

Features

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“Channel”ing Your Sales Power

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Today, consumers expect a seamless omni-channel shopping experience. The omni-channel strategy hinges on the idea that providing a seamless shopping experience in brick-and-mortar stores and through a variety of digital channels not only differentiates retailers from their peers, but also gives them a competitive edge over online-only retailers by leveraging their store assets.

According to a Harvard Business Review study, which looked at the shopping behavior of just over 46,000 consumers who made a purchase during a 14-month period from June 2015 to August 2016, consumers were asked about every aspect of their shopping journey with the retailer, focusing on which channels they used and why. They were also asked to evaluate their shopping experience. Of the study participants, only 7% were online-only shoppers and 20% were store-only shoppers. The remaining majority of 73% used multiple channels during their shopping journey. We call them omni-channel consumers.

Let's Talk Channels

Consumers are using smartphone apps to compare prices or download a coupon, but they may also use in-store digital tools, such as an interactive catalog, a price-checker or a tablet. They might buy online and pick-up in store, or buy in the store and get their purchases shipped or delivered. You can use data from your software solution to understand from what channels your sales are coming, by tracking promotional codes by channel, etc.

An RIS whitepaper noted that cross-channel shoppers are typically spending up to 30% more than single-channel shoppers. This finding goes against the grain of the conventional wisdom that spur-of-the-moment, impulsive shopping bulks up the topline of traditional retailers. Instead, in that previously mentioned Harvard Business Review study, findings suggest that deliberate searching beforehand led consumers to greater in-store purchases.

And it also flies in the face of conventional thinking about showrooming, which is that traditional shoppers conduct their research in the store and then buy online. Instead, we find that this retailer's omni-channel shoppers are engaging in webrooming behavior (researching online and buying in store), which has become especially prevalent among Millennial shoppers.

Back to stats from that RIS whitepaper ... consumers who order online and pickup in the store will increase their market basket by an average of 58% once in the store.

In addition to having bigger shopping baskets, omni-channel shoppers were also more loyal. Within six months after an omni-channel shopping experience, these consumers had logged 23% more repeat shopping trips to the retailer's stores and were more likely to recommend the brand to family and friends than those who used a single channel.

Using Mobile to Maintain Market Share

Over recent years, we've recognized the trend towards mobile. We see consumers on their phones in stores. In the age of Google and Amazon, we know our consumers are price shopping us. We know mobile advertising allows other businesses to deliver ads right to consumers based on the mere fact that they're at our store. So, what can your business do to maintain market share? Play on your strengths.

Online retailers don't offer all the benefits of in-store shopping. For instance, Homestead Gardens sells patio furniture. The lawn and garden retailer recently started playing up the fact that consumers can "try, before they buy"—something they can't do if they purchase patio furniture online.

Think about what sets you apart as a retailer. Is it your history? Your deep roots in the community? Your exclusive products, homegrown or handmade?

To stay relevant in this age, we realize we do need to adapt. Before jumping all in, it's okay to start small. Review the following:

- How do your consumers shop?
- Utilize email platform analytics and Google analytics to determine trend towards mobile technology.
- Play on your strengths: History, community involvement, exclusive products.
- Start small: Gift card sales, Top 20 items in each department and in-store pickup options.

Case Study: Homestead Gardens

Each Christmas season, Homestead Gardens offers a one-day deal on gift cards. Consumers can purchase \$50 gift cards for only \$40. In 2015, the retailer decided to test this strategy and include online sales for gift cards as part of the deal. They used this new sales promotion to increase relevance and the success proves that omni-channel shopping is the future of business.

Part of the online promotion included in-store pickup and free mailing to the gift recipient. By harnessing the power of online sales, Homestead Gardens saw a 31.7% increase in sales the first year. The second year, they saw 5.9% increase in total sales. What's interesting is about that year is that as a percentage of total sales, online sales increased by 3%.

After folding in the online gift card sales strategy, Homestead Gardens took advantage of the Epicor Software eCommerce solution to build its wholesale division's new website. The Homestead Gardens inventory is now available online and can be purchased from anywhere. The retailer uses a report from the Epicor Compass analytics application that updates every hour with lists of trees, shrubs and perennials in stock.

In a channel-rich environment, omni-channel capabilities drive the engagement of core shoppers with the retail brand and ultimately draw them to the physical store. Traditional brick-and-mortar retailers will do better by not only leveraging the power of the online world, but by also synchronizing the physical and the digital worlds to provide shoppers with a seamless, multi-channel experience that online pure plays simply cannot match. **GP**

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