

Omnichannel: The future of department store retailing



ROCKPOOL

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About us

Rockpool Digital is a leading digital customer experience partner for brands.

We solve acquisition and retention problems by connecting data and technology into a single customer view that enables brands to deliver personalised customer experiences. We create engaging experiences that are personalised and joined up across channels, regardless of legacy systems and silos of data.

Authors



Bruce Griffin is Founder and CEO of Rockpool Digital. With a wealth of experience working with global brands, he specialises in understanding how digital can be used to create compelling customer experiences that deliver results across all channels.



St. John Dunne is responsible for expanding Rockpool in the US, managing clients and operations. Part strategist and part client service expert, he strives to create personalised digital solutions that drive business results for brands across all industries.



Robb Green is Creative Director of Rockpool Digital. Over the last ten years he's helped national and global brands across the retail, fashion, charity and arts sectors create customer-centric digital experiences that solve real problems.

Researchers

Andreas Conradi, Anna Donnelly, Ben Cook, Leigh Chilcott, Maddie Needham

1. Executive summary

The future of retail

Fuelled by a technology revolution, consumer expectations are shifting drastically. It is no longer acceptable for brands to adopt a one-size-fits-all approach. Today's customer expects to be treated individually within the channel of their choice, and if a retailer doesn't provide this experience, they will simply shop elsewhere.

In an increasingly competitive market, retailers are starting to lay the foundations for omnichannel, yet there is still a tremendous amount of work to be done. The current model must be dismantled. Brands have historically focused on improving operational capability, but they have so far struggled to convert this into an enhanced retail experience.

In this report, we include a summary of two sets of research we recently conducted. The first is a survey into consumers' attitudes to omnichannel retailing, highlighting the expectations of a digitally savvy audience wanting their shopping experience to be as slick and delightful as possible. The second is our Omnichannel Index™, an in-depth look at some UK and US department stores already doing omnichannel well – and those which have some catching up to do.

Creating the omnichannel model

Achieving omnichannel excellence can require extra work for older businesses. Some well-established retail businesses are held back by clunky legacy IT systems; others by cultural implications and a reluctance to change.

As a well established sector with a commanding high street presence, department store retailing is the ideal window through which to view the current state of omnichannel. Our report reveals that the crème de la crème of customer service lies in the US, where department stores outperform the UK in most areas.

One of the key factors that is integral to omnichannel's success is organisational structure. The people a store employs, especially at executive level, must appreciate the value of joining up multi-channel retailing. Many of them already do. Our survey reveals that brands are starting to implement omnichannel leadership roles such as the Chief Customer Officer. However, the effect of these leadership changes have not yet permeated through organisations and silos still remain across companies.

Another area that needs work is personalisation. Consumers want to be able to have a conversation with a brand on an individual level, but all too often, the personal approach is lacking. This is due, at least in part, to an inability to join up technology and data: if brands don't have the information they need, it's impossible to provide individual experiences for a customer.

Moving into the next era

One only has to look at successful omnichannel retailers to see how the area can revolutionise customer service. They have combined the operational and delivery excellence of brands like Amazon with the ability to provide personalised shopping experiences across different channels.

But only a clear and concise omnichannel strategy will allow retailers to deliver greater sales and better customer retention. Along with a willingness to change, brands need to be able to pinpoint which improvements will provide the most value, and then order them into a roadmap.

There is no doubt this will take work, but the results are worth it. If brands incorporate personalisation into all parts of their customer experience design, they can provide more relevant and timely messages and offers, ultimately boosting sales.

This is in addition to completely transforming IT delivery models throughout the organisation. Retailers need to supplement their current approach of long lead time, 'big bang' projects with agile, iterative work streams that test concepts and optimise based on analysis and measurement.

Breaking down silos

All channels have a part to play in omnichannel, but the value and opportunity of each must be understood for it to be used accordingly. For example, retail should be embraced for showrooming, demoing products and convenient pick up and return. Meanwhile, online lends itself well to transaction and order management, and social networks are ideal for providing customer service.

The age of the customer has arrived and brands need to embrace the on-demand generation through anytime, anywhere shopping. Silos must now be broken down to enable a single, holistic view of the customer and their interactions with the brand.

2.

The omnichannel explosion

Evolving customer expectations

Ubiquitous mobile access, social network, and the much talked about Internet of Things (IoT) are seeing customer journeys switch between numerous channels and devices.

Amid this evolving landscape, there has been a fundamental change to the way in which consumers interact with brands. They expect retailers to provide a joined-up experience across multiple channels, but this is frequently lacking.

All too often, customers find themselves unable to return their online purchases in a shop. These silos are also present deep inside businesses, where a lack of integration between departments is preventing the best possible outcome for customers.

Time for change

In an age of start-ups designed around consumers, competition is constantly increasing, making it integral to create the seamless experience that customers expect. The answer lies in a move to omnichannel - channel experiences that are consistent and contextually relevant and personal to each and every customer.

Omnichannel should be designed to support the overall customer experience, allowing consumers to traverse channels easily. After all, when applied in the right way, this type of approach provides an overarching strategy that does what is needed to grow sales: it puts the customer first.

If brands are to apply omnichannel successfully, having an adequate strategy is key. Aberdeen Group Inc. found that companies with the strongest omnichannel customer engagement strategies retained an average of 89% of their customers, compared with 33% for companies where strategies were weak¹.

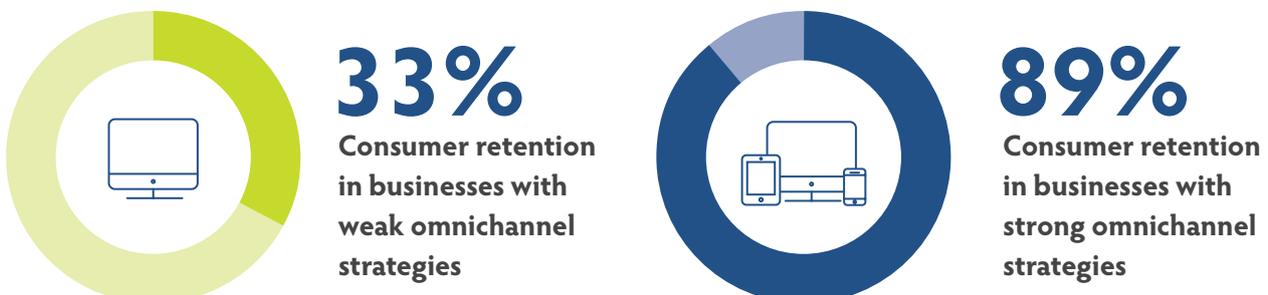


Figure 2.1: Omnichannel consumer retention impact

How does omnichannel add value?

The benefits are multiple. Effective omnichannel retailing:

- Responds to the complexities of real life and the diverse ways in which consumers interact with brands and make decisions
- Understands the natural interactions of consumers across numerous channels with a single brand
- Provides relevant and personalised 'moments' that build engagement and loyalty between a consumer and a brand

By creating more opportunities for purchase and making the interaction journey easier, omnichannel operations should result in higher sales and happier customers. So do omnichannel experiences actually produce better returns than single or multichannel operations?

The data says yes. A Deloitte survey found that omnichannel customers expect to spend 71% more than single channel shoppers². And the omnichannel benefits don't end with acquisition: the strategy creates more loyal customers, too.

According to a 2015 study by analyst IDC, omnichannel shoppers have a 30% higher lifetime value than those who make purchases using only one channel³. With up to 63% of shoppers using multiple channels when making orders over £100, providing a cohesive experience will help unlock higher value purchases⁴.

The increased spend by omnichannel shoppers compared to single channel

+71%

The percentage of a higher lifetime value of omnichannel shoppers

+30%

The amount of shoppers who use multiple channels

63%

Figure 2.2: Omnichannel shopper differences

Putting department stores back at the centre of retail

With personal shoppers, in-store dining and the latest fashions all in one place, department stores previously sat at the centre of retail. But in-store retailing is declining: according to the U.S. Department of Commerce Census Bureau, footfall has been on a downward trend since the early 2000s⁵.

This change has been fuelled by online shopping, which has transformed the way customers expect to buy from and interact with retailers. Yet e-commerce does not represent the death of bricks and mortar; it merely adds another option to the mix. The result? Customers are choosing to communicate and purchase in a variety of channels.

This omnichannel experience must now be catered for by department stores, which need to move from a world of siloed experiences to a multi-faceted strategy putting the customer's needs at the centre.

Establishing this omnichannel retail experience is not easy: it requires a step-by-step approach. So what are the three main obstacles to omnichannel and how can these be overcome?

Omnichannel barriers

1. Absence of a clear, business-wide customer experience design

Many organisations lack a clear, business-wide customer experience design, leaving the onus on individual departments and channels to identify what is desired. The only way to create a roadmap for an omnichannel strategy is to invest in designing a channel-agnostic customer experience.

With an overarching customer experience design in place, businesses can identify the necessary improvements needed to deliver an omnichannel experience, and then assess what is required to enable implementation. This can be ordered into a change roadmap that allows the best combination of short and long-term return and deliverability.

2. Disjointed organisational structures

Few businesses have dismantled online, offline and mobile channel silos in favour of a single retail P&L. However, it is this departmental and geographical business unit separation that prevents the company-wide collaboration needed.

With each department focused on its own separate aims, businesses can't simply tag omnichannel roles onto existing teams. Nor will omnichannel teams with a strategic and advisory function have any effect if they don't have the authority or budget to bring about business and digital transformation.

Additionally, there is a need for bonus and reward incentives to evolve to recognise value generation throughout the customer journey, not just at sale.

