

# CONNECTING PHYSICAL & DIGITAL RETAIL:

JULY 2020

# DIGITAL PLATFORMS

*Having a digital platform is essential to ensure your brand is considered in the path to purchase and critical to winning today's consumer. E-Commerce capability is table stakes – customers expect to be able to buy products online.*

# The Digital Path to Purchase



Sources Think With Google, Baynote, Data-Charts, eConsultancy, Search Engine Land, Business News Daily, Retailing Today, YouTube, LotVantage

# NAVIGATING THE NEW PATH TO PURCHASE

*Today, the consumer path to purchase is as complex as ever. Shifting consumer attitudes and multiple connected devices create a chaotic reality.*

*The traditional purchase funnel diagram, one which any marketer could sketch from memory, is officially dead.*

*The singular, orderly sequence of purchase stages has been scrambled, and marketers need to conform.*

*In today's world, where consumers have access to constant information through computers, smart phones and tablets, each person's path to purchase is complex and unique.*

Fragmented audiences, distracted consumers and multiple devices fuel different paths

The explosion of digital channels, the always-on media ecosystem, and the emergence of increasingly discerning consumers challenge even the savviest of digital marketers.

For consumers, there are unlimited opportunities to get distracted throughout the shopping process. Consumers can get to the brink of a purchase and then regress back to researching and browsing—because it's easy to do.

Whether on their desktop, tablet or smartphone, shoppers are just one click away from embarking on a ride far away from their original intent. The good news: A single touchpoint can get them back.

For marketers, it's a challenge to identify and map the ideal shopping behaviour for their brand. Each individual path is different—the actual activities vary widely between consumers, across multiple platforms.

It's not just what consumers do that is important; it is also how, when and why they do it. The timing, location, and intensity of consumer behaviour indicate levels of involvement within the path to purchase and opportunities for marketers to engage.

Digital marketers need to take a hard look into this data trail that consumers leave behind. Analysis of this behavior can provide actionable insight into how consumers arrive at their purchase decision.

We need to understand engagement activity (e.g. search, review and cross-shopping, mobile/tablet engagement) before, during, and after the customer conversion.

The path to purchase model is shifting. Consumers are distracted, but smarter.

# THE BUYER'S JOURNEY

*Over the past several years, consumer expectations have grown, and the consumer purchase journey has become more complex. The Buyer's Journey is based on the fact that today's consumers are online and more informed than ever, which puts them on a track to make an educated decision on their purchase before they ever contact you. The Buyer's Journey is essentially doing a ton of Internet research before making a purchase — and we've all been there before.*



## What Customers Expect From Their Shopping Journeys

One of the major trends we identified is that *the consumer journey is nonlinear*. Today's buyers are finding ways to short-circuit the shopping journey, depending on the items they are looking for. These insights can help brands identify ways to meet customers on their timelines and keep up with those evolving, short-circuited needs in the future.

### 1. When it comes to the consumer purchase journey, speed is important.

Most consumers say that shopping has become less of a leisurely experience and more of a task that has to be checked off their to-do lists. Sure, many consumers still enjoy the shopping experience, but most of the time, they want to get in and out.

### 2. Consumers tend to stick with what they know.

65% of shoppers always buy the same products from the same brands when they are stocking up on items. Most people don't want to waste time or money on a product or brand they're unsure about, which makes brand loyalty a pragmatic choice.

### 3. People have higher expectations than ever.

Users want companies to have what they need when they need it and are less forgiving when those brands don't come through.

### 4. Auto-replenishment is here to stay.

Because most consumers stick to the same products and brands, it should come as no surprise that many also like auto-replenishment options.

