

# Reaching and Resonating with the Omnichannel Shopper



## Why Creating a Powerful Connected-Commerce Experience Is Important

A White Paper  
by Julie Stephens



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# Overview: Evolution of the Shopper Experience

Ever since Jeff Bezos gave birth to e-commerce with the founding of Amazon in 1994, many industry experts have predicted that online shopping would eventually mean the death of brick-and-mortar retail.

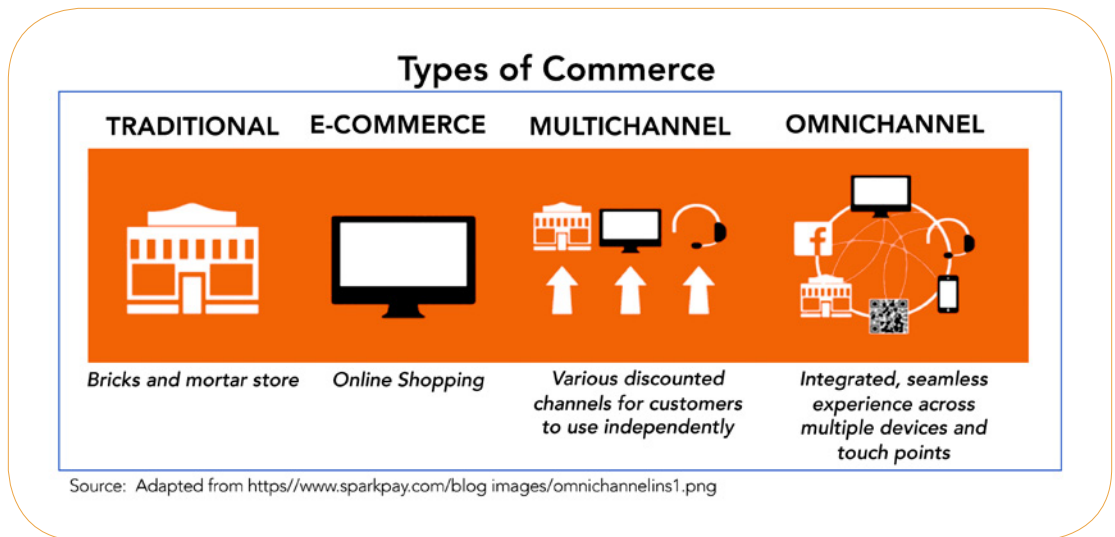
What has actually come to pass over the last two and a half decades is far more complex than simply replacing one commerce channel with another.

Shopping online has morphed from being a curiosity to earning credibility as a legitimate complement to in-store shopping to ranking as an expected option for a growing range of products and services.

The turn of the 21st century saw the emergence of “multichannel marketing,” an approach offering consumers a variety of paths to purchase—physical stores, direct mail catalogs and online (websites, email, blogs, social media). This strategy soon mutated into “cross-channel marketing,” which elevates the concept to include sharing data among channels to create a more seamless customer experience.

In the years following the Great Recession, consumers hardened by job loss, reduced incomes and the travails of navigating an anemic economy learned how to more effectively flex their buying muscle to get exactly what they wanted, when and how they wanted it, and the omnichannel experience was born.

Unlike its predecessors, omnichannel shopping is genuinely connected commerce, comprising the convergence of offline and online marketing. The consumer is squarely in the driver’s seat, receiving a consistent, integrated shopping experience on



any device and in any environment. Shoppers are coming to expect this and won’t put up with not receiving it. In a 2016 survey of U.S. consumers about online grocery shopping habits, Instacart subsidiary Unata found that more than two-thirds of respondents were willing to switch retailers if they were not able to have a connected, seamless experience.<sup>1</sup>

The shift is more than inevitable—it is already a given in retail marketing. Harvard University conducted a study in 2016 of the shopping habits of 46,000 customers of a leading retail chain. Results showed 73% of respondents used multiple channels during their shopping journey, just 20% were store-only shoppers and 7% were online-only shoppers.<sup>2</sup>

In today’s ever-changing shopping landscape the winners will be those who embrace the new reality of the omnichannel marketplace and are nimble enough to accommodate the evolving role of both traditional offline channels and rapidly growing online channels.

