

IN-STORE MEETS ONLINE: Unifying the Retail Customer Experience



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According to the U.S. Census Bureau, in their Q1 2016 Retail E-Commerce Sales report, ecommerce sales in that quarter accounted for only 7.8% of total retail sales. But while total retail sales had decreased by 0.2% since the previous quarter, ecommerce sales grew by 3.7%. On average, physical stores continue to be a foundation for retailers, and the channel through which they acquire the majority of their revenue. However, growing appeal for ecommerce has challenged retailers to redefine the ways in which they engage with their customers, and make sense of a retail environment in which these channels often seem to compete.

In essence, retailers' challenge is simple—meet the demands of their customers. As customers approach ecommerce, their expectations go beyond that single channel into a connected commerce environment that retailers must be prepared to deliver. To do so, they must effectively bridge the gap between consumers' digital and in-store shopping patterns, and drive traffic between the two without losing consumers' business and their loyalty. Retailers have made progress in this direction—however, on a relatively untested landscape, concerns over investing in new technologies have delayed important steps forward.

For example, retailers struggle to achieve accurate inventory visibility across all of their technologies, making it difficult to meet consumer demands. Consumers want their in-store and digital experiences to be as engaging and as customizable as possible. As retailers' service levels grow, their websites need to easily display inventory that is in-store; and without difficulty, an employee must quickly look-up a consumer's shopping history, both online and offline, to make a return.

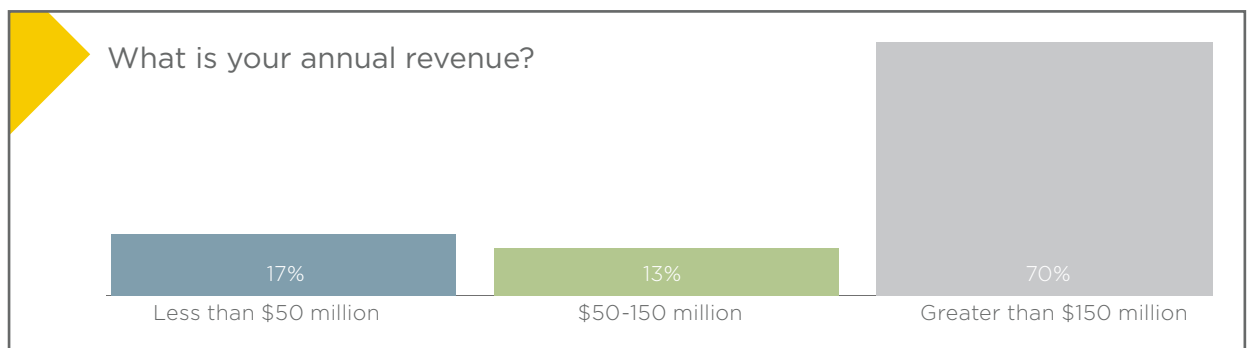
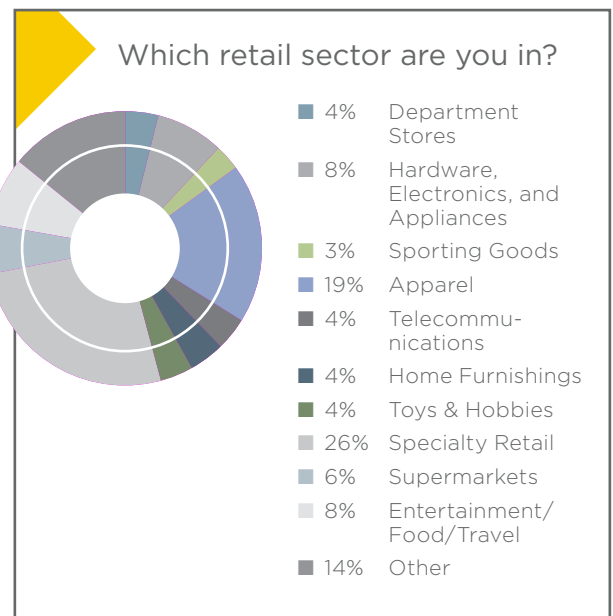
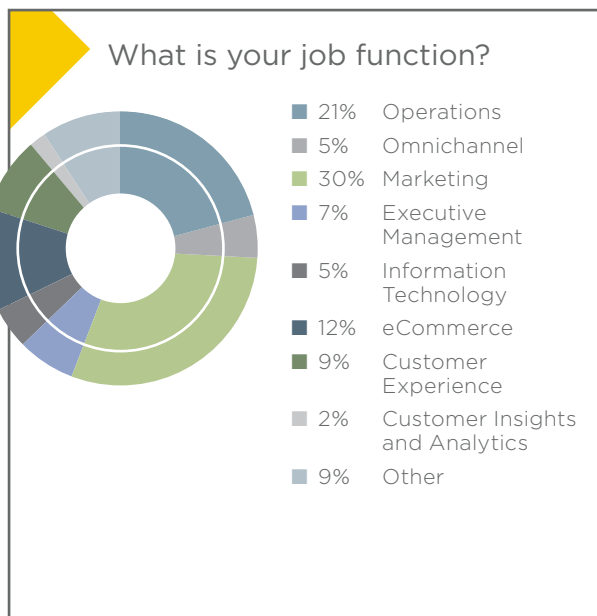
In this paper, we will discuss how a complete integration of business-critical technologies can drive in-store retail and improve the overall retail practice. This includes using ecommerce websites to show in-store promotions, pickup methods and loyalty programs; using order management systems (OMS) to offer pick-up or ship-from-store; using an in-store mobile platform to help save-the-sale; and more.

