

RESEARCH

True omnichannel shopping experiences still years away: BRP

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Mobile shopper

By FORREST CARDAMENIS

A unified commerce experience hosting a single cart across all channels is the future of retail, but retailers are struggling to deliver, according to a new report by Boston Retail Partners.

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Eighty-five percent of retailers list unified commerce as a top priority, meaning that soon customers will be able to shop, ship and pick-up products from wherever they wish. Getting there will involve improvements in point-of-sale hardware and software as well as increased support of mobile technology both for purchasing and recognition purposes.

"Retailers have been struggling the last 3-5 years to incorporate omnichannel capabilities," said Brian Brunk, principal at **Boston Retail Partners**. "Many retailers have implemented those capabilities but ultimately the customer is not satisfied with how they have been implemented.

"So the way many tried solve omnichannel is in trying to integrate separate disparate channels, and we're taking a different approach and trying to run all of this through one single commerce platform to deliver on those same capabilities," he said. "It's not so much a slow down and wait, it's more 'why are retailers struggling,' and they are realizing they need to take a different approach."

Uphill battle

Digital and mobile shopping is now ubiquitous, but consumers are not satisfied with each channel existing in silos, and they demand transparency of prices, products and availability. Retailers are working to fulfill this consumer expectation, but a true omnichannel or unified commerce experience may still be years away.

Retailers have already taken steps forward, but the rush to have something resembling what consumers want results in less than optimal implementation. Sixty percent of retailers have made it possible for consumers to see inventory across all channels, but four-fifths of them say their system needs improvement. Similarly, 60 percent of Cyber Monday click-and-collect orders could not be seamlessly fulfilled.

The focus on this unified commerce experience is the top priority of retailers, with 85 percent naming it among their top three priorities. Customer experience and engagement finished second with 68 percent and last year's winner, payment/data security, was third at 38 percent.

Although the drop in payment/data security might be alarming, it is still the third-highest listed priority.

"There's still a lot of work, and it's ongoing across retail from a payment security standpoint," Mr. Brunk said. "The number's not as high as last year but it still falls in the top priorities and is still getting C-level attention and is getting prioritized and getting funding.

"Retailers are still moving ahead with this but at the same time don't want to hold off on customer-focused initiatives," he said. "They are not pushing it out of the budget or plans for 2016 and on. It's still very much there."

Providing a unified commerce experience is closely intertwined with engaging consumers. Customer experience online sometimes supplants in-store experience, as many retailers have not implemented the technology that will allow the same personalization consumers receive in their emails to translate in-store.

Accordingly, 62 percent of retailers named customer identification and personalization of customer experience among their top three customer engagement priorities, more than any other initiative. Forty percent listed empowering associates with mobile tools, while 38 percent highlighted real-time retail, both of which will further help personalization.

Recognizing a consumer before the point of checkout, be it through in-store WiFi, beacons, Bluetooth, a mobile app or something else, is crucial to providing this experience. One way to help consumers opt-in to that level of monitoring is to give something of value in return, such as personalized promotions.



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Real-time retail is essential because of the power mobile phones have given to consumers. A consumer can look at a product and instantly look for the same or similar items in other stores. However, despite half of retailers having access to helpful counteracting tools such as inventory monitoring, returns management and analytics, the process largely needs improvement and integration.

Among the innovations many retailers are working on is an ability to react to traffic and weather information. They will be able to promote umbrellas or offer free delivery in an upcoming storm or encourage visitors to wait out bad traffic or a storm while they shop in-store. Of the retailers surveyed, just over a quarter have plans to implement such technology in the next three years.

As the report notes, although retailers are taking individual steps toward the unified commerce experience, making it an effective reality is proving more difficult. At present, the seamless shopping experience is somewhat illusory, either halted by improper integration or integrated only through multiple systems and processes that limit real-time effectiveness, thus resulting in limited customer satisfaction.

BRP writes that the move to unified commerce will require improvements to the point-of-sale landscape. The major goal is to have a unified point-of-sale with an integrated cart that pulls from in-store, online and mobile transacting.



Bloomingdale's shopper

Getting there will require more frequent upgrades to point-of-sale technology. The quick evolution of omnichannel retail means that hardware and software may become obsolete within one or two years.