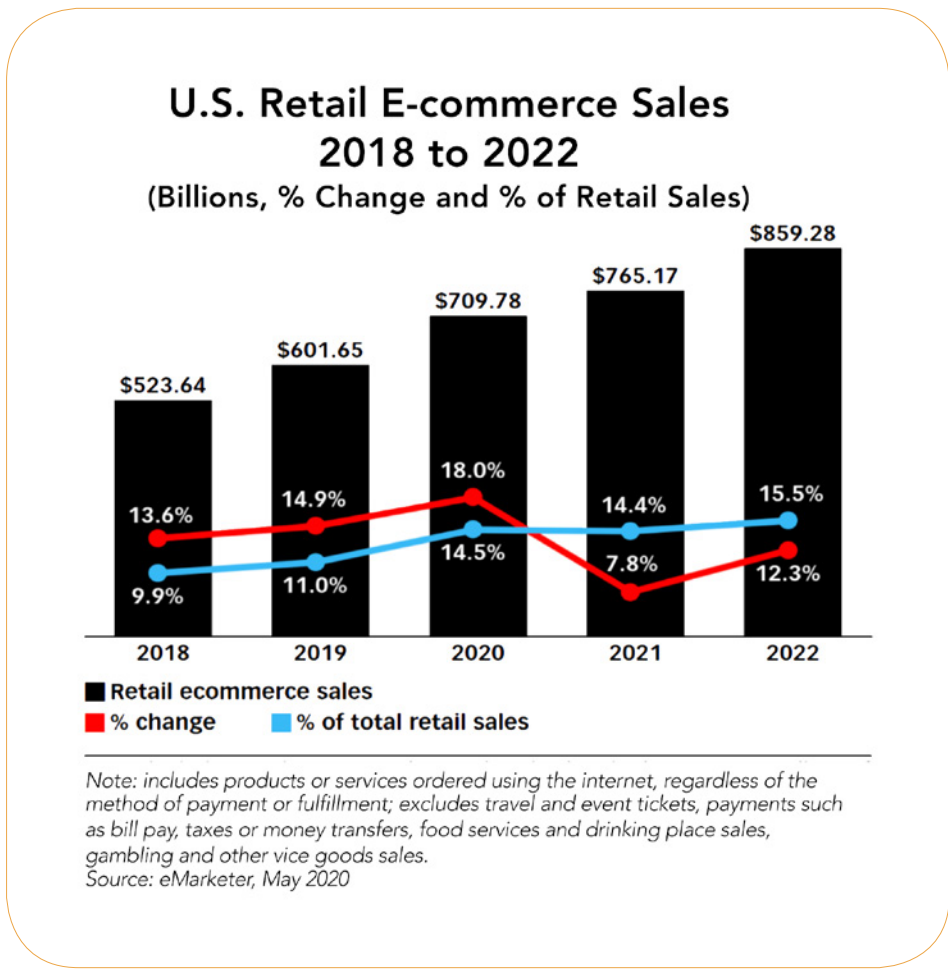
The implications for manufacturers, retailers and marketers are clear: get onboard or get left behind.

# E-commerce + Mobile Devices Are Reshaping Retail

The pace of change in e-commerce was breathtaking even before the spike driven by the COVID-19 crisis, making it challenging for companies not well-structured for digital-first and omnichannel to stay in the game.

In 2018 and 2019, U.S. retail e-commerce sales grew 13.6% and 14.9%, respectively. The pandemic has dramatically accelerated the shift to digital, and eMarketer forecasts the e-commerce sales increase in 2020 will reach 18%. Categories with the highest projected online growth rate are food and beverage at 58.5% and health/personal care/beauty at 32.4%.<sup>3</sup>

The grocery category has seen similar extraordinary growth, as a rapidly increasing number of consumers tried new omnichannel options such