SURVEY DESCRIPTION

In partnership with Kibo, Worldwide Business Research conducted a survey of over 80 in-store retail leaders in marketing, operations and digital commerce roles to determine what technologies retailers are currently using to bridge the digital and in-store gap, their business strategies in adopting these technologies and their attitudes about consumers and the industry.

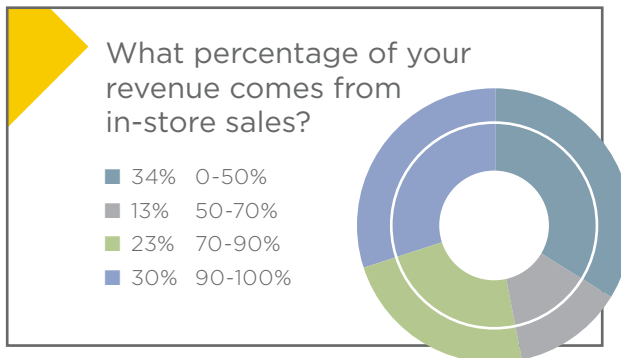
Survey respondents spanned retail sectors, the strongest showings in Specialty Retail (26%), Apparel (19%) and Telecommunications (14%), with smaller showings among Department Stores; Hardware, Electronics and Appliances; Sporting Goods; Home Furnishings; Toys and Hobbies; Supermarkets; Entertainment, Food & Travel; and others.

In terms of annual revenue, 70% of respondents claim annual revenue of over \$150 million, while 13% claim \$50 - 150 million, and 17% less than \$50 million.



RESEARCH FINDINGS

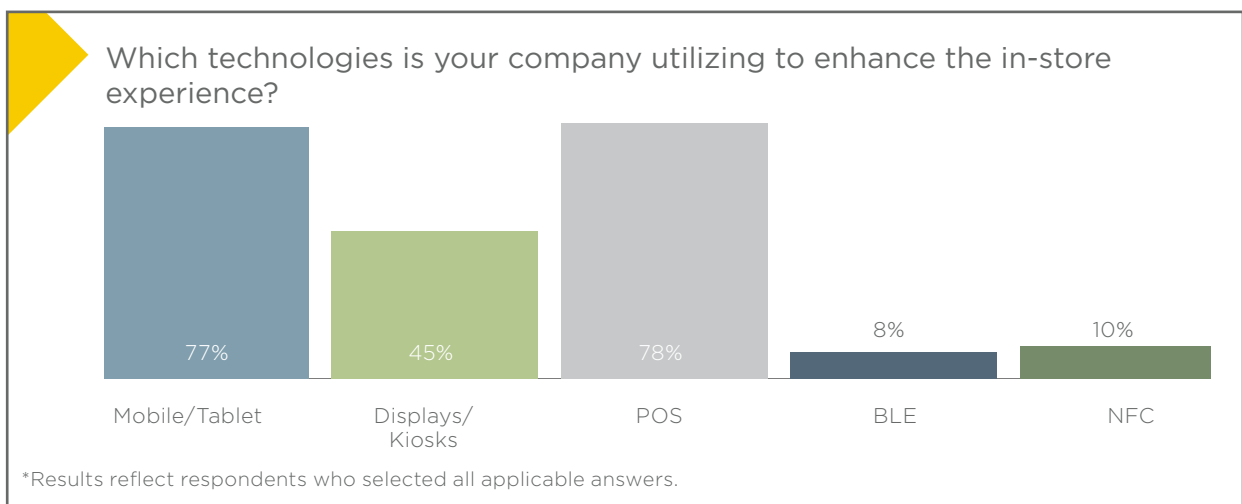
At 66%, the majority of retailers who responded to the survey receive at least half of their revenue from in-store sales; this includes 30% of all respondents receiving at least 90%, confirming that retailers' foundation still lies in in-store retail.



Although in-store retail remains the preferred format for many consumers, retailers who are dependent on in-store sales face a challenge, in that in-store sales must become more competitive and integrated with a continually growing digital market. Nonetheless, the advent of connected in-store technologies brings the advantages of both digital and physical together, with new potential for better in-store and multi-channel customer experiences.

IN-STORE CUSTOMER EXPERIENCE TECHNOLOGIES

Although many retailers are hesitant to adopt new in-store technologies until they see whether others are successful with them, most respondents use mobile/tablet and mobile point-of-sale (mPOS) systems to enhance their in-store experiences, at 77% and 78% respectively. 45% of respondents claim to use display kiosks, while Bluetooth low energy and near-field communications systems ranked at 8% and 10%, respectively.



According to SOTI, consumers are more likely to use mobile technology throughout their entire shopping experience—for research, price comparisons in-store, self-checkout and mPOS—so that 66% of consumers are more likely to shop with retailers offering an in-store mobile technology shopping device, in many cases because these retailers provide a more personalized experience.

PERSONALIZATION AND TARGETED MARKETING

The combination of personalization and targeted marketing is another important factor for both in-store and digital retail, which must share data and initiatives to unify the customer experience. As retailers have begun centralizing customer data to improve targeted marketing and personalization—using both in-store and digital channels—the technologies in place for both collecting data and delivering personalized experiences at the in-store level become integral to their success.

