



THE OMNICHANNEL RETAIL PLAYBOOK

Talon.One's Ultimate Guide to Omnichannel Retail

Exclusive insights and tips to deliver a consistent brand experience everywhere you sell

Everything from the psychology behind the omnichannel retail marketing, to hyper-personalization and a step-by-step guide to develop a future-proof omnichannel campaign

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Retail Reinvented: The New Era for Customer Experience

The unparalleled growth of ecommerce, facilitated by the pandemic, drastically changed the way customers shop.

Either/or thinking is dead

The pandemic experience showed all of us that dualistic thinking, founded upon differentiation and splitting apart, is dead. It's no longer about 'my country or your country', 'my company or yours', 'my wellbeing or the health of the community'. The virus blurred all boundaries, including the one between physical and digital retailers.

As customers reshape their shopping habits, they continue to end contact with brands that fail to create a frictionless and cross-channel experience for them. They want their online and in-store shopping experiences to be seamlessly connected to each other.

It's all about the phygital world

Phygital combines the words physical and digital to create a new word - and a new world. From a retail point of view, this is a perfect opportunity for brands to address both emerging trends in customer behavior:

- A growing appetite for digital and contactless shopping
- An increasing need for interpersonal, meaningful interactions

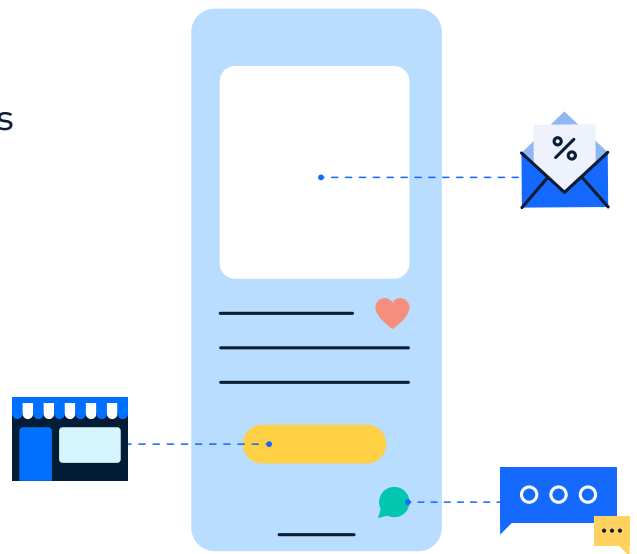
This playbook explains how an omnichannel marketing strategy can help retailers have an impactful presence in every touchpoint in the phygital world.

Omnichannel Retail Strategy

A strong omnichannel strategy will ensure retailers create a seamless shopping experience from the first touchpoint to the last.

Since customers want to connect their online shopping experiences to their in-store interactions, a retailer needs to be at their disposal in every touchpoint. This omnipresence requires an **omnichannel marketing strategy**, an approach that leverages customers' online and in-store behavior to provide them with a frictionless, integrated experience regardless of the channel they're using.

According to **Tim Mason and Miya Knighs**, customers' expectations for a seamless shopping experience have raised so high that retailers have to operate connected omnichannel businesses with a consistent customer value proposition across offline as well as online, or fail.



Almost one in two e-commerce decision-makers in Europe and North America believed omnichannel strategies to be very important in 2021.

Statista

This is a once-in-a-lifetime opportunity for retailers to connect with consumers in new ways by leaning in on digital, omnichannel, and in-store technology ambitions.

McKinsey

Omnichannel vs. Multichannel

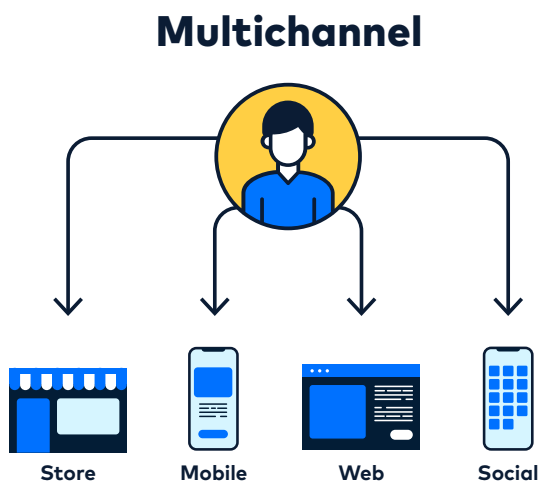
Both omnichannel and multichannel refer to retailers' activities to sell across multiple channels. However, they differ when it comes to the depth of the integration between the channels and platforms the business is on.

