

DRIVING SUCCESS IN OMNICHANNEL— DESPITE PANDEMIC AND ECONOMIC HEADWINDS

An Ipsos Point of View

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GAME CHANGERS





KEY FINDINGS:

- Retailers and manufacturers must understand how the individual customer prefers to be engaged and prepare to act upon it.
- Engagement differs for each consumer by category. Some categories are more apt to be purchased online, while others, like food and grocery, are more likely to be purchased in store.
- Retailers must be transparent with customers and have a next-best alternative product.

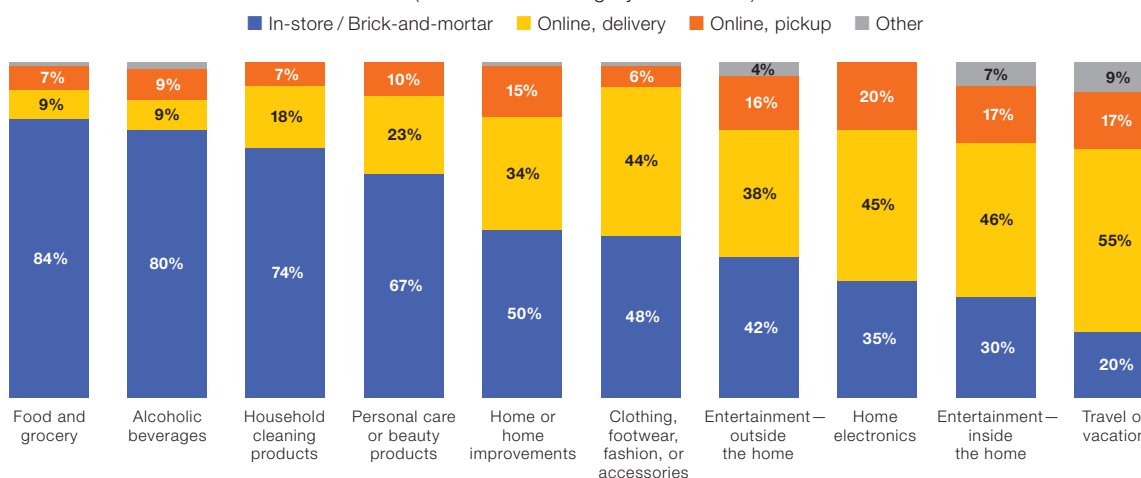
There is no debate that omnichannel is on the rise. What is important to understand is how this space will continue to evolve over the coming months. As the U.S. emerges from COVID-19 restrictions, we have seen the emergence of a “new normal.” Compound this with supply chain and inflationary pressures, and we have significant headwinds for retailers looking to expand their omnichannel presence.

In our “new normal,” most consumers are out and about. Some have gone to movie theaters or a show, some may have gone to eat out at a restaurant. Others may have even flown internationally. Every consumer is different.

When we consider categories like travel or vacation planning, home electronics, home entertainment and clothing/fashion,¹ bricks-and-mortar engagement is less appealing to consumers.

Transaction Channel—Most Recent Purchase

(Past 2 Week Category Purchasers)