Changes also need to happen at the very top. Eventually omnichannel will bring about a fundamental boardroom restructure, with the creation of a Chief Customer Officer and, for many, a Chief Data Officer (CDO).

3. Inability to use data and technology to provide personalisation

Pivotal to a successful omnichannel strategy is creating a personalised customer experience. Yet many organisations lack the data necessary to facilitate the one-to-one connections that consumers desire.

In almost every organisation, some isolated data capture takes place in channels that is not funnelled into a single repository. The strategic collection and translation of this data then becomes an impossible task, with silos creating additional information more quickly than it can be translated and transferred.

In order to supplement long-term strategic data programmes, organisations must have tactical projects that create a single customer view from an aggregated cache of the current siloed information. This will allow firms to leverage the immediate benefits and insight that come from providing personalised customer experiences.

Tightly aligned with the data capabilities of an organisation is its technology platform. The biggest architectural driver in recent years for IT platforms has been scalability in terms of volume and depth. However, omnichannel strategies require flexibility for providing the same breadth of capability into every channel, rather than depth.

Historically, new IT enhancements haven't been implemented with a default cross in the 'make available in all channels' box, making it painful to create a cohesive, consistent experience. The typical IT approach that sees the implementation of multi-million pound strategic change programmes does not provide the ability to respond to rapidly evolving customer needs and expectations.

The future is omnichannel

There is no doubt that the omnichannel world is here to stay. The firms that master the design and implementation of omnichannel will be able to future-proof their operations, setting the benchmark for a better customer experience and, ultimately, improved financial return.

3.

Customer insights

Customer experience is driving change

Customer experience is the driving force behind omnichannel, so what do consumers think of department stores' existing strategies? We asked consumers a variety of quantitative and qualitative questions around shopping habits; how they use digital to browse and buy; and how the shopping experience could be improved in the future.

Omnichannel offers great potential for personalisation. Yet according to 80% of customers, this is not currently part of any shopping experience. Even purely online retail journeys aren't taking full advantage of personalisation. Product recommendations aren't smart enough to entice customers, and tend to get ignored.

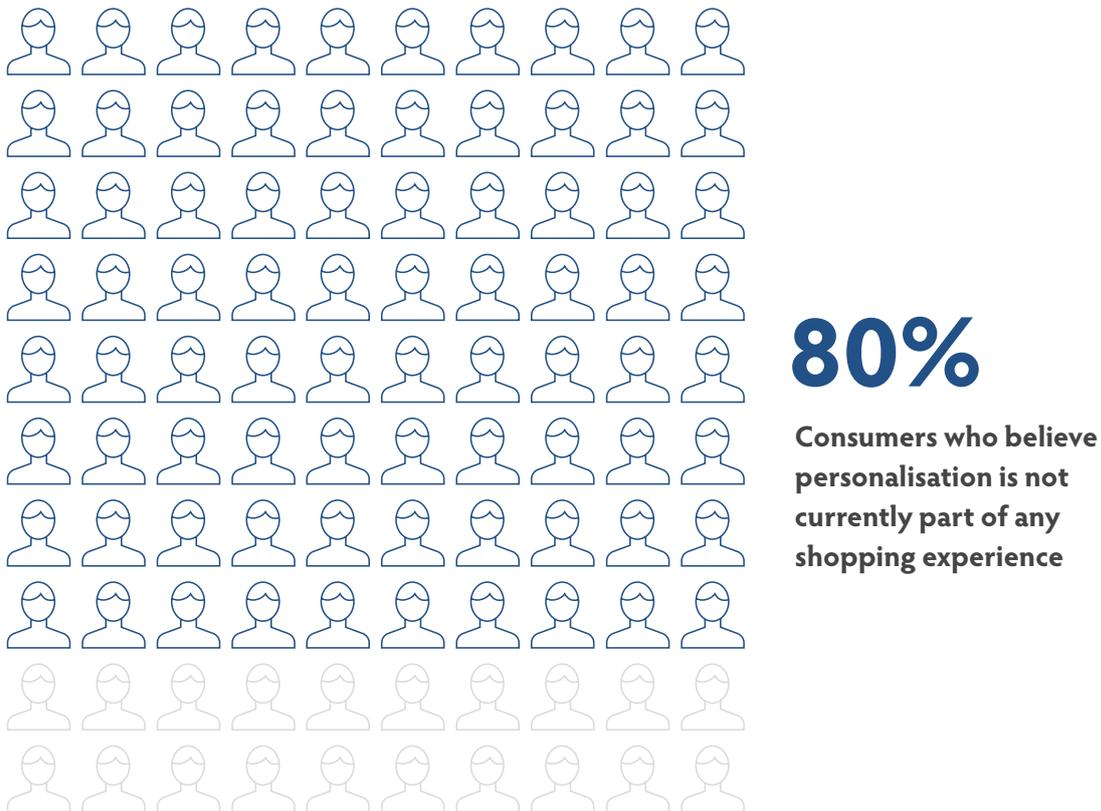


Figure 3.1: Consumer perception of personalisation

Leveraging all channels

Whichever channel consumers ultimately use to make the purchase, digital is key in decision-making. According to the survey, 63% of those visiting a store want to compare prices online before buying, and 40% check out reviews.

The numbers are even higher for online shoppers, at 85% and 84% respectively. This is perhaps because shoppers tend to be further along the path to purchase by the time they visit a physical retailer: 78% of respondents report that, while in a store, they like to hold or touch products, and 59% say they are keen to try out items.

The survey also found that on top of reading reviews and comparing prices, a significant proportion (80%) of online users want to learn relevant information about a product. This implies customers are comparing a large number of items, whittling down the options into a shortlist before going in-store to make a decision.

This also works in reverse. The practice of ‘showrooming’ – researching products in-store before going online to get better prices – is increasingly common. Many respondents say they have adopted it as an essential shopping tactic, using tools such as Amazon’s in-app barcode scanning to track down items.

One consumer describes purchasing a new suitcase: “Looking for cabin baggage, I first searched online, then checked out a small number of options in-store, before buying my favourite [one] online afterwards.” However, this multichannel world isn’t always available to customers, with many retailers still struggling to match products and prices across channels. This is confirmed by 64% of respondents, who report inconsistent pricing between online and in-store. In fact, one respondent observes: “In most cases, the digital and in-store experiences [of the same retailer] are disconnected and feel like separate shops entirely.”

Another adds: “Quite often, the product range is very different between in-store and online.” Retailers are missing an opportunity. Consistent product ranges, prices and reductions across channels creates an ecosystem that encourages customer loyalty.



Figure 3.2: Consumer behaviour before buying

Purchase challenge

Consumers also like to be offered multiple options when purchasing items. The computer is king when it comes to buying products, but in-store isn't far behind: 80% of customers say they purchase mostly through their PC and 76% usually buy in-store. With smartphones becoming ubiquitous, mobile is also becoming key to the overall buying experience. It is another popular option, with 56% buying on the web using a mobile device, and 27% through an app.

However, improvements are needed in this area. For example, there's still a perception that the mobile experience is inferior to desktop, indicating that retailers have failed to optimise their offerings. Additionally, only a third of respondents describe their mobile shopping experience as 'fantastic' or 'good'.

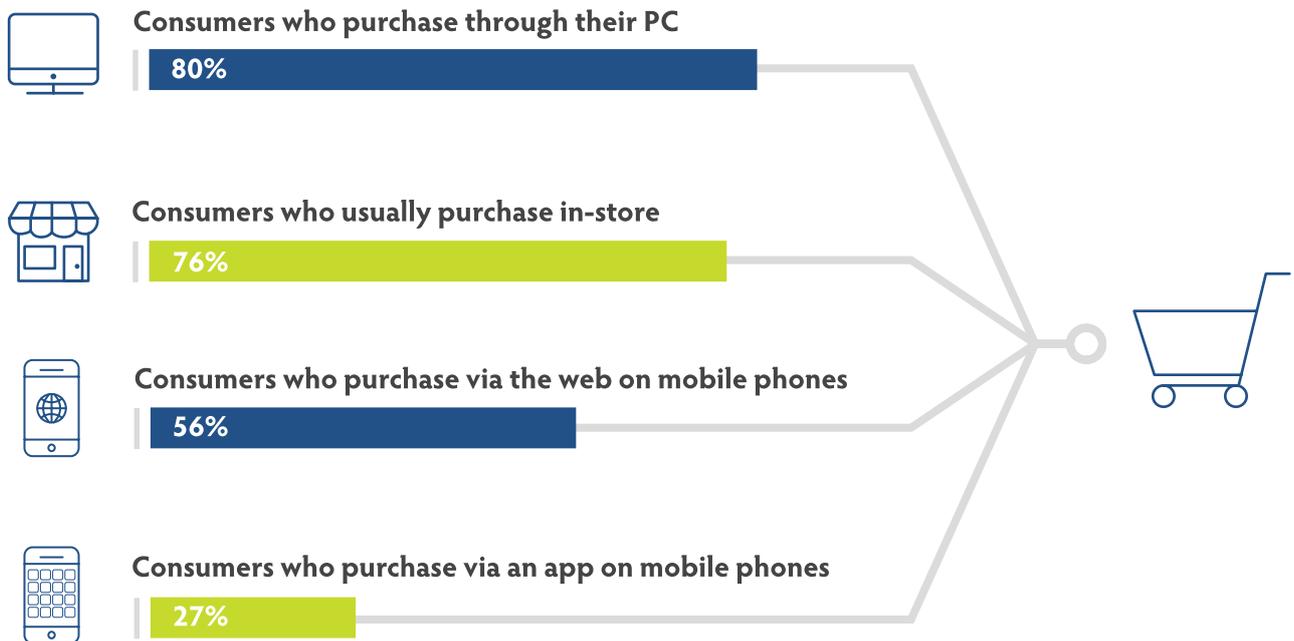


Figure 3.3: Consumer purchase platform preferences

Another key part of the omnichannel interaction is customer service, and many retailers are using the power of digital to enable faster response times and better overall quality in this area. It is reflected in a significant shift towards new channels such as social media, with 39% of survey respondents saying they'd used this method to access customer support services. Other customers like to access support through a variety of alternative channels: 54% say they prefer email; 63% the phone; and 29% face-to-face.