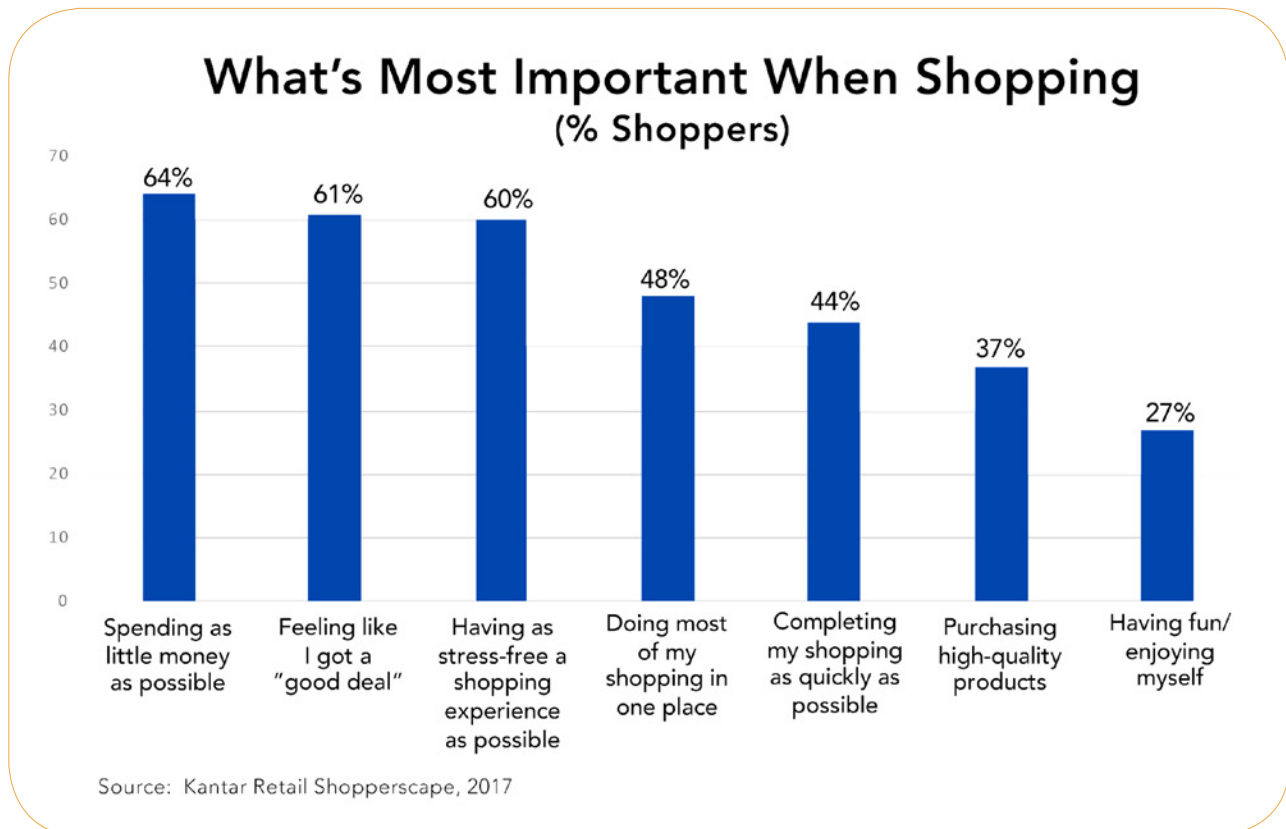
as buy online/pick up in store. A McKinsey & Company article reports that online sales grew 25% over a two-week period in March 2020, led by grocery purchases.<sup>4</sup>

Significantly, a growing amount of e-commerce is taking place on mobile devices. A September 2018 survey from HRC Retail Advisory found 59% of U.S. smartphone shoppers used their devices in-store to compare costs

or search for deals and coupons, and more than half looked up and shared product photos to solicit opinions from friends and family.<sup>5</sup>

Mobile platforms are integral to the omnichannel experience and present an immediate, personal and customizable means to maintain connection with customers.

## How E-commerce Has Changed the Shopper



The world of connected commerce significantly expands the scope of choices open to consumers and enables them to shop whenever, wherever and however they want. The customer journey continually evolves as shoppers move across channels to research, purchase and review products, with easy access to merchandise and information literally in the palm of their hands. These additional capabilities have created increasingly higher expectations for every step along the path to purchase.

Value-related considerations still narrowly rank first among attributes most important to shoppers when they are shopping, such as spending as little money as possible (64%) and feeling like they got a good deal (61%). But minimizing stress (60%) has supplanted convenience factors (44% - 48%) such as being able to complete all shopping quickly and in one place.<sup>6</sup>

"Stress-free shopping" actually encompasses convenience, comprising four key components: being able to easily find products and have them be in stock; fast, hassle-free shopping; being able to find everything on the list; and having an enjoyable experience.

The elevated expectations apply equally to both the online and physical shopping experience, and understanding the changing roles of each in the connected-commerce space is key. Shoppers who prefer online like the convenience and ability to compare prices and save time. Optimal download speed, site stability and web pages optimized for digital shopping are, therefore, imperatives, together with prompt delivery, high-functioning landing pages and consistent marketing messages.<sup>7</sup>