At 60%, retailers seem confident that their existing marketing activities are somewhat targeted and personalized. Only 10% of retailers claim their marketing activities are very targeted and personalized, with 24% claiming they have no targeted or personalized marketing, and 6% unsure.



Unifying customer data collected at the in-store level with data collected via ecommerce—so that any given customer’s attributes and shopping behaviors across channels are available in one place—provides more opportunities to personalize promotions, service experiences and targeting efforts as multi-channel initiatives, driving sales through either channel as desired by the consumer. This can be accomplished by integrating ecommerce, OMS and mPOS systems for an agile omnichannel solution that enables retailers to better manage fulfillment, inventory, merchandising and customer interactions.

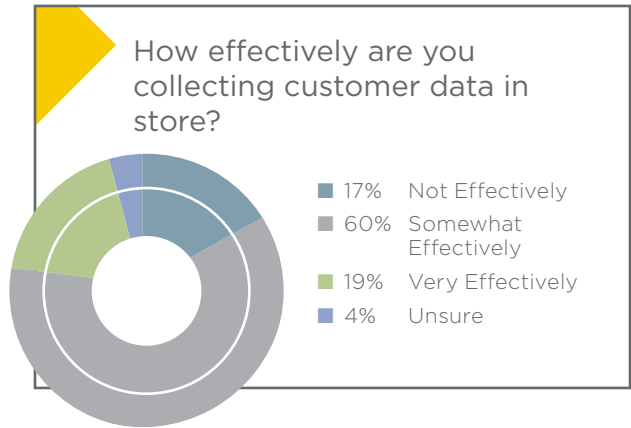


COLLECTING CONSUMER DATA

60% of respondents claim they are collecting consumer data somewhat effectively in-store. 19% claim they are doing so very effectively, with 17% not effectively and 4% unsure.

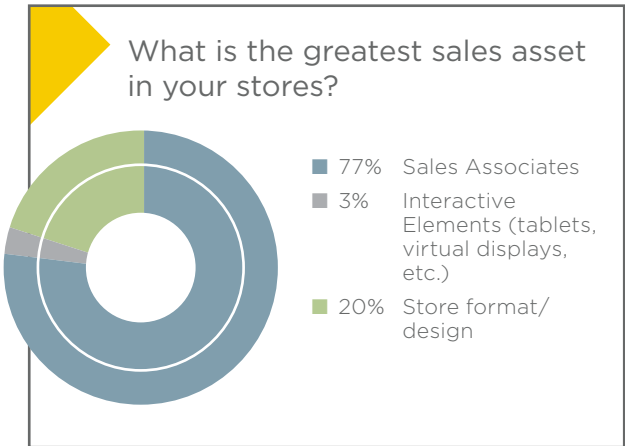
Retailers who conduct extensive in-store customer research can determine what aspects of the in-store experience motivates shoppers and what drives them to return, so that they can modify the experience to improve store performance.

Integrating this data with same-customer ecommerce data allows retailers to build multi-channel profiles of those customers, determine which factors contribute to their omnichannel participation and create contextual experiences that they can adjust to their behaviors.



IN-STORE SALES ASSETS

According to 77% of survey respondents, their greatest in-store sales asset continues to be the sales associate. 20% of respondents claimed their store format and design are their greatest in-store sales asset, while only 3% claim that interactive elements, such as tablets and virtual displays, are their greatest asset.