Despite this diversity, the customer experience isn't always joined up: 56% of those surveyed report that customer service representatives have been unable to access their personal information, preventing them from responding more appropriately. This is a wasted opportunity. A personal touchpoint with a disgruntled customer can convert an efficiently solved problem into long-lasting loyalty.

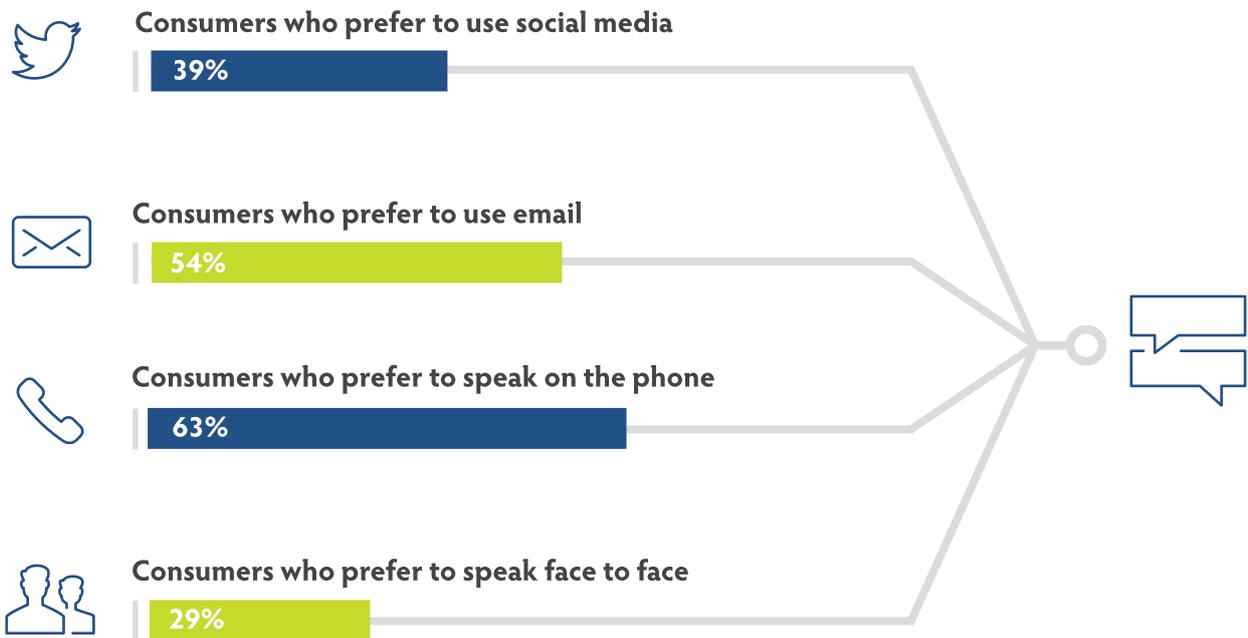


Figure 3.4: Consumer customer service preferences

Delivering the goods

Delivery and returns remain a pain point that hasn't been solved despite the continuing move to omnichannel. Flexibility is vital: customers flit between click and collect (77%); digital delivery (62%); in-store purchase to home delivery (56%); and online reservation to in-store purchase (48%).

Offering a wide range of delivery options is more important for department stores than for other retailer, due to the sheer variety of products available. After all, a customer's ideal purchase and delivery journey for a piece of furniture or large electrical appliance will be very different than that for an item of clothing.

However, customer expectations around deliveries are relatively relaxed, with 65% of respondents expecting delivery within two to three days and only 15% anticipating items the next day. But these expectations are not always compatible with customer needs: 57% of shoppers report they have paid for faster or more convenient delivery.

Meanwhile, 94% of respondents say they would like to be offered a choice of specific, timed delivery slots. Consumers have growing expectations around alternative delivery methods, such as leaving packages with a neighbour or in a safe place, or on-the-fly redirections to alternative addresses.

Overall, the survey results make it clear that customers often feel unfulfilled by their omnichannel experience, so it's vital that retailers improve their approach. A wider variety of options are needed and there is scope for a much more consistent journey across channels.

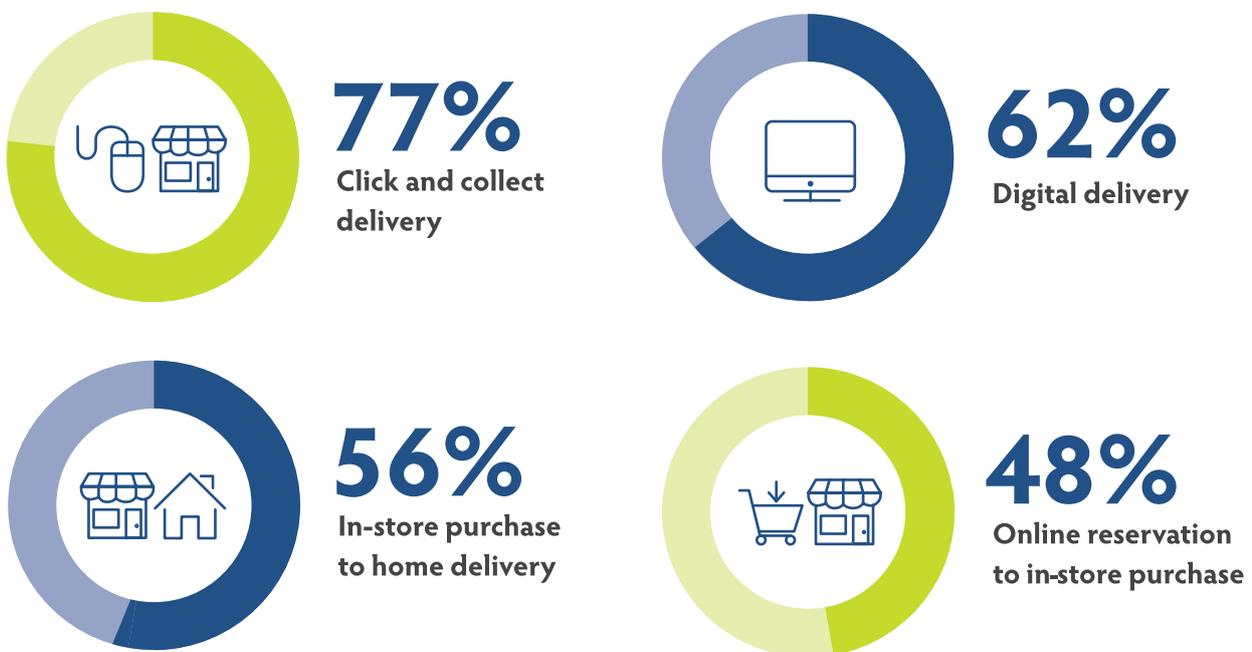


Figure 3.5: Consumer delivering preferences

4.

The Omnichannel Index™

Evaluation approach

The Omnichannel Index™ is a method of measuring the omnichannel capability of brands and ranking them within their sector. As a large-scale multichannel market with a diverse product portfolio, department store retailing is an interesting area of focus. This is because it poses a particular challenge when businesses are aiming to provide consistent, personalised digital experiences across all channels that are needed to excel in omnichannel.

Eight different department store brands have been selected across the UK and US, based on their size, customer volumes and retail store territory coverage: Bloomingdales, Debenhams, House of Fraser, John Lewis, Macy's, Marks & Spencer, Sears and Selfridges.

Each brand was evaluated using a scorecard assessing four key metrics:

- **Consumer retail experience:** The ability for customers to traverse channels easily, receive a personalised shopping experience, and access consistent pricing, promotions and customer service across channels.
- **Strategy and brand positioning:** The customer experience leadership in place at the brand and the organisational strategy for delivering a customer-centric retail model that incentivises excellence in this area.
- **Operational and delivery capability:** The visibility and cross-use of inventory across different channels in addition to the breadth of delivery and return options.
- **Technology and data:** The ability to create and leverage a unified view of each customer that enables early identification and cross-channel analytics.

Between January and March 2016, Rockpool omnichannel digital experts mystery-shopped and evaluated each brand based on 32 sub-metrics across the four key areas. A verification and calibration exercise ensured retailers had been evaluated fairly and consistently between researchers.

Within each of the four areas, the sub-metrics were scored and weighted based on current consumer expectations and omnichannel best practices to produce an overall index score for each area. The scores were used to rank the brands and produce an overall department store ranking table.

Who is leading omnichannel retailing?

Leading the overall Omnichannel Index™ rankings – and all of the four main metrics – is US-based Sears. A near perfect strategy and brand positioning score has set this retailer up for success, on top of an excellent score in the ‘Retail Experience’ category. Among its strengths, Sears provides a highly cohesive and engaging customer experience across channels. The only areas left to conquer are a move from adaptive to responsive web design, as well as the addition of more immediate delivery options and greater mobile payment choices.

Ranked second and third are Macy’s and House of Fraser. Macy’s performs well across most metrics, only falling out of the top three in ‘Operational and Delivery Capability’ because it’s not possible to reserve online and buy and collect in-store, or obtain next day or named delivery slots.