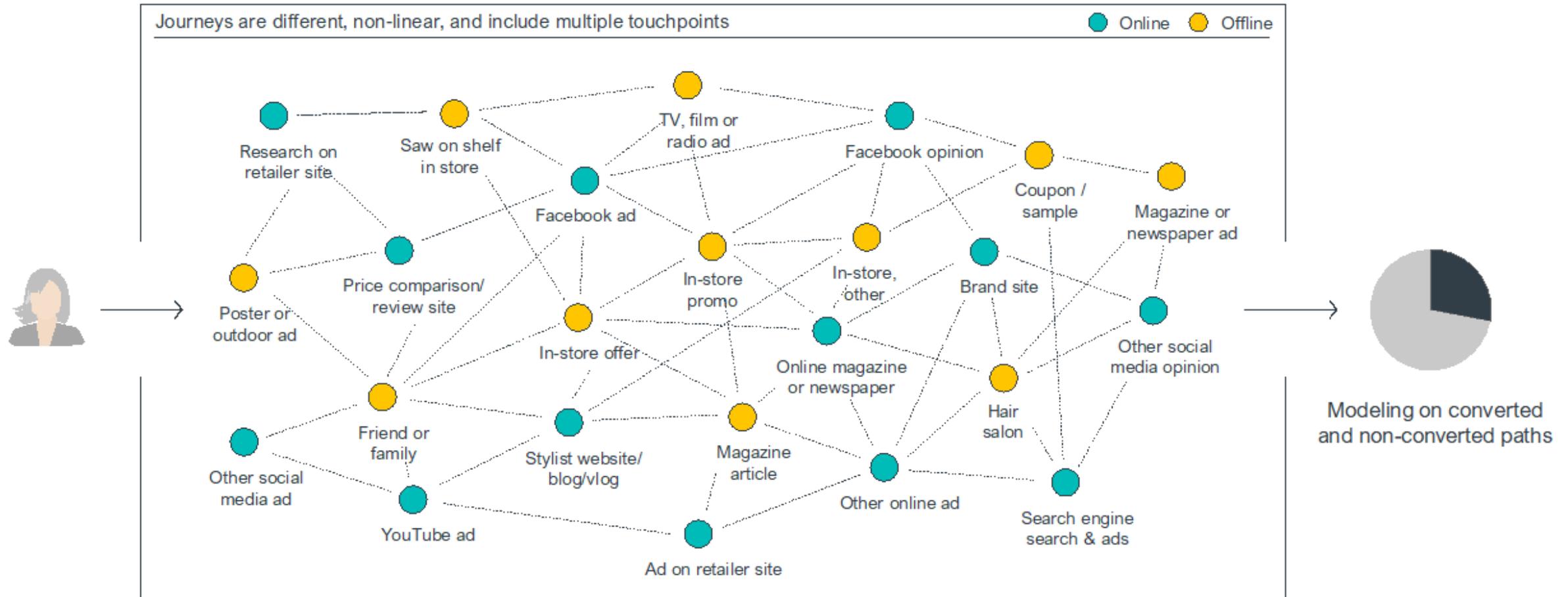
### 5. Consumers look to advertising to change their ways.

Although consumers are generally creatures of habit, they are still open to trying new things.

### 6. Users want flexibility.

Flexibility on the path to purchase is an increasingly crucial element in the consumer purchase journey. Brands that want to break through will need to meet consumers wherever they are — in person or online.

# THE BUYER'S JOURNEY



# MEETING THE EXPECTATIONS OF TODAY'S SHOPPER

Retail's digital disruption continues to ripple through the industry, influencing shopper's opinions and expectations across categories. Though satisfaction is up overall, data shows a disconnect between how retailers and shoppers perceive the shopping experience.

## Shaped by e-commerce:

Consumers bring their expectations built online into stores with them. Armed with smartphones, shoppers expect associates to have as much, if not more, knowledge and technology available to them.

Shoppers expect to find what they want and have it in-hand instantly. Overall, shopper satisfaction for the in store (82%) and online (78%) experience is positive.

Retail technology should provide a friction-free shopping experience, with tools that improve self-service for customers and empower associates to deliver a better experience.

### In store shoppers:



**59%**

have better experiences when associates use the latest technology



**57%**

prefer sales associates find the latest information for them



**52%**

prefer self-checkout

## Shopper viewpoint

### Expectations for the digital age

#### Shopper's attitudes vary by generation

Shoppers' demands seem deceptively simple—they want to find the items they want, pay the lowest price, and get items quickly and easily. However, they don't distinguish between a retailer's physical location and online presence, and demand instantaneous access to information, no matter where they shop.

