THE OMNICHANNEL
PLAYBOOK

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FACT-Finder®

5 steps

to linking your online and offline channels

The future belongs to those who combine online and offline sales channels.

The digitalisation of our society has been growing exponentially in recent years. The mobile internet, social networks, and online shopping have now established themselves as part of the daily lives of most people.

This phenomenon has also had an economic effect in shifting retail market shares: while many online pure players show increased sales from year to year, bricks-and-mortar retailers have often found themselves fearing for their very existence.

Change is nothing new for retailers, however. The manner in which retailers introduce products to customers has constantly evolved over the centuries. For example, in the beginning of the 20th century we saw a move away from small retail shops. Instead, employees behind sales counters would take customer orders and then go to get the products. Then there were self-service retailers, supermarkets and even the invention of the shopping cart.

More recently, Aldi and other discount stores have learned to save themselves the trouble of unpacking goods and placing them on shelves – instead placing the boxes directly in store aisles.

At the same time, downtown department stores have lost ground to malls, where shopping is more of an adventure.

One rule remains constant: those who do not adapt to change lose market share quickly.

Today's customer wants to be introduced to products in a new way, and are more focused on the experience. Modern shopping generally takes place in a multi-faceted fashion: online comparison, offline in-store viewing, additional research online and so forth. Mobile phones allow shoppers access to supplementary product information, even when in the physical store.

In order to make the most of the opportunities offered by continued digitalisation – rather than feeling threatened by it – individual stores and retail groups have set up their own online shops in order to strengthen their relationship with customers and increase their e-commerce market shares. Such goals are seldomly attained, however, since online shops are operated independently from the actual stores as part of a 'multichannel strategy.' This is because the intense price competition online creates a dilemma for multichannel retailers: online prices cannot be offered cost effectively in branches because of the additional costs of staff and locale. If a retailer does not take part in the price competition, customers buy from competitors. But if a retailer offers products in its online shop at a better price than in its branches, shoppers who would traditionally buy offline are driven online.

The key to success is to offer customers a real additional value in terms of their shopping comfort and experience. Retailers should link their online and offline worlds and implement an omnichannel strategy that clearly differentiates them from the competition. This creates a real point of difference to online pure play retailers.

The strengths of brick-and-mortar retailers are not insignificant: in addition to having an actual location, they usually have a well-known brand and established customer base. Both of these are incredibly important because trust is a valuable commodity in the world of e-commerce.

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Retail chains also generally have substantial financial assets, far greater than those of almost all online shops. If brick-and-mortar retailers are truly prepared to make a major investment in the online sector, they will find themselves in a significantly better position than a new pure player. Regardless of whether the goal is a novel click-and-collect service, a digital inventory expansion of the in-store market or something quite different, the central theme during the implementation of any project should consist of the following five steps.

1. Create an online experience based on the newest standards.

Don't try to be too innovative here. Instead, look at what existing successful online retailers have done right and copy the best elements of what they do. As you adopt existing best practices, you will always get the best ROI.

Use the knowledge base of leading e-commerce players in order to lead as many people as possible through the three stages of the online buying cycle:

1. *Visit:* going to the online shop
2. *Product discovery:* finding the desired products
3. *Check out:* payment and registration

Product selection is especially important in this cycle. Customers must be able to find their way to the desired products as easily and quickly as possible. Depending on the assortment of goods, this will take place mainly through the search function (e.g. 95% in the case of books) or through navigation (e.g. in the case of fashion, where there is only 30% usage of the search function).

Those using the search function already have a good idea of what they want and are twice as likely to purchase than visitors who only use navigation. So in order to make product selection as easy as possible, a powerful search solution should be selected and employed – especially in the case of a wide assortment of goods.

As for navigation, it is best to place the navigation bar on the left side of the screen, not on the right, because customers usually look at the left side first. A usability study commissioned by FACT-Finder has confirmed this habit.

A navigation bar placed above the product area on the screen is also an option and will be seen immediately by customers. However, that space can be better used to display more products. Research shows that the average purchase rate for a product increases by 6% for every line higher it appears on a page.

Whether a customer finds their desired product via search or navigation, the struggle isn't over. During check out, the key is to avoid losing a customer who has already placed products in the basket. Two bits of advice here: create trust and don't leave any questions unanswered. Show an overview of all selected products including the latest delivery date, provide free shipping once they reach a certain cart value, offer various payment options, and state explicitly that you won't share their data. You should also explain your data protection policy in more details and make the information page easy to find.