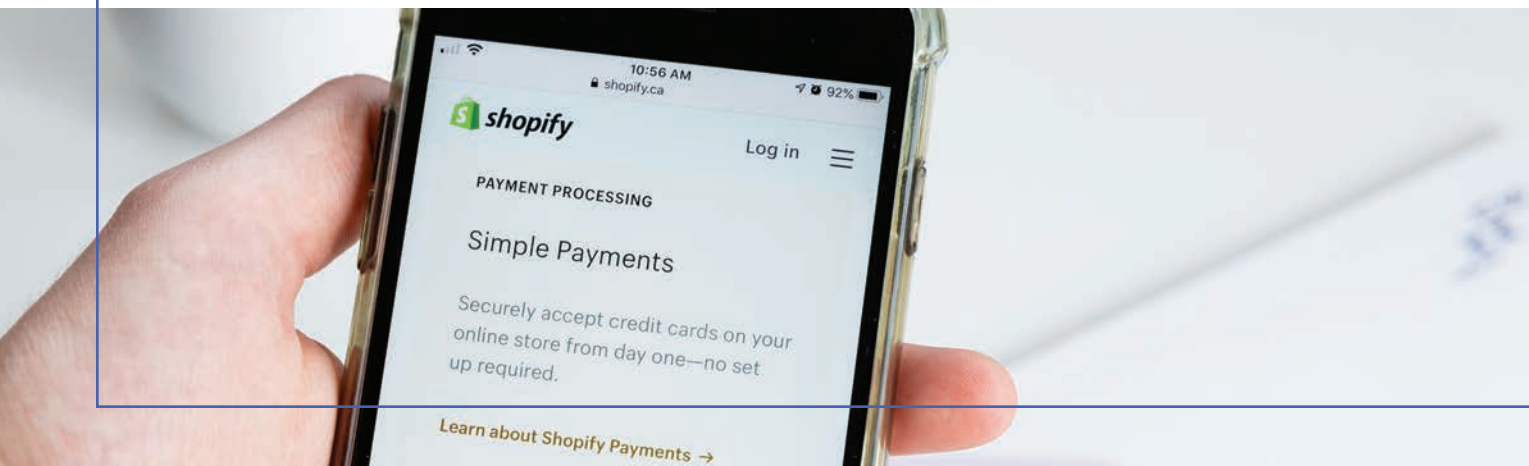


OMN13: You mentioned that you bought the following categories in the past two weeks. Thinking about the most recent time you bought each of the following, where did you make the actual purchase?
Base: Past 2 Week Category Purchasers—varies by category. Ipsos Essentials 11/4–11/7, 1000 U.S. Adults.

¹ Ipsos Essentials 11/4–11/7, 1000 U.S. Adults

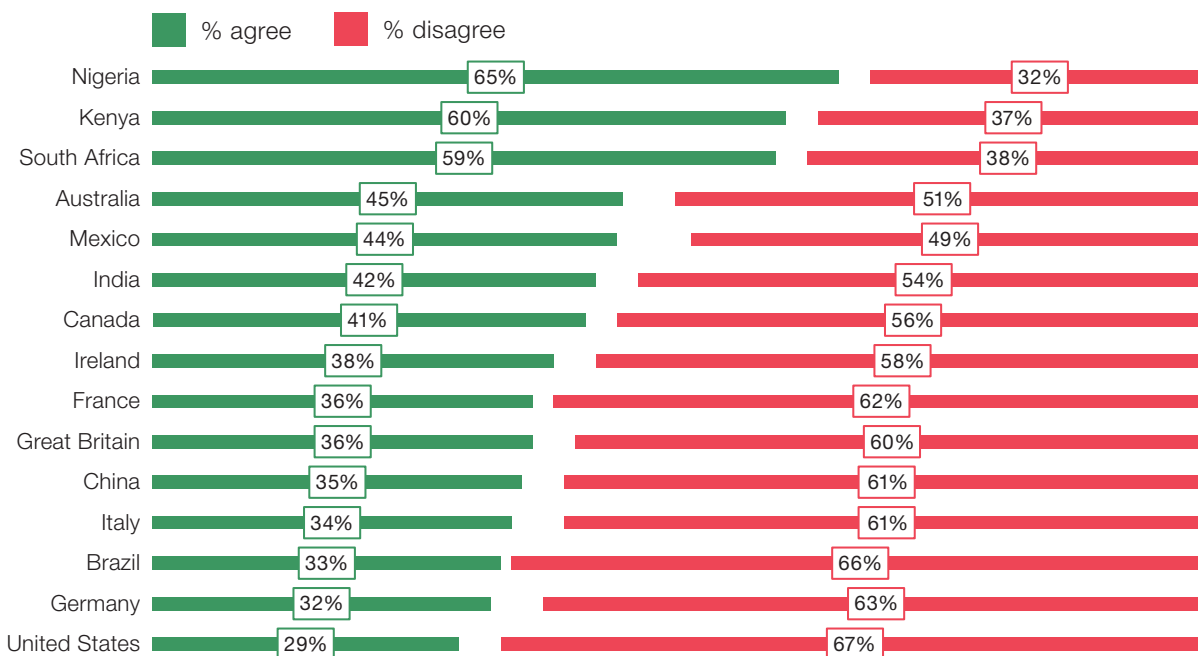
To delight consumers, omnichannel players need to operate across a range of engagement approaches, from a traditional bricks-and-mortar shopping experience to one that is entirely online—or, perhaps, one that is more hybrid, like buy online and pick up in store. There are numerous permutations. All need to offer easy consumer engagement and a compelling experience, whether by desktop, tablet, mobile or in-person.

