

A white circular logo with the word "Econsultancy" in a sans-serif font.

Econsultancy

THE RETAIL TRENDS PLAYBOOK

Thriving in the new era of
omnichannel personalisation

IN PARTNERSHIP WITH



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SPONSOR'S MESSAGE

2021 proved that retail continues to grow and is not about to implode, as some believed a year earlier. Still, retail revival defined the year. The biggest takeaway from 2021 is the shift to e-commerce; consumers have embraced online shopping with vigor and retailers have responded with the speedy rollout of new technologies, new apps and new ways of meeting shoppers' needs.

In part due to the Covid-19 pandemic and the changes in consumer behavior that have accompanied it, consumers have shifted their retail expectations and preferences. Today's consumers have increasingly high expectations for their retail experiences. Jumping seamlessly between web, mobile, and in-store, they expect interactions to be contextual, consistent, and relevant to them. Connecting via multiple touchpoints, they expect retailers to know who they are, anticipate their needs, and guide them to their desired outcome – whatever the channel. This has opened up entirely new fronts in the competition for customers and elevated new winners over incumbents.

This is a real moment for retailers to deliver on omnichannel, marketing and personalisation ambitions. The retail experience emerging in 2021 suggests that the most successful retailers will be those that connect and engage with consumers in new ways by leaning in on customer-centric personalisation approach to drive growth – personalisation that starts with the customer first and the channel second – helping ensure that the customer receives a highly personalised and consistent one-to-one experience regardless of which channel they choose for engagement. As brands vie for consumer attention in increasingly competitive digital environments, it is more important than ever to build real engagement with consumers and offer real value, and marketing technology optimisation and innovation will be key.

ABOUT SAP

SAP is a market leader in enterprise application software, helping companies of all sizes and in all industries run at their best. [SAP Customer Experience](#) solutions power a foundation of omnichannel personalised engagement, meeting customers where and when they choose to engage, on their preferred channels and on their terms. SAP Emarsys Customer Engagement, a leading customer engagement platform, is part of the SAP Customer Experience portfolio, which also includes the SAP Marketing Cloud, SAP Commerce Cloud, SAP Sales Cloud, SAP Service Cloud and SAP Customer Data Cloud solutions.

SAP Emarsys Customer Engagement empowers digital marketing leaders and business owners with an omnichannel customer engagement platform built to accelerate business outcomes. By rapidly aligning desired business results with proven omnichannel customer engagement strategies, the platform enables brands to accelerate time to value, deliver superior one-on-one experiences and produce measurable results fast. For more information, visit www.sap.com/products/customer-engagement-platform.html.

ABOUT ECONSULTANCY

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SECTION 1:

THE 2021 RETAIL REVIVAL

Retail has undergone a dramatic transformation. Even before the pandemic, the writing was on the wall for many 'old style' retail models. And, while the so-called flight to digital really cemented the need for online channels during the pandemic, now, post-lockdown, the retail channel mix is more nuanced and interconnected than ever before.

Big box retail saw a dramatic shift online, with many physical stores effectively becoming warehouses. The move towards 'dark stores', where all or a portion of floor space is given over to ecommerce fulfilment, is a natural outcome as even the large stores see demand for smaller retail spaces dominate¹.

The retail sector is not immune from a number of social factors sweeping through society. For example, while there has been a boom in ecommerce and shopping from home (see below), consumers are increasingly aware of the impact of their purchases on the environment. 2021 also saw a distinct rise in the number of cause-conscious shoppers. Brands that actively promote diversity, social inclusion, employee welfare, environmental activism, and sustainability overall were more successful than ever².

Grocery naturally saw a return to in-person shopping, although new formats to improve convenience were piloted. Tesco adopted the Amazon Go format in a trial store³, while local stores took advantage of the rapid delivery services such as Getir⁴.

The pandemic dramatically impacted major sections of the retail sector, such as fashion, which saw a dramatic swing away from formal tailoring for the office towards leisure clothing for at-home working. Marks and Spencer reduced the number of stores

carrying its suits, for example⁵. The return to the office and the ability to host large weddings again saw formalwear sales pick up⁶.

The pandemic certainly created some new trends that will last long beyond the end of 2021. According to the Centre for Retail Research, online sales will make up 30% of overall retail spending by the end of 2021, 11% more than in 2019⁷. Mobile commerce also saw rapid growth, with US retail mcommerce sales growing 15% in 2021 to reach nearly \$360bn, although this rise is not as significant as in 2020 when mobile shopping grew a massive 41%⁸ as much of the world locked down. Average mcommerce sales are not insignificant, with the average basket size coming in at \$88 per shopping session on apps alone⁹.

Digital has undoubtedly been something of a catalyst for change, with 92% of CMOs apparently more confident¹⁰ in their company's ability to attract new online customers than they were before the pandemic began. But this channel is a double-edged sword.

While retailers might have found new customer segments online, there will be the challenge of keeping them. Many customers will have been put in front of a new set of competitor brands and experiences by moving online. Equally, many more brands have taken the retail experience into their own hands, bypassing retailers and going direct to consumer (DTC).

1 www.businessoffashion.com/news/retail/pandemic-unleashes-new-big-box-era
2 www.brandwatch.com/blog/retail-industry-trends/
3 www.bbc.co.uk/news/business-58951984
4 www.uktech.news/featured/getir-to-launch-in-15-cities-in-uk-in-2021-20210708
5 www.bbc.co.uk/news/business-58374306
6 fashionunited.uk/news/retail/uk-retail-sales-growth-slows-in-august-but-formalwear-performs-well/2021090757547
7 internetretailing.net/customer/customer/uk-shoppers-could-spend-10bn-more-in-2021-than-2020-as-ecommerce-looks-to-hit-120bn-23436
8 www.emarketer.com/content/mcommerce-forecast-2021
9 www.appannie.com/en/insights/market-data/2021-mobile-shopping-apps-report/
10 www.netimperative.com/2021/08/03/tremendously-confident-brand-cmos-predict-higher-revenues-than-before-covid-crisis/

Obtaining accurate customer data has never been more critical. With both Google and Apple implementing measures to cut off third-party sources in a bid to boost their privacy credentials¹¹, gathering first-party data is an imperative. Brands from Adidas to L'Oreal are exploring ways to build stronger customer relationships through DTC sales activity¹².

One way companies are trying to ensure customer loyalty is to move to subscriptions. This is part of the trend towards continuity commerce, guaranteeing both long-term customer engagement and revenue, as opposed to loyalty schemes that offer incentives in the hope of boosting longer-term revenues¹³. Promoted based on convenience – everything from toiletries to art supplies and clothing – subscriptions improve customer loyalty and lifetime value.

Over 70% of direct to consumer (DTC) brands either have or are about to integrate subscription models¹⁴. More than half (57%) of brands said subscriptions extended their CLV by a year or more, while only 35% of DTC brands achieved this level of success without the subscription model.

However, churn rates can be high – consumers are often encouraged to cancel subscriptions by mortgage providers looking to see healthy monthly affordability. Services are cropping up, offering to 'spring clean' people's finances by finding redundant monthly payments. To emulate the success of Amazon's Subscribe and Save, Dollar Shave Club or the growing Meal Kit phenomenon, subscription-based products from retailers have to offer ongoing value and work to maintain loyalty if they are to reduce this churn¹⁵.

As the offline world reopened, expectations of what omnichannel retail means have risen significantly. For example, more than half of consumers (58%) have reportedly said their customer service expectations were higher in early 2021 than the year before¹⁶. At the same time, fewer consumers expect to use bricks and mortar outlets in the future (49% in 2021, compared to 33% in 2023).

Critical drivers for customer behaviour and expectations post-pandemic still focus heavily on elements such as value for money, but – even as Covid-19 recedes – personal safety is also an essential part of the equation. A recent study by KPMG found that personal safety is still critical for many shoppers (*Figure 1*). Could this be yet another indication that physical shopping is on its way out? We would argue not. However, the way physical retail fits into the overall omnichannel experience is changing.

The strongest indication that physical retail has a role to play in the retail omnichannel experience comes, perhaps counterintuitively, from Amazon, arguably the world's most successful e-tailer.

In brief, Amazon has pulled all the levers that currently make up the ideal, post-pandemic, omnichannel retail model. It combines convenience and volume with fast delivery, personalisation through recommendation engines and extensive customer data. It ensures CLV with its tried-and-tested Prime subscription model and a range of value-added perks. Moreover, Amazon bolsters multichannel interaction through website, app, voice and even connected TV (CTV) portals, including Fire.

Additionally, integrating its advertising arm helps its third-party suppliers get even better access to customers. Via its recent foray into media production¹⁷, it now looks set to build on product placement and shoppable TV moments¹⁸.

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- 11 <https://www.verdict.co.uk/google-apple-privacy/>
 - 12 <https://www.sap.com/assetdetail/2021/09/14755f97-f77d-0010-bca6-c68f7e60039b.html>
 - 13 <https://www.sap.com/documents/2020/05/24ab17ca-997d-0010-87a3-c30de2ffd8ff.html>
 - 14 <https://boldcommerce.com/drivers-of-success-2021-subscription-trends-whitepaper>
 - 15 <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/thinking-inside-the-subscription-box-new-research-on-ecommerce-consumers>
 - 16 <https://www.retaildive.com/news/the-pandemic-raised-customer-service-expectations-report/597629/>
 - 17 <https://www.theguardian.com/technology/2021/may/26/amazon-buys-hollywood-studio-mgm-james-bond>
 - 18 <https://www.voguebusiness.com/technology/shoppable-reality-tv-is-fashion-techs-latest-tie-up>

And now Amazon, too, sees a need for physical retail. On top of its acquisition of the Whole Foods chain of physical grocery stores in 2019²⁰ and cashier-less Amazon Go grocery stores in October 2021, it announced its first 4-Star bricks and mortar department store outside the US²¹. This delivers the final, physical piece of the jigsaw that places Amazon as the ultimate omnichannel retailer.

