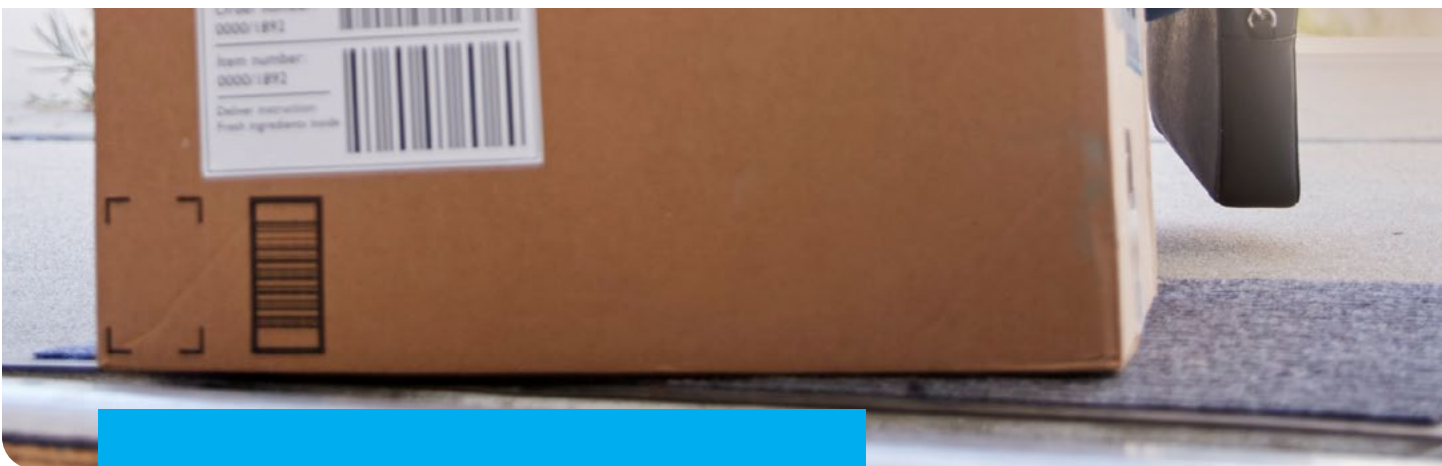


New Processes for a New Normal

CONSUMER BEHAVIOR SHIFTS
FORCE RETAILERS TO EVOLVE OPERATIONS...
WITH THE HELP OF TECHNOLOGY



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A SHIFT IN HOW CONSUMERS SHOP

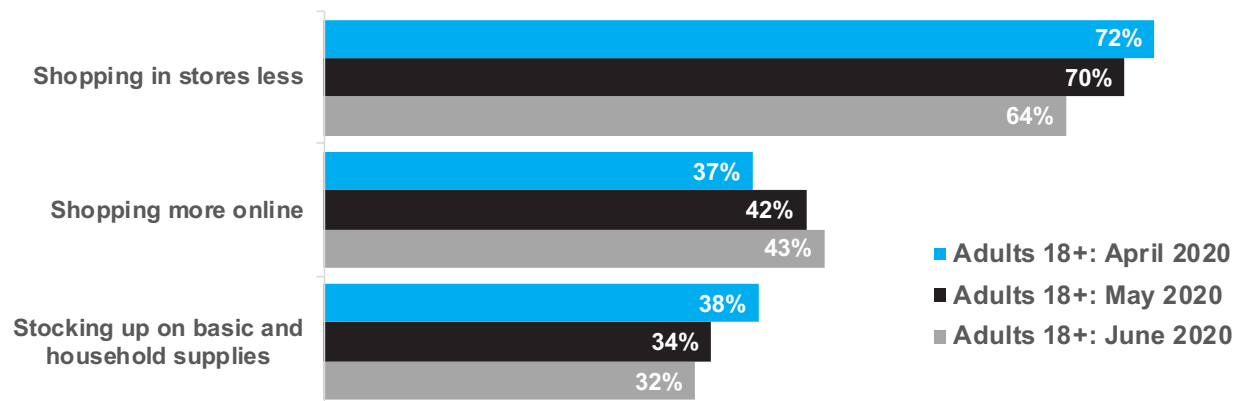
The COVID-19 pandemic has negatively impacted many industries, perhaps none more so than retail. With all non-essential retailers forced to close their stores and the economy spiraling downward, driven in large part by record-high unemployment rates, both retailers and consumers were forced to re-evaluate the “normal” way of shopping. Consumers became reluctant to open up their wallets for purchases of non-essential items, and were even less inclined to venture into a store.

