



Making the Successful Transition to Omnichannel Commerce

A guide for online and offline retailers and every business in between



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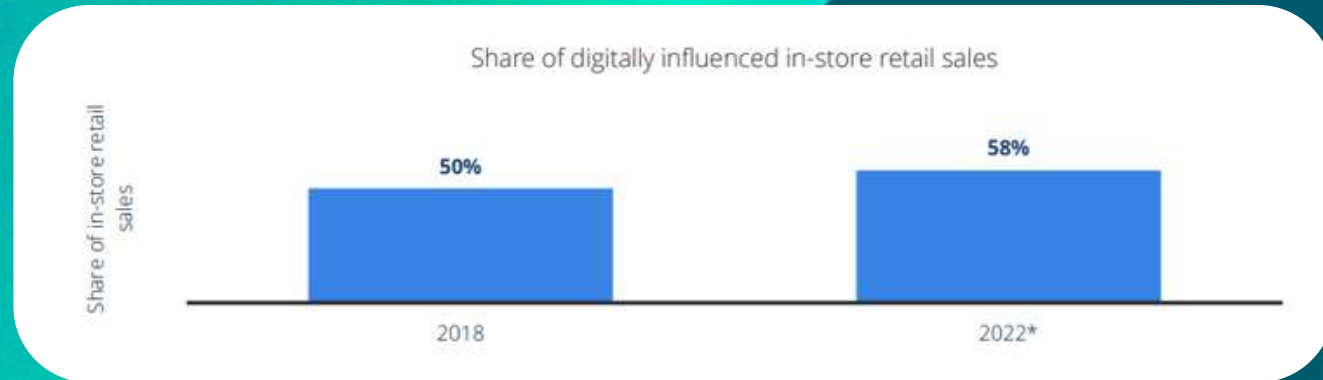
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The new omnichannel landscape

How businesses connect with customers has come a long way in the past years. As online and offline experiences merge, merchants are looking to turn to new, cohesive, customer-centric models.

Whether ready for it or not, we are rapidly transitioning to an omnichannel world where the lines between online and offline experiences are increasingly deteriorating. With 60% of the planet now online and spending an average of seven hours a day glued to a device¹, the internet has become an integral part of our lives. For a majority, it's how we interact with coworkers, connect with friends and family, stay updated with news and current events, and entertain ourselves in between.

For retailers, the lines between the digital and physical worlds are blurring even faster and more meaningfully. A few years ago, most consumers interacted with two channels before buying². Today, the options are endless: in-store, search, web, mobile, virtual, social, marketplaces, and everything in between. A buyer's journey can now begin and end anywhere, and with 90% of consumers craving omnichannel experiences², retailers looking to stay ahead of the competition need to deliver it to them.



Source: Statista³

The new omnichannel landscape

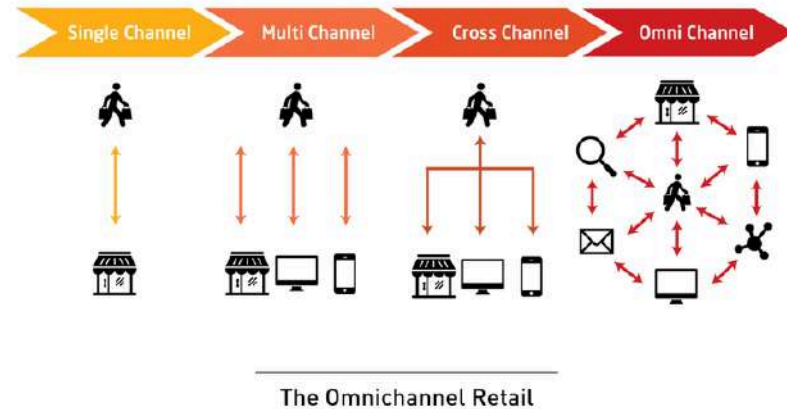
But what is omnichannel?

A few short years ago, consumers may have forgiven a retailer for mistaking omnichannel for a multi-channel strategy, which provides two or three solid but disconnected channels, such as in-store, web, and mobile, to shop and buy. Today that is no longer the case. Omnichannel experiences are expected to be seamless and integrated across all touchpoints. They are exemplified by retailers like Target and Wal-Mart, where you can, for example, discover a new product through a social influencer, click directly to the web store or mobile app to explore, check available inventory, buy it, and then pick it up in store, have it brought to your car, or delivered to your home.