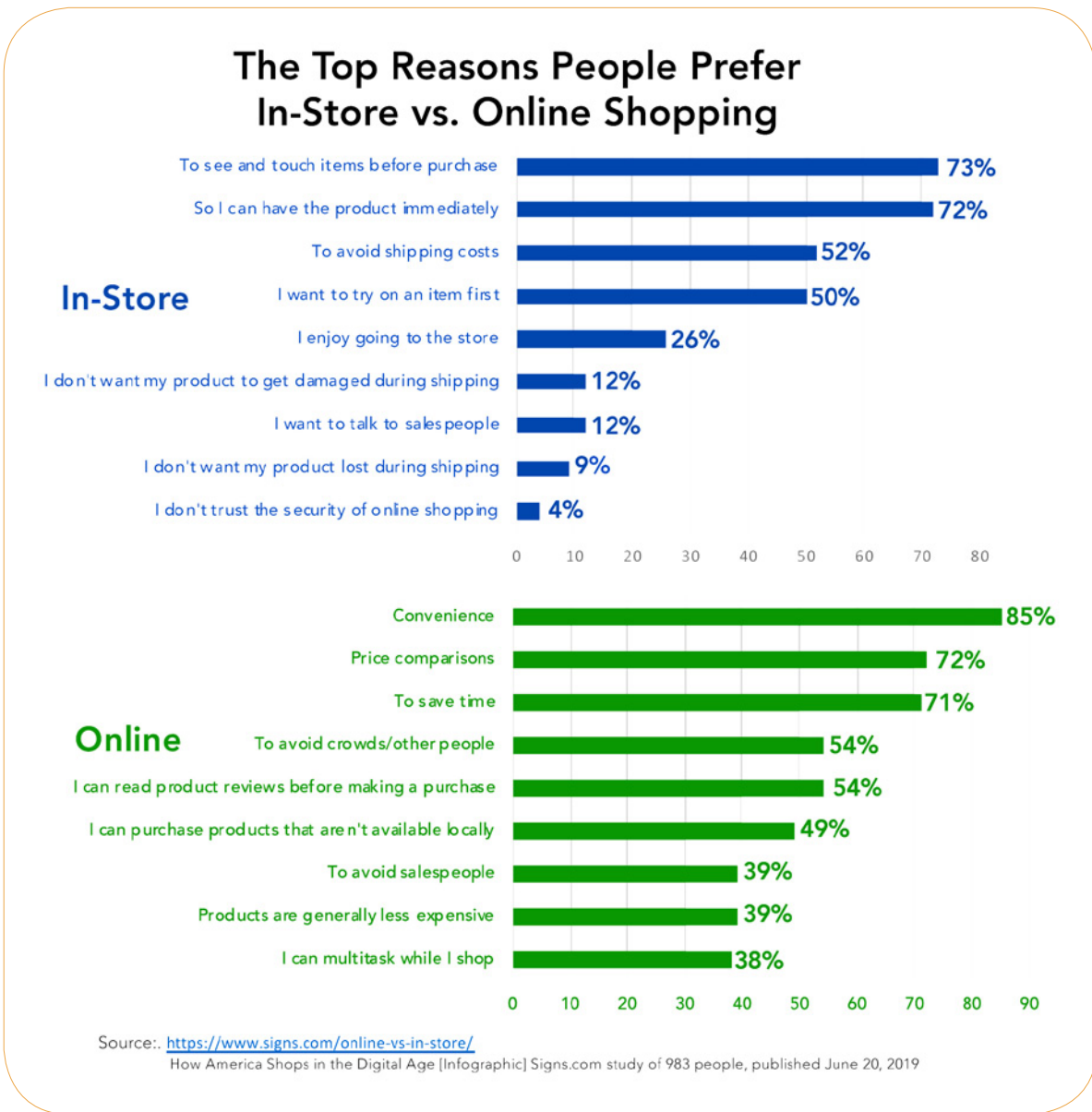
As the number of consumers shopping through

mobile devices continues to grow, the stakes are raised for retailers to make certain all digital channels are integrated and offering consistent services and experiences (such as payment options and having shopping carts update in real time across devices).<sup>8</sup>

Consumers who prefer in-store to online shopping want to be able to see, touch and try on items before buying them and get their purchases immediately, as well as enjoy the in-store experience. To attract and retain these shoppers, it's critical to

replicate the desired in-store attributes as closely as possible in the digital space.<sup>9</sup>