To make things more complicated, retailers serve a wide range of generations, each bringing their own needs and behaviors into the store.

*Seventy-five percent of Millennials and 53% of Gen X report leaving a store without a purchase and buying online due to out-of-stocks, while only 26% of Boomers do so.*

Retail's future belongs to digital natives who expect tech-enhanced experiences

### Shoppers' likelihood of using in store tech services



**62%**

**Electronic shelf labels**  
electronic signs displaying current prices; update automatically



**61%**

**Smart carts**  
shoppers use video touchscreen to locate items, check prices, receive promos and scan barcodes



**58%**

**Location-based coupons**  
coupons sent based on shopper's in store location



**55%**

**Shopping map app**  
app creates a shopping list map, efficiently guiding shoppers through a store



**54%**

**Auto checkout**  
leave store without stopping to pay for items

# MEETING THE EXPECTATIONS OF TODAY'S SHOPPER

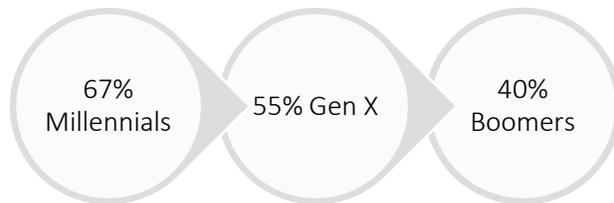
## Online expectations reshape retail's offline reality

Shopping often starts before customers enter a store. Retailers should assume that shoppers have researched products online before choosing to shop brick and mortar.

The top reason shoppers visit a physical store is to experience a product or browse. To entice shoppers, brands and retailers are creating experiences with more traditional features, such as in store cooking demonstrations and taste tests, as well as more experimental formats like juice bars, coffee shops, community and event spaces and even branded hotels.

Shoppers come into a store expecting that items they saw online are in-stock--getting what's hardest for e-commerce to deliver--instant gratification.

Shoppers across generations prefer online retailers with brick and mortar locations



### Why shoppers shop online or in store

#### Top 3 reasons

In store	Online
<b>53%</b> experience product	<b>45%</b> free shipping
<b>46%</b> available items	<b>43%</b> available items
<b>41%</b> want it now	<b>43%</b> online-only offers

When it comes to purchasing, price is a top priority for shoppers. Onequarter of shoppers surveyed report leaving a store because the price did not match the one found online. Among similar price competitors, brick and mortar retailers can compete by delivering on technology assisted service and experience that spans clicks and bricks.

## Price reigns king

**56% vs. 44%**

Fifty-six percent of shoppers on average choose price over better service (44%) across retail categories

## Why shoppers leave a store without purchase

### Top 5 reasons

- 1** **Out of stocks**  
item wasn't available
- 2** **Selection**  
didn't like product choices
- 3** **Competitive merchant**  
found a better deal
- 4** **Pricing discrepancy**  
in store differed from online price
- 5** **Check-out line**  
the queue was too long

# GOING DIGITAL, GOING DIRECT

## Established brands with direct-to-consumer channels

Many large, established brands offer products solely through retailers or other traditional distribution channels. These brands have a wide reach by virtue of their distributors' footprint.

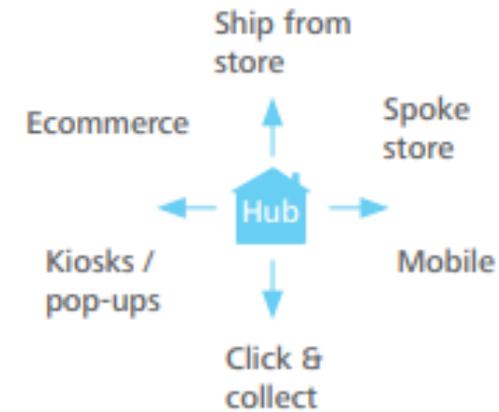
### The opportunity

For these brands, **going directly to consumers through digital channels allows brands to move into new and previously unreachable markets.** Brands can tap into the 'long tail' of their product offering and gain a greater share of their customers' category spend. **Product selection can be extended through a digital 'endless aisle'** that can move customers to higher margin online channels that complement brick and mortar channels. Moreover, they can develop and deepen their own relationship with customers – using their customer data to **deliver a personalized, targeted experience and building brand loyalty** based on relationships rather than quality or price.

