NEWSTORE

MOBILE RETAIL REPORT
OMNICHANNEL EDITION

2018

INTRODUCTION

> " *How many brands are actually achieving omnichannel excellence? To find the answer, we went undercover as mystery shoppers at 140 iconic luxury, lifestyle, and apparel brands.* "

Omnichannel. It means something different to every retailer. Whether it's offering modern fulfillment options, such as buy online pickup in-store (BOPIS) and endless aisle, empowering store associates with a 360 degree view of their customers, or simply wanting accurate inventory visibility across channels, every brand wants to deliver the ultimate omnichannel experience. But how many are actually achieving omnichannel excellence?

To find the answer, we went undercover as mystery shoppers at 140 iconic luxury, lifestyle, and apparel brands. Our researchers followed a typical customer journey, interacting with digital (mobile) and physical channels to evaluate if retailers have been able to successfully

overcome those pesky organizational and technological silos to deliver a consistent and compelling customer shopping experience.

To reveal our findings, we'll walk you through the modern shopper's customer journey, from an initial search and discovery on a mobile device to the customer acquisition in-store and, finally, customer retention post-sale. The journey is what a customer expects when shopping with their favorite brand, with each chapter broken down by functionality we evaluated from an omnichannel perspective, why it's important for brands to offer these capabilities (spoiler alert: it's related to lost revenue opportunities), and how many brands have executed successfully. **Let's go.**

RETAIL'S STAKEHOLDERS

CUSTOMER

DAVID

33, male, residing in New York

Travels to Europe every couple of months

Is a big fan of soccer, and an outdoor enthusiast

Carries mobile phone everywhere

Has little spare time to shop so convenience is crucial

Expects a consistent experience with his favorite brand over multiple channels

STORE ASSOCIATE

RACHEL

25, female, residing in Brooklyn

Passionate about fashion, particularly athleisure

Loves Soulcycle and Sweetgreens

Strives to know as much about her customers as possible

Frustrated when technology underperforms, making her job harder

Wants to be empowered with mobile technology to improve her efficiency

THE ULTIMATE OMNICHANNEL CUSTOMER JOURNEY

He skips all form fields at checkout by using Apple Pay and creates a loyalty account with ease

Waiting for the Q train, David opens up the mobile website of his favorite brand and purchases a black leather jacket for the winter.

He skips all form fields at checkout by using Apple Pay and creates a loyalty account with ease based on the data already stored in his Apple Pay profile.

With visibility to in-store inventory on the mobile site, David decides to pick his order up at the 34th Street Store to maximize time while he's there and schedules an in-store appointment to try on some shirts for an upcoming work trip.

Leather Jacket
$512

Size L

Buy with Pay
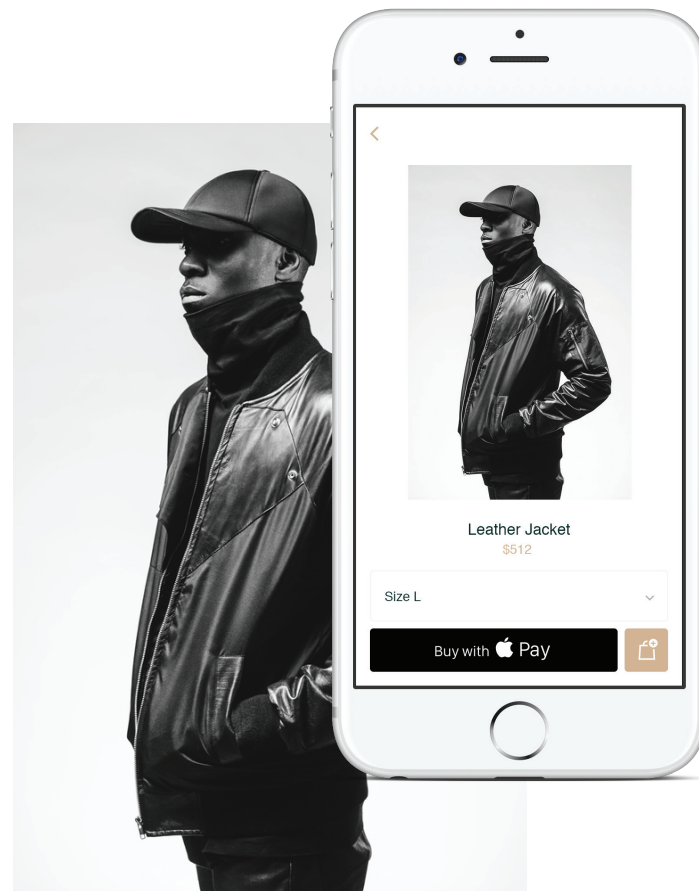
WHAT OMNICHANNEL CAPABILITIES DID WE LOOK FOR?