House of Fraser performed consistently across metrics, scoring highly in ‘Operational and Delivery Capability’ and coming second to Sears in the ‘Retail Experience’ metric. However, poor integration with the wider app ecosystem, a lack of support for mobile payments and a struggle to create one-to-one connections with customers place it mid-table in the ‘Technology and Data’ category.

The overall and individual area Omnichannel Index™ rankings for all brands are shown below:

	Overall Omnichannel Index™	Retail Experience	Strategy & Brand Positioning	Operational & Delivery Capability	Technology & Data
Sears	1	1	1	1	1
Macy’s	2	3	3	5	2
House of Fraser	3	2	4	3	4
John Lewis	4	6	2	2	5
Bloomingdale’s	5	8	4	7	2
Selfridges	5	3	6	6	5
Marks & Spencer	7	5	7	3	8
Debenhams	8	6	8	8	5

Table 4.1: Department store Omnichannel Index™ rankings

Oceans between the UK and US

The US department stores outperform the UK in all four metrics. This is no doubt in part due to the customer service culture and higher expectations in the US. UK department stores performed best and came closest in the 'Operational and Delivery Capability' area. Key to this was an ability to manage different order scenarios by offering next day or named time slot deliveries and extended pick up locations.

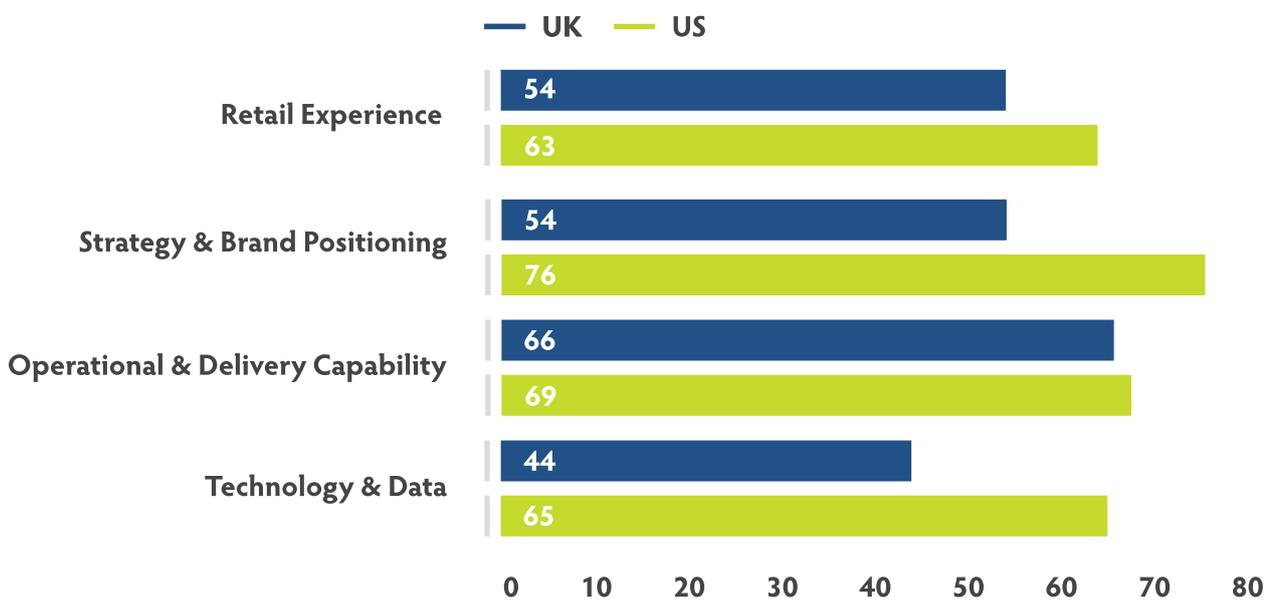


Figure 4.2: UK and US omnichannel scores

Pioneering in retail experience

The retail experience is integral to omnichannel, yet seven of the eight brands are average in this area. Sears is the only store that performs well, by offering a retail experience that delivers high levels of personalisation. In addition, unlike many of its rivals, Sears aims to immediately resolve social media queries rather than redirect customers to a more well-established channel. On top of this, Sears arms employees with digital devices to facilitate the better levels of service needed to be an omnichannel leader.

All department stores except Selfridges demonstrate high channel availability, but this doesn't necessarily translate into effectiveness. Pricing and promotions between channels is often inconsistent and customer service options limited.

Another metric, personalisation, is crucial when it comes to targeting customers, but UK department stores are struggling to meet the criteria. Device personalisation is merely adequate, and personalisation based on location, situation or behaviour is almost non-existent. This improves slightly in the US, buoyed by Sears' holistic approach and Bloomingdale's and Macy's focus on location personalisation.

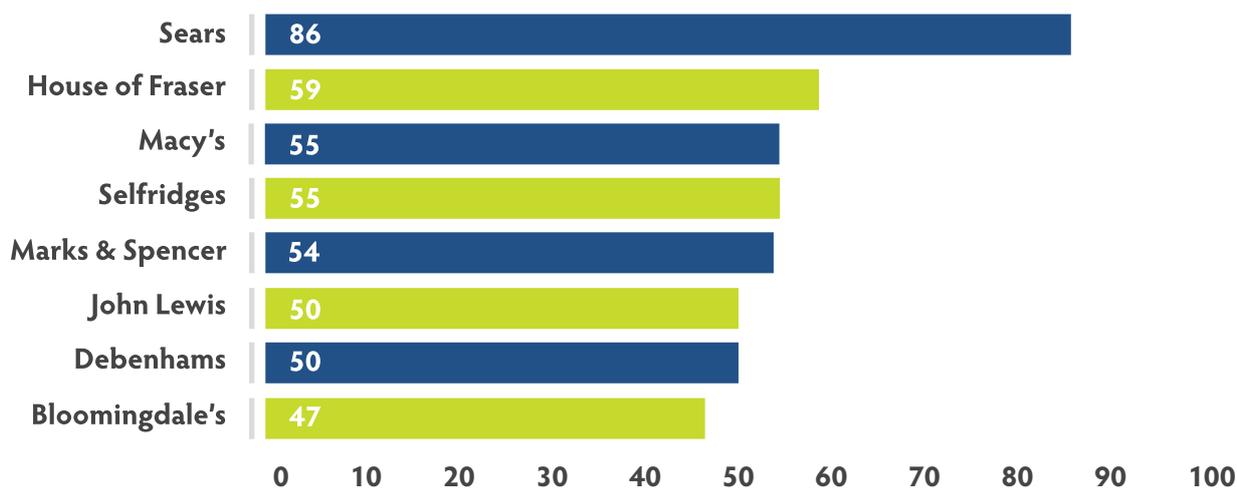


Figure 4.3: Department store Retail Experience scores

Early omnichannel adoption

Early adoption is one of the keys to omnichannel success. This is demonstrated by the fact that the top two department stores in this area, Sears and John Lewis, started embracing omnichannel early on, in 2013 and 2012 respectively.

Another important factor for omnichannel excellence is strong leadership. Department stores are racing ahead in this area: clear customer experience roles are in place across all brands except Debenhams and Marks & Spencer. Overall, most of the retailers have started the move towards a customer-centric, channel-agnostic model, with Sears and John Lewis leading the way.

Yet there is little evidence of customer experience-linked incentives across UK department stores. This is a glaring omission: Omnichannel strategies should appreciate the importance of every channel playing its part in the wider customer experience design. Therefore, incentives need to shift focus away from rewarding the channel that got the sale, to a model that recognises all aspects of the customer journey.

If retailers are embracing omnichannel, they also need to let their customers know about it via in-store signage and prompts. Bloomingdale's and Macy's in the US and Debenhams and Selfridges in the UK are failing in this area, missing the opportunity to educate customers on the availability of mobile and online options.

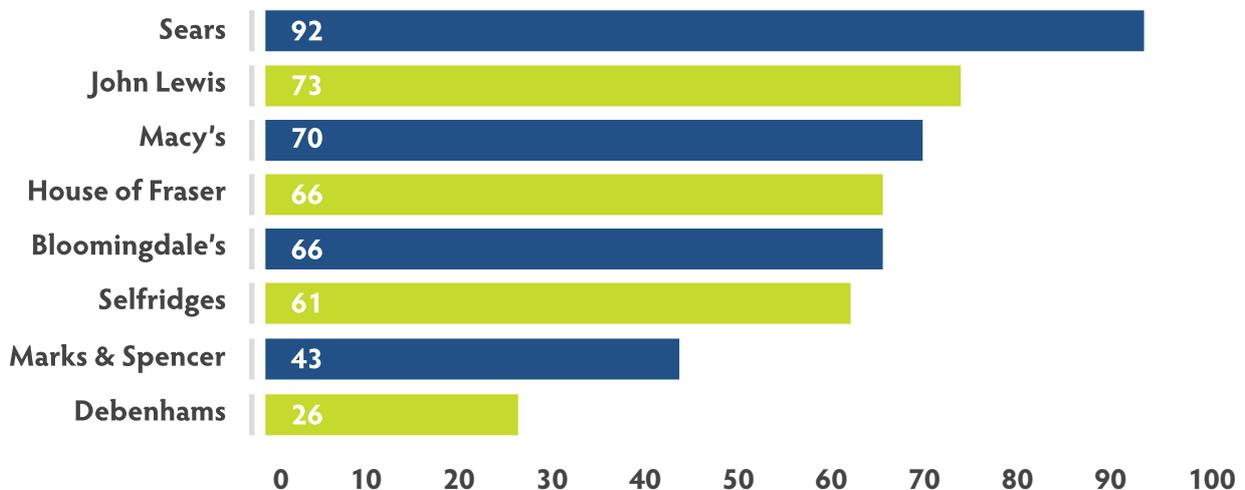


Figure 4.4: Department store Strategy & Brand Positioning scores

Operational excellence in practice

The overall brand index scores for operational and delivery excellence are higher than any of the other three areas. This is perhaps unsurprising given this is the initial focus point for many brands' omnichannel strategy. Even so, used well it provides a great backbone for brands to delight customers with convenient and timely access to products, and easy options for returning them.