A direct-to-consumer approach also provides established brands with more flexibility in launching and marketing products. Brands can leverage real-world data through digital tools to better understand the expected performance of a product before it is launched. New SKUs can be tested through direct channels without incurring listing fees or having to de-list existing products. Post-launch, brands can introduce more targeted and personalized marketing strategies for their traditional and direct-to-consumer channels, such as context-based promotions.

## Hybrid approach

Established brand with existing direct-to-consumer channel



Some established brands have already taken some steps into the direct-to-consumer space, operating selfbranded stores, eCommerce or mCommerce channels, loyalty programs, or some combination of these.

### The Opportunity

By combining traditional distribution and direct channels, these brands already enjoy a large reach. Owning their own channels – and in some cases, their own loyalty programs – gives these brands some consumer data, though traditional retailers still own much of the rest.

The new opportunities for these brands lie in growing the share of revenue they generate from their higher margin, direct channels.

# GOING DIGITAL, GOING DIRECT

## The Opportunity [cont'd]

Brands could achieve this by expanding the breadth and depth of their digital reach – for example, adding mCommerce or location-based capabilities, or opening physical pop-up stores. This will require additional capital investment, though working with new digital platforms can alleviate some of the cost of developing custom solutions.

Brands with existing direct-to-consumer channels in place may achieve better returns by focusing their attention on deepening their customer relationships. Data analytics can help these brands make the optimum use of the data they collect – from social media interactions to online purchasing behaviour – and create an ever-sharper picture of their customers.

The insights gained from this data analysis can be used to fine-tune and differentiate direct-channel product offers, promotions and online or mobile features.

By enhancing their ability to deliver the products customers want, when and how they want it, brands stand to improve conversion, grow brand loyalty – and take a bigger slice of the pie for themselves.



# 5 WAYS TO ALIGN DIGITAL & MARKETING STRATEGIES

## Reward Customers With Omni-Channel Reward Systems



- The average U.S. household has more than 18 loyalty memberships. And, eighty-four percent of shoppers say they are more likely to choose retailers that offered a loyalty program.
- Loyalty programs are a powerful tool for retaining and engaging customers, in order to connect programs to drive both online & in-store engagement brands need to offer an omnichannel customer experience
- Start determining what behaviour you want to encourage or the data you want to gather.
- This information can also be used to personalize email marketing strategies or display ads.
- By aligning your reward programs with both digital and retail marketing strategies, you can also drive specific actions. For example, you could use your rewards system to encourage in-store visits by offering in-store only coupons or gifts.
- Reward systems are powerful; to get the most out of them, make sure you align in-store and online goals.