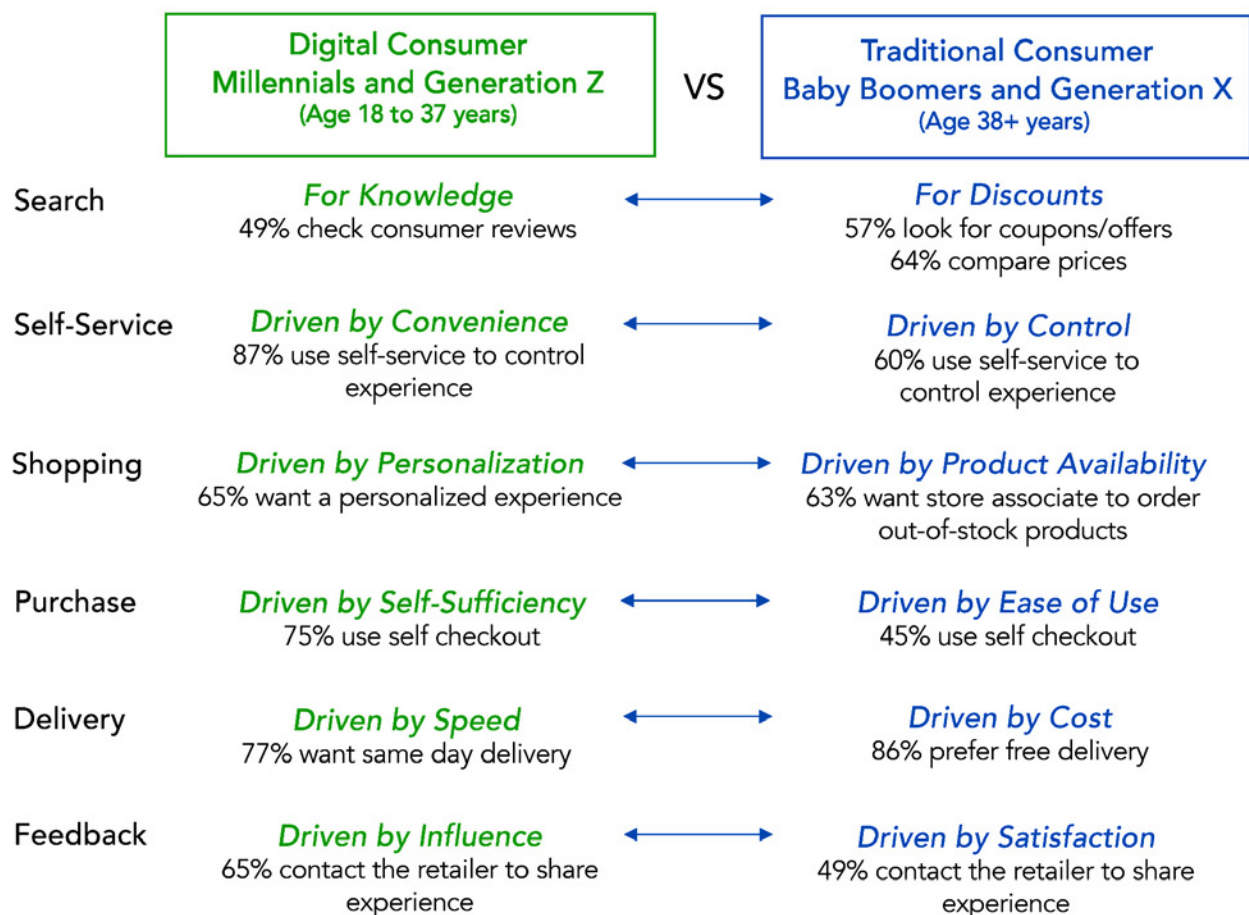
The current limitations to experiential aspects of the physical retail space are requiring innovative thinking and experimentation. Retailers are being forced to shift the traditional view of physical locations serving primarily as a channel for in-store engagement to consider new models designed to create immersive, educational experiences that drive foot traffic, reinforce brand positioning and support e-commerce sales.<sup>10</sup>





# Understanding Customer Segments Is More Important Than Ever

## Digital vs. Traditional Consumer Shopping Preferences: The Generation Gap

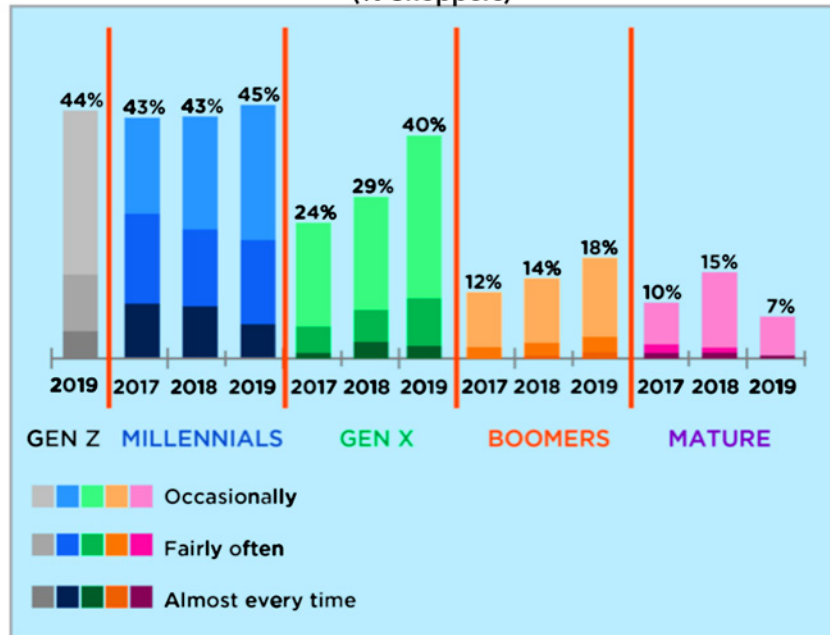


Source: BRP Consulting, 2019 results and The Bloodhound Group analysis 2020.

Accurately registering the mindset of consumers when they are shopping creates the opportunity to leverage digital when a need is triggered. Targeting based independently on demographics or “trip mission” without considering the prospects’ underlying relationship to digital or motivations for shopping will have limited effectiveness and value.

At the most basic level, shoppers can be divided into Digital Consumers and Traditional Consumers. The deeper the dive into understanding their motivations and resulting behavior, the greater the likelihood of developing campaigns that lead to purchases.

