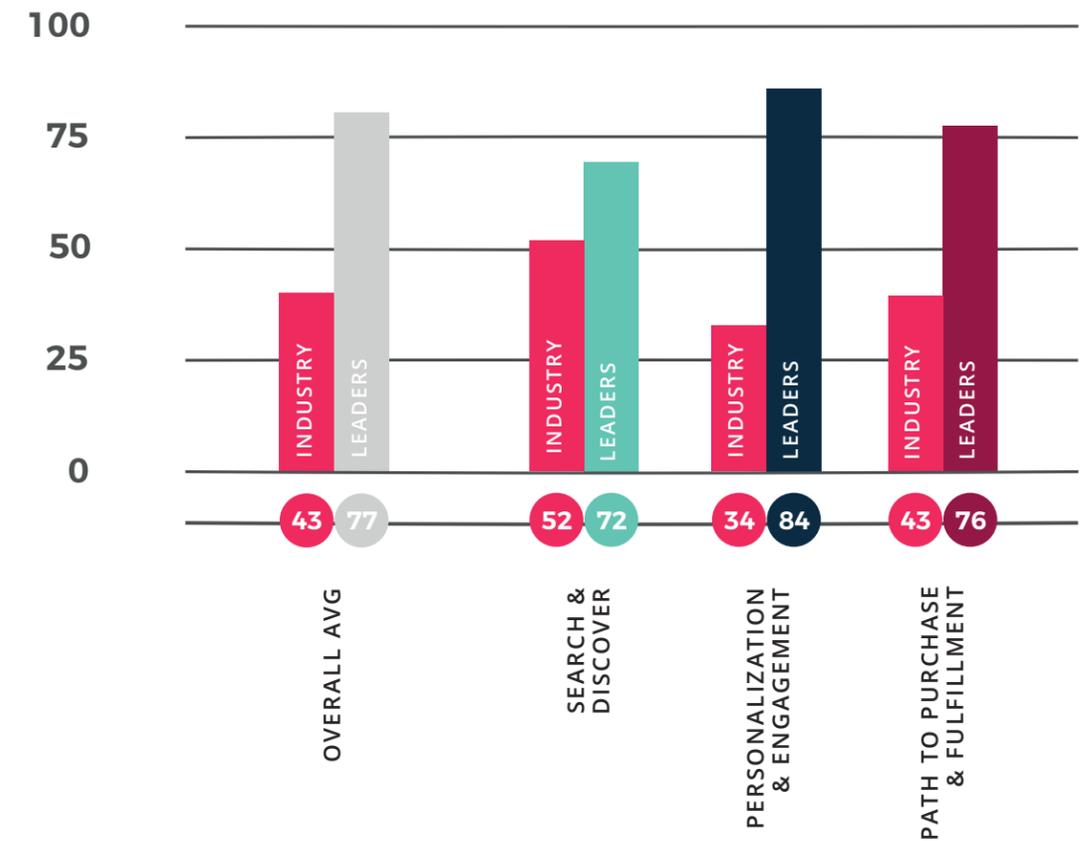
The brand's sustained success has everything to do with its branding, whether it's the iconic logo or tagline "Just Do It," or the superhuman athletes that wear its gear; Nike has always been able to stay ahead of its competition, and it continues winning over customers by offering an incredible in-store experience. With mobile devices, store associates can quickly look up product or customer information, and offer shared cart capabilities and fulfillment from other stores.

3



Coach's flagship store on 5th Avenue in New York is an exemplary model of a modern luxury brand. The store captures the brand's history, products, craftsmanship, and commitment to providing an incredible sensory and store experience with beautiful product displays, monogramming and customization stations, and of course, the iconic dinosaur made from handbags. Taking it a step further, every store associate is armed with an iPad to access customer information, place endless aisle orders, process mobile payments, and help shoppers throughout every step in their journey.

OMNICHANNEL LEADERS VS. INDUSTRY



4

## ARITZIA

It's hard not to be bullish about Aritzia. The women's apparel brand has not only shown consistent and impressive sales growth in the last year, but also established itself as a leader in the industry, ranking among the top brands in multiple categories. Aritzia really shined when it came to clienteling. Its store associates, or "style advisors," were not only friendly and welcoming, but also, they could pull up and leverage customer data instantaneously while helping customers shop in-store, or even after they had left.