Multichannel experiences are often disparate. However, during an omnichannel experience, all channels are interconnected to enable the customer to move between them seamlessly.

An omnichannel strategy helps retailers engage with customers at every single touchpoint.

The focus of multichannel marketing is on optimizing customers' touchpoints with a retailer. Omnichannel marketing moves beyond single touchpoints, uniting all interactions between a customer and a retailer regardless of the channel, platform or device.

Omnichannel ensures a consistent experience for a growing number of consumers who don't tend to see a retailer in silos.



vs.



Crucial Questions to Ask Yourself

There are important questions to ask yourself if you want to boost sales and customer engagement through a strong omnichannel strategy.

TOPIC	QUESTION
Resources	Do you have sufficient financial resources required for the development an omnichannel approach?
Technical support	Do you have a skilled team of developers ready to take up the task of continued support and maintenance of you omnichannel environment?
Startup mindset	Working in an omnichannel strategy requires a high level of technological and non-technological agility to meet customers' expectations at every touchpoint. If you're already an established retailer, are you ready to depart from your legacy structures and act like a startup?
Flexibility	Since the beginning of the pandemic customers have reformulated their shopping habits and decision journeys and they will continue to do so in the future. As a retailer, are you flexible enough to take this opportunity and contact with your customers in new ways?
Scalability	Walking into the omnichannel world will connect you to more platforms and larger markets. Is your tech stack scalable enough to meet your new demands and challenges?
Real-time customer service	Your omnichannel retail approach will enable your customers to choose from their desired platform at any time of the day. Are you ready to provide them with a quality support that goes beyond a single channel and traditional shopping hours?

Common Mistakes and How to Avoid Them

The global retail automation market is estimated to grow to \$33b by 2030. Executing an omnichannel strategy ensures you'll have a fair share of this growing market. However, there are common mistakes that you should avoid in order to reach your optimal ROI.

Being inconsistent

What causes customers to sign up but not Working across multiple marketing and sales channels can be detrimental to your overall branding strategy if you're inconsistent in sending out your messages. Inconsistent messages on different platform sabotages your omnichannel efforts.

Copying messages

Having a consistent brand voice doesn't mean you should duplicate your messages across all your retail channels. Your brick and mortar store, website, app, LinkedIn page, etc. have their own specific features which affect the format and frequency of your messaging.

Overlooking updates

Keeping your tech stack frequently updated is a prerequisite for the success of your omnichannel strategy. If you don't have the sufficient human or financial resources to stay up-to-date, you can outsource your omnichannel operations. This is what nearly half of retailers did in 2020.

Failing to respond in real time

Real-time functionalities are the defining characteristics of omnichannel operations. From real-time store-level product availability information to real-time updates on the mobile app, every single interaction between you and your customer must take place without any delay.

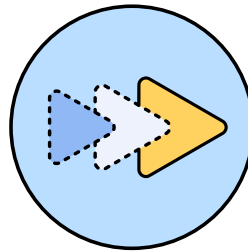
Benefits of Omnichannel Retail

By linking several marketing and sales channels, retailers can benefit from various advantages.



Access to valuable customer data

An omnichannel approach gives retailers access to valuable customer data that can be used to personalize promotions and offers. With customers increasingly being concerned about their privacy and personal data, a strong omnichannel structure can help retailers rely on first-party data that customers voluntarily share with them.



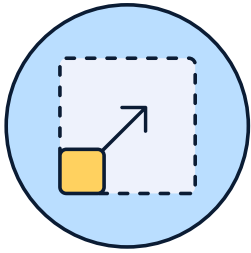
Staying ahead of competition

Businesses and customers have been grappling with uncertainty through the COVID-19 crisis, which is estimated to have sped the process of digital transformation up by an average of three to seven years. Linking their online journey to their in-store experience is the new normal for customers. Retailers that can adapt quickly enough will be well positioned when the recovery comes.