### Frequency of Shopping Online-Only/Online-Primarily Retailers, Historical Trend by Age Cohort (% Shoppers)



Source: U.S. Grocery Shopper Trends: A Look at Today's Grocery Shopper, June 20, 2019 by Food Marketing Institute

#### » Digital Consumer Snapshot

Consumers who prefer digital to physical shopping experiences are generally under 38 years old and therefore part of the millennial (Generation Y) or Generation Z demographic cohorts. They tend to be focused on personal, self-worth issues, whereas the older, Traditional Consumer group is much more practical.

Digital Consumers generally have higher expectations of the retail experience than Traditional Consumers and enjoy using almost any technology that might make their research and the buying process more convenient. They check out products and seek consumer reviews to make more educated purchase decisions.

When choosing a store, these shoppers want the ability to receive personalized recommendations and expect the ability to pay via mobile wallet or retailer app. Receiving merchandise quickly is important, with same-day delivery a reason to choose a store. They value knowledge and technology tools to assist them as they move throughout their shopping journey, and they are more likely

to share feedback on social media for both exceptional and unsatisfactory shopping experiences.<sup>11</sup>

#### » Traditional Consumer Snapshot

Shoppers age 38 and older fall into the Generation X and Baby Boomer categories. These consumers are more focused on the basics when they shop, such as product availability and competitive pricing, and they tend to choose stores based on the associates' ability to order out-of-stock items. They value being able to find the right product at the right price throughout their shopping journey. While these shoppers don't feel strongly about how long it takes for a product to arrive, they will choose a store with free delivery over one that doesn't offer this service.

Traditional Consumers rarely share feedback on social media for any shopping experience but will speak up regarding unsatisfactory experiences by contacting the retailer to share their dissatisfaction.<sup>12</sup>

#### » Overlaying Age and Digital Savvy

The differences between Digital and Traditional Consumers extend beyond shopping preferences to channel and device use, also breaking along generational lines. A 2019 Food Marketing Institute study of U.S. grocery shoppers showed relatively low levels of online shopping among Baby Boomers (18%) and older Mature Shoppers (7%), indicating they are most likely to make in-store shopping their primary channel.<sup>13</sup>

However, Generation Z shoppers (44%) and millennials (45%) are more likely to make online their primary channel, using it almost every time they shop or fairly often. Interestingly, Gen X consumers (40%) shop online almost to the same extent.<sup>14</sup>





Source: 2016 Ecommerce Trip Management Study

### » Integrating Shopping Purpose

Because e-commerce is more dynamic than its physical counterpart, determining shoppers' reasons for being online is an important additional consideration in leveraging consumer motivations to construct offers that resonate, engage and motivate.

A study of unplanned online shopping identified five categories of reasons for shopping online: general research (44%); searching for promotions (57%); following up on something heard from a friend or family member (40%) or on a media platform (27%); boredom (35%), curiosity (49%) or looking for discovery (41%); and seeking relaxation/escape (20%) or excitement and an engaging experience (16%).<sup>15</sup>

Understanding these potential points of entry along the shopper's online journey facilitates stimulating and maximizing unplanned shopping through use of:

- Promotions that appeal to value-oriented shoppers
- Entertainment that attracts the bored and the curious to impulse-shop
- Content that triggers online researchers and makes it easy to plan their next shopping trip

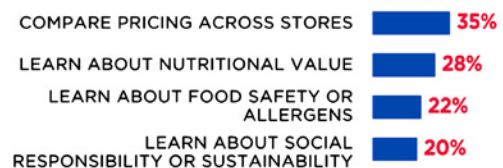
Digital in-store shopping is another fast-growing channel that provides significant opportunities to influence buying and build loyalty right up to the moment of purchase. In the grocery store, for example, Gen Zers, millennials and households with children are driving a high rate of smartphone use, and 25% of shoppers say they use a grocery shopping app provided by their store.<sup>16</sup> Almost half (47%) of Gen Zers use smartphones while shopping in stores.<sup>17</sup>