5



Kate Spade's emphasis on in-store technology is paying off in...well...spades. Store associates walk around the store with tablets to create personalized shopping experiences that build strong relationships with their customers and help increase sales. Further, associates have the ability to order out of stock items or look up inventory right from those tablets, while customers can also take advantage of convenient fulfillment capabilities like click and collect.

## Search & Discover

Mobile has altered consumer behavior. This shift has given way to an on-demand economy where immediate gratification has become the standard; this is effectively taking shape in the form of Uber, Postmates, or in retail's case, instant visibility of product and inventory information. In this section of the report, we focus on the ease, efficiency and accessibility of finding a product and related inventory for the consumer and store associate, both online and in-store.

### ANALYSIS

Retail brands are consistently giving consumers visibility into in-store inventory information, related products and pairings when they shop online. However, store associates are not always afforded the same luxury, as many retailers fail to provide their associates with efficient and easy access to cross-channel inventory.

### TURN BROWSERS INTO BUYERS

Customer-facing devices help brands connect and engage with customers in-store, providing access to wider product selections, remote inventory, as well as online-only offers. While it seems ironic that in a mobile-first world less than 1/3 of retailers offer customer-facing mobile devices, the number of retailers doing so actually doubled year-over-year.

### CAN'T HAVE YOUR CAKE & EAT IT TOO

Research suggests that nearly 80% of shoppers research products online before making a purchase in-store, and yet, only 36% (up from 34% in 2017) of brands have enabled in-store inventory visibility online and / or through their mobile app.

### YOUR PERSONAL STYLIST

Brands displaying related products (68%) and product pairings (59%) are delivering more personalized, tailored content to their customers, which directly impacts the bottom line, beefs up online shopping carts, and increases average order size.

#### SEARCH & DISCOVER

28%

of brands have customer-facing devices in-store.

36%

of brands show in-store inventory.

68%

of brands display related products.

59%

of brands display product pairings.

# 55%

of store associates can't access their store's inventory.

# 61%

of store associates can't access inventory at another store location.



#### LET'S HAVE A LOOK AT IT

With real-time inventory information at their fingertips, store associates can eliminate the risk of losing a sale while they run to the stockroom or make a call to a nearby store. However, less than half of retailers' store associates (45%) can see their own store inventory and only 39% have visibility into another store's inventory. Whether it be through RFID, improved inventory management, or mobile access to inventory data, improved inventory visibility for associates has unlimited upside.

# Search & Discover Leaders

1



For the second year in a row, Tory Burch was a top performer in this category. We talked about the Find in Store feature last year in the Tory Daily app, but what really impressed this time around was the brand's product pages. When a customer lands on a specific product page, the brand serves customers "Styled With" and related product recommendations, which details if a particular product was featured on the runway or happens to be a bestseller.

2



Vineyard Vines' web and mobile app experience is top notch. Consumers can easily search for and find items, and see related products, ratings, and reviews on every product featured in their app. Our favorite feature is the barcode scanner located in the app's search bar which allows shoppers to scan a product in-store through their smartphone and instantly pull up the product information on their app.

3



Abercrombie & Fitch

This is Abercrombie & Fitch's second appearance as a top performer in this category, and rightfully so. From online transparency into in-store inventory, to the brand's app and associate's ability to instantly lookup inventory via mobile devices, Abercrombie & Fitch is winning big. The best part of the brand's app is its playlist feature which lets you listen to songs curated by the brand that are played in its stores.