Operational excellence is being achieved in several areas: click and collect is ubiquitous across all brands, and return anywhere has been well adopted across the department stores. However, reserve online and buy or collect in-store is the worst performing sub-metric within this area. This perhaps indicates that retailers are still centrally distributing inventory to stores following an order, and haven't yet mastered a single inventory model with the ability to access and easily move stock between sites.

In addition, a notable point is the absence of next day and named delivery slots options in the US caused by greater geographical challenges than in the UK.

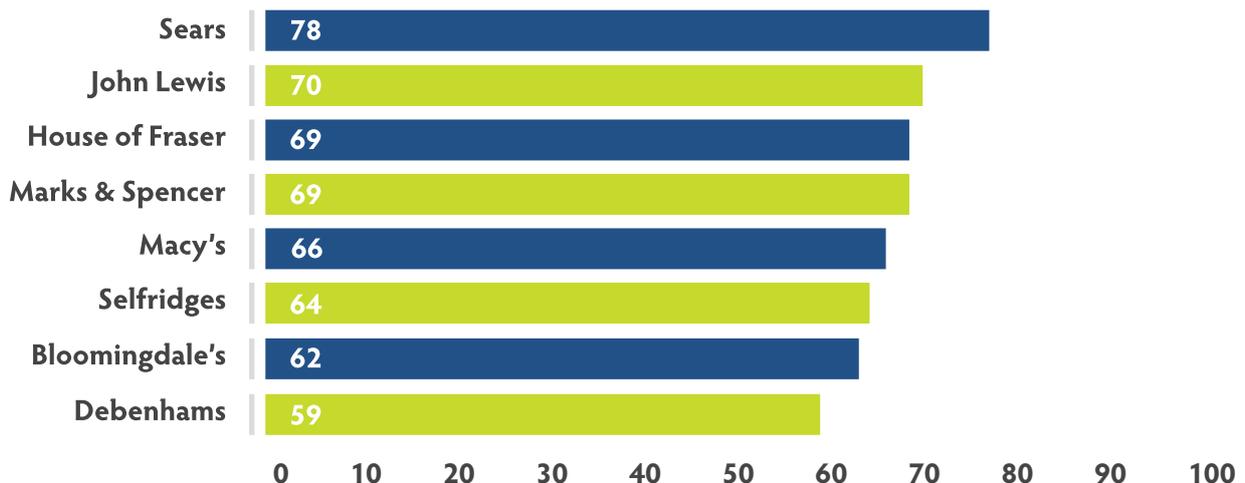


Figure 4.5: Department store Operational & Delivery Capability scores

Tech savvy and data integrated

Omnichannel requires a digital mindset as well as the technology to back it up. Although there has been some progress, technology utilisation and data integration is the worst performing metric across the four areas.

The US department stores are performing better on the data side: all have been able to better bring information together into a single view of the customer. But this is lacking in the UK department stores, with none showing evidence that they have a consolidated view of each customer.

Meanwhile, all brands other than Sears struggle with identifying customers early in an interaction. With identification pivotal to most personalisation strategies, this supports Sears' high personalisation scores, and the other brands' failings in this area.

Perhaps unsurprisingly, the relatively new area of mobile payments has low adoption in department stores. Likewise, there is little integration of brand mobile apps with wider app ecosystems.

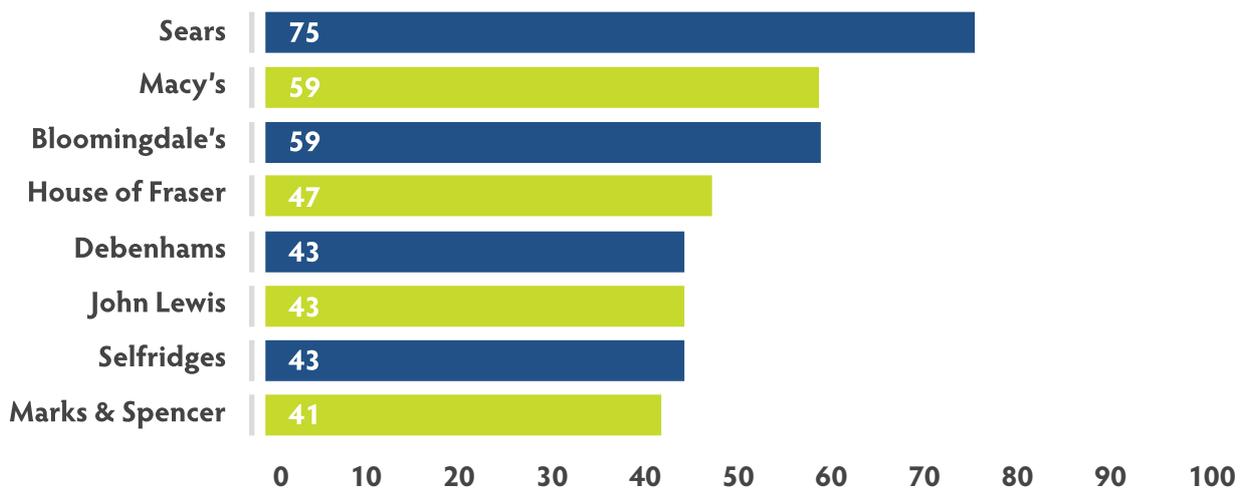


Figure 4.6 Department store Technology & Data scores

Sears

An omnichannel brand ahead of its time, Sears has been embracing omnichannel for three years. It demonstrates excellence in many areas, with few gaps left to be filled.

Strengths

- Location, situation and behavioural personalisation
- Social customer service availability
- Cross-channel loyalty programme
- Single customer view

Weaknesses

- Next day and named delivery slots
- Mobile payment options
- Responsive web design



Retail experience:

Omnichannel achieved through differentiation and a focus on the customer experience.

A strong identity is key to a great joined-up retail experience. Sears is taking note and this can be seen in its innovative initiatives geared towards omnichannel. One differentiating factor is the digital signs available in-store, which allow customers to email themselves information about a given product. Customers can also book an appointment with a sales associate online in advance of arriving at the store.

Many retailers will direct social media customers through to a phone number or email address rather than dealing with them on the spot and in their chosen channel. Sears’ omnichannel strategy takes this finer detail into account: the retailer offers direct responses through Twitter or Facebook, and attempts an immediate resolution.

Products, including discounted items, are priced consistently across the web, mobile app and in-store. Also impressive, from both a technology and customer experience perspective, are the hand-held digital devices issued to Sears employees, from which they are able to access competitor pricing and match it.

Sears hasn’t forgotten personalisation either. The mobile app detects when a customer is in-store and adapts to fit the particular retail site. However, some areas still need work if Sears is to offer the best possible omnichannel experience. For example, the website is optimised but not responsively designed, so may cause problems on smaller screen sizes and tablet devices.

Strategy & brand positioning:

Demonstrates omnichannel excellence and continued focus.

Customer experience and omnichannel selling are already well established at Sears: innovations such as its digital signs date back to 2013. The retailer places huge value on joined-up retail and knows omnichannel is important to sales. This is also reflected in the customer experience roles at executive level and in each store.

As Senior Vice President, Customer Experience and Integrated Retail, Leena Munjal leads Sears' omnichannel charge and a single retail P&L has been established, known as 'Sears Domestic' consisting of sales across all channels.

Its omnichannel focus is also apparent in stores, where signage advertises the mobile app and various other services.

Sears rewards employees for customer service, focussing not just on sales but lead nurturing and fulfillment. Meanwhile, the Sears 'Shop Your Way' loyalty scheme is automatically linked to online profiles without the need to sign up separately.

Operational & delivery capability:

Creative distribution methods, but several things missing.

Creativity is important when it comes to omnichannel. Sears is applying this to its orders and delivery. Ordering online allows users to view whether or not a given product is available in a nearby store or at a distribution centre for direct shipping.

Behind this, Sears' order processing workflows route through distribution centre types to find the most effective method of getting an item to the customer. There are five 'Roadrunner' distribution centres that give better regional coverage, on top of a string of 'Cheetah' stores used as a buffer to serve seasonal demands quickly. Sears has further incorporated 400 'Falcon' stores using staff downtime to fulfill orders.

Sears can view details of a given order across in-store, online and phone, with the ability to make changes regardless of channel. Click and collect is in place and items bought online can be returned in-store, or at a local KMart.

Although it's possible to view if items are available, customers can't get visibility into how many items are in stock using any of the online channels or kiosks. In addition, group delivery isn't possible for items from certain departments and next-day shipping is only available for large items.

Technology & data:

Harnessing the power of data, but a few small gaps to fill.

Sears is also making good use of the power that can be provided by technology and data. Analytics, including Google, are used online and a single data repository exists that provides consistent customer information to all channels.

Staff can track orders across mobile and web, and the app is auto-logged in once registered. Sears' iOS app utilises push notifications, but TouchID isn't available, which would speed up the log-in process and increase customer loyalty.

Macy's

Bloomingdale's owner Macy's is pressing ahead in omnichannel, but it needs to further embrace digital.