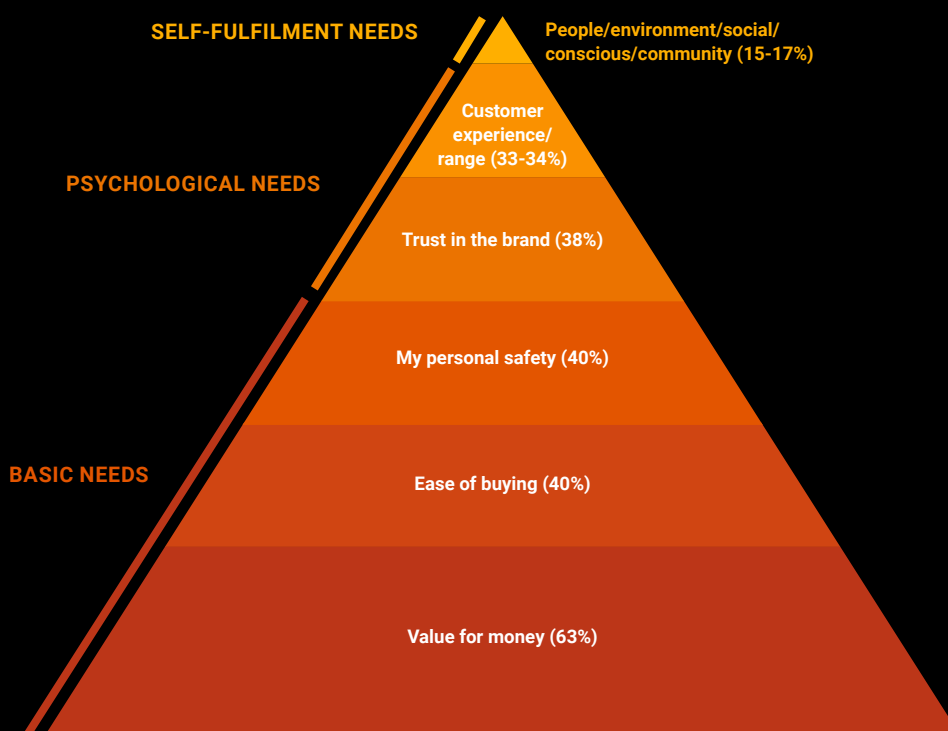
While few established retailers can expect to replicate (at least not immediately) such a wide-ranging and integrated omnichannel ecosystem, there are distinct

learnings. A savvy marketer who seeks to create a slick omnichannel ecosystem that reinforces customer retention and extends customer lifetime value will first analyse and then optimise how each channel interacts with others and how it delivers value.

This report will explore how successful brands are using technologies, integrating customer data, updating cultures, and adapting strategies to make their omnichannel retail experience more intuitive, more effective and, ultimately, more profitable into 2022 and beyond.

FIGURE 1

Post-pandemic purchase drivers



Percentage showing the proportion of consumers who rate each as important in their decision-making.

SOURCE: CONSUMERS AND THE NEW REALITY, KPMG INTERNATIONAL, SEPTEMBER 2020¹⁹

¹⁹ <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/consumers-new-reality.pdf>

²⁰ <https://www.digitalcommerce360.com/2019/06/21/how-amazons-whole-foods-acquisition-changed-the-grocery-industry/#:~:text=This%20month%20is%20the%20two,Foods%20Market%20for%20%2413.7%20billion.&text=Allowing%20online%20ordering%20at%20dozens,60%20cities%20via%20Prime%20Now.>

²¹ <https://www.wsj.com/articles/inside-amazons-department-store-plans-high-tech-dressing-rooms-its-own-apparel-brands-11632303002>

SECTION 2:

OPTIMISING THE OMNICHANNEL

The biggest challenge retailers face is that creating a seamless omnichannel is often at odds with how they are organised. Silos, departmental boundaries, singular channel management and data distribution all set up barriers in the quest for an actual omnichannel experience.

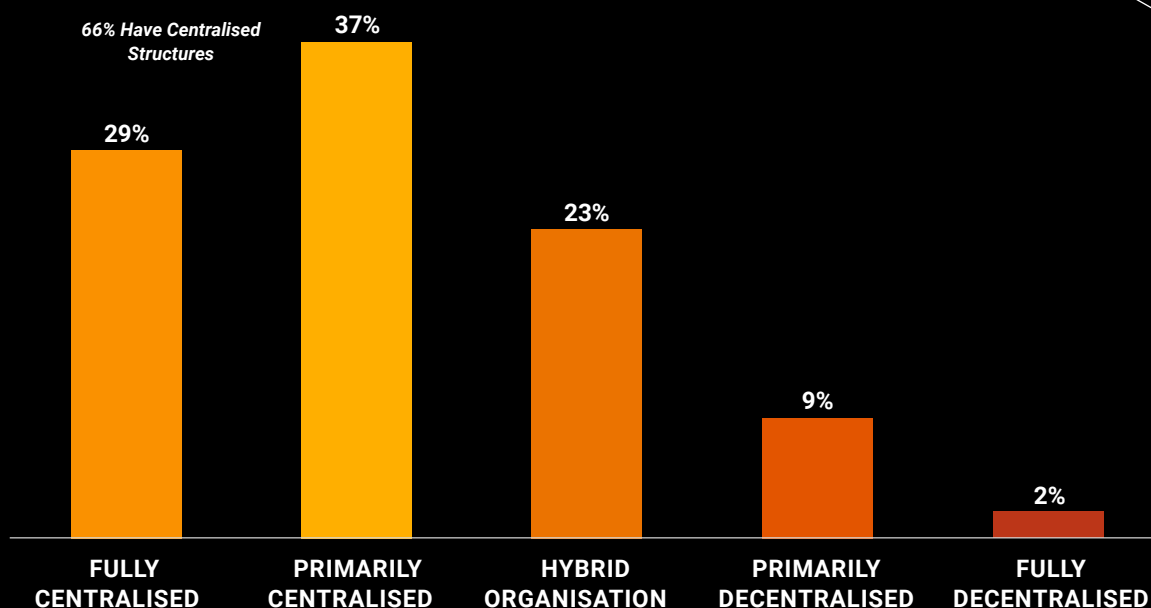
Nearly a third of all mainstream companies, not just retailers, report that they have a siloed organisational structure that is rigidly organised around their business functions, which gets in the way of an omnichannel approach.

Significantly fewer of the more forward-thinking companies report the same challenge (19% versus 29%), stating that they are more likely to establish a central team of representatives from different functions to help drive a coherent strategy²².

However, centralisation is moving forward. For example, Gartner's *Marketing Organisation Survey 2020* indicates 66% of marketing organisations now have at least some degree of centralisation (see Figure 2).

FIGURE 2

Which of the following is closest to the way your overall marketing organisation is currently structured?



SOURCE: MARKETING ORGANISATION SURVEY, 2020, GARTNER²³

²² [econsultancy.com/63-of-marketers-are-struggling-to-deliver-omnichannel-experiences/](https://www.econsultancy.com/63-of-marketers-are-struggling-to-deliver-omnichannel-experiences/)
²³ www.gartner.com/en/marketing/insights/marketing-organization



Siloed organisations actively get in the way of solving some of the main challenges organisations face when they try to achieve omnichannel excellence. While the flight to digital may have grabbed headlines, few interactions are 100% digital. Even a pure-play online retailer has to answer the telephone and deliver the goods to the door.

Similarly, an ecommerce arm of a physical retailer doesn't automatically make them an omnichannel entity. Online retail needs much more than just a shopping portal to become a fully integrated part of the omnichannel. Those businesses that managed to put their operations online during the pandemic will need to do a lot of work to truly integrate their on and offline experience²⁴.

This doesn't mean that every channel and platform has to interact with every other in every possible permutation. McKinsey suggests finding the optimal

interactions based on customer propensity and their emotional state during each journey – for example, purchase versus aftercare. Similarly, whether speed or care is more of the essence depends on the type of interaction required. Whichever journeys are identified, however, the interaction between systems and departments is vital²⁵.

There is ample proof that customer journeys are channel-agnostic and are far from linear. According to Google, online searches for 'in stock' grew by 70% in 2020, with 'where to buy' queries up 200%²⁶. In fact, real-time knowledge of in-store inventory online is proving increasingly critical, with 39% of consumers stating they would be 'unlikely' or 'very unlikely' to visit

²⁴ econsultancy.com/the-moot-groups-ceo-on-ecommerce-as-a-service-and-innovation-in-retail/

²⁵ www.mckinsey.com/business-functions/operations/our-insights/redefine-the-omnichannel-approach-focus-on-what-truly-matters

²⁶ econsultancy.com/uberalls-kimia-meshkinyar-omnichannel-is-the-future-of-commerce/

a retail store if the online store didn't provide physical store inventory information²⁷. And even if the purchase is completed online, physical stores play an essential role in the fulfilment experience, with one-third of Americans making an in-store pickup for online shopping a regular part of their routine²⁸.

McKinsey suggests that the above are two examples of the 'Commerce' pillar of the three core omnichannel strategies, with 'Personalisation' and 'Ecosystem' being the other two²⁹. It also suggests that the 'browse/shop online; purchase/pick up in-store' is the 'minimum threshold for omnichannel performance'. Personalisation means going beyond segmentation and into relationship-building through loyalty programmes and first-party data gathering. At the same time, Ecosystem focuses on bringing platforms together that extend the brand experience beyond the retail transaction. This further develops the loyalty programme concept into communities and multi-platform experiences, from apps to social media and in-person events.

Together, these three pillars make up what some refer to as 'Commerce Everywhere'³⁰ or 'Total Commerce'³¹. These phrases refer to ways of optimising CLV through a combination of efforts on customer experience, innovation, supply chain and ecosystem enablement. It involves generating value beyond the simple selling of a product and expands the customer experience beyond just the customer-facing roles. This means creating an ecosystem collaboration mindset that automatically becomes innovation-driven.

