

Outlook

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Digital Disruption

Online but off track Rescuing the in-store experience

By Chris Donnelly and Robert Wollan

In their rush to go digital, companies across industries have been neglecting their physical stores. It's time to repurpose these brick-and-mortar assets as a vital part of the seamless customer experience.

Retailers and other consumer-oriented companies have made astounding online progress over the past 15 years. But it has come at a price.

By focusing on “clicks” instead of “bricks,” many organizations are inadvertently shortchanging the in-store customer experience, which in some cases still supports up to 98 percent of their total sales. Investing millions to expand online has reduced both the spending on stores and the attention from top management these stores have traditionally enjoyed. Worse, this imbalance is becoming apparent to customers.

Accenture’s Seamless Retail Research Report 2015: Maximizing Mobile to Increase Revenue, which surveyed nearly 10,000 consumers globally and assessed nearly 190 retailers on their ability to deliver a “seamless” shopping experience, tells the story in greater detail. Only 28 percent of respondents said they had spent more time during the past year in physical stores to shop, browse and/or purchase products. By comparison, nearly 60 percent said they had shopped more online via their computers in the past year; 36 percent indicated the same about smartphones and 31 percent about tablets.

In search of a connected in-store experience

Further evidence of the neglected in-store experience emerged when consumers around the globe were asked to identify which shopping channel needed the most improvement. This year, the top answer, at 34 percent, was the physical store. Close behind, at 30 percent, was the integration of store, online and mobile shopping into a multichannel experience. Only 27 percent said that shopping online via computer needed the most help, and just 9 percent said that the mobile shopping experience needed the most improvement. These findings suggest that

many retailers are coming up short in their attempts to ensure that all channels work together and support one another seamlessly.

At the same time, the survey also makes clear that pouring more money into physical stores to fund yesterday’s customer experience solutions isn’t what consumers want. Instead, they expect stores to meld the digital and the physical into a cohesive whole. They want a technology-infused in-store experience that allows them to access services via their mobile devices before, during and after shopping at the local brick-and-mortar outlet.

The research also suggests that the increased use of mobile devices causes consumers to demand a more seamless retail experience. Consider pricing, for example. Shoppers are no longer willing to accept the confusing and disconnected experience of different pricing for different channels—what they pay online is what they expect to pay in stores. Two-thirds of survey respondents said they expect the same prices across channels, but only 32 percent of retailers consistently offered them.

Consumers also increasingly expect to use their mobile phones for a growing array of purposes during in-store forays, and Accenture research highlights the discrepancy between what customers want and what retailers offer. For example, shoppers want to be able to order out-of-stock merchandise via their mobile devices while in stores, but only about a third of retailers can deliver this capability. And even though roughly half of all consumers would like to receive promotions and loyalty points on their mobile devices while shopping in stores, only 5 percent of retailers provide this service.

Something else consumers do when they visit physical stores: use their mobile devices to make purchases from *competitors*. This could be for a variety of reasons, including price, service, options and availability. To combat this defection, it's more important than ever for companies to be aware of what their customers want—and make it as convenient as possible for those customers to be able to buy what they want while they're in the store.

Enabling bricks with clicks

After 15 years of making investments in the digital side of the business, normal capital constraints have left the physical retail resources of many industries depleted. Make no mistake: In many industries, the brick-and-mortar experience will continue to generate the lion's share of sales for years to come. But companies need to find new ways to link their online progress to boost in-store customer satisfaction levels. Five key factors are at the heart of any effort to accomplish this goal.

- **Understand and track the digital intensity of your customers to guide your investments.** A common blind spot for retailers is their failure to distinguish between customers who are digitally savvy and those who are not. With a better understanding of the overall “digital intensity” of their customers, which often can be captured through an ad-hoc analysis of customer preference for online channels, retailers can invest more wisely. And an ongoing review of their customers' digital intensity can help retailers evaluate their customer bases via micro-segmentation. Analysis shows that when digital intensity is aligned with customer value, it can be a useful performance indicator.

There is a tipping point, however, beyond which digital intensity and value diverge, as the brand loyalty of highly digital customers erodes

and companies lose the opportunity for future sales. Understanding the digital intensity of both their customers and those of their competitors will enable companies to make strategic investments and target growth more effectively.

- **Focus on the collective customer experience.** Many retailers still manage their digital, mobile and physical store channels and investments separately. Rather than pursuing improvements in these areas individually, retailers need to knock down the silos and integrate all three elements of the customer experience.
- **Determine why customers visit your stores.** Are they there to shop, to research future online (or in-store) purchases or to resolve service issues? Knowing the answer can help retailers make sure in-store staff has the right mix of skills (in the right proportions) to meet customer needs. This could mean empowering sales associates with technological solutions or creating new roles with special skills.
- **Keep the human connection in mind.** Providing extras like free in-store Wi-Fi and offering online click-and-collect shopping options can differentiate a retailer in the minds of consumers by enabling them to integrate their online, mobile and physical store channels in innovative and meaningful ways.
- **Offer a cross-channel pricing point.** Consistent pricing should not mean that every customer pays the same price. As retailers get better at targeting micro-clusters and delivering tailored discounts to them, they can make full use of differentiated pricing as a strategic weapon. So while the “shelf price” may be the same for all consumers, different people will benefit differently from personalized promotions and offers. This strategy can enable

retailers to capture greater value from some consumers while also clinching sales with others who are seeking even better deals.

Given the value that consumers place on physical stores, and the evolving role that stores play in ensuring a satisfactory customer experience, retailers need to take steps now to upgrade their brick-and-mortar assets. By focusing on the store and making the shopping experience there a digital one as well, companies can begin to restore balance across their physical, digital and mobile channels, and come a large step closer to seamlessly integrating the customer experience they deliver.

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For further reading

Accenture's Seamless Retail Research Report 2015: Maximizing Mobile to Increase Revenue: <http://www.accenture.com/us-en/Pages/insight-seamless-retail-research-report-2015-maximizing-mobile.aspx>

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