Retooling a bricks-and-mortar business to accommodate omnichannel needs is immensely difficult. It takes time, money and a totally different set of competencies to what made the business successful in the first place. To exacerbate the problem, customers have limited patience—if they find a better experience elsewhere because their current provider is slow to adapt—then they may switch retailers.



For those with deep pockets and a willingness to change, the move online will be worth it. Consumers in the U.S. are expected to continue to embrace the move to omnichannel. In a recent Ipsos survey, 67% of U.S. consumers find shopping online easier than shopping in traditional stores.² We anticipate omnichannel growth will continue unabated in 2022.

“I find shopping online more difficult than shopping in traditional stores”



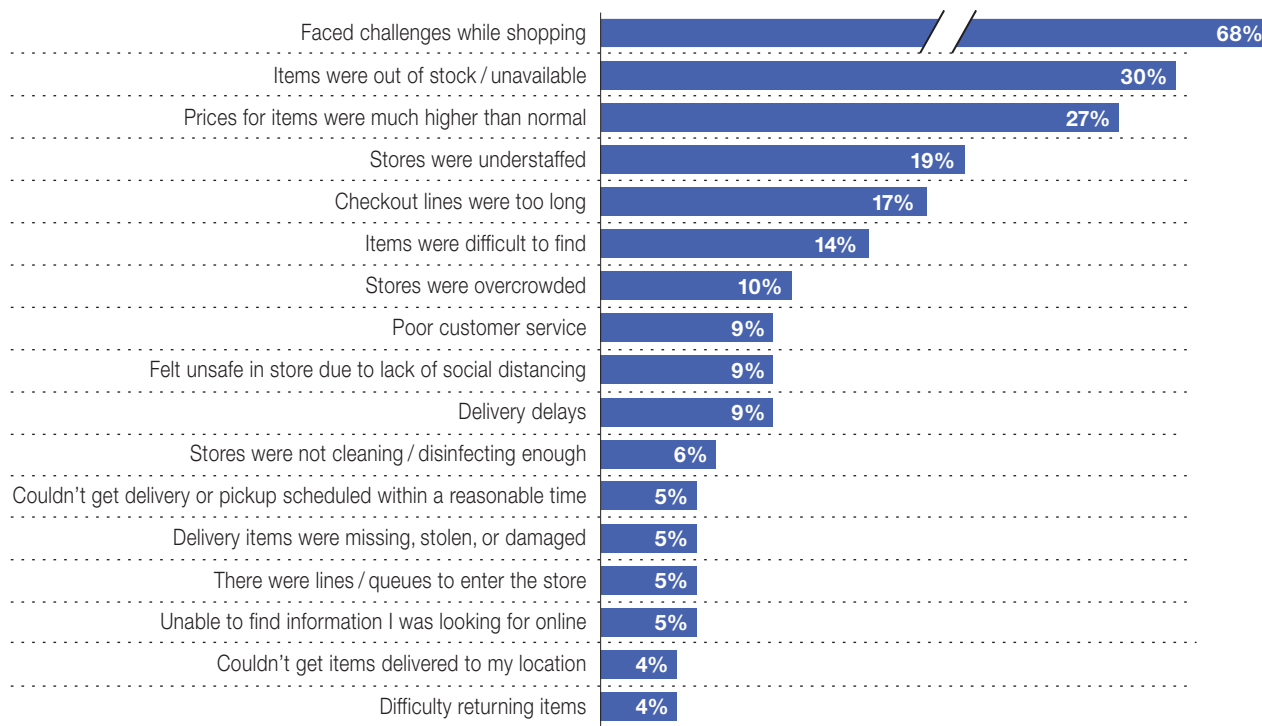
Base: 24,332 adults aged 16–75 (18–75 in U.S. and CA) in 25 markets interviewed August–September 2021.
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² Global Trend Survey August–September 2021, 24,332 adults globally (16–75 in U.S.)



The pressure to expand engagement channels is clouded with other challenges. Retailers are wrestling with supply chain issues and inflationary pressure. The average price per grocery item was up 7.1% in October 2021 versus a year ago, and up 11.6% versus two years ago.³ In a recent survey,⁴ 68% of U.S. consumers faced challenges shopping over the last two weeks. Key gaps included 30% of consumers experiencing out of stocks, 27% seeing prices higher than normal and 19% finding the store being understaffed.

Shopping Challenges Faced—Past 2 Weeks



Q: Which of the following challenges, if any, have you faced while shopping in the past two weeks? | Ipsos Essentials 11/4–11/7, 1000 U.S. Adults.