### Online Shopping That Happens In Store (% Shoppers)

#### SMARTPHONE USES IN THE STORE

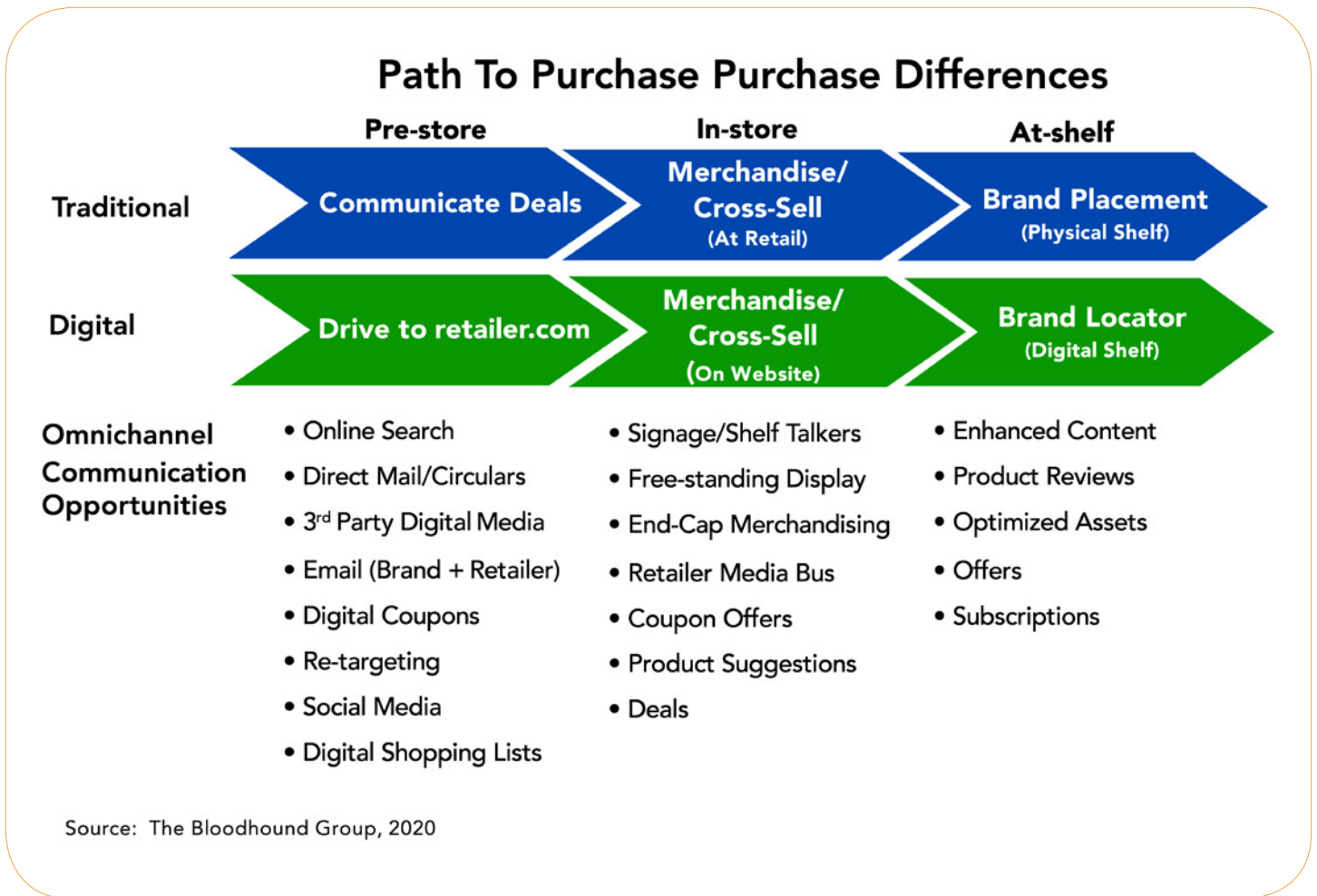


#### QR CODE SCANNING TO...



Source: U.S. Grocery Shopper Trends: A Look at Today's Grocery Shopper, June 20, 2019 by Food Marketing Institute

# Implications for Consumer Packaged Goods Marketers and Retailers



In a connected-commerce world, the shopper journey is fluid across both the physical and digital retail spaces. However, the significant differences between Digital and Traditional shoppers suggests that very different approaches and media be used to deliver relevant and personalized omnichannel shopping experiences to each key customer segment. Careful examination of all relevant dimensions of these segments reveals new and powerful ways to drive purchases given the occasion, season and usage strategy.

The basic elements along the path to purchase remain valid, but it's critical to ensure their complete, customer-centric integration in order to de-

liver a truly seamless experience. Tools such as information intelligence, apps and sophisticated targeting technology make this possible in ways unimaginable even a few years ago, and the ability to personalize approach and messaging creates a win-win scenario for retailers as well as shoppers.

Integrated digital strategies allow not only connection with customers but also continuous learning about what is most important to them, enabling marketer and retailer to collaborate on a buying experience that is a near-perfect match to expectations, making the purchase easy and in some case, almost effortless.

## Is an Omnichannel Approach Worth the Effort?

According to the Newstore Omnichannel 2019-2020 Leadership Report, "It's become crystal clear to the industry that in order to survive the new retail world order, having an omnichannel experience is table stakes."<sup>18</sup> According to the Harvard Business Review, 73% of consumers utilize multiple channels throughout the purchase path,<sup>19</sup> and 69% of consumers expect a consistent cross-channel customer experience.<sup>20</sup>

So, for retail companies committed to keeping their brands relevant, delivering an effective omnichannel experience is not optional. But there are barriers, particularly for those just getting started with an omnichannel approach. Lack of buy-in at the senior management level, leading to unwillingness to invest in the necessary tools and training, leads the list. But an inaccurate or incomplete understanding of omnichannel marketing and a siloed organizational structure are also significant impediments to successful implementation.<sup>21</sup>

That being said, the benefits of developing and delivering an omnichannel shopping experience seem to justify the cost and effort. The 2017 Harvard shopper study showed that<sup>22</sup>:

- Omnichannel customers spent 4% more on average on every shopping occasion in the store and 10% more online than single-channel customers.