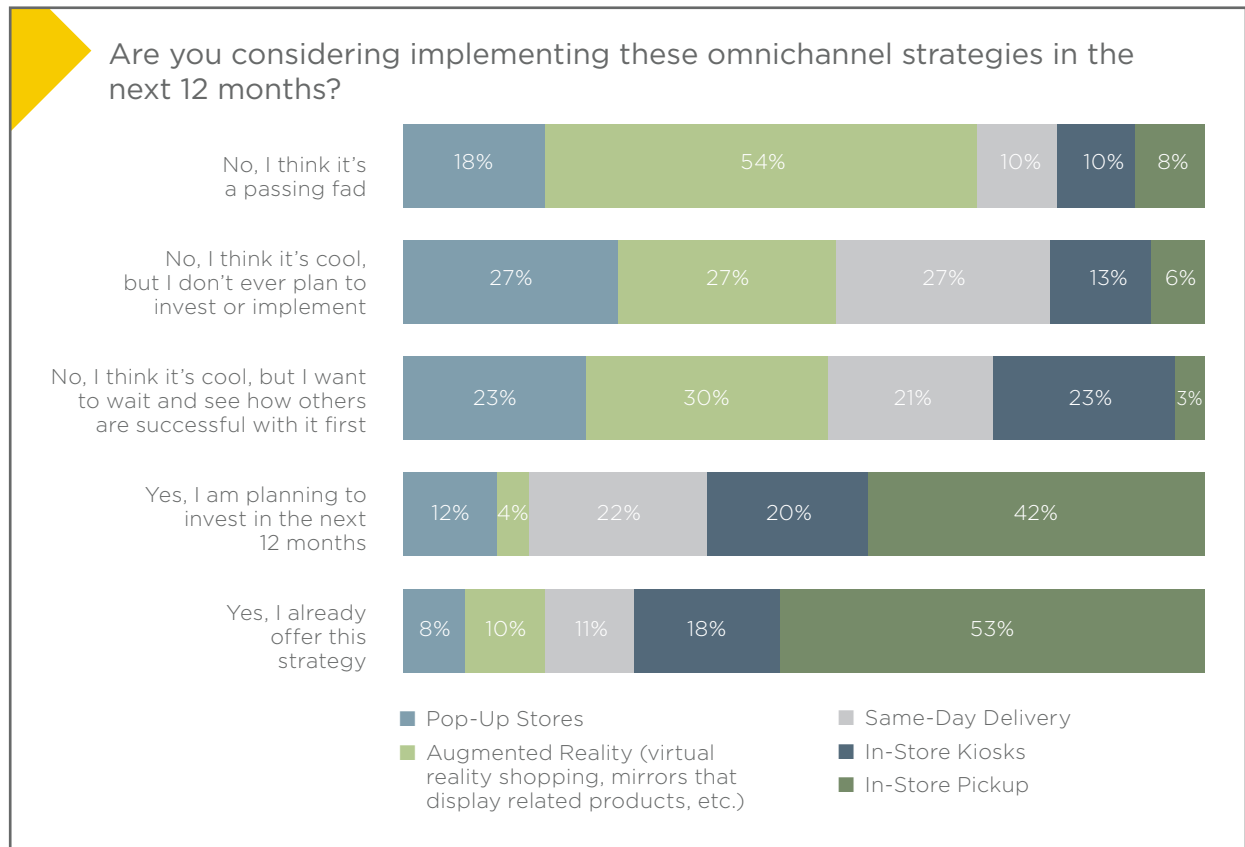


Although traditional, sales associates have become an integral part to a connected retail environment as well. Associates trained on the use of in-store technologies and multi-channel sales, marketing or promotional initiatives add dependability and value to the customer experience. Utilizing technology to empower them—with useful information such as customer, product and operational data—in real time, adds more value and can expedite sales. Nonetheless, retailers must train personnel, connect in-store devices to centralized customer data and coordinate with other systems to make this possible.

According to Gartner: “A retailer’s digital workplace environment must support and encourage new, more effective ways of working, while at the same time, raise employee engagement and flexibility. The digital workplace will enable business agility in a changing retail market.”

OMNICHANNEL IN-STORE STRATEGIES

As in-store omnichannel strategies become more common, retailers' attitudes towards them show solidarity in some cases, and divisiveness in others, somewhat dependent on each technology's proven market value.



For example, 54% of retailers consider augmented reality—virtual reality, or digital displays using mirrors, for example—a passing fad. These technologies' retail value is largely untested and require substantial investments that might be unattractive to most retailers. According to Forrester: "The question of ROI will come up as companies consider how these technologies compete for funding. Without real customer use-case testing in-store, it will be difficult to justify any kind of technology rollout at scale."

Meanwhile, 53% of retailers already offer in-store pickup—a feature in high demand among consumers, with proven results for retailers. In-store pickup offers the convenience of buying online without the cost and delay associated with shipping, rather a simple trip to a physical store. Another 42% of retailers plan to invest in in-store pickup in the next 12 months.

Retailers were almost equally stratified across omnichannel strategies when claiming, in each case, "I think it's cool, but I want to wait and see how others are successful with it first," with regard to same-day delivery, pop-up stores, in-store kiosks and even in-store pickup, all in a 21% - 30% range.

Innovative Retail Offerings

What is same-day delivery?

Same-day delivery guarantees that an order for delivery will be shipped on the same day that it is ordered. Typically, it does guarantee arrival on the same day the item is ordered.

What are pop-up stores?

Pop-up stores are temporary physical stores erected to take advantage of special events or other worthwhile, short-term opportunities that do not necessarily warrant a permanent physical store.

How are in-store kiosks used in retail?

In-store kiosks allow retailers to add new dimensions to their physical stores, including “endless aisle” features whereby customers can order out-of-stock items, consulting features, and more.

How is augmented reality used in retail?