# 5 WAYS TO ALIGN DIGITAL & MARKETING STRATEGIES

## The Value of Identity Resolution



89%

of brands cite challenges with personalization\*

6X

increase in transactions when brands invest in personalization\*

40%

increase in email click-through rate with personalization\*

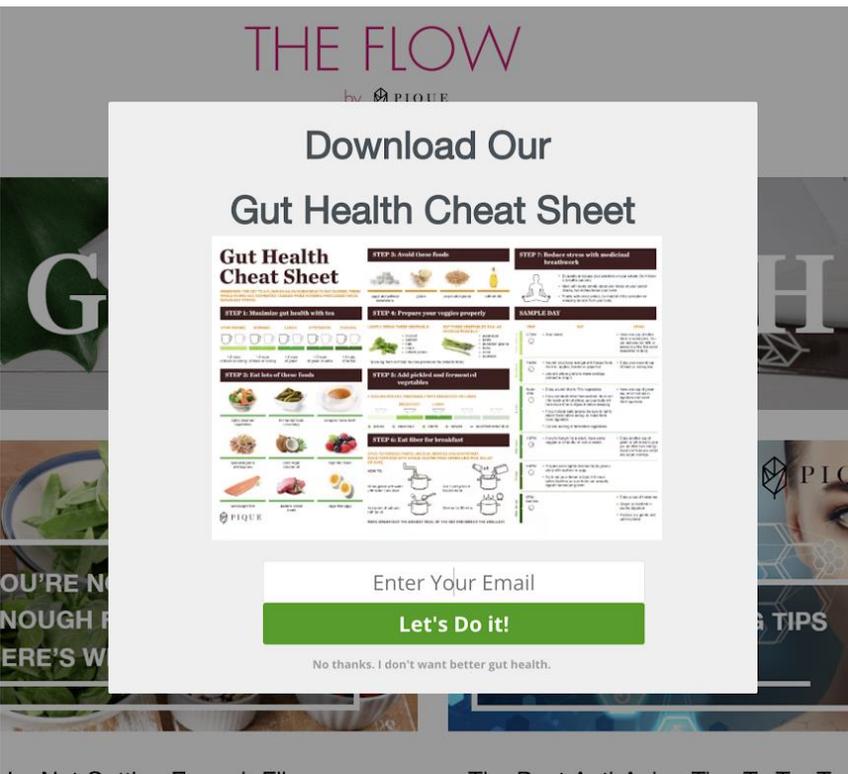
## Personalize Your Marketing Strategy

- Personalized marketing is the practice of using data and technology to **create individualized offers and marketing messages.**
- Personalization can be as simple as a company using your first name in an email or as personalized as a brand offering a discount on an item you viewed online but didn't purchase.
- People no longer want to be hit with blanket marketing messages. They **want to interact with brands who understand them, who take the time to consider the unique challenges they are facing and offer solutions.**
- Combining the personalized information you gather can help you better align your marketing strategies across all channels.
- Eg: *vpn reviews*, a site dedicated to educating their audience on the best vpn for their needs. Instead of compiling all of the information on one page or post, they created separate blog posts for each provider and user needs.
- Surveys are one of the simplest ways to better understand your audience; you need to get creative to entice them to partake – this could be an incentive such as a coupon
- Another option is to keep it really, really short. If you could only ask one question, what would you want to know about your customers? Massdrop uses this strategy, asking just one question that can be answered in one click.

# 5 WAYS TO ALIGN DIGITAL & MARKETING STRATEGIES

## Create Connected Content

- The most successful businesses don't just offer a fantastic product and awesome customer service. They stand out as leaders.
- Companies like Google and Microsoft may have insane market budgets, but they also produce a massive amount of content.



- Year over year, sites that lead their industry in content marketing get almost eight times as much website traffic and earn six times more revenue.
- But, not any old content will do. You need to produce industry-leading content;
  - *For starters, industry-leading content is long— over the past four years, the average length of blog posts has increased from 808 words to 1151. Most brands can expect to aim for around 2,000 words if they want to stand out (Just make sure what you have to say justifies those 2,000 words!)*
- So, how do you create really good, really long content? By developing long-form guides that thoroughly cover a topic your customer base cares about.
  - *They use headings and a table of contents to break up the long content and make it easier to find the information they are looking for.*
  - *Numbered lists and bold text makes it easy to scan, which is essential for online content.*
  - *Adding visuals to explain content*
  - *Teaching how-to techniques*
- *To connect in-store customers to your online content, you can generate a QR code, to link customers to content related to a specific purchase or in-store items.*

# 5 WAYS TO ALIGN DIGITAL & MARKETING STRATEGIES

## Leverage Beacon Technology

- Beacons are small transmitters that use Bluetooth technology to send messages to smartphones located in close geographical proximity to them.
- In addition to sending beacon-based messages, marketers can also use beacons to better understand how their online marketing efforts impact in-store sales.
- By placing a beacon in your store, you can see that someone nearby viewed your ad, then stepped into your store. Google notes an in-store visit— and now you have more data to understand what efforts work so you can focus on strategies that drive revenue.
- Beacon marketing can help you support your customers by better understanding how they search and help you improve your marketing by more accurately attributing sales to online or offline marketing efforts.

