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Cool customers

The customer of 2016, dubbed the master shopper, is accustomed to flitting between omnichannel resources to inform their buying decisions. But are jewellery and watch retailers up to providing this experience? **Sarah Jordan** *investigates*

If you find yourself dreaming of the good old days of cut-and-dry shopping experiences then, sadly, you're in for a disappointing 2016.

Omnichannel and multichannel shopping experiences are here to stay, with customers expecting a seamless brand experience across social media, m-commerce, tablet apps, ecommerce platforms and in store. This new breed of supremely confident shopper, also known as the 'master shopper', knows how to find the right product, at the right price, available near them, with convenient delivery options. Daunting? For retailers, the challenge is simply keeping up with the weight of this expectation.

The John Lewis Retail Report 2015: How We Shop, Live and Look reveals just how much emphasis Britain's high street titans are putting on appeasing the master shopper – a group linked to, but not exclusive to, digital natives and millennials.

According to the report, omnichannel shopping has come of age, with shoppers forgoing a preferred way of purchasing goods in favour of mixing and matching how they research, buy and receive their purchases. Just as personalisation has had an impact on jewellery, it is now imbued in the shopping experience itself.

"Each customer will have a preferred channel, and some will use a range of channels, depending on their particular needs at any given time or place," explains Alex Smith-Bingham, head of digital for consumer products and retail at global consultancy firm Capgemini. "Customers have come to expect a variety of shopping channels and retailers that offer limited choice will find their customers will shop elsewhere."

However, according to *The Omni-Channel Journey* report by supply chain and operations specialist LCP Consulting, retailers are finding that the full omnichannel transformation process is more complicated and is taking much longer than expected.

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Tech-savvy consumers are increasingly choosing to mix and match their shopping channels to suit them

Research showed that 38% of retailers believed they were on a transition path to omnichannel capabilities in 2015, with the number of omnichannel pioneers stagnating since 2014.

Despite this, Jim Hubbard, high streets policy adviser at the British Retail Consortium, is confident that retailers are heading in the right direction. He explains: "All successful retailers – large and small – understand the need to provide a multichannel shopping experience across online, bricks-and-mortar and mobile. The new challenge is to think of the customer journey as an integrated series of physical and digital interactions."

So what exactly does this "integrated series of interactions" look like? Returning to John Lewis's *Retail Report 2015*, the chain pointed to a 60% rise in traffic to Johnlewis.com, a 68% increase in mobile revenue and a 9% boost in customers purchasing from both physical stores and online in 2015.

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> **Jim Hubbard**
> British Retail Consortium

Some retailers have been rewarded for early innovations, but many in the fashion sector especially have delayed the cost of integration and are now lagging behind. Neil Saunders, managing director of retail analyst Conlumino, explains: "Most retailers are well aware of the challenges; however, many also face limitations in terms of what they can implement, from both a managerial and a cost perspective. As such, many are approaching the new challenges in a piecemeal way. That said, others are much better at co-ordinating their efforts. No matter what the approach, however, retailers are being forced to react as the consumer is driving the changes much harder and faster than ever before." ▶

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Retailers must keep pace with consumers, while having an economical business model

A co-ordinated, brand-aware approach is certainly the best tactic. "It is essential that retailers think about how they can ensure that the customer experience is consistent across all platforms," Smith-Bingham notes. "Customer interaction with a retailer at any point in the journey of today's master shopper must reflect its overall brand proposition."

Even if brand integration is carefully considered, an omnichannel strategy is unlikely to excel without a consumer-centric approach to retail. "While most retailers have made great strides, most are nowhere near as consumer-centric as they could be," Saunders adds. "There are two problems for retailers: the first is keeping pace with consumer demands, which is increasingly difficult; the second is making the model work economically. On the economic front, many retailers do offer a much greater array of delivery options and services; however, many of these are dilutive to margins and profits."

This consumer-centric approach isn't necessarily about service in store (although this is still crucial), but about the additional facets of your business that consumers interact with. For example, research by LCP Consulting in 2015 found that seven out of 10 customers rated the quality of a retailer's return service as 'very important' to their purchasing decision, but just 28% of omnichannel retailers selected 'managing returns seamlessly' as one of their three business essentials, and just 5% claimed their returns policy is actively consumer-driven.

The most successful retailers are shifting their perceptions and trying something new. For example, high street fashion chain River Island is pioneering a new in-store collection service from Shutl dubbed "click and don't collect". The scheme gives customers who have chosen click and collect the chance to switch their order pre-checkout and request a home delivery within 90 minutes or a delivery when convenient. It may seem like an unusual choice, but considering that one fifth of UK consumers who place an order online will ask for a refund rather than collect in store, it makes a lot more business sense.

According to LCP Consulting, the biggest challenge for retailers is implementing the organisational hierarchy required to run an omnichannel strategy. As *The Omni-Channel Journey* explains: "Pioneers are showing the way by integrating previously standalone roles into ones with accountability for all channels. So we see the emergence of chief customer officers and marketing teams looking at both store and online propositions. Ultimately, success lies in full integration, with the customer at the centre."

"Customer interaction with a retailer at any point in the journey of today's master shopper must reflect its overall brand proposition"
Alex Smith-Bingham
Capgemini

If it's people that will determine the success of a retailer's omnichannel journey, it stands to reason that people situated in store are equally vital to the equation. Debbie Barrow, managing director of retail sales training company Virada Training, explains: "The internet can be very confusing and put even more pressure on people, because too much choice leads to indecision. This means the questioning and observation skills of sales staff need to be far more advanced than they ever were before, because it is less of an 'I'm a sales person, let me tell you what I know' situation and more of an 'I am here to support your buying decision' role. Seeing yourself as the buying facilitator – and finding out information by asking questions is essential."

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She adds: "Sales staff need to be confident and always one step ahead of the customer; otherwise it is just a product transaction [and not a retail experience]."

Bricks and mortar retailers will always have an advantage over their digital counterparts when it comes to creating memorable retail experiences. Interestingly, the June 2015 Capgemini e-Retail Sales Index showed that multichannel retailers with bricks-and-mortar bases are growing faster than solely online businesses, with sales up 21% and 13% respectively. Although shops still serve a 'need it, buy it' purpose, they are also increasingly linked to leisure time. For example, at John Lewis, sales of beauty treatments in store increased by more than 11% in 2015 – highlighting how stores need to cover shopping and leisure bases to be successful.

The solution to the master shopper challenge is obviously not burying your head in the sand when it comes to omnichannel developments, but it's also not a case of dismissing bricks-and-mortar retail as a future-less endeavour.

Hubbard says: "High streets have always responded to changing consumer needs so, in that respect, nothing has really changed. However, the high street and retail experience is changing incredibly quickly, making it important that retailers also anticipate future needs."

Smith-Bingham concludes: "Retailers can further prepare by identifying the digital touch points of the future, such as the everyday objects with internet connectivity, like toothbrushes and coffeemakers, and ways that this technology can be used to increase convenience, personalisation and experience for shoppers."