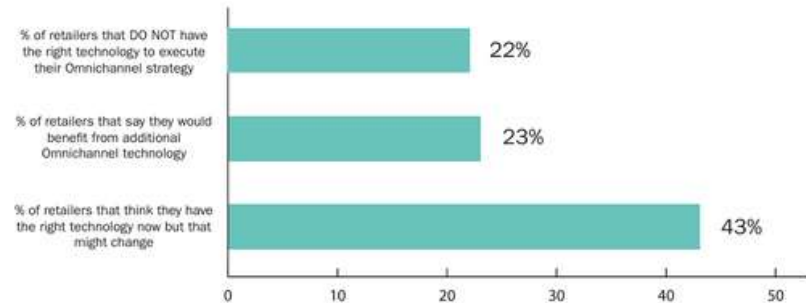
Omnichannel was just getting started before Covid-19, but the pandemic accelerated its adoption, and now it's the expected experience for most shoppers. With omnichannel customers purchasing up to 70% more often than their offline-only peers⁵, retailers can no longer afford to ignore it as a strategy. However, not all omnichannel strategies or deployments are equal. The hard truth is that providing the seamless experience customers want is difficult, especially if you don't have the right operational technology or skilled personnel to run it.

While 80% of retailers have some type of omnichannel strategy, less than 20% feel like they've mastered it³.

This eBook will closely examine omnichannel for hybrid and digital retailers, why it's essential, the most common retail use cases, and the technology and other capabilities you'll need to operate it successfully.



Source: Medium⁴



Source: AccesIntel⁶

Why retailers need to invest in omnichannel

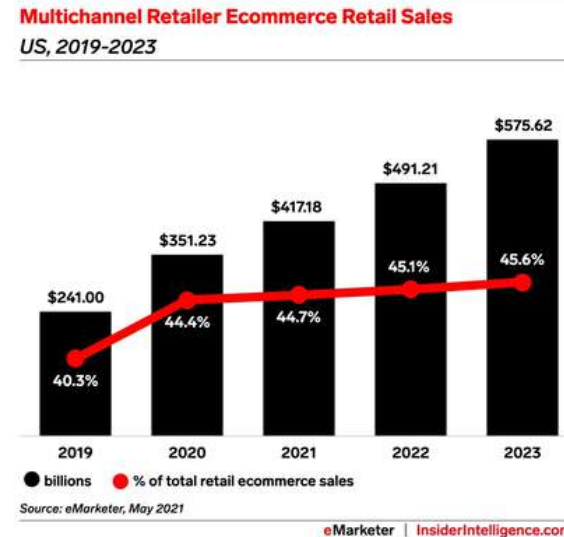
In today's hyper-competitive retail environment, you need every advantage. Aside from the obvious consumer benefits, an omnichannel commerce strategy adds several capabilities and efficiencies that can improve every aspect of your business. It can also insulate you from the shocks that invariably shutter nearly 70% of retail companies within the first five years of their launch⁷.

Hone your competitive edge

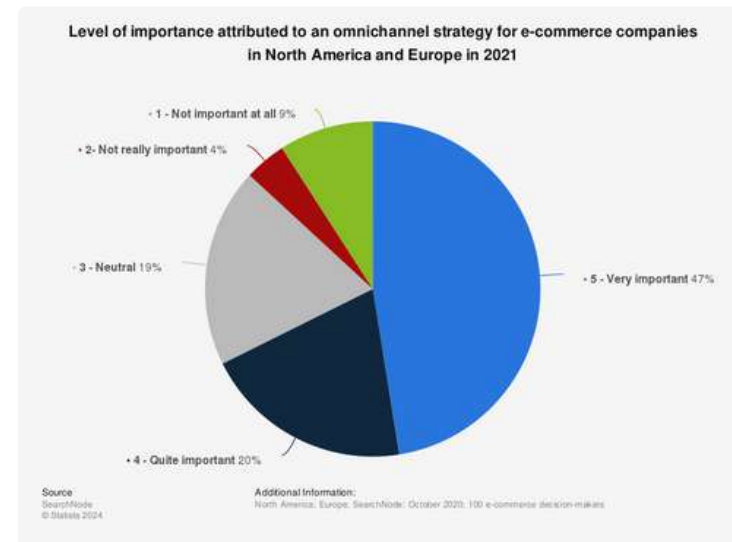
At its core, omnichannel is a data-driven strategy. The same data technologies that allow you to make every touchpoint shoppable and connect online and offline interactions also provide terabytes of behavioral and operational data that, in the right hands, can provide deeper insight into who your customers are and what they want.