There are many other aspects that are characteristic of a first-class online experience and, as suggested above, you should pay close attention to successful online players, seek out the advice of experts, and make use of what you have learned. However, be true to yourself and your brand. Existing customers are already acquainted with you offline and will have a certain feeling about you. You should try to recreate the same distinctive feeling online.

Glossary

Showrooming

The customer walks into your store, experiences the look and feel of a product, and can ask for help from staff. However, they then proceed to make the purchase online – often after comparing a variety of offers on the web. In this case, it is only the online retail site that benefits from the investment in personnel and physical store space.

Multichannel

When several channels are operating parallel and, to a great extent, independently of one another, it is called multichanneling. Often in these cases, physical and online stores carry different stocks and potentially even have varying prices. Customers generally only have the option of returning items in the channel that they bought their item from, which can have a negative impact on the customer experience.

Multiscreen shopping: These days, customers buy when the time is right and they feel inspired. Different media channels often serve as a tool for online research or to browse for ideas.
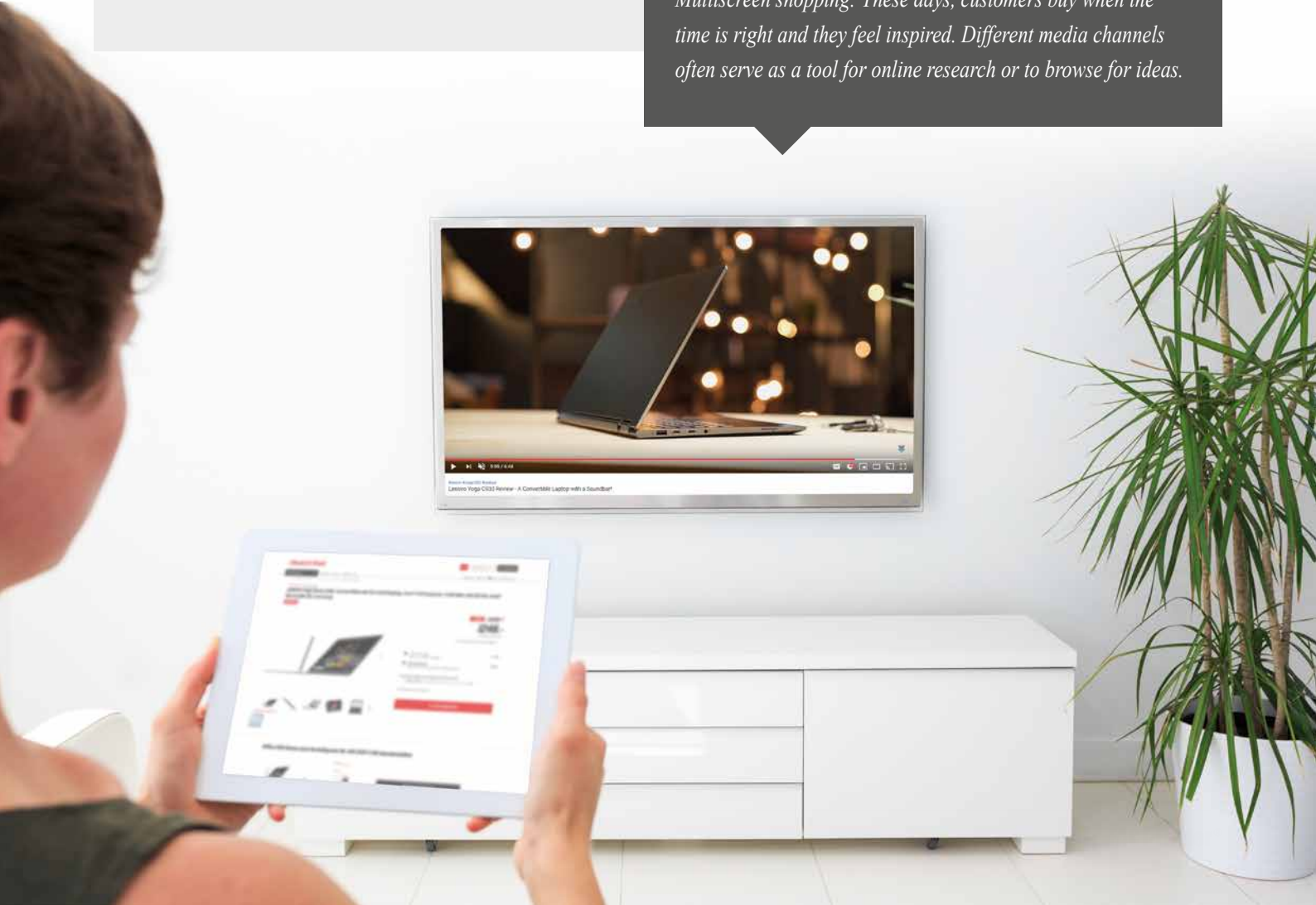
## 2. Motivate online researchers to visit your brick-and-mortar stores

The internet has become the most important source of information that drives purchasing decisions. Studies by Deloitte demonstrate that 56% of all offline buyers have researched online before spending their money in store. Other studies by Barilliance have shown that only 8% of people report that they never research online before making an in store purchase.