Strengths

- Leadership roles
- Single customer view
- Cross channel analytics
- Inventory visibility

Weaknesses

- Social customer service
- Employees digitally enabled
- In-store omnichannel signage



Retail experience:

Great digital experience, but some areas lacking.

Macy's owns Bloomingdale's, so unsurprisingly the pair's omnichannel abilities line up in most areas. The retailer offers strong digital capabilities with customer service available through all the expected channels. The retailer's website is optimised using adaptive technologies, and the Macy's mobile app contains an expanded set of features, such as the ability to scan barcodes.

Macy's has consistent pricing, with products available for the same deal across the web, mobile app and in-store. However, the retailer's online-only discount and promotion codes could irritate customers who would like a choice of purchase channel.

Overall, there are some digital and technology failures: emails are not mobile optimised and the Macy's website is not responsively designed, which may cause problems on smaller screen sizes and tablet devices. The retailer uses social media, but customers are typically asked to get in touch with the brand's call centre after an initial approach on Twitter or Facebook.

In addition, employees can check stock via an ePOS system, but there is no mobile technology available on the shop floor. Kiosk points allow customers to look up product availability across other stores and online, but these are sparsely distributed and often hidden away.

Strategy & brand positioning:

Strong omnichannel positioning lining up with Bloomingdale's.

Macy's and its sister department store Bloomingdale's follow the same strategy, 'M.O.M' (My Macy's localisation, Omnichannel integration, and Magic Selling customer engagement). Overall, the business has a strong focus on omnichannel from a top-down perspective. Macy's Chief Omnichannel Officer is focused on driving forward the initiative within the business, showing the company is recognising the importance of a joined-up approach.

The retailer knows omnichannel makes customers valuable and, as such, brand positioning includes customer-centricity elements. As part of this, Macy's is aware customer service is key to enhancing the omnichannel experience and employees are therefore rewarded for going the extra mile. This is enhanced with sales-based incentives: Macy's Plenti reward system picks up in-store and online sales with rewards points allocated across channels and makes information visible from an online account.

Meanwhile, there is strong integration between channels at a technology layer, but the in-store experience feels somewhat lacking. This must be improved if Macy's wants to win customers against its rivals in a busy city such as New York.

Operational & delivery capability:

Single view of inventory available, but some areas are behind.

Macy's has a single view of customer inventory across the business, enabling it to demonstrate excellence in omnichannel. The retailer can track orders from online and in-store, and phone orders can be split. However, back and recurring orders are not in place, despite the fact that all the usual delivery options are available. On another negative note, splitting is only possible where one or more items is preordered; and there's no option for named slots – or the possibility to receive a delivery in less than one to two days.

Technology & data:

Impressive technology and data use but a few omissions.

As the amount of data created by customers surges, so does the complexity of handling it. As owner of department store Bloomingdale's, Macy's knows this well. Therefore, the retailer uses innovative concepts, tools and apps in the aim for seamless channel transition.

Systems have been integrated with app ecosystems such as Apple's iOS and TouchID. Customers can access lists, items in the cart, and purchased items across the online and mobile app. This information can be accessed by call centre teams. Moreover, Macy's uses analytics tools including Adobe Omniture to provide a personalised shopping experience.

Like Bloomingdale's, Macy's payment options are more limited and need to be improved upon if it is to offer a competitive digital experience. There is the ability to pay with PayPal online and Apple Pay in-store but no other mobile payment options are available.

At the same time, the retailer sometimes offers better functionality than Bloomingdale's. For example, Macy's has better visibility of distribution centre information because it can view the number of items available, while Bloomingdale's can only offer insight into whether or not items exist.

House of Fraser

Strong strategy and brand positioning, but House of Fraser has not yet mastered the art of knowing its customer better.

Strengths

- Social customer service
- Omnichannel leadership
- In-store omnichannel signage

Weaknesses

- Situation personalisation
- Mobile payment options
- 1:1 customer connections
- Digitally enabled employees



Retail experience:

Good at the basics but some fundamental flaws.

In omnichannel retailing, it's important not to forget the basics. House of Fraser is a good example of a department store abiding by this, because the retailer is able to serve customers through the channels they expect.

For example, whether they are in-store, on a mobile, online or using social media, customers can access support centres with staff ready to assist. This makes getting a response about orders, payments or products incredibly simple. Customers can purchase any product with ease and the experience is fairly consistent: House of Fraser is clearly a leader when it comes to meeting multi-channel expectations.

Even so, some areas are lacking. It is not always easy to traverse channels and the experience can lack the personal touch.

The lack of connectivity and charging points in House of Fraser's high-street offer could be a fatal flaw, and there needs to be more consistency between the in-store and online inventories.

In addition, there is room for improvements in staff visibility around stock levels. House of Fraser fails to equip in-store staff with tablets and the other mobile technologies that would help it better attribute credit between stores and digital channels.

Strategy & brand positioning:

Strong leadership, but some silos exist.

House of Fraser's Chief Customer Officer Andy Harding is an omnichannel leader focused on the customer, irrespective of how they are served. The retailer must now create a business culture around this that can measure and reward – and this must filter down further because there are still silos between in-store and online.

At the same time, digitally at least, there isn't a clear conflict of interest between channels. However, it is worth questioning whether any department store that hosts concessions can ever shift its priorities from in-store purchases to the overall customer journey and brand experience.

Operational & delivery capability:

Severe limitations and lacking advanced offerings.

House of Fraser offers deliveries at short notice, convenient times and to the location that is closest, but there are severe limitations to the real experience had by most customers.

For example, same-day delivery outside of the M25 for London and Birmingham is poor and the pricing structures are erratic. More advanced delivery capabilities such as splitting orders, ordering between stores and in-flight order modification aren't openly available either. House of Fraser needs to work to satisfy modern customers' expectations by increasing capabilities and better presenting the delivery offerings currently available.

Technology & data:

A stack of tools that fail to join up.

House of Fraser's stack of analytical tools should be the envy of its rivals, but their complexity is a limiting factor. While data offers a single view of the customer, purchase history and a detailed understanding of their online experiences, an over-reliance on point analytics at different stages distracts from a deep understanding of the person behind this and what they will be interested in next.

So, while House of Fraser can leverage some digital insights well, the advanced end goal of providing a single experience for each individual is not being realised. The retailer needs deeper integration between each channel and its data if it is to challenge rivals' omnichannel offerings.

John Lewis

John Lewis offers a great online experience and the customer-focused brand is geared towards omnichannel. However, there are inconsistencies, and channels remain siloed in some areas.

Strengths

- Consistent pricing and promotion
- Customer experience leadership roles in place
- Customer-centric, channel-agnostic retail model
- Extended pick up locations

Weaknesses

- Location and situation personalization
- Full inventory visibility and usage in all channels
- Online order management
- Single customer view across all channels



Retail experience:

Strong, but digital capabilities can be inconsistent between stores.

John Lewis offers a great online presence across channels and there are many options for users wishing to access customer services. With a presence on Facebook, Twitter, Instagram and Pinterest, the retailer is active within social media channels. However, the brand is lacking a seamless transition between channels unless customers are logged into their online account.

Even so, prices and promotions are consistent at John Lewis. This is backed by the retailer’s ‘price promise’ – a key part of its brand proposition that gives customers the chance to claim the price difference if they find a better offer in another store.

However, John Lewis has not paid much attention to giving its website the personal touch. The only personalised elements are ‘your recently viewed items’ and the promotions given to customers that sign up to be a member.

On top of this, digital capabilities are inconsistent and vary from store to store. It’s not guaranteed that John Lewis offers the same things in different stores, and flagship sites are far superior in terms of digital enablement than smaller, local shops. This makes the overall experience very fragmented.

Strategy & brand positioning:

Solid, with an organisational structure angled towards omnichannel.

John Lewis is one of the leaders in terms of recognising the importance of omnichannel, which is among its key areas for investment in 2016. Its organisational structure includes multiple omnichannel and experience roles, including Chief Customer Officer at board level, indicating that the retailer is trying to break down any silos.

It is obvious that John Lewis' is a customer-focused brand whose which emphasises is on having the user at heart. It aims to make it as easy as possible to engage, with a loyalty scheme available to customers in on and offline channels.

Operational & delivery capability:

An innovative approach, but poor inventory awareness.

Innovation is key to omnichannel. By taking advantage of creative ideas – such as 'Click and Commute' at St. Pancras station which enables users to have more say in where and how they would like to receive orders – John Lewis is leading in this area. Although the retailer offers many different ways to receive and return orders, it does not allow online reservations to be picked up in-store.

In addition, John Lewis' inventory awareness is poor. Stock availability is not shared between online and physical shops, and therefore there is no easy way of checking what is available locally without calling the store itself.

This is on top of weak order management. There is no smart way of moving stock around to meet demand and the retailer lacks the means to check where products are available through the website: Orders can only be modified or cancelled by calling customer services. There isn't any order management functionality online, and orders are often delivered in multiple packages and at different times, depending on where the stock is located and if it is available at the time of purchase.

Technology & data:

Invested in analytics but lacks a clear single customer view.

John Lewis has invested in multiple different analytics tools, which should enable it to collect and use information about customers and their preferences. However, the retailer does not offer one, single customer view and it doesn't feel as if the brand really knows its customer – even those that visit regularly and have a loyalty membership.

The retailer lacks technology platform integration with offerings that customers might want to use, such as social log-in. In addition, John Lewis lacks the means to identify users. It's clear the retailer needs to improve in this area if it is to get ahead of its rivals.

Bloomingdale's

A focus on joined-up channels shows Bloomingdale's is realising the importance of omnichannel. However, there's room for improvement.