Consider the following statistics from the [Prosper Insights & Analytics' Monthly Consumer Survey](#) for June 2020, which surveyed 7,762 U.S. consumers from June 1 through June 9:

- When asked if they felt the COVID-19 crisis would impact the economy, 77 percent said yes (although that is an improvement compared to 84 percent who said the same in May and 86 percent in April).
- Just 37 percent of adults are confident or very confident in the economy vs. 52 percent in June 2019.
- Forty-two percent of consumers said they're focusing on what they need when making purchases rather than what they want.

So how has this shift in consumer sentiment impacted retailers' businesses? According to the same Prosper Insights & Analytics survey, 64 percent of consumers said they're shopping less in brick-and-mortar stores. However, there is some good news: 43 percent of respondents said they are shopping more online. In fact, that is an increase from 42 percent who said the same in May, and 37 percent in April, indicating that consumers' preference for online shopping isn't abating, at least any time soon.

Figure 1: How, if at all, are you changing your shopping behavior as a result of the Coronavirus/COVID-19 (Jun-20 vs. May-20 vs. Apr-20)



Source: Prosper Insights & Analytics™, Monthly Consumer Survey

With states lifting stay-at-home orders and non-essential retailers allowed to reopen their doors, we've begun to see the first glimpses of what retail will look like in a post-pandemic world. And to be frank, it won't look at all that different. What we will see is an acceleration of trends that were in motion prior to 2020.

The omnichannel nature of consumers' purchase journeys was evident prior to COVID-19, with increased adoption of programs such as buy online, pick up in-store (BOPIS); buy online, return in-store (BORIS); and ship from store a testament to that. What the worldwide health crisis did was rapidly accelerate the rate of adoption for these programs, among both retailers and consumers. Furthermore, new forms of omnichannel shopping have emerged during the pandemic, most notably buy online, pick up at curbside (BOPAC), prompted by consumers' desire to spend less time in physical retail stores as a safety precaution.

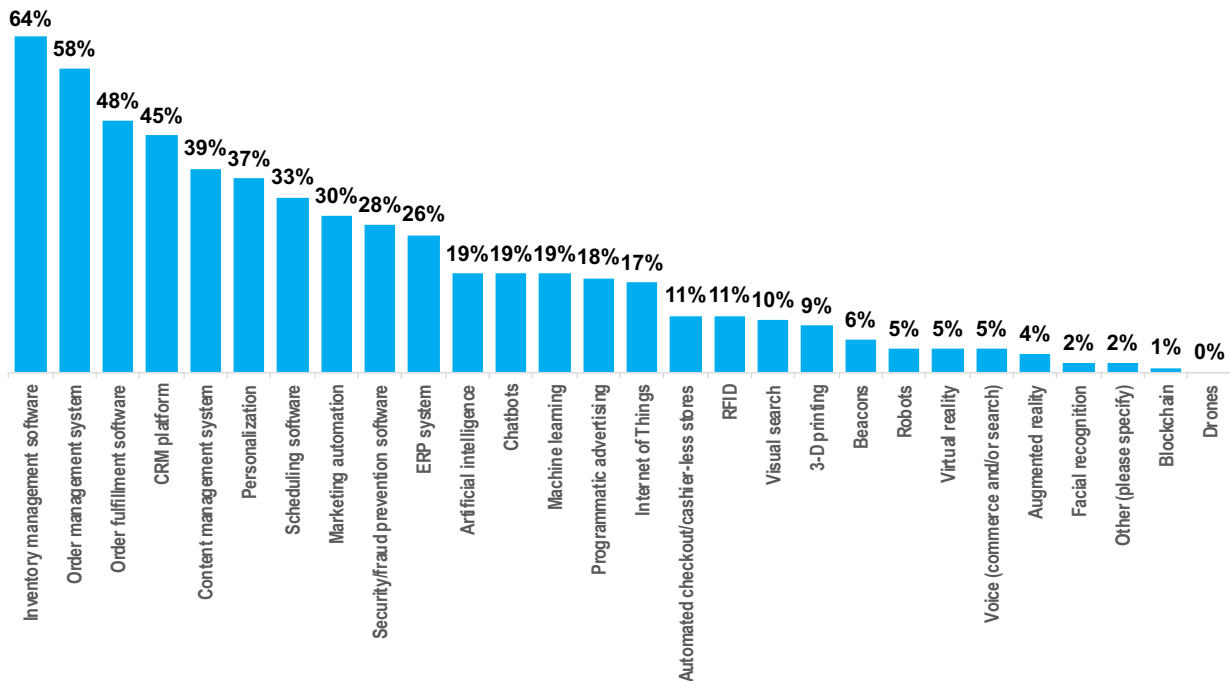
Consumers are opting for these new modes of shopping for a few different reasons. One is to save on shipping costs associated with eCommerce orders delivered to their homes. (Incidentally, retailers save on the cost of shipping online orders to customers' homes as well.) A second reason is convenience. Customers can order the product(s) they want online and then go and pick them up in-store or curbside the same day, oftentimes within a matter of hours. Lastly, and this is a phenomenon derived from the coronavirus pandemic, consumers wish to limit their in-store browsing time.