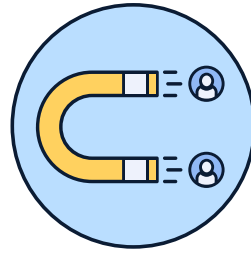
Closing offline channel (e.g., catalog, stores) can have a negative effect on customers' purchase incidence and loyalty to the retailer."

Ahmed Timoumi, Manish Gangwar & Murali Mantrala



Capacity to scale up

An omnichannel approach gives retailers access to valuable customer data that can be used to personalize promotions and offers. With customers increasingly being concerned about their privacy and personal data, a strong omnichannel structure can help retailers rely on first-party data that customers voluntarily share with them.



High percentage of customer retention

A 2017 Harvard Business Review study of 46,000 shoppers shows that:


- 7% shopped online exclusively
- 20% were store-only shoppers
- 73% used multiple channels

The study concluded that customers loved synchronizing their physical and digital retail experiences. The trend has definitely risen in recent years, highlighting that brands' investment in omnichannel retailing pays off.



The first core insight gained from this study is that future competition in the retail industry will be based on the holistic consumer experience, rather than individual products."

Frederik von Briel



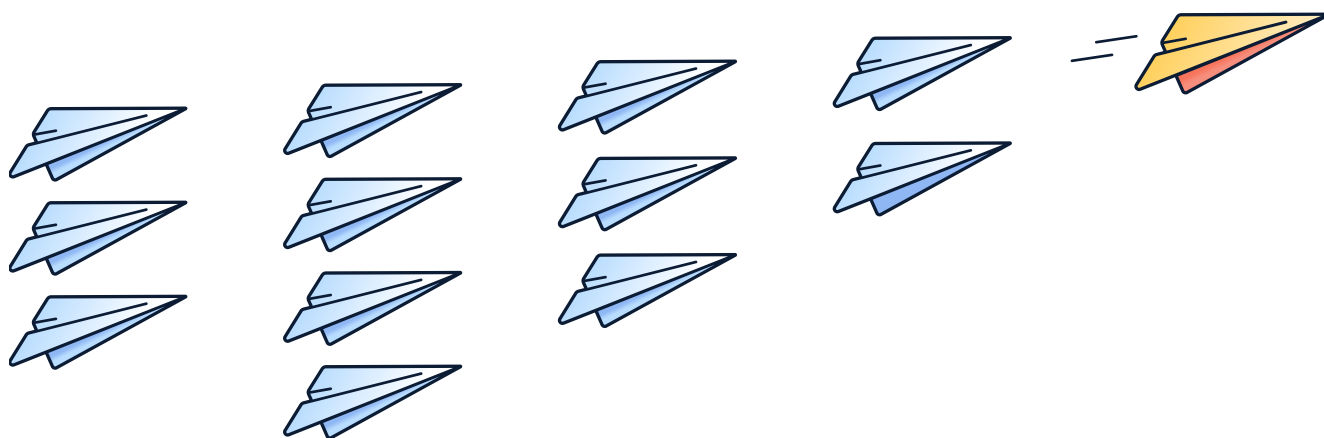
Omnichannel commerce requires a flexibility that traditional, monolithic platforms can't support. A frictionless customer experience demands 'best of breed' function across multiple domains. Composable commerce is the only approach that blends the physical and the digital with the appropriate depth of integration. Leadership demands innovation."

Chris Holley, Global Director, ISV Partnerships, [commercetools, Inc.](#)

Underlying Theories

Why does omnichannel experiences seem alluring to customers?

Two cognitive theories explain the mechanism underlying customers' preference to bridge the gap between their offline and online shopping experiences.



Cognitive dissonance theory

Leon Festinger's cognitive dissonance theory explains human have an inner drive for psychological consistency. An individual who experiences inconsistency tends to become uncomfortable and irritated.

The unsynchronized retail channels can have a negative impact on your customer's shopping journey, making them uncomfortable or even frustrated to interact with your brand.

Simplicity Theory

According to the French scientist Jean-Louis Dessalles, Simplicity Theory (ST) defines simplicity as the difference in complexity between expectations and observation. From a marketing perspective, people have a bias toward simplicity and are predisposed to choose products and experiences that minimize their cognitive load.

A strong omnichannel structure can eliminate the complexities of shopping on multiple platforms, giving customers the peace of mind that they won't end up in a painful labyrinth.