Strengths

- Location personalisation
- Customer experience and omnichannel leadership roles
- Single view of orders and inventory across channels

Weaknesses

- Inconsistent cross-channel pricing
- Employees not digitally enabled
- Early identification of the customer



Retail experience:

Focus on customer service, but some digital aspects found wanting.

US department store Bloomingdale's is embracing omnichannel. This is demonstrated by its focus on customer service, which the retailer ensures is accessible via multiple options. However, there are gaps in Bloomingdale's capabilities: for example, contacting the retailer via social media is tricky because customers are immediately instructed to email, rather than being dealt with on the spot.

A well-rounded omnichannel experience needs to include consistent pricing, but sadly, certain products are cheaper on the Bloomingdale's website than in-store. Promotions appear to be synchronised across channels, however some discount and promotion codes can only be used on the web or via the mobile app.

A great mobile experience is essential to omnichannel, and Bloomingdale's is sometimes lagging behind in this area. For instance, while the phone app offers an expanded set of features such as the ability to scan barcodes, mobile website users are not prompted to download it, and emails are not mobile optimised. In-store, the retailer doesn't use any mobile technology - although employees can check stock via their ePOS system.

In addition, Bloomingdale's attempts at personalisation are a mixed bag, depending on the channel used. This is something the retailer needs to improve if it is to provide a consistently good customer journey.

Strategy & brand positioning:

Strong with a clear focus on joined-up channels.

Bloomingdale's knows the importance of strategy and the business has a strong focus on omnichannel from a top-down perspective. The company's Chief Omnichannel Officer is playing a pivotal role in driving this forward, illustrated by several initiatives within the business.

Bloomingdale's is aligned with its owner Macy's and both stores abide by a strategy they call 'M.O.M' ('My Macy's localisation, Omnichannel integration, and Magic Selling customer engagement') across all channels. Macy's and Bloomingdale's previously ran as separate companies for in-store and online; this has now been dismantled and the two retailers merged. Because customer service is taken very seriously at Bloomingdale's, incentives are in place for employees, but the scheme does not cross channels.

Meanwhile, Bloomingdale's Loyalist program can be used in-store, online and via the mobile app, allowing the retailer to tie purchases together.

Operational & delivery capability:

Embracing the customer, despite a few omissions.

Other than a few minor omissions, Bloomingdale's is listening to what its customers want from deliveries and returns. The ability to track orders from online, in-store and phone gives Bloomingdale's a single view of customer inventory across the business.

The retailer is also flexible in this area: orders can be split into different delivery methods and a 'return anywhere' process is in place. International delivery is available and customers can be billed in native currency, with the exception of some departments. On the negative side, there's no option for named slots, and super-quick delivery isn't possible for those who might need an item immediately. The fastest delivery option is between one and two days.

Technology & data:

Good use of data and analytics, but could offer more payment options.

Excellence in omnichannel is about knowing your customer, and Bloomingdale's is using data and analytics to achieve this. A single data repository gives the retailer the ability to access consistent customer information across all channels and this can be used by call centre teams. In addition, Bloomingdale's uses several analytics tools to provide a personalised shopping experience including Adobe Omniture and SiteCatalyst.

But there's room for improvement: customers aren't prompted to log in until checkout and mobile app users are logged out after a period of time has passed, which is a sticking point for personalisation.

When it comes to purchasing goods, Bloomingdale's offers several payment methods. There is the option to pay with PayPal online, and Apple Pay is available in-store, but no other mobile payment methods are available. This lack of options could hinder the retailer in the future.

Selfridges

Selfridges offers a superb in-store customer experience, active social channels and a website geared to global users, but it still has a way to go before it can claim to be fully omnichannel.

Strengths

- Social customer service availability
- Customer experience leadership roles in place
- Variety of delivery options

Weaknesses

- Employees not digitally enabled
- Situational personalisation
- No cross-channel loyalty programme



Retail experience:

Selfridges' in-store offering is innovative and engaging, but digital is lacking.

Selfridges' in store experience was clearly designed with the customer in mind. This can be seen in its digital offerings, which are innovative, engaging and fun. Take, for example, the Selfridges.wrap.me initiative, which allows customers to use their mobile to choose photos from Instagram and Facebook, and design their own wallpaper to print out in-store. Another strong experience can be found in the denim studio where a 'digital table' allows users to interact with video content, style search and print out a copy of their favourite pairs of jeans.

Even so, the experience is not perfect: in some areas the overarching digital presence in-store is lacking, despite engaging campaigns. Employees are not well equipped with technology to help their customers. In addition, consumers can't use the mobile site to their advantage because it lacks the situational personalisation needed – such as a barcode scanning functionality.

Selfridges' website is well designed and suited to the target audience, but it is not as personalised as the in-store experience, and users are only encouraged to sign up for an account for purchasing purposes rather than to access benefits or loyalty schemes. Containing inspirational and blog content, the website's main objective appears to be to encourage users to come in-store, rather than engage online.

Meanwhile, all social channels are highly active and quick to respond to customers; Selfridges even has a Weibo presence for international users. The brand offers engaging social campaigns, such as the #beautyproject, which saw a Google+ booth in store allowing customers to take a photo and project this onto the shop window display.

Strategy & brand positioning:

Built around the customer experience.

A great customer experience is integral to omnichannel and Selfridges' proposition is built around this. The Selfridges group website cites a customer-centric approach as its top priority. With this in mind, there are several senior customer experience roles in place: for example, Selfridges has a 'Director of Customer Experience', as well as lower-level roles.

This filters through the business: in-store employees are engaged and Selfridges offers a huge area dedicated to customer service queries. However, in-store signage around the omnichannel offering isn't obvious: there is nothing pointing to Wi-Fi, despite this being available. Displays in general are minimal though, so the lack of advertising might simply be catering for Selfridges' audience.

Despite an offering built around the customer, one big oversight is the lack of an overarching loyalty programme. This is in spite of the availability of some Selfridges exclusive rewards schemes, on a brand-by-brand basis.

Operational & delivery capability:

Solid delivery and returns offering but lacking a joined-up approach.

Selfridges' delivery and returns process is strong, especially when it comes to the retailer's international audience. Click and Collect is offered, and a complimentary courier collection service is available in the UK for items over £250. International delivery is quick (within four days in the EU) and free returns are offered.

Yet at the same time, there is no clear single view of orders available for employees across Selfridges. Employees aren't empowered to price check, or even to check stock online or via digital devices: they must instead visit the stock room.

Technology & data:

Poor and lacking an app offering.

Selfridges is missing some key opportunities that would allow it to offer excellence in omnichannel. Setting up a Selfridges account online is purely for the purpose of storing address and payment details to be able to purchase. This is despite the opportunity for some level of segmentation of the audience that could be achieved. For example, the Selfridges website uses IBM's Coremetrics analytics and this could be utilised for a more customer-centric view.

Selfridges doesn't offer the ability to check-in in-store, or the opportunity to purchase using Apple Pay. There is no Selfridges app and the website doesn't allow for social login. These are omissions that must be rectified so they don't overshadow innovation in other areas.

Marks & Spencer

Marks & Spencer is a customer-focused brand with a great online experience and strong in-store digital capabilities. However, it fails in terms of personalisation and joining up channels.

Strengths

- Digitally enabled employees
- Flexible delivery and return options
- Mobile payment options

Weaknesses

- Lack of location, situation or behavioural personalisation
- Customer experience leadership roles
- Lack of a single customer view across channels



Retail experience:

Impressive in-store and online experience, but lacking a seamless transition.

In an era when digital is key, Marks & Spencer's in-store capabilities are impressive. Most staff carry tablets and can help find out if products are in stock. If items are not available, they are able to order and deliver them to any store, or directly to a customer's home.

Prices across online and in-store channels are consistent – although the retailer does run both online and in-store-only campaigns, so customers must be aware of both to get the best deal. Account holders are informed via email of these promotions as well as of member-exclusive offers. Meanwhile, customer services are available through multiple different options.

Marks & Spencer's online presence is also strong, backed by a simple, functional and easy-to-use mobile site. In addition, the retailer is starting to introduce the personalisation needed to be good at omnichannel. For example, it offers a 'Style Advisor' service, which gives customers product recommendations based on body shape, eye and hair colour.

However, the retailer needs to be more targeted: there is no individual personalisation and a lack of incentives for regular shoppers compared with a first-time user. Meanwhile, the experience is lacking a seamless transition between channels, unless users are logged into their online account.

Strategy & brand positioning:

Brand is siloed and lacks roles at board level.

Marks & Spencer is a customer-focused brand that aims to 'enhance lives every day' via inspiration, innovation, and staying in touch with the customers – doing so with integrity. It refers to being 'mobile first' with the aim of enabling customers to shop seamlessly across all channels, but the company is still very siloed and lacks omnichannel roles at board level.

Marks & Spencer needs to refresh its approach if it is to successfully expand omnichannel across the company. Overall, the retailer appears to be very segmented and it is still trying to find a way to join up its online and offline businesses.

Operational & delivery capability:

Flexible, yet inventory awareness is poor.

Marks & Spencer offers very flexible fulfilment and returns, with multiple methods to take items back, including in-store, Collect+ and InPost locker.

However, the retailer's awareness of inventory is poor because stock availability isn't shared between online and in-store. Orders are sometimes delivered in multiple packages due to stock placement and availability, rather than in response to the customer's choice. Meanwhile, orders can only be cancelled within the first 15 minutes of being placed by contacting the customer services team and can't be modified in any way.

Technology & data:

Strong use in some areas.

Marks & Spencer could be using technology and data better. It does not offer one, single customer view, nor does it feel that the brand connects with customers on a one-to-one basis. The retailer lacks personalisation and doesn't recognise its user until they log into their account.