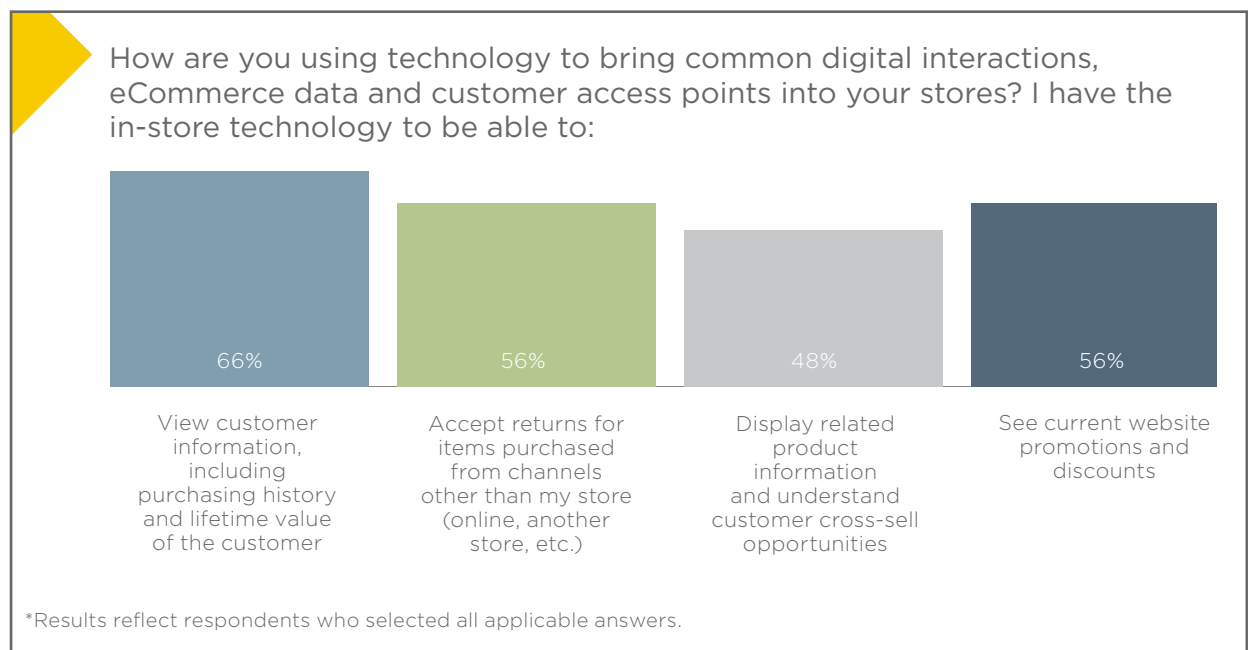
As of mid-2016, no standard has been set in terms of how augmented reality is used in retail, though retailers have already invested in innovative devices that offer virtual reality, advanced product display capabilities, immersive experiences, and more.

Respondents were similarly stratified across the same four omnichannel strategies when responding, “No, I think it’s cool, but I don’t ever plan to invest or implement,” with in-store pickup as the small exception at 6%.



OMNICHANNEL IN-STORE TECHNOLOGIES

Retailers are bringing common digital interactions, ecommerce data and consumer access points into their stores, using a variety of technologies that bridge the gap between digital and physical environments. Most retailers can show current website promotions and discounts (56%); accept returns for items purchased from channels other than their stores, including online or another store (56%); and view consumer information, including purchasing history and the lifetime value of the consumer (66%). Additionally, a substantial 48% of retailers can display related product information and understand consumer cross-sell opportunities in their retail stores.

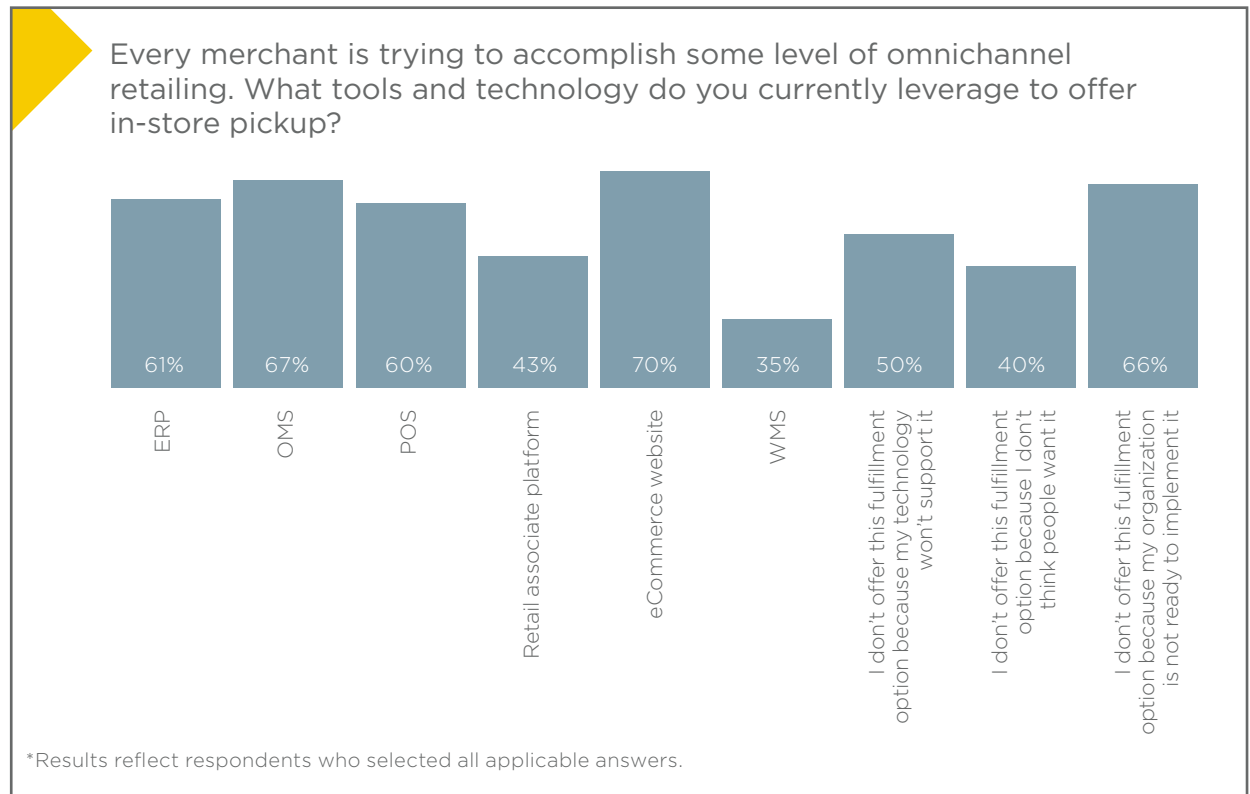


Nonetheless, a holistic approach to adopting omnichannel retail technologies is emerging only gradually, delayed in part by cost, retailers' reluctance to invest in something they perceive as being untested, and skepticism as to whether or not it's in high demand among their customers. Here is a discussion of three offerings—in-store pickup, ship-from-store, and save-the-sale—and the technologies that support them.