TECHNOLOGY ENABLES RETAIL'S 'NEW NORMAL'

To enable the types of omnichannel shopping journeys that are increasingly common for today's consumers, retailers are turning to technology. Specifically, retailers need systems that can efficiently and effectively flow data — customer data, product data, order data, etc. — between channels and teams so that the customer has a seamless and enjoyable experience no matter how they engage with the brand. Technology systems such as order management systems, inventory management systems, omnichannel fulfillment (e.g., BOPIS, ship from store), among others are required components for retailers looking to meet the heightened and evolving needs and demands of customers.

The good news is that retailers recognize that technology is essential to delivering frictionless omnichannel shopping experiences, and are investing in such solutions. According to Total Retail's 2020 Retail Technology Report, retailers are most likely to be allocating technology budgets to inventory management (64 percent of respondents), order management (58 percent), and order fulfillment (48 percent).

Figure 2: Which technologies is your company currently using? (Check all that apply)



2020 Retail Technology Report, Total Retail

The technologies that retailers are investing in reflect the omnichannel nature of today’s consumers. Systems that can help retailers track inventory and fulfill orders across multiple channels are becoming more critical as consumers engage across a variety of touchpoints, often in a single purchase journey. With brick-and-mortar retailers looking for ways to stem the momentum of online pure-plays and direct-to-consumer (D-to-C) brands, and recoup sales lost during the pandemic, they’re increasingly using their stores as distribution hubs in addition to a transaction channel.

In order to do that effectively, investments in supply chain technology are essential. Inventory and order management systems are the engines driving BOPIS, BORIS, BOPAC, and ship-from-store programs, ensuring the right inventory is in the right place at the right time, enabling seamless fulfillment of orders no matter how the customer chooses to transact.

Further complicating matters for retailers as they evolve their omnichannel operations is the speed at which they’re required to do so to compete in a hypercompetitive environment. We’re seeing a spike in omnichannel buying behavior during the pandemic, similar to what retailers see during the Q4 holiday shopping season. Peak readiness is the new normal. The last three-plus months have provided a preview of what’s to come during the Q4 holiday season.

OMNICHANNEL TECHNOLOGY YIELDS BENEFITS TO RETAILERS AND CONSUMERS

In order for a technology system to be a wise investment, it needs to yield some form of benefit to the organization, whether that be revenue generation, cost savings, efficiency gains, etc. In the case of omnichannel technology such as order and inventory management, as well as order fulfillment, the benefits are not only realized on behalf of the organization, but the end customer as well. It's a win-win for all parties involved.

For example, the tech powering programs such as BOPIS and BOPAC is enabling consumers' desire for less in-store browsing and less physical interaction with others as the country slowly begins to reopen. That is a competitive differentiator that consumers will value when making purchase decisions. Consider that more than [68 percent of shoppers have made more than one BOPIS purchase](#). In addition, 50 percent said they've decided where to buy a product online based on whether they can pick it up in-store.