In-store inventory visibility

41% of retailers have shown significant positive impact on in-store revenues since enabling inventory visibility (Forrester).

HOW MANY BRANDS OFFERED IT?

Buy online pick-up in-store

65% of consumers who buy online and pickup in-store, purchase additional items in-store when they go to pick up their purchases (Cognizant).

30%

18%

11%

In-store appointment scheduling

60% of sales generated on an appointment, in turn, generate a 20% increase in upselling (Agendize).

THE ULTIMATE OMNICHANNEL CUSTOMER JOURNEY

When David enters the store, the store associate, Rachel has a number of shirts waiting for him based on the size in his customer profile, which she accesses through a mobile device. David tries them all on, but unfortunately his favorite color isn't available in his size. To save the sale, Rachel uses her smartphone to locate the desired inventory at the Times Square store and arranges to have the shirt shipped directly to David's house.

Before David leaves the store, Rachel recommends a pair of gloves to keep him warm in the winter, but he's not sure if he wants to buy them right away. Rachel adds them to his virtual shopping cart, and a few days later David receives a personalized email promotion for the gloves. He realizes he can't survive the cold without them, so he logs into his loyalty account, makes the purchase, and has them delivered to his home.

David loves the brand, had a great experience, and is now a loyal customer.

Leather Gloves
$212

Size L

Buy with Pay
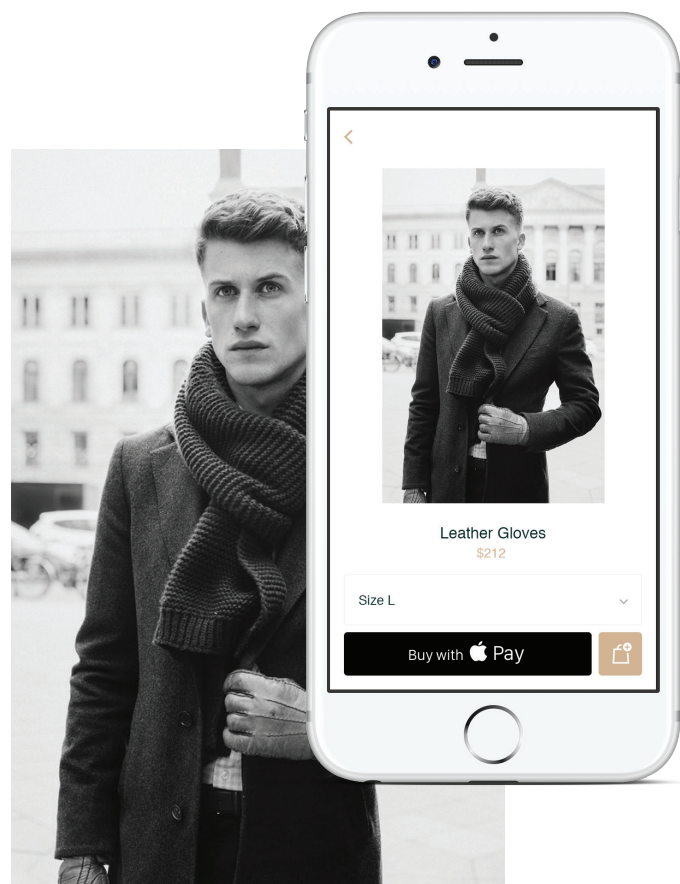
WHAT OMNICHANNEL CAPABILITIES DID WE LOOK FOR?

Inventory visibility for other stores via mobile phone or tablet

27% of consumers who would be very likely to leave and visit another retailer's store if a product is out of stock (RSR).

In-store product recommendations & upselling

70% of consumers said they want in-store recommendations from associates equipped with mobile devices (PWC).