The 5-Step Omnichannel Retail Strategy

The way you develop your omnichannel strategy depends on your business model, overall brand strategy and customer traits. This 5-step guide gives you a general framework, which can be tailored to meet your specific demands.

1 Conduct customer research

First, you need to know everything about your customers. On which channels do they spend most of their time? What are their expectations? How have their expectations evolved over the past years? What specific age group is mainly interested in your brand?

Don't rely on outdated customer surveys. The characteristics, expectations and concerns of your customers have immensely changed compared to pre-pandemic years. On top of that, millennials and Gen Z, who are now among your main prospects, have totally different concerns and demands. Your omnichannel strategy will give you a competitive edge if you frequently update it with fresh customer data.

2 Synchronize online and physical worlds

Now it's time to create a link between all your operating channels. You need to make sure that your store is well connected to your digital platforms. Technological innovations such as smart mirrors, Bluetooth beacons, and in-store kiosks can differentiate you from your fellow retailers.

You need to make sure that you've made every touchpoint shoppable. Omnichannel capabilities enable you to simplify the customer's shopping process because they don't need to switch channels in order to make a purchase. This is why **brands with omni-channel retail strategies** retain an average of 89% of their customers from channel to channel.

3 Deliver a consistent brand voice

Different channels have their own specific features. However, you need to make sure that your core values remain intact across all channels. For instance, if you're known as a retailer who prioritizes sustainability, you need to demonstrate it throughout all your operating platforms.

Consistency is also key to your omnichannel promotion marketing. If you decide to launch a discount campaign, you should integrate it into all your channels. If your customers receive reward points after each purchase, they must be able to redeem their points at every touchpoint.

4 Share data across channels

Your technical ability to share customer data across physical and digital channels is a prerequisite for the success of your omnichannel strategy. Your tech stack must be able to transfer customer data across channels in order to increase your visibility, automate processes and personalize your messages.

You can turn your customer data into valuable insights and engage in real-time interactions with your customers. It is of note that as your omnichannel strategy give you the opportunity to acquire first-part data, you need to safeguard your data assets. Any personal information breach would endanger the trust that your customers have put in your brand.

5 Provide omnichannel training to your staff

As you move your operations to the omnichannel environment, you need to focus on providing sufficient and relevant training for your staff. The training process will equip your team members to make the best out of your brand's omnichannel capacity.

You should consider adopting the right technology to make your store personnel more tech-savvy. This could mean giving sales associates digital devices and tools to enable them to better help customers choose what they need, offer them real-time product recommendations and assist them with any possible mobile app/ website queries.

Hyper-personalization

A crucial component of delivering a memorable omnichannel experience is the ability to go beyond personalization and communicate hyper-personalized experiences. How is hyper-personalized experiences different from personalized ones?

Personalization focuses on the basic information about a customer such as name, gender, location and other demographics to tailor marketing messages that interact directly to the customer as an individual.

Hyper-personalization is when we decide to go beyond basics, pulling from real-time and behavioral data to deliver highly relevant, individualized messages.

Hyper-personalization:

- Leverages AI, NLP and automation to create highly relevant and customized experiences.
- Tracks clickstream data (clicks, add to carts, etc.) in real-time to create relevant product/service recommendations.
- Increases marketing ROI and reduces marketing costs in the long run.



According to Deloitte, hyper-personalization is the most advanced way brands can tailor their marketing to individual customers. It's done by creating custom and targeted experiences through the use of data, analytics, AI, and automation.



After a decade discussing it, a lot of brands realized that a huge blocker to achieving truly omni-channel experiences were weak customer data strategies. Customer Data Platforms like mParticle are helping retailers finally solve the data management piece of the puzzle, giving brands a truly 360° view of customers and their behavior and collecting/sharing customer data across the organization. Our prediction is that brands who are able to achieve this level of orchestration will see outsized ROI, compared to brands who execute incrementally better email personalization.