Walgreens has demonstrated the value of an integrated, omnichannel strategy by stating that omnichannel customers spend 3.5 to six times more than in-store-only customers³². The typical customer journey involves a virtual doctor's consultation, digital coaching via WebMD, prescription refills and reminders. These activities can be started on any platform – online, in-store, over the phone or via mobile app, for example – and continued via any other platform without the customers having to retrace their steps.

The level of granularity becomes apparent when you realise that the company has over 9,000 stores and, despite being a nationwide pharmaceutical network, is considered by most customers to be their local store, with 80% of US consumers living within five miles of a branch. The result is personalised, localised campaigns that integrate the company's loyalty programmes, so customers receive offers that are available nearby and personal to their needs³³. The company has revealed that it can only do this by integrating "previously disparate data sets, including information from more than 100 million members of our loyalty programs, into a more singular unified view of the customer."³⁴

An optimised omnichannel experience is more than simply allowing customers to shop when and where they please. It is about bringing together information of every stripe – product, marketing, customer – to create an experience that moves with the customer during their journey in real-time.

Clearly, technology facilitates an omnichannel experience, allowing retailers to consolidate and share that information across departments and platforms according to need. But underpinning all that technology is data. It is a commodity that retailers find increasingly challenging to acquire.

In Section 3, we will discover how best to manage the value exchange for data, how to be present in the channels that provide the richest seam of customer data and why quantity does not always represent quality when it comes to using data to fuel the omnichannel customer experience.

27 etail.east.wbresearch.com/blog/walgreens-omnichannel-prescription-for-success

28 www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-survival-guide-to-omnichannel-and-the-path-to-value

29 www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-survival-guide-to-omnichannel-and-the-path-to-value

30 www.idc.com/getdoc.jsp?containerId=IDC_P16276#:~:text=The%20IDC%20Retail%20Insights%3A%20Worldwide,provide%20real%2Dtime%20contextual%20experiences.

31 assets-eu-01.kc-usercontent.com/7bf8ef96-9447-0161-1923-3ac6929eb20f/f27f5200-8c31-4e73-8ea3-8a26633872ca/Dentsu%20Total%20Commerce%20Playbook.pdf

32 etail.east.wbresearch.com/blog/walgreens-omnichannel-prescription-for-success

33 www.thinkwithgoogle.com/future-of-marketing/digital-transformation/the-update-walgreen-omnichannel-experience/

34 martechseries.com/sales-marketing/customer-experience-management/walgreens-boots-alliance-creates-personalized-omnichannel-healthcare/

SECTION 3:

BUILDING THE DATA VALUE EXCHANGE

Customer data is invaluable. Retailers know it, and, increasingly, customers know it as well. Forming such a vital part of the omnichannel ecosystem, it's critical retailers have access to relevant, up-to-date customer data that is, at the very least, first-party or even better, zero-party data. To encourage customers to share that data, there must be some form of value exchange.

This type of data is particularly important given the imminent demise of the third-party cookie that expires in 2022. The death of the cookie is not the impending disaster that the dramatic language makes it sound.

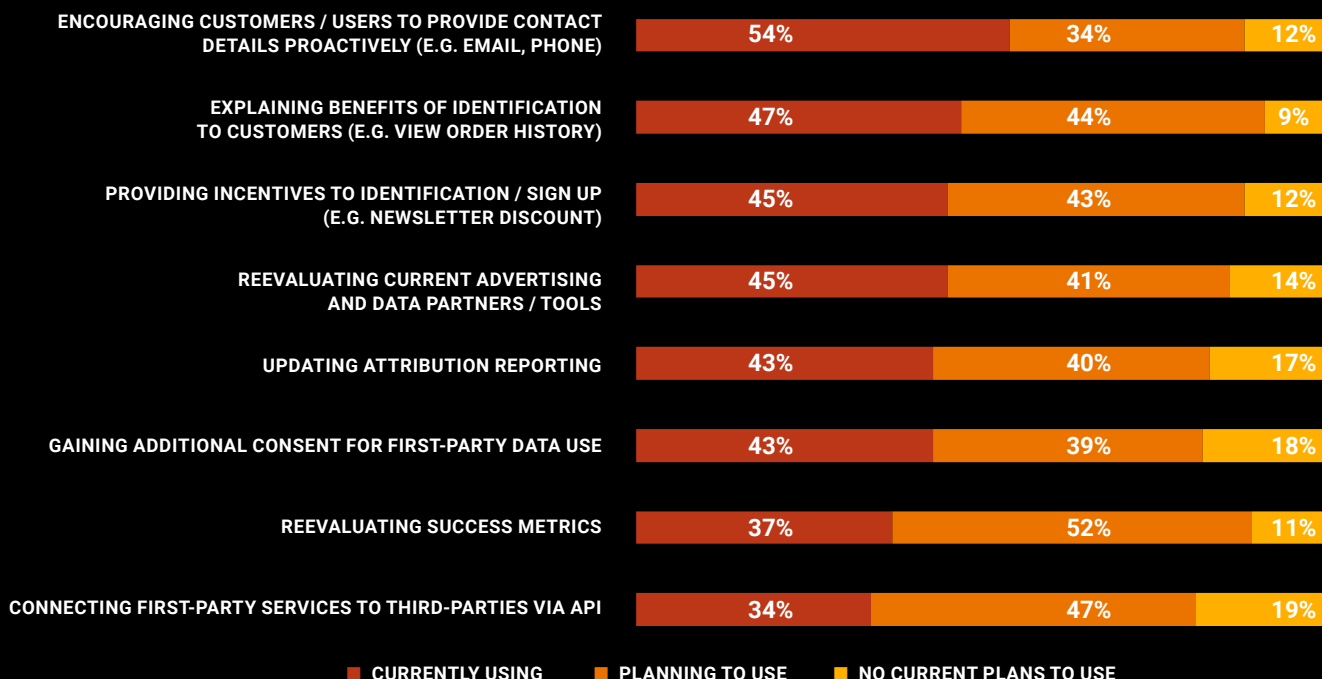
THE DISTINCTION BETWEEN FIRST AND ZERO-PARTY DATA

First-party data: Data gathered by brands from their own ecommerce properties, including browsing behaviour, IP address and purchases made.

Zero-party data: Information "intentionally and proactively" shared with a company by a consumer. It can be gathered via pop-ups, registration forms, quizzes and so on.³⁵

FIGURE 3

Which of the following strategies are you using or planning to use in response to the loss of third-party cookies in the future?



SOURCE: ECONSULTANCY, THE PRESENT AND FUTURE OF RETAIL MARKETING 2021

RESPONDENTS: 349

³⁵ publir.com/blog/2021/03/what-is-zero-party-data-and-why-publishers-should-know-about-it/

Many view it as an opportunity to rebuild trust with their customers, deliver more accurate campaigns and reduce low-quality retargeting. Some metrics, such as view-through conversion, will disappear but should be replaced with more long-term views of customer value³⁶.

According to a recent Econsultancy survey, the majority of executives (70%) admit to being either 'very' or 'somewhat' dependent on third-party cookies for their customer insight and marketing activities³⁷. With the double demise of Apple's IDFA identifier and third-party cookies in Chrome, it's clear that executives will need to develop new techniques. Positively, as we've seen in *Figure 3* on the previous page, the research also found that the overwhelming majority (91%) are either currently using (47%) or planning to explain the benefits of identification to customers

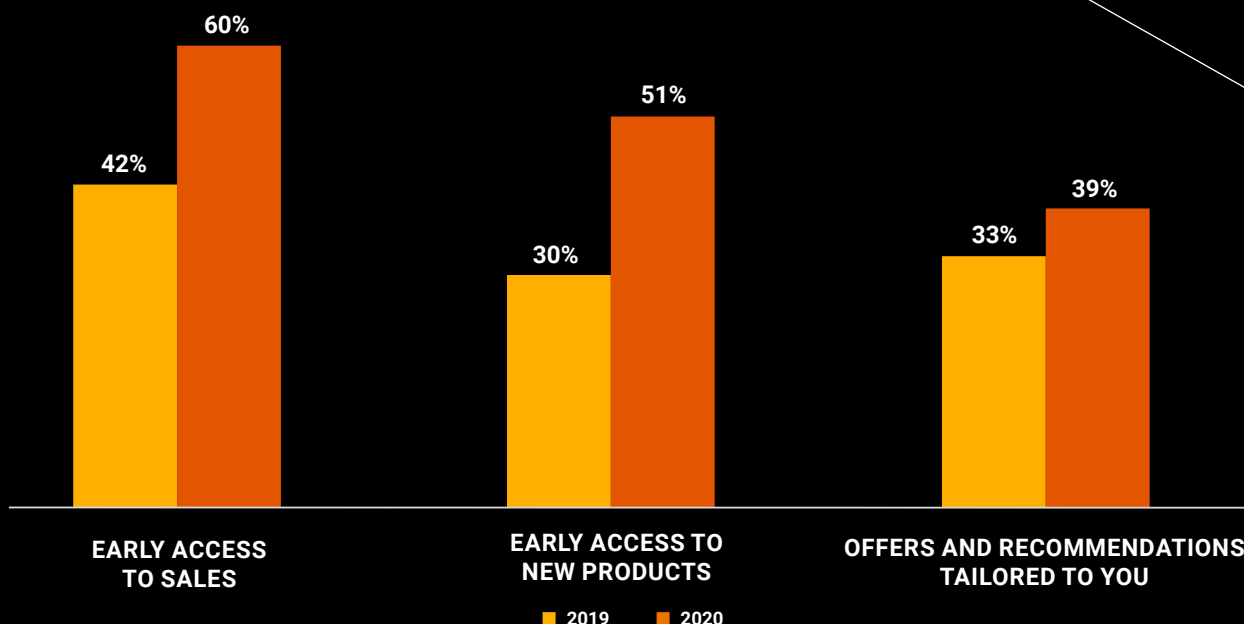
(44%) as part of their strategy to respond to the loss of third-party cookies³⁸.