Extending these data and insights to your marketing systems allows you to improve your targeting, lower acquisition costs, and increase conversions, wallet share, and retention.

At a minimum, increasing the channels where shoppers can interact with and buy your products exposes you to a broader audience and ensures at least equal footing with competitors as customers move between channels on the new, non-linear path to purchase.



Source: BigCommerce⁸



Source: Statista⁹

Why retailers need to invest in omnichannel

Elevate the shopper experience, transform each touchpoint into an engagement opportunity and boost operational efficiency.

Upgrade the shopper experience

For good or bad, Covid-19 has reset consumer expectations about what the shopping experience could or should be. Meeting customers where they are, whether in the store, a social media channel, search, eCommerce site, or the curbside, provides the level of convenience shoppers expect and speaks volumes about your brand and customer commitment.

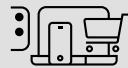
By definition, omnichannel experiences are also more personalized. Leveraging data from multiple channels and systems allows you to create unique, contextually aware, and continuous experiences at every stop. With the right technology, customers should be able to move seamlessly from one channel to the next without missing a beat. As 74% of consumers prefer a curated shopping experience⁷, personalization is becoming critical to increasing customer loyalty and retention.

Optimize your operations

Increased pricing pressure and flattening supply chains have left little daylight between competitors, making efficiency one of the few areas where retailers can increase margins and gain some separation.

An essential byproduct of the omnichannel technology stack and integration with systems like product information (PIM) is the potential for greater operational efficiency. The same systems that allow customers to browse and select available stock by location can also provide increased visibility and control over your inventory and entire supply chain.

With the help of data analytics and AI, you can better anticipate demand and trends and shift stock and resources to where they're most needed while reducing or eliminating stock-outs, delivery delays, and other issues that negatively impact the customer experience. The optimizations from automation and greater use of your operational and behavioral data are another benefit, allowing you to conserve resources, focus on areas of greatest value, plan better, and make smarter business decisions.



85% of consumers prefer interacting with brands across multiple channels¹⁰.



What's in it for shoppers?

With Omnichannel, it can be easy sometimes to get lost in the technology or operational aspects and forget about the human side of the equation. Omnichannel only works when it delivers the experiences your customers want.

While every omnichannel strategy is unique, the most successful are organized around consistency, availability, channel neutrality, context optimization, and seamlessness and align them in ways specific to your customer journey. In the following section, we'll explore how these five elements can work together and support and add value to your customers.

More availability, more convenience

Omnichannel strategies ensure that products and services are more available than ever before. A popular benefit emerging from this is the 'Infinite Aisle,' which gives the shopper access to your entire product line even though their local store may only stock a limited selection. With the Infinite Aisle, the shopper can browse the full range of your products in the store, on their phone, or desktop and then have the item delivered to the local store, their home, or another location.

Availability also includes complete cross-channel accessibility to your entire product and service offering, including loyalty and rewards programs and anything else, such as customer service, sales, or technical support, that makes your brand or product experience unique.

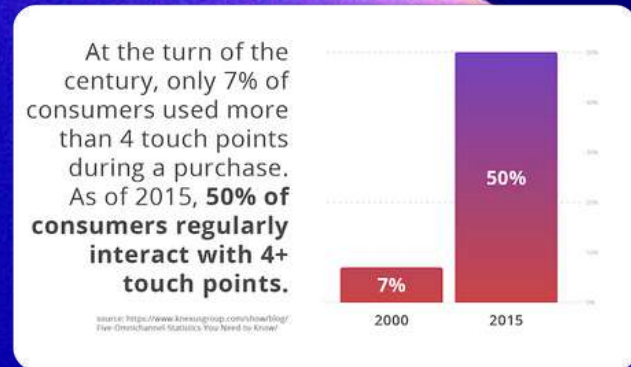
Highly customer-centric, personalized experiences

Omnichannel commerce places the customer at the center of the shopping experience. By leveraging data from various touchpoints, retailers can create highly personalized experiences tailored to individual preferences. From personalized recommendations based on past purchases to targeted promotions aligned with browsing history, shoppers benefit from a more relevant and engaging shopping journey.