So-called "Research Online, Purchase Offline" (ROPO) customers buy more when they visit a store than those who do so without undertaking prior internet research. The ROPO effect can offer you a strategic opportunity both to develop sustainable customer relationships and to increase sales. However, certain technical requirements need to have been met on your online site, namely geolocalisation. This allows you to automatically show online visitors (desktop and mobile) where the nearest market for your products is located, and whether or not their desired product is in stock there.

Showing visitors consistent prices for their local store is also crucial. If local price differences are not taken into account in the online shop, or if products that are found online are not available in the nearest brick-and-mortar store, your customers will be disappointed and go to a competitor instead.

High-quality creative content will also play an important role in your ROPO strategy. You need to fulfill your clients' need for information and inspiration before making a purchase. By doing so, online visitors will be more motivated to make an in store visit. The ability to see, touch and feel the products along with the quality of customer service provided in store will further encourage them to complete the sale.

Online content, such as helpful tips related to products
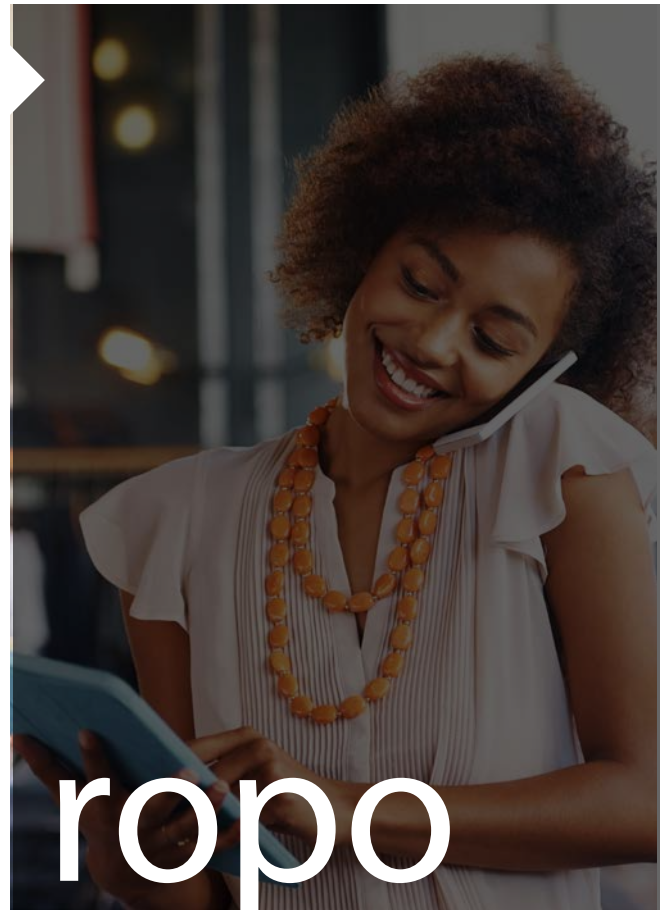
ropo

The ROPO Effect: When customers research online before visiting a shop, they are significantly more likely to make a purchase. Additionally, the average purchase value of ROPO customers is higher.

and how-to guides, not only makes customers happy, but also improves your Google ranking and makes you easier to find. Additional content that will enable you to stand out from the competition can include information about specialist advice available in store as well as relevant information concerning hours of operation or directions.

Your customers must be able to find such information quickly and easily, including through use of the search function on your site. Only then can investment in informational texts, videos, etc truly pay off.

Many customers research online before shopping in the brick-and-mortar store.

Being informed about product availability and current campaigns in the nearest store motivates customers to visit.

Channel hopping: Researching online for additional product information while in store often leads to a purchase.

3. Link your online and offline sales channels.

It is at this point that you should be thinking about how you can emphasise your strong points and use your innovative talents to deliver the best omnichannel experience possible. If you are a fashion retailer, do you have quick and efficient logistics at your disposal? If so, you could consider the use of in-store terminals with internet access that allows customers to order sizes that are not in stock and provide them with free shipping to their home address or make it available for in store pick-up.