- Omnichannel shoppers who conducted online research on the retailer's own site or competitor sites spent 13% more in-store.
- Omnichannel shoppers are more loyal. They logged 23% more repeat trips to the retailer's store and were more likely to recommend the brand to family and friends than those using a single channel.

**"For retail companies committed to keeping their brands relevant, delivering an effective omnichannel experience is not optional."**

Further, marketing software developer Emarsys notes that "companies with well-defined omnichannel customer experience strategies in place achieve a 91% higher year-over-year increase in customer retention rate on average, compared to organizations without omnichannel programs in place."<sup>23</sup>

As the COVID-19 pandemic continues to unfold, shopper reliance on e-commerce will inevitably accelerate. Brand marketers, manufacturers and retailers with the foresight and fortitude to restructure their shopping experience around the consumer are most likely to emerge winners as the recovery takes hold.

## Conclusions

- » E-commerce is transforming retail at a rate that requires a fast response, as more and more consumers shift their spending online. At the same time, shoppers are expecting a seamless experience between online and in-store with “stress-free” as the focal point.
- » Though there are many similarities across the online shopper path to purchase, it is critical to:
  - ~ Evaluate a variety of factors—trip missions alone don’t fully describe shoppers.
  - ~ Take generational differences among customer segments into account.
- » Shopper marketing in the e-commerce channel is driven by a combination of media placements, enhanced content and cross-selling.
- » Without a holistic, integrated digital and shopper marketing strategy, the best results a CPG marketer and retailer can achieve are multichannel marketing outcomes that are significantly less influential, effective and profitable than an omnichannel approach.

## Learn More

If you need help understanding and navigating the brave new world of omnichannel marketing, our experts can help. Please don’t hesitate to get in touch with us:

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## Endnotes

<sup>1</sup> [Annual 2017 Grocery eCommerce Forecast](#), UNATA, An Instacart Company.

<sup>2</sup> Emma Sopadjieva, Utpal M. Dholakia and Beth Benjamin, "[A Study of 46,000 Shoppers Shows That Omnichannel Retailing Works](#)," Harvard Business Review, January 3, 2017.

<sup>3</sup> Andrew Lipsman and Cindy Liu, "[U.S. E-commerce 2020: Coronavirus Boosts E-commerce Forecast and Will Accelerate Channel-Shift](#)," eMarketer, June 8, 2020.

<sup>4</sup> Holly Briedis, Anne Kronschnabl, Alex Rodriguez and Kelly Ungerman, "[Adapting to the next normal in retail: The customer experience imperative](#)," McKinsey & Company, May 14, 2020.

<sup>5</sup> [HRC Retail Advisory, September 2018 Survey](#).

<sup>6</sup> Kantar Retail Shopperscape, 2017.

<sup>7</sup> Briedis, Kronschnabl, Rodriguez and Ungerman, op.cit.

<sup>8</sup> Ibid.

<sup>9</sup> [How America Shops in the Digital Age \[Infographic\]](#), Signs.com study of 983 shoppers, June 20, 2019.

<sup>10</sup> Briedis, Kronschnabl, Rodriguez and Ungerman, op. cit.

<sup>11</sup> BRP Consulting 2019.

<sup>12</sup> Ibid.

<sup>13</sup> "[U.S. Grocery Shopper Trends: A Look at Today's Grocery Shopper](#)," Food Marketing Institute, June 20, 2019.

<sup>14</sup> Ibid.

<sup>15</sup> 2018 Ecommerce Trip Planning Study.

<sup>16</sup> Food Marketing Institute, op. cit.

<sup>17</sup> Marie Griffin, "[47% Of Gen Zers Use Smartphones While Shopping In Stores](#)," Retail Touchpoints, June 18, 2018.

<sup>18</sup> [Newstore Omnichannel 2019-2020 Leadership Report](#).

<sup>19</sup> Sopadjieva, Dholakia and Benjamin, op. cit.

<sup>20</sup> Dennis, "[Multi-Channel Marketing Vs. Omnichannel Marketing Explained in Five Minutes](#)," Core DNA, May 19, 2020.

<sup>21</sup> Ibid.

<sup>22</sup> Sopadjieva, Dholakia and Benjamin, op. cit.

<sup>23</sup> "[The Differences Between Multichannel & Omnichannel Marketing](#)," Emarsys, October 3, 2016.