This customer-centric approach enhances satisfaction, creates a stronger connection between the shopper and your brand, and ultimately builds trust, increasing loyalty.

A place for discovery and community

An omnichannel ecosystem offers shoppers more than just a transactional experience; it offers a space for community building and discovery. Social media integration, in-store events, and online forums allow shoppers to connect with like-minded individuals, share experiences, and engage in lifestyle or business discussions about your products and brand. Omnichannel can also serve as a hub for customers and shoppers to explore and discover new products, features, capabilities, services, and trends. These spaces are essential to the brand experience today, and the easier and more convenient you make it for people to access and participate, the more likely they are to return.



Source: ContentStack¹¹

The main omnichannel retail scenarios

Innovative approaches blend digital precision with physical appeal to redefine the shopping experience.

With omnichannel gaining adoption and becoming the standard expected experience, there's still minimal industry consensus about defining it. For many retailers, having a way for customers to order online and pick up in-store (or BOPIS) is sufficient. With BOPIS revenue reaching nearly \$75B (US) in 2022³, it's tough to fault them.

However, omnichannel has already evolved far beyond BOPIS and can touch every part of a retailer's operation in its exemplified form.

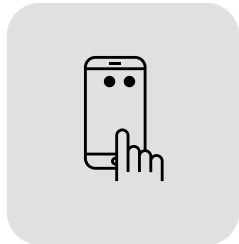
As customer expectations increase, your omnichannel strategy must incorporate as many different approaches or modes as possible and, most importantly, make sense for your business.

The following section will review some of the most popular and how they impact the customer experience.



Source: Statista³

The main omnichannel retail scenarios



Infinite Aisle

As discussed before, the Infinite Aisle expands the typical in-store shopping experience and places your entire product line at the customers' fingertips. Whether on a mobile, in-store kiosk, clienteling device, or at a desk at home or work, shoppers can access the complete range of available colors, styles, sizes, features, etc. for each product.

When combined with BOPIS or other omnichannel fulfillment options, Infinite Aisle enhances customer choice and enables you to cater to diverse preferences and sizes, creating a more inclusive and personalized shopping experience.



Buy online, pick up in-store (BOPIS)

BOPIS or 'click and collect' is the mode or experience most associated with omnichannel and is currently provided by 26% of US retailers, with another 33% coming online within the next 12 months³.

In addition to providing convenience and immediacy, BOPIS saves shoppers money off shipping charges while offering speed, ease, and other benefits, such as the ability to price shop and compare before purchasing, as eCommerce.



Cross-channel product returns

With almost all respondents (95%) in studies stating that the smoothness of a company's return process plays a role in their future buying decisions¹², offering shoppers multiple cross-channel return methods is one of the best things you can do to earn loyalty and return business.

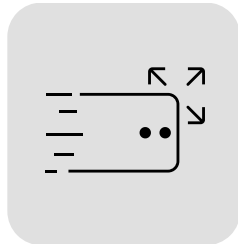
Whether originally bought online or off, flexible, no-hassle cross-channel returns that make it easy for your customers to return items via a store, a shipping partner, at-home pickup, or other preferred method is the epitome of a well-rounded omnichannel strategy.

The main omnichannel retail scenarios



In-store purchase with home delivery

In-store purchase with home delivery merges the convenience of online shopping with the tactile experience of in-store browsing. Shoppers can make purchases in-store and opt for home delivery, providing a flexible solution for those who prefer the immediate gratification of in-person shopping and the convenience of doorstep delivery.



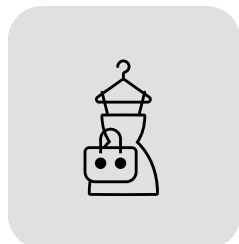
Same-day delivery

Pioneered by giant retailers like Amazon and democratized through third-party services like Uber Delivers, same-day delivery is quickly becoming a mainstay of omnichannel commerce, especially in more densely populated urban areas. With same-day delivery, the shopper purchases the item online, and if it is in stock at a local store or distribution center, the retailer will partner with a service to deliver it to the shopper's location, usually within 4-8 hours.