Jonathan Senin, Senior Product Marketing Manager, [mParticle](#)

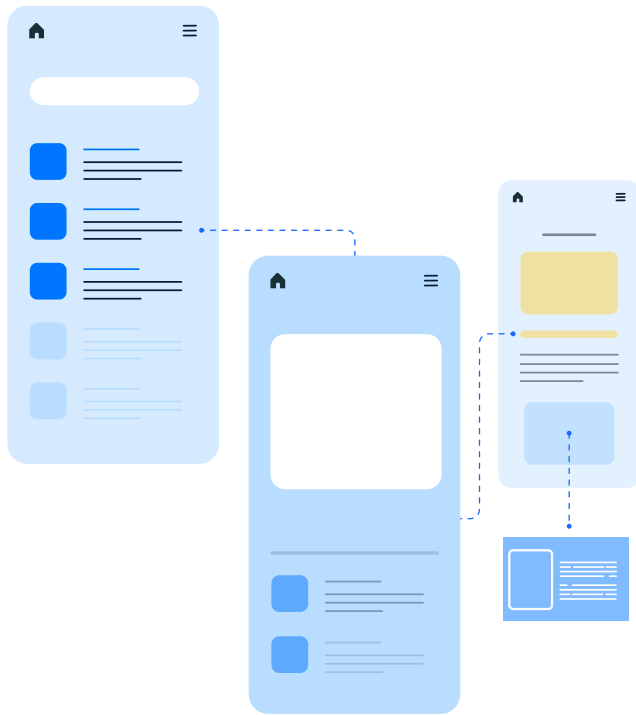
Omnichannel Retail In Action

How does omnichannel strategy translate into retailers' functionalities? Here's a list of key retail innovations.

Dark stores	Dark or grey stores are micro-fulfillment centres that mimic retail stores but may never see consumers directly. The pandemic accelerated the growth of dark stores. During the lockdown, <u>Levi's</u> used some of its closed stores in the US and UK to fulfill online orders.
BOPIS	"Buy online, pick up in store" is a popular omnichannel element that allows customers to browse and buy online and use the convenience of picking up their purchase at their desired store. Canadian athletic apparel retailer <u>Lululemon</u> allows its shoppers to pick up their purchase at any of the physical stores of their choice.
BOSS	"Buy online, ship to store" gives customers a seamless shopping experience as they can freely buy what they want even if it's not available at their preferred location. The item can be directly shipped to the location they select. This omnichannel feature means your shelves are always fully stocked. Boss also <u>limits the need for stock on hand, allowing for a smaller store footprint.</u>
BORIS	"Buy online, return in store" allows customers to use digital platforms to buy and use physical platforms to return the item if that's not what they expected. Zalando, for instance, allows its customers to return their purchase at a nearby store. This is very reassuring to the users especially when the purchased item is a piece of clothing that may not fit.
Self-checkout	Many retailers today allow customers to use the self-checkout option. This is particularly important because buyers are now more concerned about social distancing and contactless shopping. At Decathlon stores, you can put the item at the checkout counter, scan your credit card or mobile payment app and that's it.

UI/UX Design

Your omnichannel approach unlocks many opportunities in terms of UX/UI design.



Omni-UI

The growth of omnichannel marketing has far-reaching consequences for UI (user interface) design. Retailers are increasingly deploying Zero UI, which implies that screens will have no role in the future of brand-consumer interaction.

However, it's time to step further and focus on **omni-UI** where anything and everything from touchpoint A to touchpoint Z is an interface.

The Next-level UX

As you dissolve the offline-online divide, you can optimize your customers' journey by removing any friction that might negatively affect the seamlessness of their experience. An omnichannel UX strategy puts users at the centre of the design process.

Your design team should particularly focus on creating device-specific experience. An important element in delivering the optimal design is **"responsive web design" (RWD)**. RWD addresses the issue of consistent designing for a wide range of devices available to customers, from small mobile screens to huge desktop monitors. The use of the same HTML and single codebase makes

- customer's journey frictionless
- maintenance easier over time.

Customer Loyalty

The development and execution of an omnichannel strategy by a retailer affects the loyalty of its customers.

A zero-friction journey increases the loyalty of customers because they receive consistent and hyper-personalized messages from the retailer. The results of a [recent study](#) shows that personalized and hyper-personalized omnichannel messages significantly boost a retailer's customer loyalty.



Omnichannel mindset

Your decision to operate within an omnichannel environment determines the loyalty programs you wish to add to your promotion marketing.



Omnichannel tools

Legacy loyalty programs fall short of providing your customers with a seamless experience across your channels. Moreover, they fail to provide you with key customer insights that can be developed into valuable data.