IN-STORE PICKUP

According to retailers, the two technologies most leveraged to enable in-store pickup are ecommerce websites (70%) and order management systems (67%), both of which contribute directly to the process. A sophisticated order management system allows retailers to manage order data coordinated between multiple channels, where an ecommerce website is the essential, alternate channel to retail stores—and by extension, POS (60%)—to make in-store pickup possible. Enterprise resource management (61%) also is a large contributor as it unifies data to make multi-channel management a possibility.



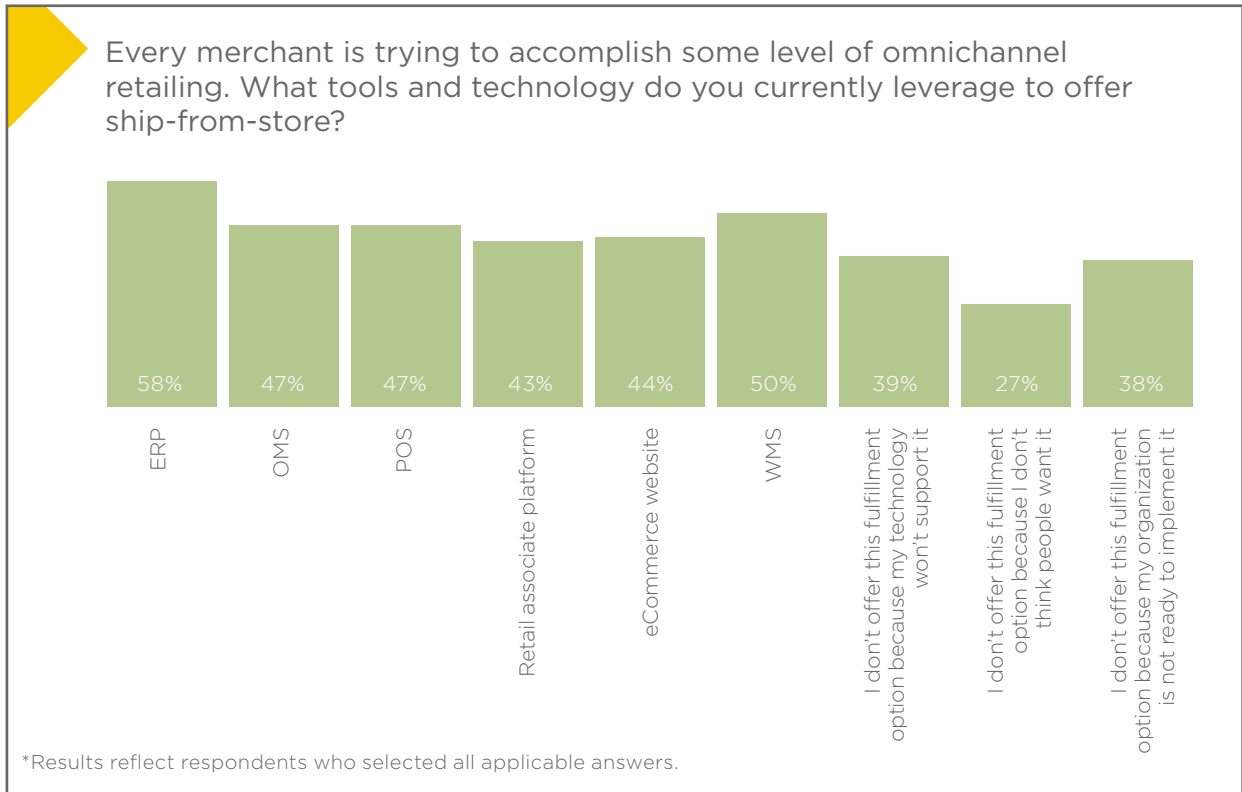
Despite these large contributing factors, 66% of retailers responded that they do not offer in-store pickup because their organization is not ready to implement that offering, and 40% suggest they don't think consumers want in-store pickup at all.



SHIP-FROM-STORE

Ship-from-store enables retailers to fulfill online orders from store locations close to the customer, or from stores that offer the customer special benefits, such as discounts on that customer's purchase. Retailers report OMS, mPOS, ecommerce, warehouse management systems (WMS) and retail associate platforms contribute nearly evenly to successful ship-from-store operations, within a range of 43% - 50%; retailers report that ERP systems are the greatest technology leveraged for ship-from-store methods, at 58%.

These technologies work together to deliver the ship-from-store feature, where OMS can consolidate and maintain inventory positions from WMS and ecommerce systems, and in-store retail associates can operate POS while servicing customers ordering products from their stores.

