



EBOOK

Reach New Heights of Omnichannel Personalization through Retail Digital Transformation

Introduction

Retailers are experiencing the biggest shift in consumer preferences, expectations and shopping behaviors that the industry has ever seen. The rise of a new economy based on digital transformation is dramatically reshaping the ways companies do business. For retailers that don't want to lose customers seeking a better experience, the time to digitally transform is now.

To succeed in today's new economy, brands and retailers must invest in agile, dynamic technologies that extend across all areas of their businesses to deliver seamless, yet personalized online and physical store customer experiences.

Tech-savvy consumer expectations begin (and often quickly end) with initial company interactions, requiring retailers to deliver a unified, omnichannel strategy that drives engagement through optimization and personalization at every touchpoint. Taking a digital approach to marketing and loyalty ultimately ensures customers' top priorities for value, convenience and personalization are met over any channel they use.

Changing consumer behaviors and preferences along with technology trends such as mobile, cloud, big data, and analytics, in addition to emerging trends like AI and ML will continue compelling retailers toward the necessity of digitally transforming their businesses.



86%
of U.S. retail sales still take place in physical stores, yet 53% of all purchasing decisions are now “digitally influenced”

(Forrester)

73%
of ecommerce consumers regularly shop in multiple physical and digital channels and spend more, more often, and for longer than their single-channel counterparts.

(Shopify)

The Evolution of Shoppers

New Expectations

Consumer expectations have been transforming rapidly over the past five years due to advancing technologies, which have given shoppers more control over what, where, when, how and why they buy than ever before.

Recognition of this shift in power is important for retailers to acknowledge. As they grow to understand that for many shoppers today the lines between physical and digital interactions is blurred, they must work smarter at delivering a physical and online experience that meets consumers' current demands.

For the first time there is a generation of shoppers that has never known the world before the internet existed and a generation where that is true of mobile as well. Millennials and Generation Xers are driven by a new set of value propositions that include convenience, personalization, and the digital-readiness of the retailer.

Top 3 Drivers of Changing Consumer Behaviors & Preferences



Digital tools. Consumers are using digital channels throughout their entire shopping experience starting with initial product searches and reading reviews, then purchasing in-store with a digital offer or on an e-commerce platform, and afterwards leaving social reviews or working with customer service through email and chatbots.



Convenience. Consumers like the ability to begin and complete their experience anywhere and anytime. Consumers may start online by browsing for a product and then walk into the store for the purchase. They expect retailers to know of their online activity and be ready to help them with their purchase – delivering a seamless online and in-store experience.



Personalization. Consumers expect retailers to know who they are, where they live, what products or services they may have purchased in the past, and what their current preferences are. It matters to them that retailers know what they like or don't like and demonstrate this understanding through their marketing efforts, offers and rewards.

82%

of consumers consult their phones while they're in a store deciding what product to buy.

(Think With Google)

33⁺%

of U.S. retail sales in 2018 involved smartphones, including everything from initial product research to actually making a purchase, accounting for more than \$1 trillion in sales.

(Forrester)

Challenges of the Traditional Retail Model

The traditional model of browsing, decision-making and purchasing all being completed within a brick-and-mortar space under the influence of the retailer is becoming a distant memory. This product-centric approach is making the operations of many retailers obsolete as it supports a fading value proposition that no longer meets current consumer needs.

Today, some brands go direct to consumers and no longer use retailers as the intermediary. With the rise of ecommerce many brands have built entire online retail experiences that deliver unparalleled convenience, allowing consumers to shop anytime and anywhere.

Yet the lines between online and in-store continue to blur as retailers with once only physical stores are moving online and some strictly ecommerce retailers are now opening physical stores. This has also given way to the supply chain operating under different models as well, all in an effort to meet the evolving needs of a 24 hour a day/seven days a week customer base.



88%

of shoppers using in-store technology (including mobile, AR/VR and automated payments) said it's made shopping easier, while 67 percent said these technologies made shopping more enjoyable.