4

## AMERICAN EAGLE OUTFITTERS

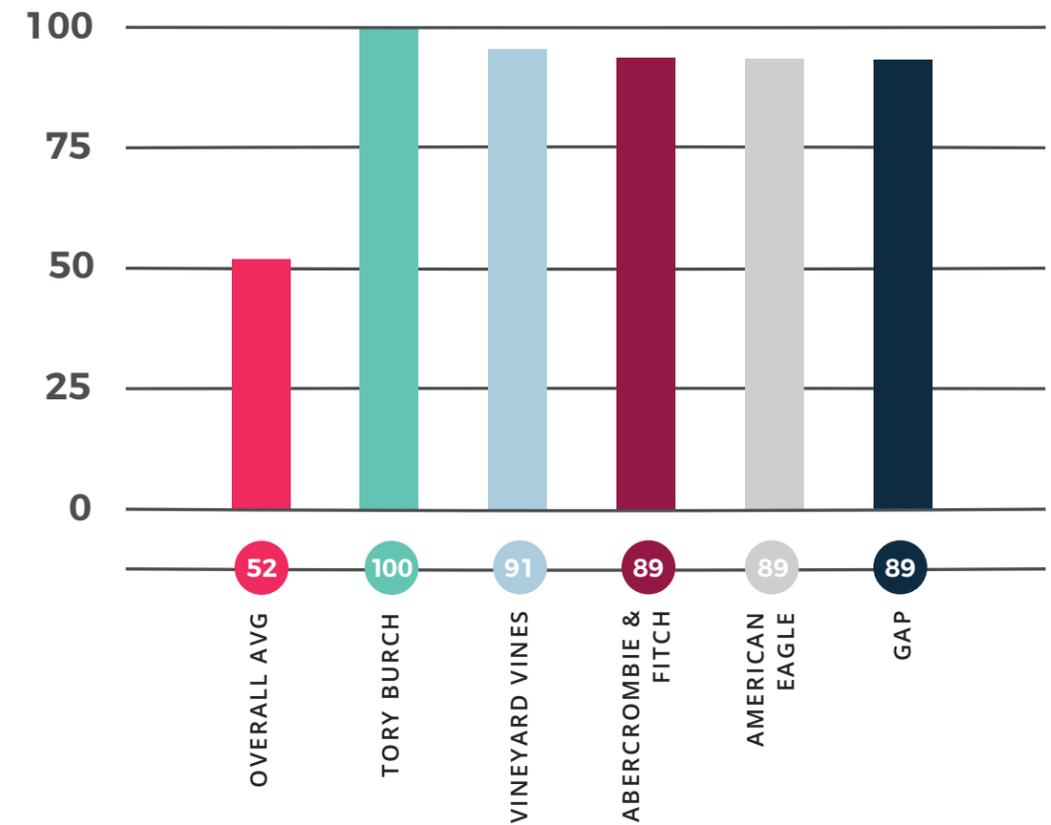
American Eagle has created a superb mobile experience for its customers by making it super easy for shoppers to search for products and see product availability in-store. In addition, it has made it easy to access product pairings and customer reviews all from their smartphone. If you're looking for a specific pair of jeans in your size, not only does the app and mobile website show if a store nearby carries it, but it also lets you reserve that pair if inventory is low.

5

## GAP

Can't find what you're shopping for at Gap? No problem, toggle between any of Gap Inc.'s flagship brands like Banana Republic or Athleta to find what you're looking for. The in-store experience is pretty seamless, too. Store associates are all equipped with iPhones and barcode scanners to ensure that if you can't find an item in your size or color on the store floor, they can instantly check inventory that they have at that location or nearby to ensure that the customer doesn't leave disappointed.

SEARCH & DISCOVER LEADER SCORES



## Personalization & Engagement

Every step along the customer journey presents an opportunity for retailers to engage and connect with people in a way that lays the foundation for a profitable long-term relationship. When it comes to brick-and-mortar retail, the brands that win big with customers, and outpace their peers, leverage mobile technology and customer information to personalize each interaction, creating more relevant and engaging customer shopping experiences. Here we evaluated how well brands leveraged data and mobile technology to create personalized shopping experiences on the store floor.

### ANALYSIS

Despite the direct correlation to total sales, average order size, and repeat purchase, retailers haven't scratched the surface on clienteling just yet. While luxury retailers are further along than their industry peers, there is glaring room for improvement across conversational commerce and in-store appointment scheduling, as well as visibility into customers' omnichannel order history and data.