Personalized follow-up (push notifications and email)

Push engagement is around 12% for the retail industry, but can be significantly higher if customized based on past purchases or location (Kahuna). Targeted emails drive 6x higher transaction rates with personalized data (Experian).

HOW MANY BRANDS OFFERED IT?

19%

21%

13%

1%

7%

3%

Clienteling - store associate access to omnichannel customer profile

73% of customers prefer to buy from brands that use personal information to make shopping experiences more relevant (Digital Trends).

Endless aisle - purchasing items online or from another store/DC to "save the sale"

Retailers that use endless aisle strategies generate between 1% and 10% of a store's revenue (Forrester).

Shared shopping cart visibility

34% of consumers and 43% of retailers prioritize shared carts for online and in-store purchases as the most important cross-channel capability (Forrester).

CONCLUSION

This is a typical example of a brand leveraging the latest retail technology to turn a casual shopper into a repeat, and perhaps, loyal one. David experienced a consistent and personalized shopping experience across multiple channels, while the store associate was able to leverage the real-time data at her fingertips to better connect and create a long-lasting relationship with him. Ultimately, the brand is offering a personalized customer experience, which in turn will drive revenue. Simple, right?

Well, not really. Overall the retailers we included in our research scored a "C" for omnichannel, as many struggle to bridge the digital and physical divide. Failure to do so makes it impossible to offer personalized shopping experience and severely limits store associates' ability to engage and sell, as they can't access accurate inventory information or customer profiles.

LEADING THE WAY

Despite the average industry grade, a number of brands lead the way toward a better omnichannel experience:

1

Burberry

From an effortless mobile experience - both through the website and the app - to extremely knowledgeable associates in-store, the Burberry experience is one that is nearly as luxurious as their trench coats. Whether shopping in-store or through mobile, there is inventory transparency that allows the customer or associate to always locate a desired item.

2

LOFT

With the ability to have customers pick up mobile orders in-store, LOFT not only creates more convenience for consumers but also increases its odds of an upsell as that customer walks through its merchandise on the way to pick up her order at the checkout counter.

3

Tory Burch

Sometimes shoppers are in a hurry and don't have time to try on an item of interest, but this is not an issue in Tory Burch, where sales associates can stand with the customer while pulling up her purchase history - both online and in-store - to see what sizes have worked for her in the past.

4

J.Crew

If a customer in J. Crew finds the perfect winter flannel but can't find their size on the floor, an associate is enabled, through a tablet, to search the company inventory to locate the correct size - whether it's elsewhere in that store, at another location, or somewhere in a warehouse. Either way, the associate ensures the customer walks out of the store with the flannel in hand or on the way to their home.

5

Coach

With Coach's store associates able to view the online activity of its customers, through either items in their wish list or shopping cart, they can easily help customers find something in-store that they were interested in online - giving physical access to something that had already caught their eyes.

PLANNING FOR 2018

Omnichannel is not a matter of "if," but "when." To overcome this complex challenge, brands turn to the NewStore Mobile Retail Platform to seamlessly connect consumers to associates and products. Unlike point solutions that create complexity and friction, NewStore delivers an end-to-end customizable platform built with a mobile-first approach. Founded by Stephan Schambach, creator of Demandware (now Salesforce Commerce Cloud), NewStore is designed to engage and retain today's mobile-obsessed consumer throughout their entire customer journey.

ADDITIONAL READING

- **2017 Mobile Retail Report** - If you liked this report, read the full version that includes additional analysis on mobile web, apps, clienteling, fulfillment and more. Download your copy at www.newstore.com/mrr

- **Request your own data** - If you're one of the brand's included in our research, you can request our secret shopper research at www.newstore.com/myscore