In the past, the value exchange for data has often been purely financial, as demonstrated by many of the early loyalty schemes. It was reported that between its launch in February 1995 and 2002, the Tesco Clubcard handed back £1bn of profit to its customers in the form of money-off vouchers³⁹. In *Figure 4*, we can see a distinct trend, even if just over a single year, for consumers to seek out preferential access, above and beyond simply getting relevant offers – although these were still growing slightly in importance.

Today, consumers still value loyalty schemes, and 84% would stay with a brand that offered one, but since the launch of Clubcard, loyalty schemes and customer data capture, in general, have evolved at a rapid

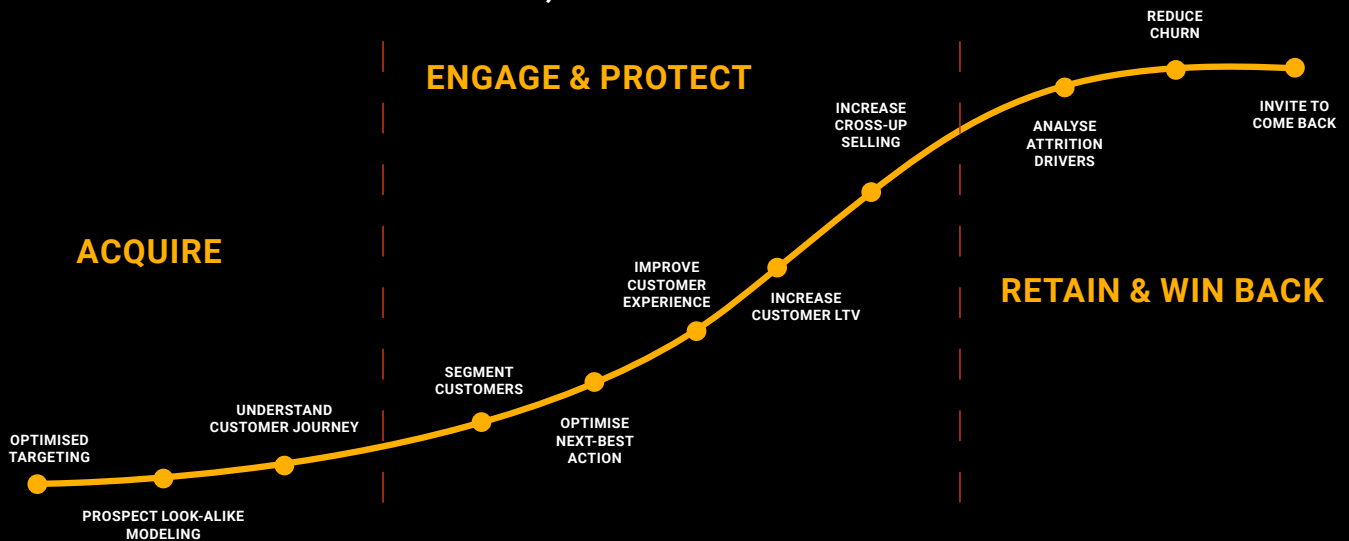
FIGURE 4

What consumers want out of a loyalty program other than free shipping and discounts



SOURCE: THE STATE OF BRAND LOYALTY 2021: GLOBAL CONSUMER SURVEY, YOTPO, DECEMBER 2020⁴⁰

36 assets-eu-01.kc-usercontent.com/7bf8ef96-9447-0161-1923-3ac6929eb20f/638a57bc-8a89-4de9-b5ae-2672ecce49db/dM_TheCookielessWorld_July_8_single.pdf
 37 www.marketingweek.com/knowledge-bank/view/the-present-and-future-of-retail-marketing/
 38 www.marketingweek.com/knowledge-bank/view/the-present-and-future-of-retail-marketing/
 39 www.independent.co.uk/news/business/analysis-and-features/loyalty-card-costs-tesco-aps1bn-of-profits-but-is-worth-every-penny-90728.html
 40 www.yotpo.com/blog/the-state-of-brand-loyalty-2021-global-consumer-survey/

FIGURE 5**Customer Lifetime Value Curve, Kantar**

SOURCE: CAN CUSTOMER LIFETIME VALUE BE A WIN-WIN PROPOSITION, KANTAR CHINA, 2021⁴³

pace. Recent Emarsys research found that 79% of businesses collected more data on new customers in 2020 than ever before. This is unsurprising because those who use data effectively outperform their peers by 85% in sales growth and more than 25% in gross margin⁴¹.

Another essential factor to consider is the 'loyalty loop'. In many renewal-based subscriptions, such as car insurance, much of the loyalty companies have built up is passive – customers failing to research alternatives. As a result, companies that take the hassle out of switching have enjoyed high popularity as they provide options on a plate, usually based on price benefit. The alternative – active loyalty – is much harder to break in this way and is again a reason for retailers to build in added value beyond price or financial incentive⁴².

However, retailers have come up against distinct challenges. Several platforms they use to interact with consumers – social media or marketplaces – do not share data. While they can be invaluable in terms of international reach or volume distribution, the retail brands themselves make no further progress in owning the customer relationship.

This is vital if the relationship is to evolve from customer acquisition to retention (see *Section 5*). Retailers need to move customers into their own data ecosystems if they're to perform the necessary actions that boost retention and customer lifetime value (CLV). Kantar's Customer Lifetime Value Curve (see *Figure 5*, above) includes the ability to segment, improve customer experience, cross and upsell, analyse attrition drivers, and make sure customers are 'won back', over and over again.

The second challenge is that the over-reliance on third-party data and subsequent cookie policies to understand customer journeys and purchasing intent has damaged consumer faith in brands' data policies. Today's customers categorise themselves as deeply concerned about privacy as well as annoyed by the proliferation of poorly designed retargeting campaigns. And while both examples are primarily fixed in the ecommerce domain, they contribute to a broader mistrust of the brands as a whole.

41 emarsys.com/learn/blog/the-value-exchange-what-are-you-giving-customers-in-exchange-for-their-data/

42 www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey

43 www.kantar.com/en-cn/campaigns/2021-customer-lifetime-value-white-paper

A recent KPMG study found significant concern about the use of data among the US population (see *Table 1*). The same study found that only 12% would share their data to make online ads more relevant to their interests. And, only 17% would do it to help businesses create better products and services.

However, the same survey found where sharing data provides tangible benefits to their everyday experiences, they are less reticent. For example, more than half are happy for companies to use it to improve calls for quality and training purposes⁴⁴.

To gather customer data – and fuel the omnichannel effectively – retailers need to establish mutual trust around collecting and using data and delivering value in return. A clear theme running through today's loyalty programmes is the ability to combine financial incentives with hyper-personalisation. This leads to a virtuous circle: gathering quality, individual data, means you collect yet more personal data about individual customers, you offer complete customer control over the type of data shared and the delivery of 'money can't buy' experiences, limited to a select few.

The North Face's XPLR Pass programme (see *Table 2*) doesn't just attach rewards to purchases but to wider consumer behaviour across its omnichannel activities, including attending events and downloading their app. There is access to limited-edition collections and 'money can't buy experiences' such as hiking trips in Alaska – premium rewards that reflect not just consumer loyalty but the premium brand values of the company. A 10% discount across the range on Black Friday would seem impersonal and perhaps even downright insulting by comparison⁴⁵.

Having outlined the key elements that make up the bare bones of omnichannel retail, in the next section we will hear from industry leaders about their key challenges and insights around omnichannel retail today, as well as distilling their top five opportunities for 2022 and beyond.

TABLE 1: SENTIMENT AMONG US GENERAL POPULATION TO DATA PRIVACY

86%	Say data privacy is a growing concern
68%	Are concerned about the level of data being collected by businesses
40%	Don't trust companies to use their data ethically
30%	Aren't willing to share their personal data for any reason

SOURCE: CORPORATE DATA RESPONSIBILITY: BRIDGING THE CONSUMER TRUST GAP, KPMG, AUGUST 2021⁴⁶

TABLE 2: TOP SEVEN MOST INNOVATIVE CUSTOMER LOYALTY PROGRAMS

DESIGNER SHOE WAREHOUSE

Benefits: VIP programme, deep personalisation, automatic user recognition online.

SEPHORA BEAUTY INSIDER

Benefits: Choice of point redemption options.

STARBUCKS REWARDS

Benefits: (mostly for the retailer) gathers data about favourite drinks, locations, seasonal preferences; seamless use through app.

AMAZON PRIME

Benefits: Broad range of perks across the whole ecosystem, financial as well as exclusive access.

THE NORTH FACE

Benefits: Points earned not just through spend but events and check-ins, options to redeem points in different ways, genuinely unique experiences.

REI CO-OP

Benefits: lifetime no-hassle membership with consistent financial and emotional value.

APPLE

Benefits: Great product, no programme needed.

SOURCE: SHOPIFY, APRIL 2021⁴⁷

44 advisory.kpmg.us/articles/2021/bridging-the-trust-chasm.html?utm_source=vanity&utm_medium=referral&mid=m-00005652&utm_campaign=c-00107353&cid=c-00107353

45 www.shopify.co.uk/blog/loyalty-program

46 advisory.kpmg.us/articles/2021/bridging-the-trust-chasm.html?utm_source=vanity&utm_medium=referral&mid=m-00005652&utm_campaign=c-00107353&cid=c-00107353

47 www.shopify.co.uk/blog/loyalty-program

SECTION 4:

FULFILMENT, PERSONALISATION AND DIGITAL AS A FOUNDATION FOR OMNICHANNEL EXPERIENCE

1 Making full use of resources in the omnichannel, breaking out of tightly defined roles to provide a service to the customer wherever, whenever they need it. Bringing the offline experience to customers online and vice versa makes for a seamless customer journey.