### SEEING WOULD BE BELIEVING

Equipped with a customer's order history, associates can leverage that information to make informed, personalized recommendations, build trust with the customer, and increase order sizes. Unfortunately, more than 2/3 of store associates do not have access to an omnichannel purchase history while they're with the customer on the shop floor. Some associates can leave the side of the customer to do that, but why would you want them to risk it?

### IF YOU HAD ONE WISH...ANY WISH

Increasing sales is predicated on an associate's ability to deliver a rich, personalized shopping experience for their customers. Unfortunately, almost all store associates (93%) cannot see a customer's wish list. The lost sales potential is enormous, and at the minimum, it hobbles associates' ability to make informed, relevant recommendations.

### ALL THE TIME IN THE WORLD - NOT

According to research from Agendize, 60% of sales generated through an appointment can generate up to a 20% increase in upselling. And yet, only 9% of brands surveyed enable in-store appointment scheduling. It simply doesn't matter if the appointment is kept. At minimum, it shows that your brand values your customers' and associates' time.

### PERSONALIZATION & ENGAGEMENT

**60%**

of brands arm associates w/ mobile devices.

**68%**

of associates can't see omnichannel purchase history.

**93%**

of store associates can't see a simple wish list.

**9%**

of brands enable in-store appointment scheduling.

# 60%

## of brands are providing their store associates with mobile devices in-store.



### MOBILE MAKES RETAIL GO ROUND

Retailers understand that mobile is the connective tissue between consumers, the brand, and associates, ultimately helping to deliver seamless shopping experiences. In fact, 60% of brands are providing their store associates with mobile devices in-store, which is up 10% from 2017.

# Personalization & Engagement Leaders

1

## ARITZIA

Aritzia is able to foster strong connections with its customers because of personalized service. Store associates use mobile devices to note customer preferences and communicate with the shopper once they've left the store. Aritzia continues to achieve a purposeful connection through the mobile site's chat capabilities, providing quick and insightful guidance.

2

## BVLGARI

BVLGARI offers a distinct customer experience, with specific attention to a client's preferences, making note of their size, color or style choices. And, associates can actually view and add items to an omnichannel shopping cart enabling the customer to check out in-store or online later.

3

## DIESEL

It all starts with a name; Diesel store associates are equipped with tablets to easily look up customer profiles and quickly check past online and in-store purchases to fill in the gaps about the customer based on tastes, preferences and purchase frequency. The simple interface is easy for associates to pick up and operationalize with the customer as they walk around the store. Further, associates can send personalized notes and invites to their top customers to inform them about new product lines or private events.

