



Overview

While the store remains the cornerstone of the shopping experience, our survey of more than 26,000 customers reveals that today's empowered consumers are increasingly comfortable purchasing through multiple retail channels. The growing trend of "Showrooming," in which shoppers evaluate merchandise in store and then make purchases online – often with a different retailer – threatens to fragment hard-earned customer loyalty. Retailers can convert the threat to opportunity by making their customers "sticky" through a seamless omni-channel approach that provides consistency, convenience and a superior shopping experience across every consumer touch point.

IBM Institute for Business Value

From transactions to relationships

Connecting with a transitioning shopper

Many retailers today consider themselves omni-channel, with the intent to provide seamless online and in-store consumer shopping experiences. Yet, many are struggling with uneven channel growth and consistency, allowing those competitors with truly differentiated offerings to race ahead. How can these retailers get – or recapture – their edge and capitalize on the growing consumer trend to use multiple channels to shop and purchase?

To find out, the IBM Institute for Business Value surveyed 26,000 shoppers in 14 countries, across a range of retail categories, to learn how consumers perceive and interact with retail channels. Three important trends were revealed by this research:

1. Store dominance shifts in an omni-channel world

Among retail channels, the store still reigns supreme. But cracks are beginning to appear in the dominance of brick and mortar. While 84 percent of consumers in our survey made their most recent non-grocery purchase in store, more than a third were unsure whether their next purchase would be in store or online. This emerging lack of dedication to the store transcended retail categories and geography, as shoppers around the world increasingly recognized the convenience, assortment and price benefits of multi-channel shopping.



2. “Showroomers” – A small number of shoppers create a big impact

Another indicator of store softness revealed by our research was the emergence of a small but influential group of consumers who shopped in the store but purchased online – sometimes from a different retailer. These “Showroomers” accounted for only six percent of all shoppers, but their impact on online sales was striking. Nearly half of all online purchasers in the retail categories covered by our study were Showroomers. Further, 25 percent of these Showroomers said they initially planned to buy in store, but were swayed by their online experience, and 65 percent plan to buy online for their next purchase. The trend is clear: the rapidly growing online retail industry is being fueled by shoppers who first visit a store.

3. Consumers are hungry for meaningful retail connection points

There is a high wall to scale to excite shoppers and keep them in a retailer’s own combination of store and online offerings. Most consumers want to help retailers do so. Eighty-nine percent of shoppers in our study were willing to contribute 20 minutes on average to help a retailer better understand their desires and provide them with more meaningful offers. Fifty-five percent of shoppers expect the retailer to use past purchases in order to offer relevant promotions. In other words, shoppers are willing to help the retailer initially, but the long-term heavy lifting is up to the retailer – not the shopper.

The rise of the omni-channel retailer

It is true that the store is still the first choice among shoppers, with 84 percent having made their last purchase in a store. However, in order to make sure the store doesn’t lose this advantage, retailers must, as well, be able to reach consumers along multiple touchpoints. They must build and maintain a seamless omni-channel consumer experience. In particular, the disconnect (and even competition) between a retailer’s “online store” and “real store” must end. Sales and satisfaction increase dramatically when a retailer can make an item missing on the shelf “appear” at the purchasing moment, even if that appearance is next-day delivery.

Ultimately retailers will only accomplish omni-channel success by tailoring and personalizing the shopping experience across all channels. They must monitor, listen closely and meaningfully respond to consumer feedback. Leading retailers will discover the powerful but subtle influencers by product category and use analytics to better market to shoppers as individuals. It is also the time to infuse digital experiences into the store, enable store associates with technology to save the sale and embrace consumers’ own technologies. By blending omni-channel benefits into both local shopping trips and online shopping trips, retailers will provide a shopping experience that can lead to brand loyalty and repeat sales.

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How can IBM help?

- **Business Consulting and Delivery Services** – IBM helps retailers formulate, implement and operationalize programs to respond to changing customer buying behaviors, align organizational structure and metrics, and transform customer-centric processes.
 - **Retail Industry Solutions** – IBM offers a comprehensive portfolio of Retail solutions comprising merchandising and supply chain management, multi-channel retailing, retail performance analytics and TotalStore solutions to help retailers deliver the fastest time to value at the lowest risk.
 - **Retail Center of Competency** – IBM helps retailers make the best use of technology to streamline costs, reduce inefficiencies, aid product development and speed go-to-market activities. It also helps retailers build new capabilities to better understand, track and respond to consumer preferences, drawing on its team of highly skilled experts from around the world.
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