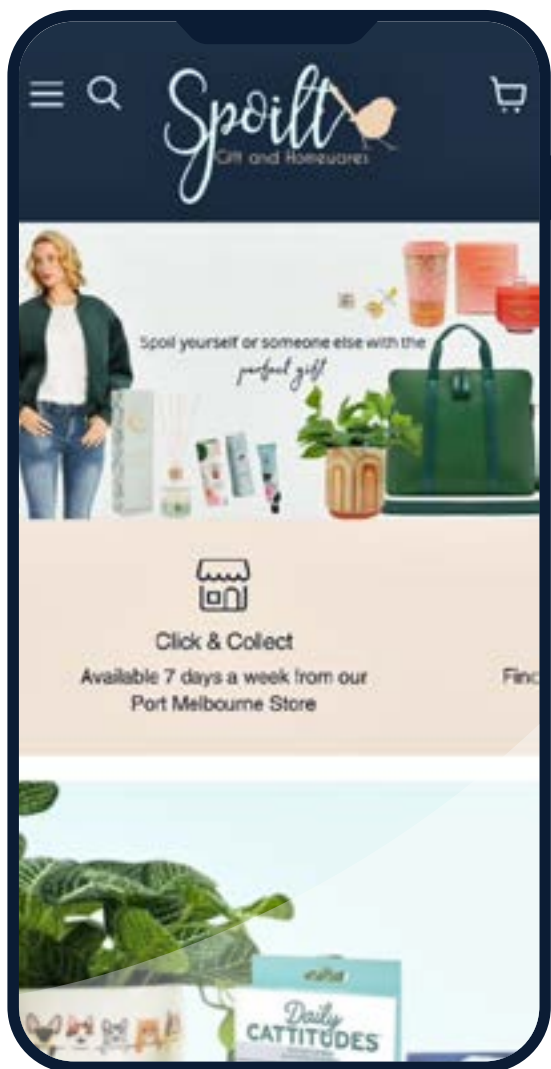


Omnichannel loyalty program

As a result, you need a loyalty program that can be integrated into your composable structure. In other words, your retail business needs an API-based loyalty program, which you can easily scale up.

Best Practices

Recent years have demonstrated a major boost in using omnichannel opportunities by retailers across the world. See how these brands created remarkable customer journeys through their omnichannel strategies.

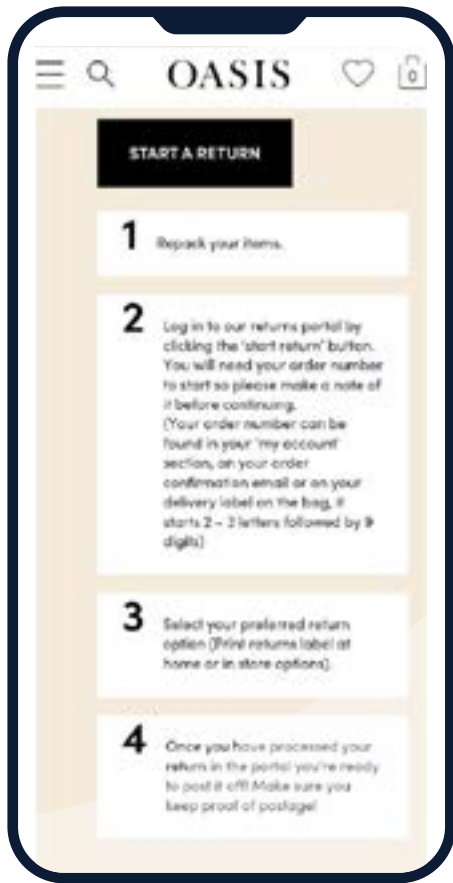


SPOILT

No need to change channels

The Australian gift and hardware store, has effectively connected its brick and mortar stores to its digital platforms. Spoilt's customers can view all products on its Instagram shop and buy whatever they want without having to navigate out of the app.

As a result of its omnichannel structure, **Spoilt's sales and inventory data are automatically synced**, which ensures the retailer doesn't have to worry about overselling its products.