4

## THOM BROWNE. NEW YORK

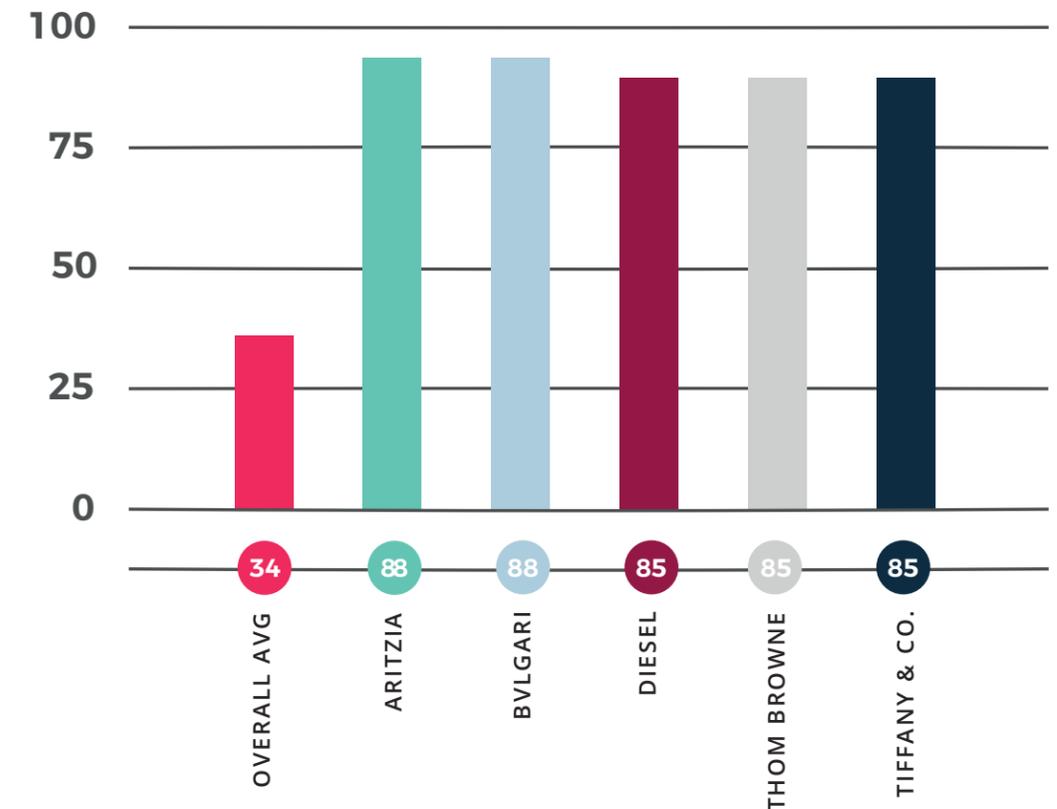
For Thom Browne's store associates, clienteling is all about romancing the customer. After recently partnering with Farfetch to launch its Store of the Future, the brand boasts expanded clienteling capabilities. In its sleek New York City flagship store the minimalistic design bares no visible cash wraps and is complemented with an equally minimal merchandising display, with all store associates wielding mobile devices. Associates can assist customers by accessing their profile, as well as anyone in the family who has shopped with the brand. They can add notes about preferences and life events, and even add items to their shopping cart to view and even purchase later.

5

## TIFFANY & Co.

Jewelry shopping made simple. Tiffany & Co. associates use tablets to amplify the customer's shopping experience. At the jewelry counter, customers and associates converse over the tablet, reviewing product details and descriptions, adding notes and preferences to a customer's profile, and even contacting those same clients through the company-provided mobile devices after they've left the store.

PERSONALIZATION & ENGAGEMENT LEADER SCORES



## Path to Purchase & Fulfillment

Today's consumers don't care about or think in terms of online or offline, but rather right now. Channel source has been trumped by immediacy. Expectations have been set thanks in large part to ecommerce in general, and of course, Amazon, specifically. And, Amazon is going to continue to spend billions on improvement. This is the reality for retailers, and while some have made strides toward meeting these expectations, the majority are still playing catch-up. In the final section of the report, we look at how brands are removing friction from the payment process, and creating new levels of customer convenience with creative fulfillment options and delivery methods.

### ANALYSIS

Brands continued to make improvements on the checkout front, offering mobile payments in-store to bust lines, speed up payments and cater to their mobile-obsessed customers. And while there's still a long way to go, brands did make slight improvements in the diversity of omnichannel fulfillment options being offered to customers, such as endless aisle, ship from store, click and collect, as well as in-store returns and exchanges.

### STILL SHORT ON ENDLESS AISLE

Shoppers never want to hear from an associate that a product is out of stock, but as our research shows, that's more common than not. Only 21% of brands provide their sales associates with the ability to access and sell inventory from another store through a mobile device, and 33% can sell inventory from a distribution center.

### APPLE OF MY EYE

Apple Pay caters to the mobile-obsessed consumer enabling quick and secure checkout, and it's growing in popularity with retailers racing to implement the technology in-store year over year. In fact, 57% of brands accept Apple Pay in-store, up a whopping 23% from 2017.

#### PATH TO PURCHASE & FULFILLMENT

**21%**

of brands offer endless aisle from a mobile device.

**57%**

of brands accept Apple Pay in-store.

**26%**

of brands offer BOPIS.

**29%**

of brands perform BORIS.

**26%**

**of brands offer buy online pickup in-store.**

**29%**

**of brands offer buy online return in-store.**



### RETAIL'S FAVORITE PICK-UP LINE, BOPIS

BOPIS helps drive in-store traffic and create upsell opportunities for retailers. In addition, it adds value for consumers by eliminating shipping fees and checkout lines, as well as reducing wait times for orders. A quarter of brands we surveyed now offer BOPIS, compared to 18% in 2017. A big jump, but still far from ubiquitous.