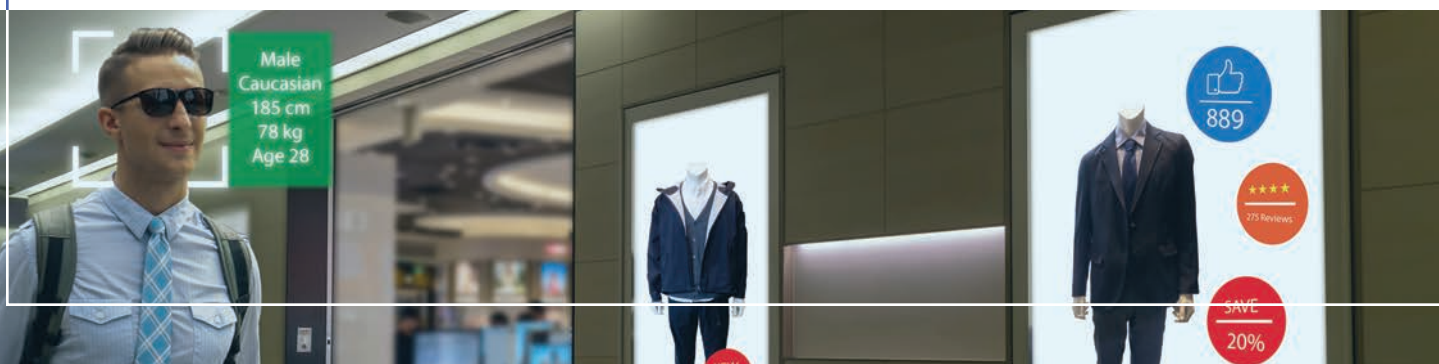
Recent Cyber Monday e-commerce declines further confirm the online challenges outlined above. Adobe estimated that consumers spent \$10.7 billion on Cyber Monday, down 1.4 percent from 2020.⁵ Some of this slowdown may be due to consumers buying earlier and not taking the chance that their desired items will be out of stock. Some of it may also be consumers feeling the pinch from inflation, while others may be waiting to purchase through more convenient online channels that are not yet available in the U.S.

Given these headwinds and the pressure to broaden engagement channels, retailers must work to understand how to delight individual consumers across a variety of potential product interactions and experiences.

³ The average price per grocery item was up 7.1% in October 2021 vs. year-ago and up 11.6% vs. two years ago. This is especially the case in food, mass and dollar. Numerator: https://www.numerator.com/inflation-insights?utm_source=linkedin&utm_medium=social&utm_content=hub&utm_term=retail&utm_campaign=insights

⁴ Ipsos Essentials 11/4–11/7, 1000 U.S. Adults

⁵ Adobe Analytics: <https://blog.adobe.com/en/publish/2021/11/30/adobe-consumers-spent-10-8-billion-on-cyber-monday-109-8-billion-so-far-this-holiday-season#gs.ia40xp>



What's Next For Retailers And Sellers?

1. **Be transparent with customers.** The online world offers almost-perfect information to those who want to research products. Nothing frustrates a customer more than conducting research on a product only to find their chosen retailer is out of stock. Sometimes customers will elect to wait, but given the current supply chain and inflationary challenges, they are more than likely to switch to another seller. Stock status and delivery timing must be evident when customers research online.
2. **Have a next-best alternative product.** If the product is going to be out of stock, let the customer know, but also have an alternative product. If the selected product is not overly complex or technical, the retailer may be able to retain that customer by offering an alternative.
3. **Make the experience easy for customers.** Allow them to easily compare products and compare prices—they will remember a site that makes it easy to conduct research, even if the product may not be immediately available. Most customers are motivated by price. Make sure there are a variety of promotions and price discounts offered.
4. **Make the experience memorable in-store.** Give customers a reason to want to come back. Perhaps there is an offer of a broader selection of merchandise, or maybe a special in-store benefit, like a discount for future visits depending on what customers spend. It is hard to simply compete on price alone. Look for meaningful ways to increase customer engagement so they remember the experience as a positive one and want to return. There are numerous categories that customers want to experience in store (for example, fresh produce). Make sure those categories have dedicated space and are readily accessible.
5. **Market effectively.** Omnichannel engagement differs by customer as well as by category. Some categories are more apt to click ads. Others are more appropriate for video streaming or social media. By understanding the customer and the category, omnichannel retailers will be better positioned to communicate and market their products.



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