## Use Email to Drive In-Store and Online Actions

- 55% of people reported they open their inbox before their feet hit the floor.
- Despite its age, email marketing remains one of the most effective marketing channels, for both online and retail marketers.
- More than 50 percent of U.S. respondents check their personal email account more than ten times a day, and it is by far their preferred method to communicate with brands.
- In fact, 59% of respondents say marketing emails influence their purchase decisions.
- How do you align email to digital & retail strategies?
- *For starters, send email confirmations for actions like joining your rewards program. But, don't just send a boring email, use this opportunity to share that interesting blog you started last week and highlight your value*
- *Got a popular item out of stock? Offer to email customers when it returns*

# HOW BRANDS CAN BRIDGE DIGITAL & PHYSICAL EXPERIENCES

## The Hybrid World of Modern-day Consumerism

Very few brands today can claim to be purely offline. Even a tiny artisanal store that prides itself on being completely analog lives in a digitally influenced context. Consumers increasingly do their research or browse options online before making a purchasing decision - meaning that their journey to you is digitally mediated even if you're not online.

## Building Seamless Consumer Transitions

The challenge for businesses is to ensure that the process of moving between online and offline worlds is simple and seamless - and that consumers aren't getting lost along the way. Ideally, your touchpoints should complement each other so that a consumer gets what they need while moving from point A to B.

The aim, then, is to create an integrated experience that seamlessly ties your brand's online and offline worlds together.

## The Brands Making Omnichannel Work

An example of a brand getting it right is Nike's Pilot Nike by Melrose store. The store uses data about the style and purchasing habits of local LA residents to shape its product offer, along with an app to coordinate order, pick-ups, style appointments and even changing room reservations. It's a move that capitalizes on the massive success of Nike's New York flagship, itself an impressive example of omnichannel retail.



"As users transition across devices, environments, and activities, designers must diversify interaction and minimize the gaps within user experience."

- Meredith Davis

# HOW BRANDS CAN BRIDGE DIGITAL & PHYSICAL EXPERIENCES

## *Bring your retail world into social media.*

This is easily achieved by posting store or product photos to your social feeds. If your brand serves a younger demographic, another option is to set aside a dedicated in-store social media "selfie" space where users can take photos of themselves in-store and share them with their followers.

## *Hashtagging and live event posting.*

Branded hashtags encourage users to live-tweet or post about their experience at your store or an event in progress. With event programming an increasingly invaluable way of building foot traffic (digital or physical), this can be a great way to encourage engagement with your offer.

## *Digital contests with physical prizes.*

Consider running online contests, giveaways or promotions that offer a physical prize. It might be a free product, gift certificate/discount or a free pass to an event. This approach both draws attention to your online presence while reminding consumers about your physical one.

## *Location-based coupons.*

If your business has an app, geotagging can be used to send push notifications about deals or special offers as they near your store. You can do the same in-store, alerting to users to special personalized deals as they explore your inventory.

## *Reconsider your physical space.*

Physical spaces are ideal for creating experiences and encouraging personal interactions. There's a reason many service-based businesses like banks are moving towards a hospitality-based approach in-store - think cafes, lounges, and free wifi - while delegating day-to-day admin to their apps.

## *Stick to your branding.*

Last, ensure consistency of experience across your physical and digital collateral. Your website and store or office should have a similar look and feel so that there's no disconnect when customers move between one and the other. Your website experience should match your physical experience & feel part of the same unified brand.

# DIGITAL STRATEGIES TO DRIVE CUSTOMERS IN-STORE

## *Promote In-person Incentives*

If customers can get the same products online, then there needs to be an incentive to visit the store.