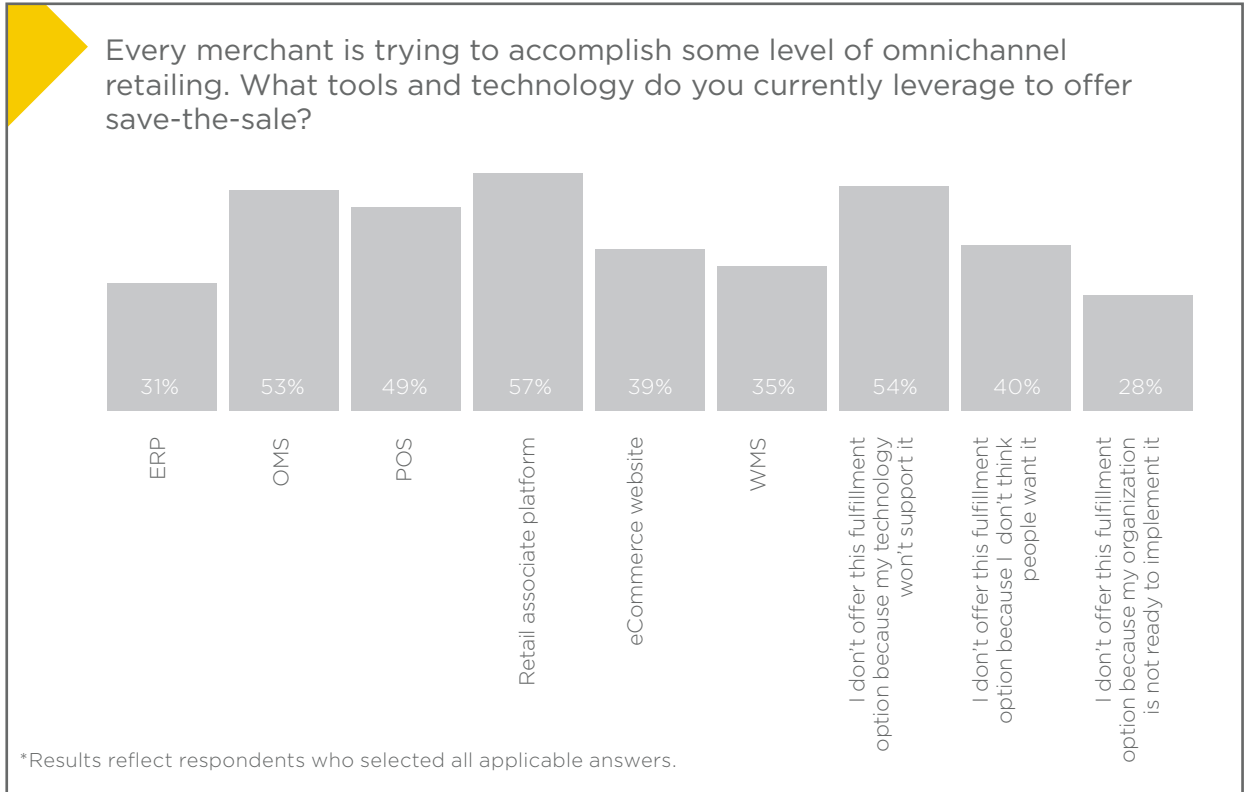


Forrester reports that in recent years, retailers who launched ship-from-store initiatives have seen growth in both online and offline revenues. However, ship-from-store requires a view of all inventory across the enterprise—in stores and distribution centers—for proper execution, and positive results for customers. Furthermore, not every store can nor should participate—retailers with in-door mall locations, stores in close proximity to one another, or stores that already struggle to keep inventory on the shelves do not make good candidates.

In our study, retailers that don't offer this fulfillment option claim their technology doesn't support ship-from-store (39%), their organization is not ready to implement ship-from-store (38%) or they don't think consumer want it (27%). Differing formats between retailer sectors represented in the study may contribute to these results.

SAVE-THE-SALE

Retailers start save-the-sale initiatives as part of an effort to reduce customers' online cart abandonment, and the number of unsatisfied customers in-store, ultimately directing them back to purchase. At 57%, the retail associate platform is their most used tool for save-the-sale success, followed closely by OMS (53%) and POS (49%).



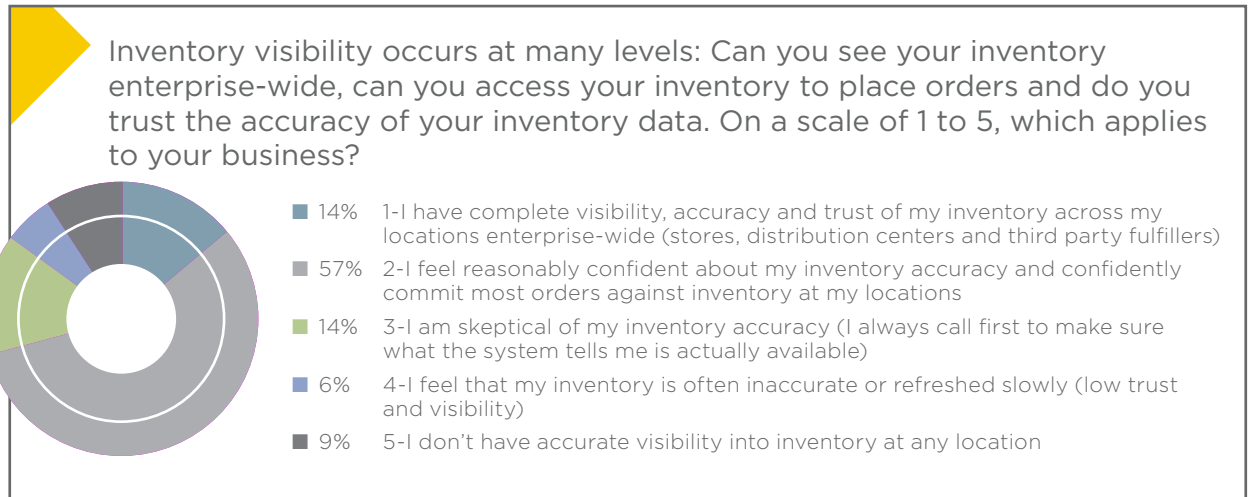
Retail associates are the first line of defense against lost sales in-store, and the effectiveness of their tools contributes to their success. Quick access to POS, as well as both inventory and customer order visibility provided by OMS, increases the chances of a sale. A well-positioned eCommerce website can play a supportive role as well.