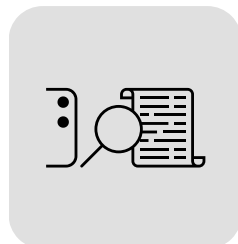
Shared cart

With an omnichannel shared cart, the customer can add a product to the cart on one channel, log off or change devices, and resume their shopping session with the item still in the basket. The seamless integration allows shoppers to transition effortlessly between channels and/or devices while retaining their selected items, streamlining the purchase process and enhancing overall convenience.



Guided in-store shopping experiences

In-store sales reps wielding clienteling devices have been around for some time. Omnichannel tech takes the strategy to a completely different level. With the shoppers' entire real-time history, preferences, and AI-generated recommendations, staff can provide highly personalized in-person shopping experiences that equal or surpass online.



Web searches for in-store merchandise

Search is obviously one of the most important channels for retailers, but innovations like Schema.org mark-up are helping to shorten the path to purchase even further. In particular, the integration of structured data with inventory systems now makes it possible for retailers to display the availability of items directly in the search results.



Inventory sharing

Real-time inventory management and channel stock integration allow retailers to deploy a true omnichannel strategy where every in-stock item is immediately available for purchase through any channel. In addition to providing customers with a gratifying shopping experience, these solutions also offer greater visibility into your supply chain, allowing for better planning and stock optimization.

The main omnichannel retail scenarios



Rewards programs available across channels

If your customers shop and buy across multiple channels, your loyalty and or rewards programs must follow them. By extending the benefits of rewards programs across channels and allowing customers to accrue and redeem rewards seamlessly, whether they shop online or in-store, you're building an invaluable level of consistency and trust.

With 57% of consumers spending more on brands that they're loyal to, it's a strategy no retailer can afford to ignore¹³.

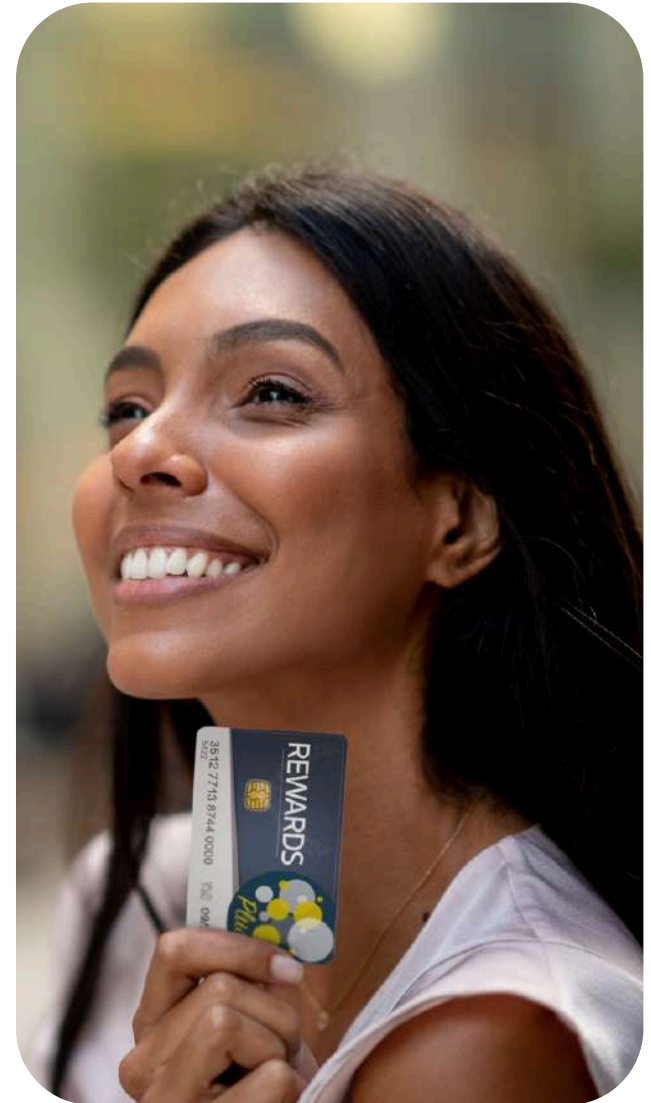


Other emerging modes

The availability of virtual reality, IoT, and now generative AI at a mass scale is quickly making advanced technology a more significant part of the online and offline retail experience.