## *Use Product And Location Data For In-Store Digital Deals*

Retailers can offer digital deals that are accessible in-store only. Tap into the product and location data you gather from your mobile application. Once the app detects the customer is in-store, it can offer coupons based on items a customer scans, enabling highly targeted marketing

## *Invite Them to a Live Event*

Retailers can flip this trend on its head by offering digital deals that are accessible in-store only. Tap into the product and location data you gather from your mobile application. Once the app detects the customer is in-store, it can offer coupons based on items a customer scans, enabling highly targeted marketing

## *Encourage Online Reviews*

No matter what you do digitally to attract customers to your location, the first thing almost every consumer is looking at is a business' reviews. The quality, quantity and recency of those reviews is also going to have a direct impact on how easily the same consumers are going to find the business through Google.

## *Offer Check-In And Tagging Discounts*

Drive people into physical locations with a great offer that can only be obtained on location through checking in on various social channels, tagging friends and/or, more importantly, leaving a truthful review of their experience.

## *Use Content Marketing To Promote Store Visits*

Using content marketing to promote offers that incentivize in-store visits is a great tactic; Using content discovery platforms allows people to discover these offers on websites they visit frequently and gives them the incentive to provide information to marketers, which can be used for more targeted campaigns later on

## *Convert Consumers At Competitors' Locations*

here is great potential for smart brands to use geotargeting via location-based apps to reach potential customers on competitor turf at point of sale

## *Offer Promotional Codes On Social Media*

If you offer a promo code for in-store purchases on your social media platforms, you'll successfully integrate the confluence of online media with an offline business. Consumers still crave those unique, experiential moments created inside a store, so encourage them with an enticing discount

# DIGITAL STRATEGIES TO DRIVE CUSTOMERS IN-STORE

## *Encourage In-Store Donations To A Local Cause*

Capitalize on customers' self interest as well as their altruistic sides by doing a fundraiser for a local cause. For every in-store donation over a certain dollar amount, each customer receives a free gift with any purchase or a discounted order

## *Target Areas With Facebook Ads*

Push a new product to select stores in these key markets and then run Facebook ads that target area codes near each store. It works even better if you can seed your product(s) to influencers in those same areas and have them promote the product offering to build awareness and interest once it becomes available.

## *Leverage Pop Culture Trends*

When Pokémon GO! was all the rage, stores and restaurants offered discounts to customers who captured a Pokémon in their stores. It was a genius way to leverage something trending in digital pop culture and bring it to the retail environment. Creating an opportunity for consumers to FaceTime with an influencer to help them shop in-store is another way to drive excitement for an impromptu visit

## *Launch An Email Marketing Campaign*

It may be one of the most veteran digital marketing tools, but it's also the most effective: email. [We've] had great success with a makeup brand that personalizes emails by location, offering products and in-store sessions to bring value to in-store shoppers.

## *Try A Pop-Up Experience*

The younger generation has proven that they prefer experiences over material things. Wise brands are creating stores that cater to socially shareable experiences. Magnum and St. Ives opened widely successful pop-up stores in New York City for just that purpose.

## *Make Every Friday 'Black Friday'*

By embracing technology and tapping into the human desire to touch before buying, "brick and mortar" stores become "brick and click." I like the idea of offering significant "Black Friday" in-store-only discounts to customers who use the company's mobile app. It prompts a store visit and gives employees the opportunity to enhance the shopping experience by providing exceptional service

## *Share The In-Store Experience On Social Med*

Having an exclusive in-store promotion is one way of capturing customers interest; another is to showcase the experiential aspect of brick-and-mortar stores through social media channels. People should want to visit and have the same experience after seeing the online campaign.

# CLOSING THOUGHTS...



The purchase journey is not linear; it is ever shifting & consumers have volumes of product & brand information available at their fingertips to inform their decisions.



Today's shopper has high expectations of brands & the in-store experience; technology can improve this from an information, accessibility & speed perspective.



Brands & marketers should leverage technologies & data to create personalised, customised communication & product offerings for consumers.



Making use of digital channels allows established retail brands the opportunity to carve out new audiences & build brand loyalty from the 'ground' up.

THANK YOU.