"We have seen that [the pandemic as] an opportunity to be even smarter in the way we leverage the stores to be part of the full experience, and to be part of the service model. How could we find better synergies between the store and ecommerce? What is the best way to leverage the associate in-store even when it is closed, for better shipping, better delivery, connection at a distance?"

Gregoire Baret, Senior Director of Omnichannel Experience at Aldo Group⁴⁸

2 Buying and selling is only a small part of the omnichannel retail experience. Digital now connects customers to brands with different engagement tools to enhance and prolong the customer lifetime value, formalising that relationship through memberships and subscriptions gives both brand and consumer a sense of security.

"Digital is the 'new normal' in consumer behavior, and we believe the trends that we're seeing are here to stay. The backbone is membership...having a direct connection with consumers, and we are growing

our membership... What we know is: more engaged consumers buy more."

John Donahoe, President and CEO of Nike⁴⁹

3 A full channel mix allows maximum exposure to customers and multiple opportunities to both learn about them and then deliver that personal experience back to them. Hyper-personalisation isn't just desired, it's expected.

"Consumers will still be looking for experience, and convenience is key. Hyper-personalised doesn't even touch it. Brands will need to know how specific consumers feel, and what makes them happy."

Emma Chiu, Global Director at Wunderman Thompson⁵⁰

4 Brands don't always expect to have to pivot as dramatically as many did during the pandemic, but it revealed a need for flexible, responsive retail models.

"We leveraged ... our supply chain expertise, flexible store operating model, and ability to shift quickly

⁴⁸ econsultancy.com/aldos-experience-chief-on-testing-improving-the-omnichannel-retail-service-model/

⁴⁹ www.marketingdive.com/news/nikes-apps-played-crucial-role-in-driving-engagement-2020-digital-sales-g/593335/

⁵⁰ www.voguebusiness.com/consumers/after-covid-the-two-year-plan-for-omnichannel-relevancy



to digital, to meet what is clearly elevated demand for products that help customers work, learn, cook, entertain, and connect in their homes. We provided customers with multiple options for how, when, and where they shop with us to ensure it met their definition of safe retailing.

"Customers continue to shop and interact with us differently than pre-pandemic. Online sales increased 174% and comprised 35% of our total domestic sales, which we view as a testament to our strength as a multichannel retailer. Our interactions with customers via phone and chat were significantly higher than last year, and we continue to evolve our consultation program as our advisors conducted a much higher mix of customer consultations digitally and in stores than last year when consultations were predominantly in customers' homes."

Corrie Barry, CEO Best Buy⁵¹

5 The omnichannel experience is about selling more than just a product. It is about the item,

then the content and the experience⁵². A successful omnichannel strategy creates an ecosystem where the experience is greater than the sum of the goods sold. When you link this experience to purpose, it drives even deeper engagement.

"On the one hand you want to humanise the brand and let [consumers] know we are facing the [same] challenges they are. We came up with a campaign that could commit to a higher purpose for users. The #HOMETEAMHERO campaign gave contributions to the WHO Covid-19 Solidarity Response Fund for every hour the user was tracking activity in the app. It had the highest activity rate for a challenge with 2.2 million hours tracked in 10 days."

Edit Dudas, Head of CRM, Adidas Runtastic⁵³

⁵¹ diginomica.com/best-buys-digital-and-workforce-investments-pay-profits-soar-during-covid-19

⁵² www.thedrum.com/opinion/2019/09/02/why-brands-are-becoming-publishers-and-why-you-should-too

⁵³ webinars.sap.com/eur/cx-summit-2021/en/recording

SECTION 5:

STRATEGIES FOR RETENTION IN THE MULTICHANNEL

Section 3 noted the importance of gathering first-party and zero-party data to provide a seamless omnichannel experience. Ultimately, the goal should be to develop an ongoing, value-driven relationship between retailer and customer that extends customer satisfaction and, therefore, lifetime value and retailer profitability.

Indeed, as illustrated in *Figure 6*, when asked about their primary strategies to fuel growth, CMOs were most likely to agree to *'increasing sales of existing products to existing customers'* (39%) and *'introducing new products to existing customers'* (34%). By building in moments of truth that have the potential to create

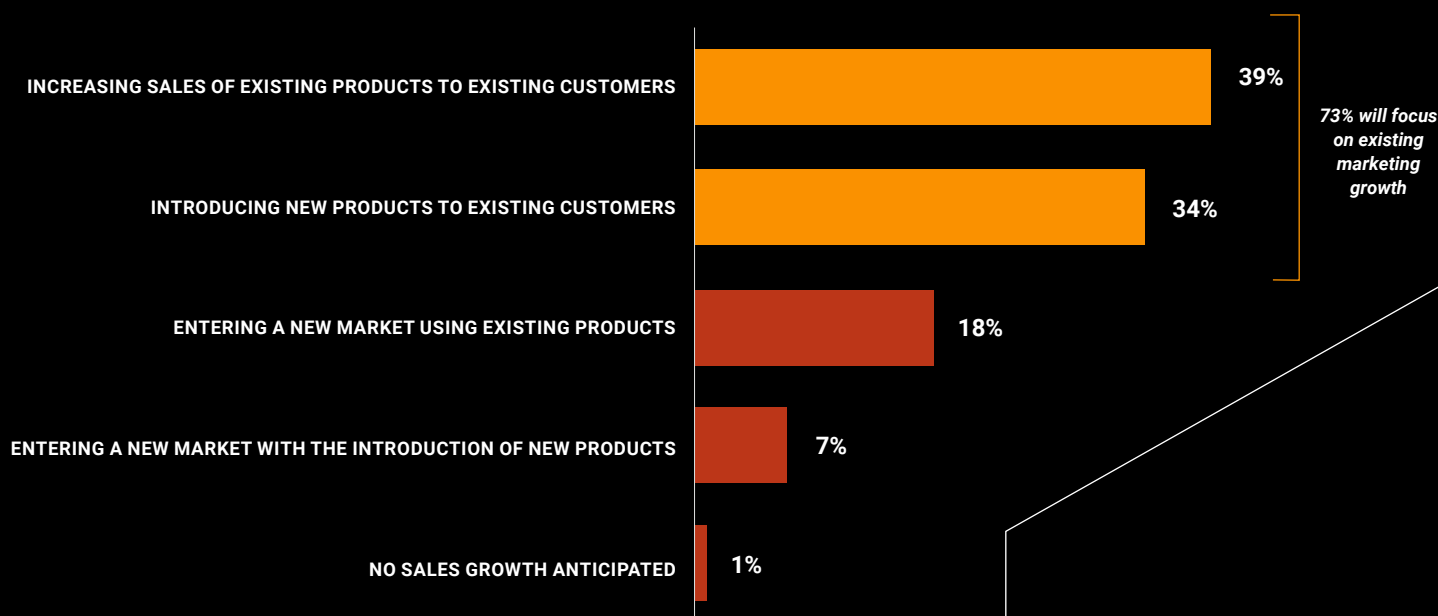
ongoing loyalty, retailers can establish more robust retention rates.

We have already looked at how loyalty schemes have evolved, their ability to provide more granular customer data for deeper engagement, and how that makes for a virtuous cycle when it comes to delivering better omnichannel experiences. But what of other the levers across the omnichannel ecosystem that build longer-term engagement?

Subscriptions have already been mentioned as a growing way to lock-in long term revenue for brands

FIGURE 6

Primary strategies to fuel growth in 2021



SOURCE: CMO STRATEGIES PRIORITIES SURVEY 2020-2021, GARTNER⁵⁴

and fortunately, they're also proving popular with consumers. Offering benefits with a subscription increases perceived value and drives growth, with one in four brands that offer additional benefits growing at a rate of 50% or more, month on month⁵⁵.

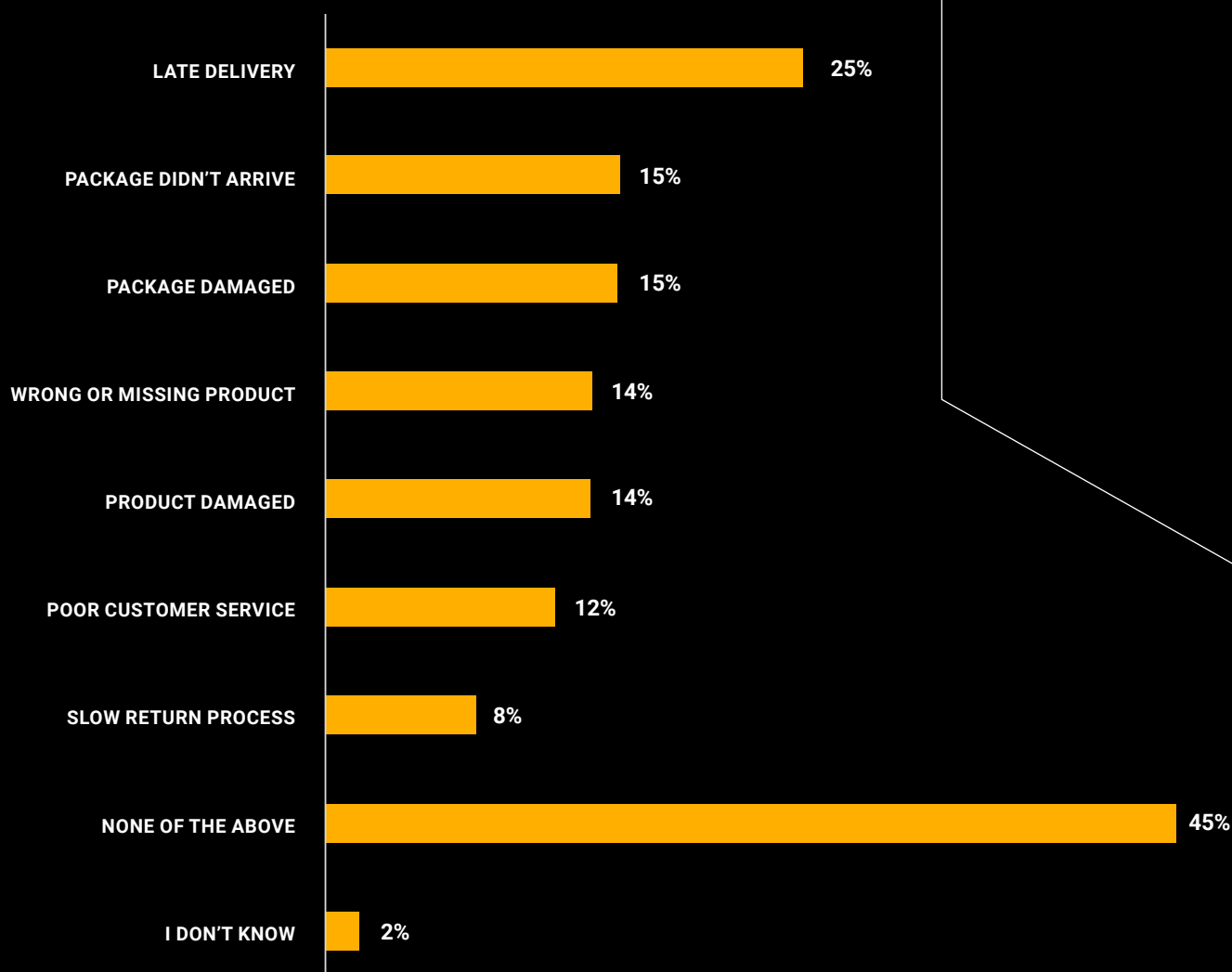
Other 'soft' lock-ins encourage repeat transactions, particularly ones that speak to purpose. The Loop initiative from TerraCycle has seen a great deal of success with its recent pilot programmes with