Chief among potential upgrades is being able to fulfill a mobile sale. Forty-six percent of those surveyed do not currently use mobile POS and an additional 23 percent suspend the transaction and fulfill at a traditional POS. Accepting forms of payment such as Apple Pay is a necessary step for many retailers.

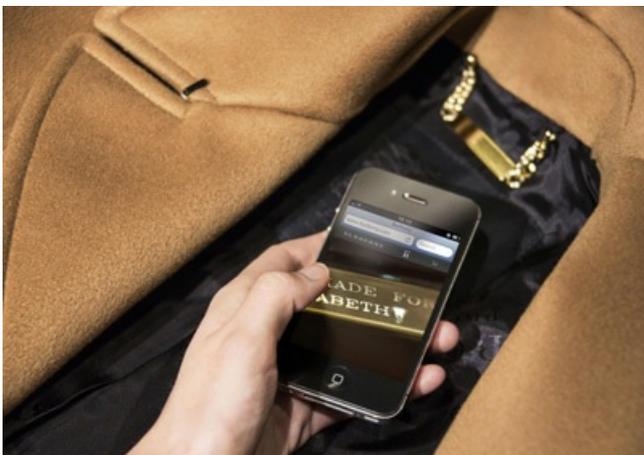
Although the hill is steep, retailers are already climbing. Eighteen percent have implemented a unified commerce platform, although it may need improvement, and an additional 57 percent have plans to do so in the next three years.

Almost a third have implemented mobile solutions and over half plan to within three years, and a fifth have implemented mobile POS with another 58 percent having plans to do so.

More than meets the eye

A BRP report from last month emphasized that mobile commerce creates myriad opportunities for retailers, but noted that they must first accommodate consumers' privacy concerns.

Sixty-one percent of Internet usage in the United States is on mobile devices, and mobile commerce, already one-third of ecommerce sales, is set to grow over two-and-a-half times as fast as total online sales. Although mobile commerce has been seen as a lagging point for retailers, most are focusing resources on improving mobile sites and implementing other mobile-based strategies over the next few years ([see story](#)).



Mobile shopper

Among the improvements this focus will allow, the customer will be able to video chat with a preferred sales associate from home to get a better understanding of style and color. With the customer's data, including color and

size preferences, available to the associate, the retailer will be able to provide a personalized in-store shopping experience to a consumer who does not have time to enter the store.

Another future upgrade will be access to a virtual inventory, which 38 percent of retailers already use, although most say it needs improvement. Virtual inventory will allow consumers to purchase inventory not currently in-store, thus keeping them away from competitors offering similar or the same products.

Also, 33 percent of retailers intend to implement the ability to suspend a transaction within the next three years. With this, consumers will be able to begin a transaction in the store and finish it at home. Consumers will therefore not have to worry about not being able to fit products into the car, carry them home or take them to some other event and can instead opt for shipping when finishing the transaction.

Other researchers have also noted the difficulty retailers are having in incorporating omnichannel commerce.

A December 2015 Fashionbi report used the Instagram and Facebook accounts of mass market brands, bridge brands, pret-a-porter brands and fashion footwear brands to judge their omnichannel prowess. The objective of the report was to gauge how well the surveyed brands, selected at random from different market sectors, use omnichannel strategies across their social, online and in-store channels.

During its research, Fashionbi found discrepancies in omnichannel strategies and sought to uncover the reality of omni-marketing claims.

There are opportunities being lost by brands not truly following through with omnichannel positioning. As an example of these misconceptions, Fashionbi explained that if a consumer sees a pair of Jimmy Choo pumps on Instagram, but when she goes to purchase they are unavailable in-stores or not available in a particular size or color, this is a cause for discontentment and a lost sale ([see story](#)).

Although retailers are taking steps in the right direction, the reliance on customer identification is among the first steps and it has not yet been optimized. Several potential methods can be used to identify consumers in-store before the sale is made, but none have been extensively tested.

"There's still a lot of interest on the part of retailers to identify the customer early, when they can still impact the customer early in the purchase," Mr. Brunk said. "There's a lot of exploration, with beacons and bluetooth and Wi-Fi, and there's no clear winner that stands out as 'this is going to be the way all retailers do it.'

"And we don't think there's going to be one winner," he said. "You're going to need several ways to capture that information. Some are going to opt-in in different ways and having those options available is important until we know what stands out as the most effective."