### WILL THE REAL BORIS PLEASE STAND UP?

Despite solid data on the positive economic value of providing BORIS, many retailers still only see the cost side of the equation. This may explain the mixed effort to support return in-store policies. We found that 29% of brands can process returns for online orders and supply a refund in-store, while another 43% have instituted a "faux" return process, accepting items in-store and later shipping those items back to the distribution center to be processed and refunded to the customer days later.

# Path to Purchase & Fulfillment Leaders

1



Whether it's designing one of the brand's Rogue bags or using the luxury brand's complimentary monogram service to drop your initials on a wallet, shoppers really can customize what they want, and how they want it with Coach. It comes as no surprise then, that the brand enables shoppers to pick up online orders at a nearby location or while shopping in-store, along with purchasing out of stock items to be fulfilled from either another store or distribution center.

2

## ANTHROPOLOGIE

Anthropologie makes it really easy for consumers to make purchases online and in-store. Almost all of the brand's Instagram content is shoppable, making it a breeze to convert a passive shopper into a loyal customer. Once a shopper is on the app, it is even easier for customers to make a purchase with various methods like Apple Pay for quick and seamless payment, as well PayPal, gift cards, Installments by Afterpay, and of course, credit card.

3

## DIESEL

The store associates at Diesel will not let a customer leave unhappy or empty handed. We already know about its clienteling capabilities, but if a customer can't find an item in the size or color they want, the associates can quickly fulfill that order from a nearby store or distribution center and have it shipped immediately to the customer's home.

4

## TED BAKER LONDON

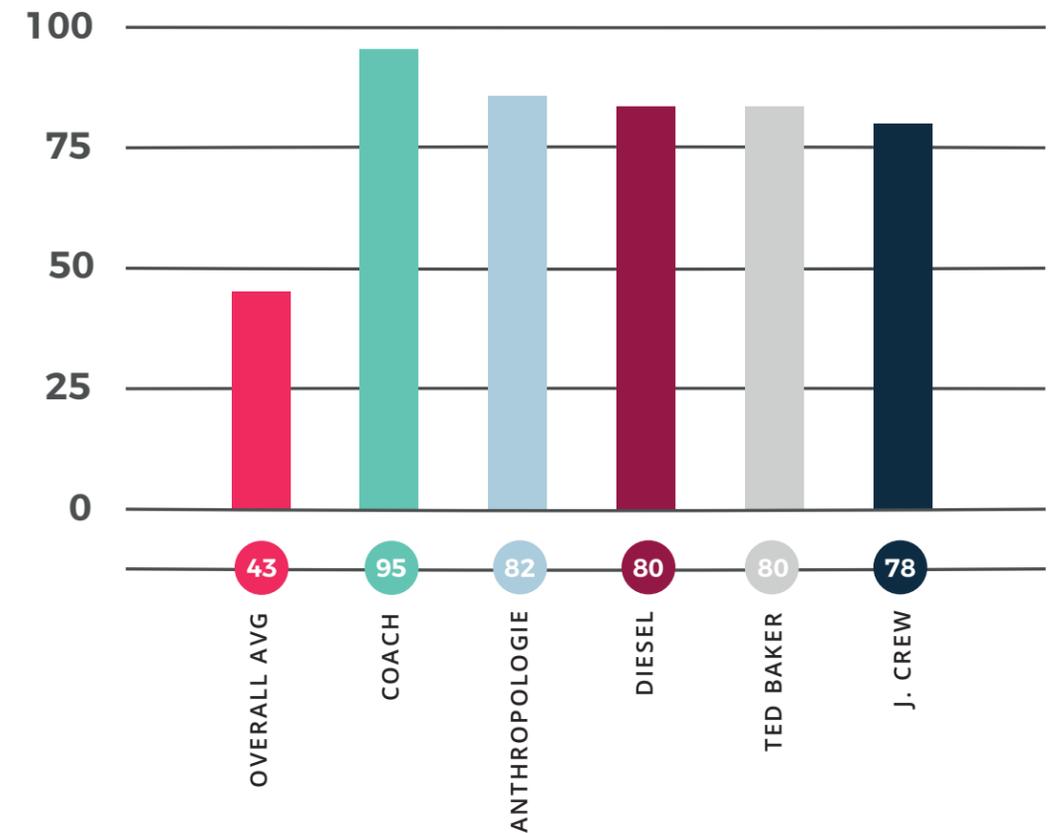
We were surprised to see that despite its high marks and capabilities across payments, checkout and fulfillment that Ted Baker doesn't offer BOPIS. And ironically, the brand does prominently display in-store inventory information to customers shopping online, but hasn't rolled out the BOPIS capabilities just yet - we'd suspect that it's only a matter of time considering store associates are actually able to complete endless aisle purchases by fulfilling those orders from inventory at other stores or its distribution centers.