Tesco and Carrefour. It has been successful even when the programme itself introduces an element of inconvenience to the consumer.

Customers of the grocery stores can choose from a range of products that have reusable packaging. There is a small deposit cost on top of the product price which is returned to the customer when they return the item. This can happen either in store, at drop off points (in the UK⁵⁶) or via delivery drivers (in the US)⁵⁷.

FIGURE 7

Negative experiences with online shopping over the last 12 months



SOURCE: ARE ONLINE RETAILERS DELIVERING FOR CUSTOMERS, PFS⁵⁸

55 boldcommerce.com/drivers-of-success-2021-subscription-trends-whitepaper
56 www.greenbiz.com/article/loop-adds-store-pickup-and-dropoff-reusable-packaging
57 loopstore.com/how-it-works
58 www.marketing.pfsweb.com/online-delivering-for-customers

While still in the pilot stage, response has been positive with as many mechanisms in place, either in-store or via online shopping, to make it as minimally burdensome as possible for consumers looking to make sustainable changes to the way they shop.

This is just one example of how awareness of how the full retail cycle can be used to tap into customer retention. Convenience is another. One benchmarking report found that 64% of retailers said the post-purchase experience was a high priority for 2021⁵⁹.

While post-purchase satisfaction often relates to the speed of delivery (see *Figure 7*, on the previous page) – and is understandably behind the surge in rapid last-mile delivery services such as Getir, Weezy and Zapp – it is also about the convenience of returns of unwanted purchases. While these may be the bane of retailers lives in terms of cost and impact on sustainability performance, they are a critical barometer of customer satisfaction, not in the volume of returns per se, but how easy they are to complete.

Three-quarters of millennial shoppers would refuse to use an online store if it did not allow returns, while 62% of consumers want to return products quickly and easily if they are unsuitable⁶⁰. In the past, it has been reported that online stores were to ‘blacklist’ serial returners, with estimates putting the cost of returns to UK companies alone at £60bn annually. However, the cost of not making returns easy – now something many commenters consider to be a fact of life in omnichannel retailing – could be far higher, given the research findings above⁶¹.

Interestingly, while the most convenient delivery options have been shown to increase conversions by 38%, 32% of consumers say they value sustainability more when shopping online than practical factors such as cost or speed⁶².

We are seeing growing numbers of companies, such as fashion etailer Zalando, investing heavily in plastic-free, recycled packaging to communicate these values to customers. The company plans to have switched

entirely to recyclable plastic bags by 2022 and eliminate single-use plastic in packaging by 2023. This is especially important as a pure-play digital retailer; the packaging is the first and last physical contact customers have with the brand⁶³.

As far back as 2010, Professor Byron Sharp claimed that the key to customer acquisition and then retention – and by extension, brand growth – was to build physical availability combined with mental availability. Retailers that use the omnichannel to make sure consumers can access their brand in whatever way they need, backed up with a strong fulfilment network that can meet promises, will satisfy the physical availability. By including value-added propositions including content, purpose and non-sales-based activities, retailers can also boost their brand’s mental availability.

In a hectic on and offline world, retail brands are increasingly reliant on the power of community – through reviews, unboxing, chatter and more – to reinforce that mental availability. In the next section, we’ll explore the critical moments that matter in the retail year, and the impact social activity can have on retail’s success.

59 fashionunited.uk/news/business/3-reasons-why-delivery-experience-is-your-most-powerful-customer-retention-tool/2021060155766

60 www.marketing.pfsweb.com/online-delivering-for-customers

61 www.independent.co.uk/life-style/returning-clothes-asos-harrods-online-shopping-wear-return-pictures-social-media-instagram-a8750116.html

62 fashionunited.uk/news/business/3-reasons-why-delivery-experience-is-your-most-powerful-customer-retention-tool/2021060155766

63 greenretail.world/2021/07/19/sustainability-doesnt-have-a-finish-line-zalando-ships-goods-in-recyclable-paper-bags/

SECTION 6:

OCCASION RETAIL AND SOCIAL STRATEGY

Shopping is a year-round activity that – thanks to ecommerce – takes place rain, hail or sunshine. But there is no doubt that major seasonal events have a significant impact on the retailing calendar, to the extent that the preparations for just one or two days in the year can generate a large portion of a company's profits for the entire year.

In the West, Black Friday (originally a primarily North American phenomenon but increasingly making waves in Europe) and Christmas are the two talismanic shopping events, one coming hot on the heels of the other. In fact, the growing popularity of Black Friday has given European retailers cause for concern, worried that deep discounting a mere month before their critical profit-generating Christmas period is eroding margin.

Increasingly, retailers have to adopt distinct strategies to make sure one doesn't cannibalise the other. Indeed, the traditional Boxing Day Sales, once a huge feature of the UK's festive calendar, has become much reduced as buyer fatigue from so many other 'events' (including Amazon Prime Day) take place beforehand⁶⁴.

That said, there is ample opportunity for retailers to make the most of the festive shopping opportunity. At the time of writing, research suggests that UK consumers expect their Christmas and/or Black Friday budgets to increase in 2021, given money saved during the pandemic that has been estimated at around £200bn. The majority of consumers are looking to start shopping nearly six weeks before Christmas and to start researching potential purchases five weeks before Black Friday⁶⁵.

Over in China, for Singles Day 2020, Alibaba reported that it generated US\$74bn in gross merchandise

volume (GMV) between November 1 and 11th, an increase of 26% on 2019⁶⁶. Observers estimate that this one event can make up 25% of the whole year's sales for retail participants. Typically, discount-savvy consumers will put off buying until this event, so it becomes a once-in-a-year opportunity to sell to them⁶⁷.

These events mean that consumers are buying with a specific target in mind; they have a defined set of wants and needs and a timeframe to tackle them. The concept of fulfilment is also vital, with expectations that gifts will definitely arrive in the timeframe promised, even when the company is under far greater strain than at other times in the year. Customers have reported expecting to be disappointed when it comes to delivery times and returns during these events, so it is a golden opportunity to 'surprise and delight'.⁶⁸

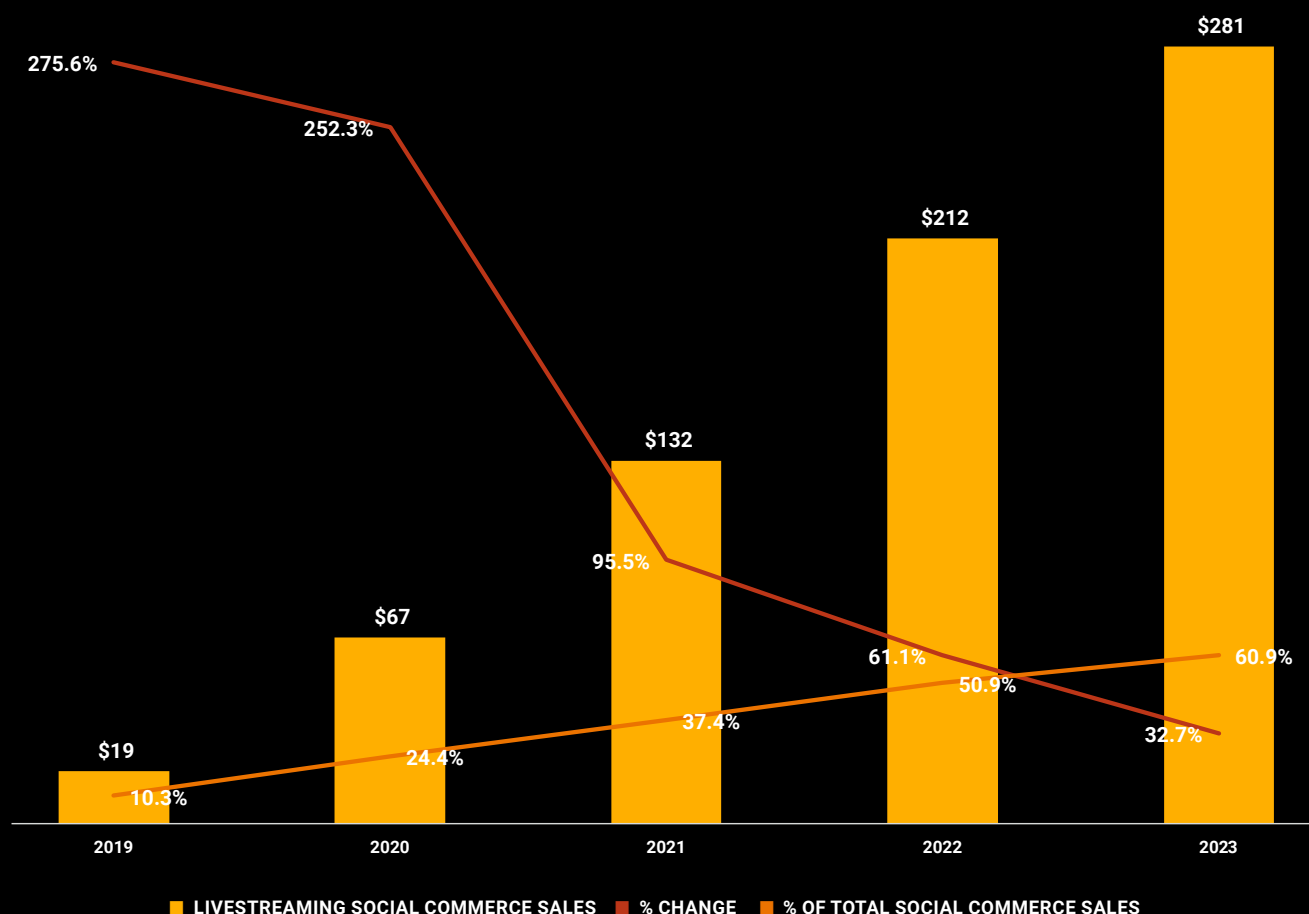
With a far wider product set under consideration than at more regular times of the year, consumers are looking for inspiration and guidance, which is why social shopping and communities are beginning to play a more central role in retail.