Still, 54% of retailers claim their technology does not support save-the-sale, and 40% think that people don't want it.



DEGREE OF INVENTORY VISIBILITY

Inventory visibility occurs at many levels, including a unified view of inventory across the enterprise, access to inventory to place orders, and inventory data accuracy. While a slight majority (57%) of retailers feel reasonably confident about their inventory accuracy, and confidently commit most orders against inventory at their locations, 29% of retailers are either skeptical of their inventory accuracy; feel their inventory is often inaccurate and have low trust and visibility; or feel they don't have accurate visibility into inventory at any location.



Meanwhile, only 14% of respondents say they have complete visibility, accuracy and trust of their inventory across their locations enterprise-wide.

Without accurate inventory visibility across the enterprise, retailers cannot meet consumers' demands—e-commerce websites must show what inventory is available in-store, for example, and in-store associates must have access to a customer's history to accept a returned item purchased outside of the store. Offerings like ship-from-store are not possible without it.



CONCLUSION: OMNICHANNEL, READY OR NOT

Omnichannel is inevitable—no matter the retailer, some degree of omnichannel will be in demand. In this paper, we've identified three major contributors to a hindrance in omnichannel adoption:

Lack of Inventory Visibility

Inventory visibility is integral to the success of any omnichannel initiative, as access to inventory is necessary to sales, no matter the channel. Additionally, customers have grown to expect real-time inventory visibility across all channels—'out-of-stock' is now an unacceptable response.

As in-store omnichannel offerings evolve, unified technology supporting cross-channel inventory visibility—and consequently, complete product accessibility for customers—will become as important as maintaining inventory within the physical store itself.

Lack of Proven Market Value

The 54% of retailers claiming augmented reality is a passing fad, and the 27% who claim they don't ever plan on using it, reveal some truths about this technology's place in retail—as do the 42% of retailers planning to invest in in-store pickup in the next 12 months, and the 53% who are already offering it.

While hesitation to invest in augmented reality is understandable, retailers also show hesitation investing on other emerging technologies, such as same-day delivery—a service that will soon "become a commodity," according to the Wall Street Journal—in which at least 21% of retailers don't plan to invest or implement, or are waiting to see how others fare first.

Lack of Systems Integrations Supporting Omnichannel Retail

Depending on the omnichannel in-store technology in question, from 39% to 54% of respondents claim their technology won't support it, and from 28% to 66% claim their organizations are not ready to implement them.

But while many retailers struggle with adoption, smart retailers are studying their customers, creating buyer personas, determining which offerings they truly want, and developing strategies for investing in the right technologies and omnichannel initiatives.

They are taking a holistic view of their retail practice—across inventory, operations, sales, and service—and determining the technologies to implement based on their findings. Instead of looking at other retailers and competitors, they are studying new technologies and deciding whether it will support the initiatives that meet the needs of their own customers and prospects, as well as deliver on the performance needs of the organization.

After all, one retailer's 'same-day delivery' is another retailer's 'augmented reality.'

Finally, they are making smart technology investments based on their strategy for delivering the best customer experience possible, across all of their retail channels, including in-store. Omnichannel in-store technologies are emerging to support the needs of retailers across sectors, and deliver on the complex demands of their evolving customers. It starts with inventory visibility—join the 14% of retailers who can say they have complete visibility, accuracy and trust of their inventory across their locations, enterprise-wide.

APPENDICES

APPENDIX A: WORKS CITED

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APPENDIX B: RELATED RESEARCH



Building upon Worldwide Business Research's (WBR) vast expertise in creating educational executive events for the Retail Sector including eTail, Mobile Shopping and Next Gen Customer Experience, the Future Stores Event was launched in 2013 and continues to be the leading in-store experience event. Months of industry research with over 100 retail executives is compiled to create the program each year.

ABOUT



Kibo is the strategic merger of industry leaders Marketlive, Shopatron, and Fiverun. With a combined 40 years of innovations, we're joining forces to help retailers and branded manufacturers unify the consumer experience. Kibo is a complete omnichannel platform, delivering the lowest total cost of ownership and the fastest time to value. With predictive technologies and enterprise performance, we can help you achieve increased sales. No matter the challenge, Kibo powers your success.



WBR Digital connects solution providers to their target audiences with year-round online branding and engagement lead generation campaigns. We are a team of content specialists, marketers, and advisors with a passion for powerful marketing. We believe in demand generation with a creative twist. We believe in the power of content to engage audiences. And we believe in campaigns that deliver results.