5



If you're shopping with J.Crew, the BORIS and BOPIS bases are covered - customers can shop online and pick up items in-store, or simply return online purchases in-store without any hassle. One area we did find interesting with J.Crew, but not unique within the industry itself is that, while the brand boasted high marks in this category, specifically around endless aisle transactions, those processes were limited to a POS system and not executed through a mobile device. A mobile device could offer a more streamlined shopping experience for the customer.

PATH TO PURCHASE & FULFILLMENT LEADER SCORES



## Conclusion

Omnichannel is everywhere, but only in bits and pieces. Delivering true omnichannel is hard — plain and simple. It requires that retailers eliminate organizational and technological silos to further connect consumers with the brand, store associates, and stores. To date, only a few retailers have executed this in a way that seamlessly delivers on the shopping experiences that today's customers expect.



However, it's not for lack of trying. Many are actively working towards this vision, but are hindered by the costs and time it takes to update legacy enterprise systems, while other organizations opt to bring projects in-house and build themselves - both incur an equally massive, ongoing investment of time and resources to get off the ground and maintain. Further, retailers will look to combine point solutions as a quick fix or fast-track towards omnichannel, but these projects and solutions also require complex integrations and continual upkeep without the promise of scale or long-term success.

Over the last three years of our research, we have seen retailers make significant progress in the areas of inventory visibility, store fulfillment, and payment methods - all of which are key to satisfying the omnichannel shopper. Clienteling has lagged behind, but we predict significant adoption for at least basic forms of Assisted Selling. Looking at the examples set forth by the retailers highlighted in this report, as well as the emerging and innovative digital native brands we're keeping a close eye on, we anticipate that retail will look utterly different over the next 24 months. At the center of the transformation, we will see fully connected stores and digitally powered store associates.

## About NewStore

NewStore transforms brick and mortar shopping into app-powered, digitally connected retail experiences. Purpose built for the most demanding consumers, NewStore is the first to provide Omnichannel-as-a Service, integrating a cloud-based order management system and Mobile POS that can stand alone or integrate with your existing systems.

With intuitive apps on the front-end for store employees and pre-built ecommerce connectors, retailers can easily offer endless aisle, mobile checkout, store fulfillment like ship from store, BOPIS, BORIS, and clienteling.

NewStore was founded by Stephan Schambach, who revolutionized ecommerce by putting it in the cloud with Demandware (now Salesforce Commerce Cloud). The company is located in Boston, New York, and Berlin. Learn more at [www.newstore.com](http://www.newstore.com).

### HOW DO YOU THINK YOUR BRAND DID?

Request your custom copy of the 2018 - 2019 Omnichannel Leadership Report to see your brand's results, including:

- Where you rank among the other 150 brands researched
- Deep analysis of your brand's omnichannel capabilities
- A side by side comparison against requested brands in your vertical
- Areas of improvement and the ROI behind those omnichannel workflows
- How well you're leveraging mobile technology in your customer's shopping journey
- Specifics on the hits and misses of your mobile experience

If you're one of the brands evaluated and would like to know how you scored against the rest of the industry, please visit the URL below. [newstore.com/myscore](http://newstore.com/myscore)



**NewStore is the first to provide  
Omnichannel-as-a-Service**



## **Omnichannel Leadership Report**

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