Are you a furniture retailer who is especially proud of your expert consultants? If so, it might make sense to have stream videos of product demonstrations on your website, with one of your consultants in the store presenting different items to motivate your online visitors to come by personally. Click-and-collect services of all types are also very popular because many customers want to save on shipping costs and find it more convenient to pick-up items ordered online at the store. Moreover, customers can actually inspect items and ask questions about them if they collect them in-store, removing one of the most frustrating parts of online shopping.

Of course, there's always the worry that this could lead to a situation where customers order items but then abandon them. That's certainly a possibility – but it is still easier for you than organising the return of an item delivered to a customer's home, isn't it?

Visitors conducting research in the online shop often make a shopping list for their next visit to the store. You can help them in this regard if you integrate a function for saving digital shopping lists and relevant notes. Many grocery retailers allow customers to upload recipes, and then offer added functionality which shows shoppers a list of the necessary ingredients.

Grocery retailers can make purchasing experiences even better by providing their customers with a feature for digital shopping lists.

4. Learn from the behaviour of your customers – both online and offline.

What customers search for in your online stores will provide you with a wealth of information about individual preferences and interests, as well as about the general demand for different items.

As far as you are allowed by your country's laws, you should use this invaluable information to optimise the search experience your site offers as well as the range of products you show and your merchandising policies. For example, a fashion retailer could find that online visitors often search for bathrobes, but rarely buy because the selection is too limited. Through use of a search solution that analyses which inquiries have not led to further action by the customer, such gaps in your collection can be revealed. If you can identify your customers when they are in your store by means of loyalty cards and, in the future, also by means of iBeacon or NFC technology, you will be able to gain further valuable information. If you are going to do this, though, it is vital that you use the same customer account for both the online and offline channels, or at least are able to combine separate online and offline accounts for the purpose of analysis.

This also helps your customers - if they can use the same loyalty cards to log in both offline and online, it makes the shopping experience easier, as well as helping you develop a closer relationship with them. Furthermore, it can help translate the brand values you have built up through your physical stores to your online shop, increasing the probability that the customer will make a purchase with you, instead of at Amazon or Zalando.

5. Draw attention to your brick-and-mortar stores.

Your greatest advantage over pure play retailers consists in your physical stores. Leverage this by offering the *3 T's* of a live experience: touch, try on and try out. The *3 T's* increases trust, builds confidence in making a purchase, and creates an experience that customers appreciate and will remember. Statements such as *"Please don't touch"* or the practice of only displaying items in boxes may reduce the costs of running your shop, but it also takes away your decisive advantage over online pure players. Is it really worth it?

Create experiences that stay top of mind.

Special events in your shop increase customer loyalty and attract new visitors.

You can further build the profile of your business and drive revenue through special events. These events can include everything from fashion shows, to consultations on skin type, autograph sessions or even anniversary parties. Your customers will retain a positive memory of such events, tell their friends and family, and happily take part in them again, fostering long-term loyalty and satisfaction.


Summary

If you proceed in accordance with the omnichannel playbook, you will – step by step – combine the advantages of both the online and offline world. The result: sustainable customer loyalty and more sales through all channels. Initially, you should focus on following e-commerce best practices to the fullest extent possible, taking what successful online retailers do and replicating it.

Seek the advice of technology experts to ensure that all systems work together seamlessly. You will then be able to master technical challenges such as click-and-collect, near-field marketing, digital inventory extension, etc.

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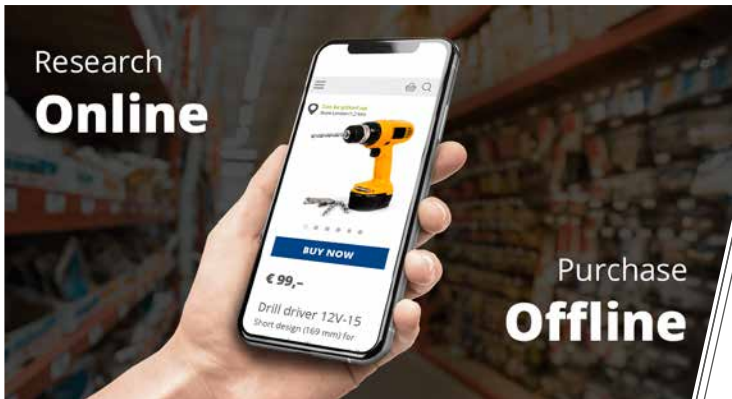
Webinar: The ROPO Effect

Learn how ROPO influences the customer journey, what the future of e-commerce will look like, and best practices for your online shop.

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Audit Your Online Shop

Discover your online shop's strengths and weaknesses and learn how to maximise your conversion rate.

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