BOPIS has also been proven to cut down on shipping costs — saving both the retailer and customer money — as well as drive incremental purchases when customers arrive in-store to pick up their orders. Eighty-five percent of shoppers have [made an additional in-store purchase when they pick up items they purchased online](#), with 15 percent saying that they do so “somewhat frequently.”

In the current environment, BOPIS and BOPAC are becoming table stakes for traditional brick-and-mortar retailers to compete. According to [Salesforce's Shopping Index](#), retailer websites offering BOPIS grew digital revenue by 179 percent in April 2020 year-over-year (YoY) and 250 percent in May 2020 YoY.

In addition, ship-from-store programs enable faster delivery times, leading to more conversions, better experiences and, ultimately, increased loyalty. Furthermore, inventory optimization at stores and distribution centers leads to fewer costly overstocks and out-of-stocks.

It's clear that an investment in technology to support your company's omnichannel operations will not only yield short-term gains with consumers still reluctant to shop in-store, but also position it for long-term success in what is quickly becoming the new industry normal.

TIPS FOR IMPROVING THE OMNICHANNEL CUSTOMER EXPERIENCE

With consumer demand at its highest for seamless shopping experiences across channels, and the benefits of getting it right clearly defined for both retailers and their customers, the next step is identifying how to prepare your organization to deliver. This list of tips will help:

- 1. Understand your customers' wants and needs.** What services are you not currently offering that they're interested in? BOPIS? BOPAC? BORIS? Ship from store? Or if you're currently offering some or all of those services, how are your customers using them? What has their experience been? Having an understanding of what your customers want is the first step in being able to give it to them. Collect customer feedback.

- 2. Invest in the technology necessary to deliver seamless omnichannel customer experiences.** Focus your search on order and inventory management systems, as well as order fulfillment software. The key will be finding a partner that offers a pre-integrated, modular stack of technologies and tech-driven operational services that enable turnkey eCommerce that drives profitable customer experience. The seamless flow of data between systems and channels is paramount.
- 3. Spend time training your employees.** This is particularly true for in-store associates, who are gaining additional responsibilities with the introduction of BOPIS, BOPAC, and ship-from-store programs. The customer still expects the same high level of service each time they interact with your brand, whether they're shopping in-store, picking up an online order in-store or at curbside, or waiting (impatiently) at home for a delivery to arrive. Ensure that your employees have the necessary tools to do their jobs effectively, and that they know how to use them.
- 4. Promote your omnichannel offerings.** Make sure that consumers are aware of the services that your company is making available to them. Make it clear in your digital channels (website, social pages, app), in-store (signage), and marketing materials (email, paid search, content) that consumers can shop with your brand easily in multiple ways. Generating consumer awareness will drive consumer adoption.
- 5. Put a premium on execution.** Consumers have come to expect that retailers will have the right products in the right places at just the times they need them. Falter at any step in the supply chain process and the entire customer experience is ruined. The result is lost sales, a lack of customer loyalty, and damage to your brand reputation. Getting it right — with the help of technology — saves all of that.
- 6. Monitor, measure, and improve.** Like any program, set goals, measure your performance against them, and make improvements as you go. These could include how long it takes to fulfill BOPIS and BOPAC orders, the percentage of inventory shipped from stores vs. distribution centers, or the amount of online returns that are processed in-store on a daily, weekly or monthly basis. Whatever the program goals may be, the challenge is to always be improving upon them. Omnichannel operations are no exception.

WHO WE ARE



Radial Inc., a bpost company, is the leader in omnichannel commerce technology and operations. Premier brands around the world confidently partner with Radial to deliver their brand promises, anticipate and respond to industry disruption, and compete in a rapidly evolving market. Radial's innovative solutions connect retailers and customers through advanced omnichannel technologies, intelligent payments and fraud protection, efficient fulfillment, supply chain services, and insightful customer care services – especially where high-value customer experiences are critical. We are flexible, scalable, and focused on our clients' business objectives. Learn how we deliver today's retail for you at radial.com.



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WHO WE ARE

TotalRetail

Total Retail is the go-to source for retail executives looking for the latest news and analysis on the retail industry. Featuring a daily e-newsletter (Total Retail Report), robust website, virtual and live events, comprehensive research reports, podcast channel, and more, Total Retail offers retail executives the information they need to do their jobs more effectively and grow their professional careers. Visit myTotalRetail.com.

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