During Singles Day 2020, Alibaba's 30 livestreaming channels on Taobao Live generated more than RMB100m GMV⁶⁹. According to a survey by AlixPartners, two-thirds of Chinese consumers reported that they had bought products via livestreaming in the

64 www.retailresearch.org/shopping-for-christmas.html
65 www.retailtimes.co.uk/brits-set-to-spend-200bn-on-black-friday-and-christmas-research-shows/
66 www.thedrum.com/news/2020/11/12/singles-day-2020-how-much-did-brands-earn-e-commerce-players
67 hbr.org/2019/12/for-alibaba-singles-day-is-about-more-than-huge-sales
68 www.marketing.pfsweb.com/online-delivering-for-customers-thank-you
69 www.thedrum.com/news/2020/11/12/singles-day-2020-how-much-did-brands-earn-e-commerce-players

FIGURE 8

Livestreaming social commerce sales in China, 2019-2023 by billions, % change and total social commerce sales



SOURCE: EMARKETER, MAY 2021⁷⁰

past 12 months.⁷¹ Analysts predict that 61% of social commerce in China will come from livestream shopping by 2023⁷².

Figure 8 above shows the fast-rising value of live-streaming social commerce sales in China.

TikTok is also expected to play a major role in Singles Day 2021. Already, it is demonstrating how influential it can be in driving consumers to retailers. A recent report by HypeAuditor claimed that fast-fashion retailer, Shein, was the most talked-about brand on TikTok in 2020.⁷³ The brand has garnered 6.2 billion views on TikTok, appearing in more than 70 trending hashtags, and it has almost 30 million followers on Instagram. Shein

has also driven success through a savvy social media strategy that has engaged hundreds of influencers, including A-list stars such as Katy Perry and Rita Ora, in promoting its products and spawned thousands of 'clothing haul' videos on TikTok and YouTube.⁷⁴

Shoppable TV channels both on social and CTV are showing remarkable growth. In 2020, Amazon launched Amazon Live⁷⁵, a QVC-like live shopping service that

⁷⁰ www.emarketer.com/content/how-important-will-livestreaming-social-commerce-2021

⁷¹ www.cnbc.com/2020/11/10/singles-day-sales-to-get-tremendous-lift-from-livestream-events.html

⁷² www.emarketer.com/content/how-important-will-livestreaming-social-commerce-2021

⁷³ hypeauditor.com/whitepapers/state-of-influencer-marketing-2021

⁷⁴ jingdaily.com/how-chinas-shein-conquered-global-social-media/#.YHPzDtc0bjA.twitter

⁷⁵ www.amazon.com/live

AMAZON LIVE

Unmute and Click +Follow!

Grand Millennial Home Deals is a part of the Amazon Influencer Program

Featured now

<p>Kindle Paperwhite – (previous generation –...)</p> <p>\$79.99 \$129.99</p>	<p>Hyjoy WiFi Digital Picture Frame 8 Inch...</p> <p>\$67.99 \$79.99</p>	<p>Tide PODS Ultra Oxi 4 in 1 HE Turbo Laundry...</p> <p>\$21.97 \$22.99</p>	<p>Roko Toys for 3-10 Year Old Boys. Superhero...</p> <p>\$15.29 \$17.99</p>	<p>Instant Pot Duo Plus 9-in-1 Electric Pressure...</p> <p>\$119.95 \$139.99</p>
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focuses mainly on categories like food, health and beauty, fitness and baby goods. During Prime Day in October 2020, Amazon harnessed its existing network of influencers by allowing them to create content around Prime Exclusive Deals; these products featured heavily in the product carousel underneath the presenter. Brands have worked with Amazon's influencers via the brand's own Live account or through the influencer's account⁷⁶.

But once again, to drive ongoing retention and loyalty, brands should be looking beyond the holiday shopping moments to cement customer lifetime value. Using social platforms and communities, they can access that hook that means customers may come for the deal, but they'll stay for the relationship.

Perfect Diary, for example, extends its social reach into private communities. To gain access to the Perfect Diary private world on WeChat, consumers must first purchase something and activate their membership using a QR code from the packaging. On top of beauty hints and tips, the company offers product discounts via tabs in WeChat mini-program stores, keeping customers within the retailer's ecosystem⁷⁷. This is just one example of how retailers can use the deep discounting events to secure loyalty rather than engage in a race to the bottom on price alone.

⁷⁶ [consultancy.com/reports/digital-shift-report-q1-2021/](https://www.mckinsey.com/~/media/mckinsey/featured%20insights/china/china%20still%20the%20worlds%20growth%20engine%20after%20covid%2019/mckinsey%20china%20consumer%20report%202021.pdf)
⁷⁷ www.mckinsey.com/~/media/mckinsey/featured%20insights/china/china%20still%20the%20worlds%20growth%20engine%20after%20covid%2019/mckinsey%20china%20consumer%20report%202021.pdf

SECTION 7:

HOW RETAILERS CAN TRULY EXECUTE ON AN OMNICHANNEL VISION

This article was contributed and sponsored by SAP

The focus on omnichannel is not new to retailers. Having the right product available, at the right place, at the right time is a goal of all retailers. Executives know having these three variables right means higher lifetime value, a bigger share of wallet, and an overall increase in revenue. However, retailers continue to struggle with the fundamentals from a process and LOB (line of business) perspective.

According to Bloomreach⁷⁸, omnichannel is “a multichannel approach to sales that focuses on providing a seamless customer experience.” On paper, this may sound simple. Move to technology that supports an omnichannel approach, and companies will meet this goal. Not necessarily. To truly execute on an omnichannel vision, companies need a holistic approach. A shift to omnichannel means aligning the technology, the processes, and people. Again, sounds simple, but aligning various lines of business and the people who run those businesses might be the most complex part of the three-legged stool.

A HISTORIC APPROACH

Traditionally, executives leading a wholesale or retail division are responsible for the inventory allocated to their LOB. At the end of the year, the executive with the least amount of inventory “wins”. Getting teams to shift their focus on the bigger picture, in theory, happens as part of the support for the future success of the company. However, Key Performance Indicators



Robin Barrett Wilson
Retail Industry Executive Advisor
SAP

⁷⁸ www.bloomreach.com/en/blog/2019/07/omnichannel-commerce-for-business.html

(KPIs) aren't always aligned. If siloed processes and KPIs are geared toward a specific LOB, friction can occur and get in the way of success.

ACQUIRING ALIGNMENT

Breaking down silos, creating synergy and changing how teams work together can be a challenge. Educating the organisation as to why the change will benefit all stakeholders creates support for the overall vision. Organisations that have a top-down, bottom-up approach to omnichannel see great success. Inviting teams from Marketing to work with Merchants on assortment plans can provide insight into what segment of customer is an early buyer, prefers discounts, or waits for markdowns. Providing customer profile and buying detail can positively influence product selection, quantity, and placement. The result, a higher sell-thru at the best margin.

ADJUSTING KPIS

Finding the perfect balance between corporate goals and individual goals may take time. Again, educating why an omnichannel approach is a recipe for success will be key. The shift to omnichannel will require teams to have a broader understanding of how their LOB interconnects with others. It is challenging to be a "jack of all trades", but knowing what another LOB needs (data, reporting, process) will assist in adoption. It will also enlighten teams to what the consequences are if all teams aren't aligned. Missed sales, increased inventory, and friction within the customer journey will negatively affect sales and profits.

PROMOTE TRANSPARENCY

When leaders are transparent and inclusive, teams respond positively. Creating new objectives and refining KPIs should be done with the teams involved in the process. To create a partnership with the LOBs, include feedback from the teams and offer transparency to the decision-making process. An approach that includes both will fuel a further commitment to the cause.

“Is this change meeting my customer's needs?’ should be a question every team asks as they move to an omnichannel approach”

KEEPING THE CUSTOMER AT THE CENTRE

Remembering that the customer is at the centre of an omnichannel approach will keep teams focused. “Is this change meeting my customer's needs?” should be a question every team asks as they move to an omnichannel approach. In addition, cross-functional support will assist in identifying white space, igniting new process and product ideas.