(Tech Pro Research)

Searches for "24/7" customer service have grown over 400% in the past four years

(Google)



Disruption in Today's Retail Industry

Findings from the Global Center for Digital Business suggest a tough road ahead for retailers, uncovering the potential for disruption and a lack of established retailers' readiness to adapt. Retail was ranked 3rd highest as an industry moving toward the convergence of a digital center in which business models, offerings, and value chains are optimally digitized. Leaving the study to conclude that 4 of the top 10 incumbents in the retail industry will be displaced by their competitors within the next five years due to disruption and the inability to digitize.

Technologies Needed for Digital Strategy Execution

Disruption is occurring throughout the industry as retailers work to digitally transform their businesses. While the potential is in reach to drive powerful results, retailers often lack the ability to effectively execute a digital strategy. Outdated legacy systems and applications that were slow to move to the cloud are leading to downtime and a loss of customers and revenue.

In order for retailers to understand their customers and their purchase-related information in real-time they need to refine their business model from a product-centric approach toward a customer convenience approach, which requires digitizing their supply chain. This move allows them to capture valuable data across every engagement touchpoint online and in-store to develop a customer centric operating model specific to their business.

Next, retailers need to prioritize investing in a technology infrastructure that supports data collection, storage, and analysis, including the cloud, mobile, social, analytics, AI/ML and enterprise solutions.

With the right technology infrastructure and ecosystems in place, retailers can turn all the product, customer and location data they are collecting into actionable insights that drive innovation and enhance the overall shopping experience to increase revenue and ROI.

61%
of U.S. retailers' in-store
budget increases in 2018
went to new technology.

(Retail Touchpoints)

3.6%
increase to \$203.6 billion is
expected in worldwide retail
tech spending in 2019

(Gartner)

Digital Marketing Platform Advantages for Delivering Engagement and Loyalty

To thrive in this highly digital world, brands and retailers must embrace changing consumer behaviors and preferences and gain control of the data that will help them make better, faster decisions that deliver the type of personalization that drives loyalty.

For retailers this requires a single, digital marketing platform that follows the customer journey from initial in-store identity resolution, to customers becoming known through the transition to loyal customer advocates, while tracking and optimizing every interaction to increase customer lifetime value.

A scalable platform also gives retailers the tools to create personalized offers that are executed through automated campaigns and delivered in real-time over customers' preferred channels. This type of personalization connects retailers with shoppers in the most important ways. It's why the top area for new spending by retailers is digital marketing, according to Gartner's 2018 CIO Agenda: Retail Industry Insights.

Retailers that make the commitment can build early leads in AI as well, utilizing their platform to integrate the data and translate it into knowing when a customer walks into the store, what he or she is looking at, what past purchases he or she made, and in real-time serve up what's relevant.

Today, it takes a digitally transformed retailer to have the capabilities to fully understand their customers and deliver highly personalized experiences both in-store and online.

Punchh Marketing Cloud

The Punchh Marketing Cloud provides digital marketing products for physical retailers, combining AI and ML technologies, mobile-first expertise, and omnichannel communications designed to dramatically increase lifetime customer value.

Punchh helps retailers digitally transform to create lasting customer loyalty.
Contact us to see a demo: Contact@Punchh.com • 650-781-7100

59%

of consumers who have experienced personalization say it has a noticeable impact on their purchasing

(Infosys)

80%

of consumers are more likely to purchase from a company that offers personalized experiences

(Edelman)



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About Punchh

Headquartered in San Mateo, CA, Punchh is the world leader in innovative digital marketing products for physical retailers, combining AI and machine learning technologies, mobile-first expertise, and omnichannel communications designed to dramatically increase lifetime customer value. Leading global chains in the restaurant, convenience store, and retail sectors rely on Punchh to grow revenue by building customer relationships at every stage, from anonymous to loyalists.