With video walls, 3D virtual trial rooms, autonomous checkout, augmented reality, and other innovations, shoppers can explore products virtually, visualize how items will look, pay autonomously, and engage with immersive experiences across channels.

Figuring out how, what, when, and where to apply these to your omnichannel strategy will challenge all retailers going forward.



Technologies and products that facilitate omnichannel strategies

Omnichannel marks a clear break from the linear buying journeys of the past. With shoppers moving back and forth between channels, researching online, speaking to a sales rep offline, and then going back to purchase through a digital channel, omnichannel strategies must connect each interaction and provide the best experience at each stop. Sounds easy, right? It's not, and most retailers struggle to connect the multiple, cross-functional, and often siloed systems and teams that make up and run their commerce infrastructure.

The challenge is especially acute for established retailers that rely on legacy systems that don't integrate well with each other or the newer technology and systems designed specifically for omnichannel.

The technological problems omnichannel commerce presents are far too company-specific and complex to solve in any eBook, and we won't presume to do it here. What we can do, instead, is review the core technologies and capabilities needed for omnichannel and present a few best practices for integrating them successfully into the typical commerce ecosystem.

Certain service areas connected to omnichannel are being prioritized by retailers



Source: Statista³

Technologies and products that facilitate omnichannel strategies

Integrated cross-channel payment solution

An integrated payment solution ensures a seamless shopping experience across channels. Tokenization and unified analytics play a crucial role by streamlining cross-channel data integration. Tokenization replaces sensitive customer data (e.g., payment, profile, preferences, etc.) with algorithmically generated characters called tokens.

Tokens allow you to capture and unify customer data so it can be securely accessed and applied across any channel. Here are a few examples of how tokenization can help enable your omnichannel payments strategy.

Customer single view

Tokens enable you to identify returning customers across every channel and, when linked to a third-party tracking service, give you greater insight into customer behavior and preferences, which you can then use to personalize their experiences.

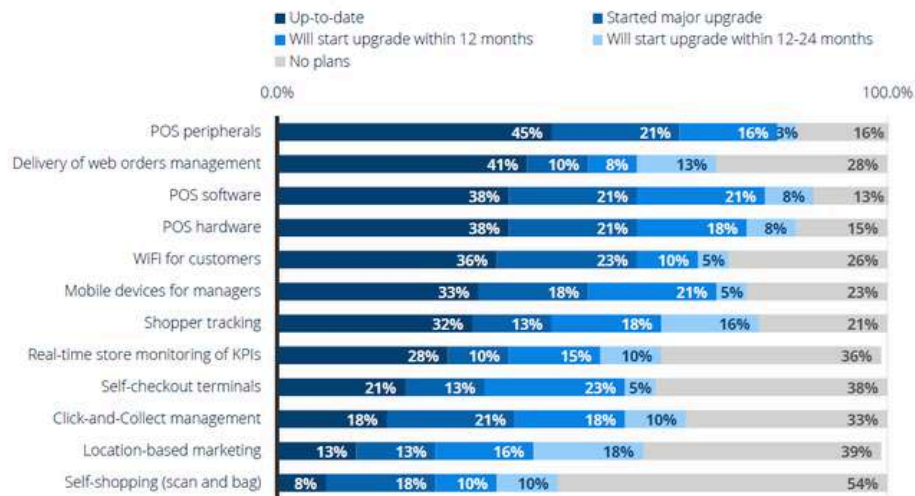
Cross-channel sales

Tokens can enable a wide range of cross-channel commerce features and benefits. Use them to easily build in services like BOPIS, hassle-free returns, and integrated payments across channels.

Tokens also allow you to securely link your loyalty programs to the customers' credit or debit cards without putting their payment data at risk.

Advanced Point of Sales (POS)

When incorporated into an advanced POS system, tokens extend your ability to personalize the checkout experience and engage customers with recommendations, loyalty rewards, and other specialized offers.



Source: Statista³

Technologies and products that facilitate omnichannel strategies

End-to-end inventory and supply chain visibility platforms

Complete cross-channel visibility into inventory and the supply chain is essential to any successful omnichannel strategy.