Once a retailer has adopted omnichannel fully, a move to [Customer Adaptive Retailing](#) will be easier to attain. The ability to effectively predict and adapt to an individual customer in the moment, some say, is the “Holy Grail” for the future of retail.

Robin Barrett Wilson

Retail Industry Executive Advisor
SAP

SECTION 8:

ADAPTING TO NEW OMNICHANNEL NEEDS: THREE KEY CASE STUDIES

BEST BUY: THE NEW PHYSICAL RETAIL REALITY

However innovative retailers are in transforming in-person shopping experiences, the bold fact is that most retailers require a smaller consumer-facing footprint than five years ago. This doesn't mean those buildings are redundant, however. A drive to hyper-local delivery and increased hybrid in-person shopping/experiential activity/ ecommerce pickup activities have led retailers to focus more on dark or semi-dark stores.

Best Buy has recognised the need to reshape its retail configuration, changing some stores to be more focused on fulfilling online orders and adapting staff roles from selling in-store to more customer service and advice-driven.

In December 2020, the company revealed four stores where the shoppable area would be reduced from 27,000 square feet to 15,000 square feet, limiting the range of products available to its most popular models. This frees up backroom space for online order products to make fulfilment easier and supports the retailer's 'ship from store' model⁷⁹.

This extends Best Buy's pivot during the worst of the coronavirus lockdowns to allow for safe shopping interaction and curbside pickup. At the time, the company had garnered a 97% approval rating for its initiatives, and CEO Corrie Barry told an investors' call:

"Our interactions with customers via phone and chat were significantly higher than last year. And we continue to evolve our consultation program as our advisors conducted a much higher mix of customer consultations digitally and in stores than last year when consultations were predominantly in customers'

homes... We recently extended curbside hours to allow customers to pick up their curbside order prior to store open hours or after store close hours."⁸⁰

He added that as a result of the pandemic: "Customer shopping behavior will be permanently changed in a way that is even more digital and puts customers entirely in control to shop how they want [and...] our workforce will need to evolve in a way that meets the needs of customers while providing more flexible opportunities for our people."

ANNE KLEIN – THE RISE OF SHOPPERTAINMENT

TV shopping channels, the likes of QVC, have been around for decades, but their ability to integrate seamlessly into the omnichannel customer experience has been limited. Today, with livestreaming built into the digital experience, there is a much greater opportunity to deliver targeted 'webisodes' that allow for direct, transactional retail while keeping the customer in the branded ecosystem.

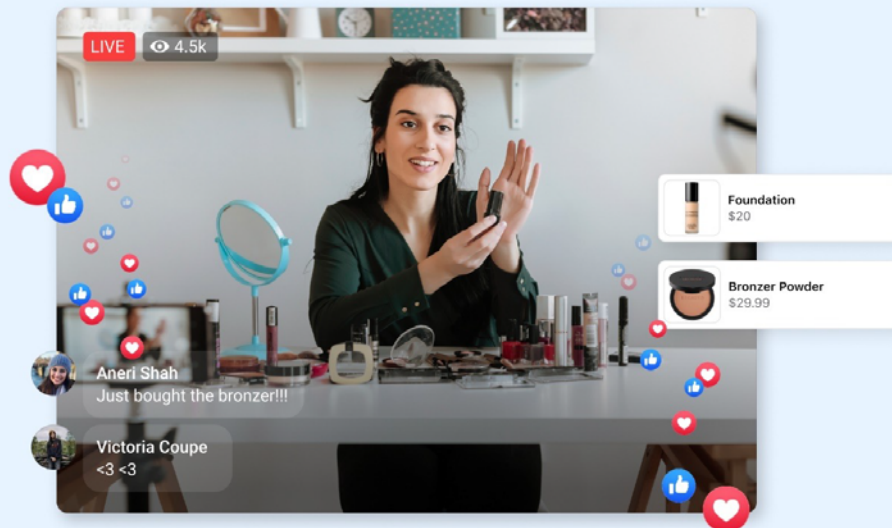
US-based womenswear brand, Anne Klein, was one of the launch partners in November 2020 for Facebook Shop's live shopping programme. Hosted by Jesse Gre Rubinstein, the founder's granddaughter, the programmes feature content beyond product demonstration and retail, including interactive conversations with women who have contributed to their communities during the pandemic⁸¹. However, the

79 retailtouchpoints.com/topics/omnichannel-alignment/best-buy-pilot-shrinks-sales-floors-in-favor-of-fulfillment

80 www.fool.com/earnings/call-transcripts/2020/11/24/best-buy-bby-q3-2021-earnings-call-transcript/

81 fashionunited.uk/news/retail/anne-klein-to-retail-through-facebook-shop-s-live-in-app-shopping/2020111051865

ANNE KLEIN – THE RISE OF SHOPPERTAINMENT



livestream also featured limited-time promotions that could be bought in-app during the event⁸².

Since the trial, Facebook Shop expanded into 'Live Shopping Fridays' from July 2021. Streams could be viewed on the brand's Facebook pages or using the Shop tab. Customers can check out without leaving the Facebook app. As Yulie Kwon Kim, Director Product Management Commerce, Facebook, stated, "our product strategy is to help make that purchase experience as frictionless as possible."⁸³

However, it is worth noting that this means all customer interactions once again remain within the social network's walled garden. For companies trying to access that first or zero-party data so critical to building lifetime value and retention, this may be preferable as a way of garnering a sales bump rather than as a relationship tool.

IKEA – AUGMENTED REALITY AUGMENTS ACCESS FOR SHOPPERS

One of IKEA's first forays into merging the digital and physical experiences came in March 2020 when it partnered with Alibaba to launch the IKEA virtual store on Tmall. Using a 3D iteration of the IKEA Shanghai store, it features 3,500 shoppable IKEA products and provides access to a much broader Chinese audience that cannot reach one of its 36 stores⁸⁴. More than 60 million consumers used the 3D shopping feature during last year's 11.11 Global Shopping Festival⁸⁵.

"We are continuously exploring how we can make IKEA home furnishing solutions and range more accessible as we want to deliver to the IKEA vision of creating a better everyday life for the many. The launch of the virtual store at Tmall is truly exciting and we believe that it will complement existing sales channels such as our IKEA stores and e-commerce as we come closer to our customers in China, says Tolga Öncü, Retail Operations Manager, Ingka Group⁸⁶.

The company has recently been testing new formats and stores in several markets to increase accessibility to the Swedish furniture brand. In October 2021, the company opened the world's first 'Close to You' concept store in Hong Kong. It featured digital solutions, including home decoration and cooking inspirations on a two-metre-tall interactive screen and food and furnishing products⁸⁷. To all intents and purposes, it is the first IKEA store to launch inside a supermarket, as the furniture franchise in Hong Kong is owned by Dairy Farm Group⁸⁸.

82 www.retaildive.com/news/facebook-debuts-shoppable-livestreams-with-anne-klein/588899/

83 www.rli.uk.com/live-shopping-to-launch-on-facebook/

84 en.wikipedia.org/wiki/List_of_countries_with_IKEA_stores#cite_note-49

85 tamebay.com/2021/09/alibaba-netpreneur-masterclass-for-uk-business-leaders.html

86 about.ikea.com/en/newsroom/2021/04/08/ikea-partners-with-alibaba-to-open-the-first-virtual-ikea-store-on-tmall

87 retailinasia.com/in-markets/worlds-first-ikea-close-to-you-opens-in-hong-kong/

88 insideretail.asia/2021/10/04/world-first-ikea-close-to-you-concept-opens-in-hong-kong/

SECTION 9:

CONCLUSION

With the wholesale closures and supply chain disruptions brought about by the 2020/2021 pandemic, retail undeniably went through a turbulent period. However, there were many valuable learnings, not least for a sector that was already struggling to define its relationship with consumers.

The flight to digital revealed that, despite previous assumptions, large segments had not yet fully embraced ecommerce and new expectations were created as a result.

With a return to relative normality slowly moving across the globe towards the end of 2021, the implications for on and offline retail are now being felt. Convenience remains a critical lever, particularly for conversion. Experience and personalisation are central to customer retention.

How digital influences physical experiences is becoming better understood – consumers still value physical retail experiences, but they expect to see the convenience of ecommerce folded in. For some retailers, this has meant not just the process of transforming their digital experience but also the fundamental structure of their business, from supply chain to retail footprint, fulfilment options and post-purchase customer care.

Maintaining a seamless retail omnichannel ecosystem is not only the preserve of Amazon or Alibaba. The lessons of the past 18-24 months have shown that experience, merged with excellent customer relationship management, unified systems, and an agile approach to commerce, stand any retailer in good stead to react, adapt and evolve for the future.

MONTHLY AVERAGE

70,000

automated 1:1 programs running
at any given time

520 million

AI predictions made in contacts' profiles

14 billion

real-time inbound interactions

20 billion

outbound personalised messages
sent cross-channel

BLACK FRIDAY

189 million

real-time campaigns triggered (+177%)

834 million

promotional emails distributed (+21%)

5 billion

push notification distributed (+90%)

7.9 billion

contacts engaged

SOURCE: EMARSYS, AN SAP COMPANY

SAP® EMARSYS® CUSTOMER ENGAGEMENT

ACCELERATE BUSINESS OUTCOMES WITH PROVEN, RETAIL ENGAGEMENT STRATEGIES

Customer-centric personalisation provides a different experience for each customer at scale. Whether a customer wants to shop online or in-store, every experience is different. Whether they are a new customer or an existing customer, their experience is personalised to their individual needs and we communicate with them on the channel that they prefer.

Take a tour of SAP Emarsys Customer Engagement and learn how our customers are personalising real-time customer engagement and delivering experiences that add value for the customer as well as the brand. [Learn more.](#)



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