This lack of personalisation carries through to Marks & Spencer's analytic tools. For example, the retailer employs a tool called Criteo, which specialises in behavioural targeting for e-commerce customers, but it isn't making optimal use of it.

Even so, the retailer's use of technology in some areas is strong: for example, it was one of the early adopters of mobile payment technology. If Marks & Spencer continues to pursue this type of strategy, it could become a leader in omnichannel.

Debenhams

A wide social offering demonstrates that Debenhams is starting to embrace omnichannel, but there’s still some way to go to break down silos.

Strengths

- Consistent pricing and promotion across channels
- Flexible delivery and return options
- Response time across a wide range of social media

Weaknesses

- Separate digital and retail leadership
- Inability to create 1:1 personalised customer relationships
- Digital not being embraced in-store by employees or through signage



Retail experience:

Debenhams' online offering is solid, but physical retail is not joined up.

Digital excellence is key to omnichannel and Debenhams’ solid online offering makes it a leader in this area. The retailer’s site is very easy to use and an e-commerce app is available. Debenhams also pays attention to social media and updates its Facebook, Twitter, Google, Instagram, Pinterest, and YouTube accounts regularly, with quick response times to queries. One area where it fails, however, is in its policy to direct customers to email or phone instead of dealing with questions on the spot.

Also integral to omnichannel is the ability to join up channels. Debenhams fails here because the online to in-store experience is lacking. For example, the app offers barcode scanning functionality with the ability to view product details while browsing in-store, yet it’s not possible to check in-store stock while browsing online, or to reserve items to pick up at a later date without buying them first.

In addition, despite its online capabilities, Debenhams’ in-store experience is failing to effectively embrace digital. This is demonstrated by the fact that it doesn’t offer in-store Wi-Fi and most employees are not equipped with any mobile technology. Meanwhile, kiosks allow retail visitors to browse online, but they only enable users to view website stock as if they were in-app.

Strategy & brand positioning:

Disjointed organisational structure and lack of focus on the customer journey.

Organisations must break down silos in all parts of the business if they are to fully embrace omnichannel. Unfortunately, Debenhams' organisational structure does not lend itself well to this area. For example, at executive board level, the digital and retail team are separate. In addition, although the brand places heavy emphasis on product choice, this is at the expense of focusing on the whole customer journey and experience in online and offline channels.

Adding to this, Debenhams is lacking in-store signage or advertising to direct customers towards the app that can be used to scan product information. Loyalty programme 'The Beauty Club' is advertised in-store and online, but customers must go to a shop to pick up a card.

However, omnichannel also entails putting the customer at the heart of everything you do – and this is an area where Debenhams is strong. The retailer places an emphasis on feedback by providing a URL after purchase, both in store and online.

Operational & delivery capability:

Strong online delivery tarnished by siloed channels.

A wide range of delivery options is vital to omnichannel - and Debenhams has a strong offering for customers who choose to buy online. Click and Collect options are available and the retailer works with ParcelShop to extend reach.

In addition, it's possible for customers to traverse channels by ordering online and collecting in-store the next day. Meanwhile, products are priced consistently across channels and promotions are synchronised.

However, there is no single view of orders for a customer and an inability to reserve items for delivery to the store from an employee online channel. Adding to this, employees are unable to check stock in other channels.

Technology & data:

Strong analytics capabilities but weak personalisation efforts.

Debenhams is aware of the benefits data can bring. The retailer uses substantial analytics programmes in the online channel to track conversion and ad clicks. Advanced social media targeting is used and Omniture is in place for behavioural tracking. However, the much-needed one-to-one relationship between the customer and brand is missing because consumers are not encouraged to create an online account with Debenhams while browsing online or in-store. The brand is also lacking a social login to create an account.

In addition, the retailer can't track customers across channels. For example, it is not possible to recognise app and website users in-store.

The retailer is also lagging behind in its personalisation efforts – although some credit must be given: a week after purchasing a beauty product in-app, a promotional email was sent offering an in-store beauty discount. Debenhams needs to embrace more of these opportunities if it is to succeed in the competitive world of omnichannel.

5.

Recommendations

Becoming an omnichannel leader

Omnichannel can't hide brand or product issues, but excellence in the area ensures customers have a great experience and return to buy again. Based on insight gained from the research and our own omnichannel expertise, we've outlined 10 recommendations for providing personalised customer experiences that deliver increased sales and improved loyalty.

Improving the retail experience

1. Develop a clear personalisation strategy

● In an increasingly joined-up world, customers expect a seamless and integrated experience across channels. In order to achieve this, retailers need to know and understand their customers. Personalisation – such as tailored information, services and promotions – is about delivering a more relevant and engaging experience to customers based on what you know about them. If retailers are able to tailor their offering to react to individual user profiles, locations, needs and behaviour, customers will receive promotions at the right point, and at the appropriate time to buy.

2. Recruit or train 'digital natives' and equip them accordingly

● Digital excellence in all channels provides an informed, seamless customer experience. For omnichannel to work effectively, 'digital natives' must be present on the board all the way down to the shop floor. In addition, employees should be assigned devices and technology that supports their interactions with customers. Arming them in this way increases their knowledge and capabilities, allowing staff to serve customers more effectively and efficiently.

Strategic positioning

3. Align behind a single customer experience vision

The key to embracing omnichannel is to align each channel with your view of the ideal customer experience. Ensure this omnichannel customer experience design allows users to traverse channels easily, supporting cohesive interactions. This will require dismantling silos and replacing them with a single retail P&L led by a Chief Customer Officer and supported by a customer-centric board.

4. Understand what provides the biggest return

Once a clear customer experience vision is in place, retailers need to identify and evaluate each required improvement and assess its value. This can be done by putting in place an ‘omnichannel scorecard’ to identify the benefits and returns against specific business drivers and KPIs. It could include metrics such as sales growth, cost reduction, profitability, customer loyalty, and product attachment, for example.

5. Incorporate and leverage the physical footprint

Department stores can be just as agile as e-commerce giants such as Amazon if all channels are successfully integrated into the strategy. If omnichannel is applied correctly, department stores can get items into customers’ hands faster and make returns even easier. Take, for example, the continuing desire for consumers to ‘try before you buy’, a trend that was reinforced by our research. With this in mind, physical retail environments should support interactive experiences including product showcasing and comparison.

Anytime, anywhere

6. Embrace high expectations

Younger consumers – the ‘on-demand’ generation – are growing up with different expectations of retail. They look at Apple and Starbucks as examples because these iconic brands continue to invest in omnichannel and great service. By implementing an omnichannel strategy that embraces the on-demand generation’s desire for immediacy, convenience and personalisation, department stores can remain relevant.

7. Know where everything is, and be able to use it anywhere

Another important aspect of omnichannel is developing a unified commerce capability with a single view of inventory and orders across the enterprise. By putting in place real-time and accurate inventory awareness within all channels, distribution centres and stores, the movement of goods can be coordinated to provide services such as buy online/pick up in-store, buy in-store/ship to customer or buy in-store/pick up from another store.

Combining technology & data

8. Bring together customer data

Department stores are famed for offering a personal experience to customers. When customer data is brought together into a single view, sales associates are able to access the knowledge they need to provide a personalised shopping experience to each individual. It requires continued work to eradicate isolated data capture, ensuring everything is funnelled into a single repository accessible to all channels.

9. Create a roadmap and deliver it iteratively

It's important to be aware that the current pace of change does not allow brands to wait months or years for IT programme fulfillment. Once customer experience and operational improvements have been evaluated, they can be planned into a roadmap. Retailers need to make sure this combine, multi-phase strategic planning with tactical execution, analytics and iteration. The ability to pivot quickly and respond to changing consumer demand will require agile methods that deliver in weeks and provide immediate benefits and insight.

10. Identify the customer as early as possible

A key facilitator to situational and behavioural personalisation is identifying the customer as early as possible in each interaction. By using a combination of in-store location proximity technology, cross channel loyalty programmes and process re-engineering, retailers can understand who each user is. This in turn allows the product, employee communication and online interaction to be tailored specifically.

Looking outside department store retailing

Some retailers outside the department store space are already embracing omnichannel, and they're doing it well. Our consumer survey's respondents frequently name-check Amazon as the archetypal experience.

They are impressed with the online giant's super-fast checkout enabled by saving addresses and payment information. This is in addition to its industry-leading delivery services, particularly Amazon Prime and smart lockers. Mobile operator EE is also highly regarded for its provision of automatic next-day delivery with a one-hour timeslot, while Wiggle wins points for collecting an unwanted item at the same time as delivering a replacement.

Nike Town, Hub, Apple and Waitrose are well regarded for the way they use technology in their physical stores. Nike Town provides iPhones on the shop floor to be used by customers to scan and pay for purchases; Hub allows users to select a product on a smartphone to be personally brought over in-store. Apple uses beacons to direct customers to the products they're interested in, while Waitrose's tried and tested 'scan as you go' technology minimises time spent queueing at the checkout.

Deutsche Bank and First Direct are also mentioned by the survey's respondents, who praise the speed of their customer service offerings. Deutsche Bank provides video chat with a personal banking consultant, while First Direct exposes account information to customer service advisers, removing the need for a lengthy menu when accessing support over the phone.

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Contact details

London

Susie McFarland
Managing Director, UK
8th Floor, 140 Aldersgate Street,
London, EC1A 4HY
+44 7920 804 440

susie.mcfarland@rockpooldigital.com

New York

St. John Dunne
Managing Director, US
134 N 4th Street, Second Floor,
Brooklyn, NY, 11249
+1 917-626-1202

stjohn.dunne@rockpooldigital.com