End-to-end inventory visibility and management platforms give you the real-time reporting and analytics needed to plan and manage your stock efficiently across channels. By concentrating all your inventory data into a single repository, these systems help break down silos and give you the single view necessary to understand better the factors that cause shortages and excess stock.

The result is a win-win for both you and your customers, with you gaining cost-saving efficiencies and your customers a better overall shopping experience.



Technologies and products that facilitate omnichannel strategies

Omnichannel marketing technology

Marketing is an integral part of the omnichannel experience. Several new technologies have emerged to help retailers take advantage of the terabytes of customer and operational data produced by digital transactions.

These technologies allow retailers to stitch together anonymous and known users across channels into a single profile. They can then enrich them with the aforementioned first and third-party data and activate them with personalized offers in consistent multichannel campaigns. With omnichannel campaigns delivering 2.5x the conversion rate as single-channel marketing¹⁰, there is a strong impetus for retailers to adopt and invest in these technologies as part of their omnichannel strategy.

Next, we'll take a look at two of the most popular.

Customer data platforms (CDPs)

Customer data platforms aggregate data from various touch points and systems – social media, email, websites, marketing, and sales platforms, operational – creating a comprehensive and centralized view of each customer or prospect. This allows retailers to craft highly targeted and personalized marketing campaigns based on individual customer profiles.

Headless content management systems (CMS)

Headless CMS is a relatively new technology and approach to content management that separates the content management and presentation layers. The separation allows retailers to use the same content across every channel, thus ensuring a consistent user experience regardless of the device, channel, or platform. Headless CMS makes it easy for marketers to create and refresh consistent user experiences on any channel. However, it relies heavily on APIs for execution and can be complex to configure and maintain.



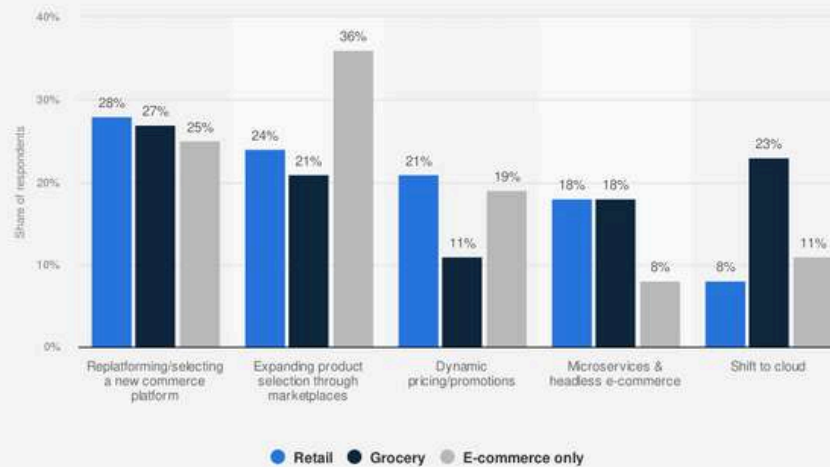
Conclusion

With consumers already accustomed to and expecting omnichannel shopping experiences, the question for retailers is no longer whether or not to adopt the strategy but when and how completely.

As retailers struggle to integrate their channels and systems effectively and give customers the consistent, seamless experiences they want, new technologies and partners must emerge to help smooth the way. At Verifone we've already helped some of the world's most popular brands make the successful transition to unified customer experiences, with our comprehensive set of payment and commerce solutions.

From facilitating payment acceptance across all channels, including in-person devices and online processing, to implementing advanced features like tokenized payments and robust data analytics, we empower businesses to meet the most difficult challenges of omnichannel commerce. When working with us, merchants can seamlessly integrate and scale their operations while providing customers with the same fast, frictionless shopping experience across all channels. This partnership addresses current omnichannel needs and enables businesses to adapt and thrive in the ever-evolving retail landscape.

Main short-term challenges in omnichannel commerce among worldwide e-commerce companies in 2022, by type of company



Sources
Salesforce Research; Ipsos; Publicis.Sapient
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Additional Information:
Worldwide; March 18 to April 12, 2022; 294 decision makers*

Source: Statista³

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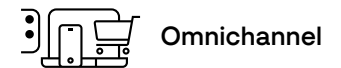
Leverage value-added services for tokenization, security, support, or deployment.

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WP202404TFO | Published April 2024