- **Makeover, How Mobile Flipped the Shopping Cart** - There's a lot to think about when creating a true omnichannel experience and it can be daunting knowing where to start. Authored by Stephan Schambach, this book gives an overview of the various different elements a brand needs to consider to be successful, including store associates, loyalty programs, technology, data, fulfillment and the brand itself. Get your copy at www.newstore.com/makeover
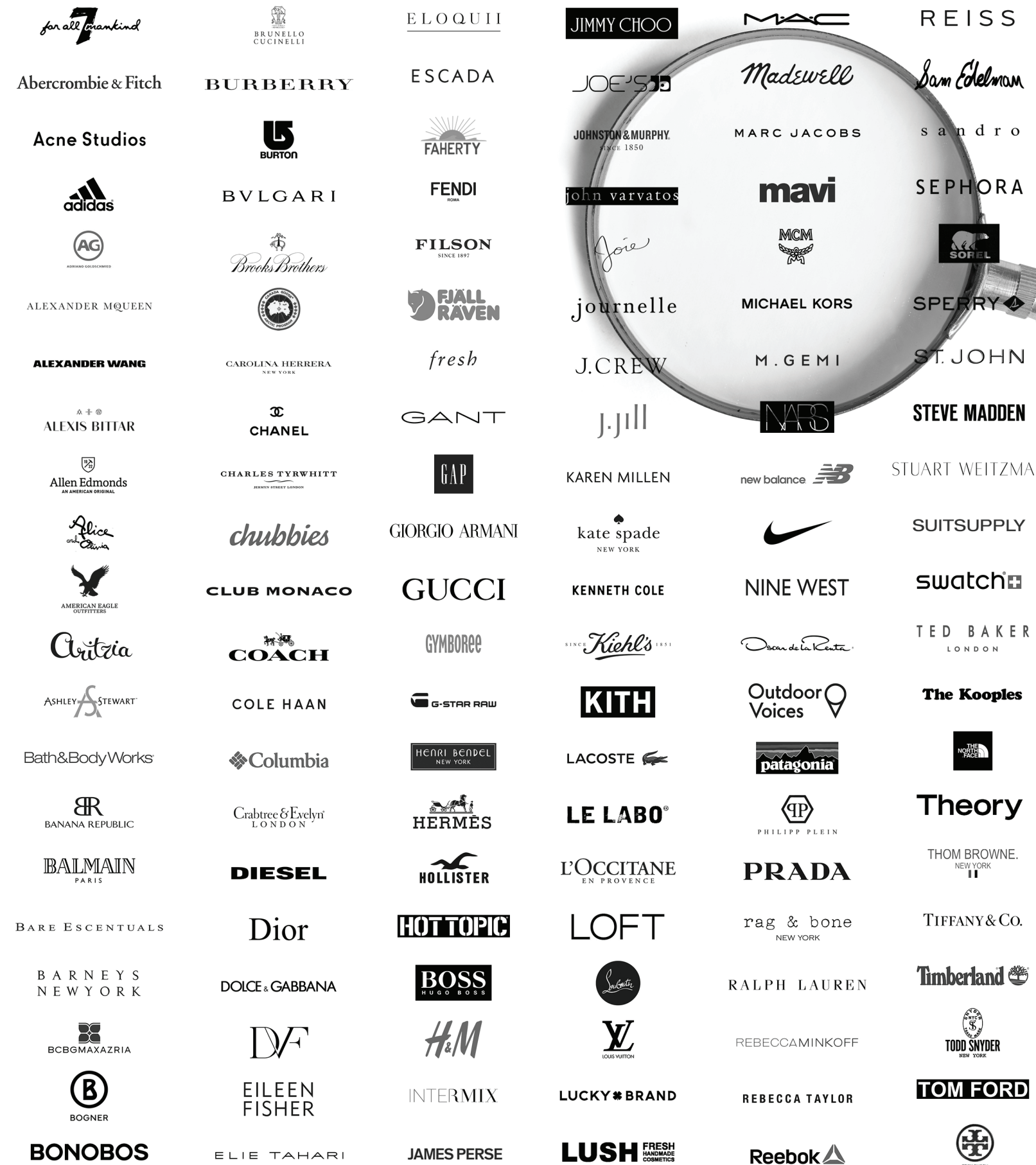
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NewStore helps retailers create the highly personalized, frictionless shopping experience demanded by today's mobile consumer. The NewStore Mobile Retail Platform provides Clienteling, Endless Aisle, Mobile Checkout, Order Management, and Store Fulfillment. Unlike point solutions that create complexity and friction, NewStore delivers an end-to-end omnichannel platform that helps retailers drive sales per square foot, digital innovation, and conversion. The cloud-based platform is designed to integrate with existing enterprise retail technology stacks, and can be adopted modularly. NewStore was founded by Stephan Schambach, who previously invented the first standard software for online shopping and founded Demandware (now Salesforce Commerce Cloud). The company is located in Boston, New York and Berlin. Learn more at www.newstore.com.