OASIS

Ultimate integration

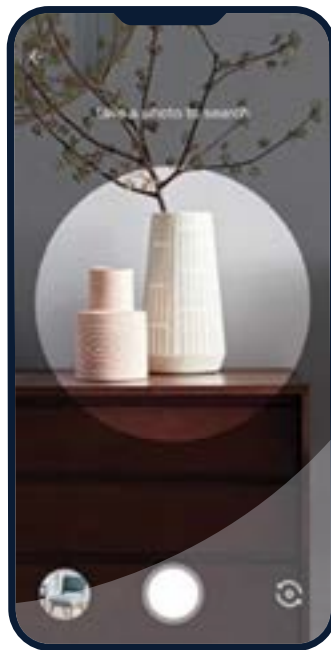
Oasis is a fashion retail brands operating mainly in the UK and Ireland. The brand has equipped all its staff with iPads, which allow them to analyze customer data in real time and offer personalized recommendations.

Oasis also has a wide range of product return options, which are integrated into its offline and online sales channels

TARGET

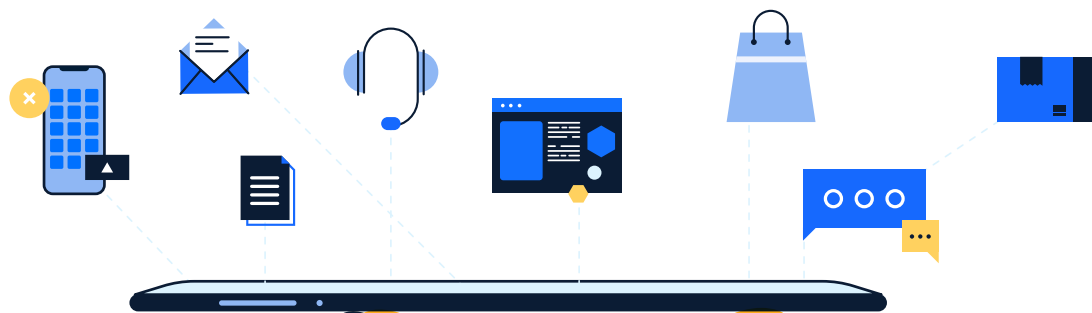
Just capture an image

The American retailer Target is a leading brand in using the opportunities of omnichannel approach. During one campaign, Target partnered with Pinterest to create a great mobile journey for its customers. With their smartphones, users snapped a photo of what they liked and had the Target app (integrated with Pinterest Lens technology) show them similar items available for sale at Target stores.



Final Thoughts

As the number of platforms where customers can interact with a brand continues to grow, delivering a consistent customer experience everywhere a brand sells is more important now than ever.



An omnichannel strategy gives retailers the ability to blend in-store and online channels to create integrated and memorable experiences for their customers. A retailer's omnichannel approach can lead to increased customer satisfaction and accordingly increased customer retention.

The omnichannel allows a retailer to send hyperpersonalized messages to its customers, messages that benefit from AI, NLP and automation to create highly relevant and customized experiences.

The move to omnichannel environment has unlocked a lot of exciting opportunities for retailers to engage with their customers. These opportunities, which will certainly evolve over time, include dark stores, BOPIS, BOSS and BORIS among other things.

The development of omnichannel retail requires the evolution of legacy loyalty programs. Composable commerce and microservices have taken loyalty programs to the next level, allowing brands to integrate their desired loyalty features into their headless tech stack.

Integrate Talon.One's Loyalty Solution with Your Omnichannel Structure

The omnichannel approach enables retailers to build their stacks around a core group of microservices. This allows them to meet their scalability and flexibility needs, while also giving them greater control over the cost of their stack.

Your loyalty program, as an important element of your omnichannel approach, should be scalable and flexible to be easily integrated with other components of your system.

[Talon.One's loyalty solution](#) integrates seamlessly with CRMs and other third party APIs, allowing you to get up and running quickly with a scalable, versatile and future-proof promotion solution. You can benefit from in-depth developer docs that guide you in every step of the way.

Talon.One's scalable and reliable platform handles unexpected load spikes and peaks on dedicated Kubernetes server cluster. Your unique deployment auto-scales to meet your specific needs. This is an important feature particularly for retailers because they face peaks on certain occasions such as Black Friday.

With [Talon.One's software](#) you have the freedom to run any loyalty campaign across your channels without having to cause any friction to your customer shopping journey. Your customers can easily redeem their points, save up to their digital wallet, use vouchers and coupons, etc. across your physical and online environments.





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