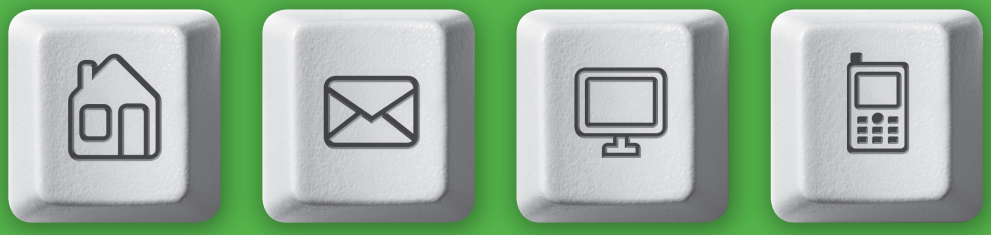

closing the cross-channel gap

by lauren freedman
president | the e-tailing group

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the e-tailing group | MYBUYS

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i. letter from the author

Today's cross-channel shopper is a control freak. Their expectations for an ideal shopping experience are elevated yet often unrealized. Shoppers are looking for personalized experiences onsite, via email and across the web where segmentation, relevancy, and targeting should all be factors and the basis for driving improved conversion. With mobile playing a greater role for shoppers in facilitating such convenience, we can only expect growing adoption. On both the consumer and merchant fronts social will also be important, particularly for certain audiences, necessitating monitoring based on one's brand.

listening to the customer

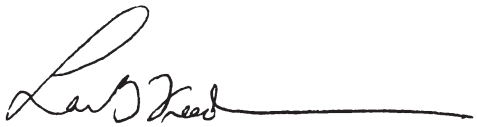
One of our goals at the e-tailing group is to support retailers in delivering exemplary cross-channel experiences. MyBuys graciously sponsors this white paper and wisely leverages technology to support such initiatives. This report begins with the consumer perspective, garnered through online research conducted in March 2011. We started with a series of 25 statements that would comprise an ideal shopping experience, following up those sentiments with the actual experience received by shoppers at retail. It is the **gap** between the two that forms the keystone of our research. Closing the gap should be on the minds of all cross-channel merchants as delivering a consistent, convenient, and well supported experience from a customer service perspective is just the beginning of profitable cross-channel selling.

the merchant speaks

At the same time we introduce the merchants' sentiment, delivered from two vantage points. We begin with insights from the e-tailing group's *10th Annual Merchant Survey*, completed by 200 retailers to explore current sales channel penetration; existing and planned cross-channel functionality along with organizational dynamics that solidify a cross-channel experience. Of course measurement and data are in the forefront as ROI should always be top-of-mind for retailers.

This research gave us a quantitative point-of-view but I still felt it was important to hear from retailers directly. Both store and catalog-based merchants shared their cross-channel visions in one-on-one interviews. Their gracious insights shed light on the complexity of *"Closing the Cross-Channel Gap"* with methodologies and action plans they are putting in place to squarely deliver against current consumer expectations.

While each business faced unique challenges and opportunities, there were also consistent themes from inventory visibility to a 360-degree view of the customer. By closing this gap and institutionalizing desired cross-channel services, merchants can put themselves in a strong position to prosper. Diligence and education will continue to be necessary to create cultures that serve both the customer and corporate objectives. It is an evolutionary process where listening, learning, and adapting will form the foundation for success.



Lauren Freedman,
President
the e-tailing group, inc.

ii. cross channel shopping survey

a. methodology, survey objectives, and demographics

methodology

In order to understand the consumer experience and respective expectations we designed a research study that explored consumer sentiment relative to five key areas including convenience, consistency, customer service, personalization, and mobile/social initiatives.

A true cross-channel consumer was tapped to complete this research and behavior across both channels evaluated.

- Online survey completed by 1,023 adults in April 2011
  - 50% female / 50% male
  - Shopped online for products four or more times in the past year
  - Spent at least $500 online annually
  - Made shopping purchases both online and in stores

survey objectives

- To understand what the customers' ideal cross-channel shopping experience would be by valuing the importance of 25 key aspects and subsequently learning how consumers' real retail experiences stack up against these expectations

- Trending personalization of shopping experiences year-over-year including the what and where of such strategies

- Understanding mobile purchasing patterns to date

demographics

highest level of education	
High School Graduate	7%
Some college, but no degree	17%
College Graduate	40%
Some graduate school	7%
Post-graduate degree	29%

age	
18 – 24	1%
25 – 34	22%
35 – 44	32%
45 – 54	25%
55 – 64	19%
65+	1%

annual income	
Under $25,000	2%
$25,001 – $35,000	5%
$35,001 – $50,000	7%
$50,001 – $75,000	15%
$75,001 – $100,000	25%
More than $100,000	42%
Prefer not to respond	4%

number of children under 18 living at home	
None	61%
1	16%
2	16%
3	5%
4 or more	1%
Prefere not to respond	1%

b. topline findings

topline findings: ideal shopping experience

- Consistency, convenience, and service are givens and essential for shopper satisfaction
- Consumers expect personalization strategies to be deployed across all aspects of e-commerce. They desire a shopping experience tailored to them, even if not top-of-mind.
- Mobile and social are not yet core for shopping satisfaction, however, growth and adoption curves for mobile usage indicate both mobile and social shopping will be major contributors in the near future

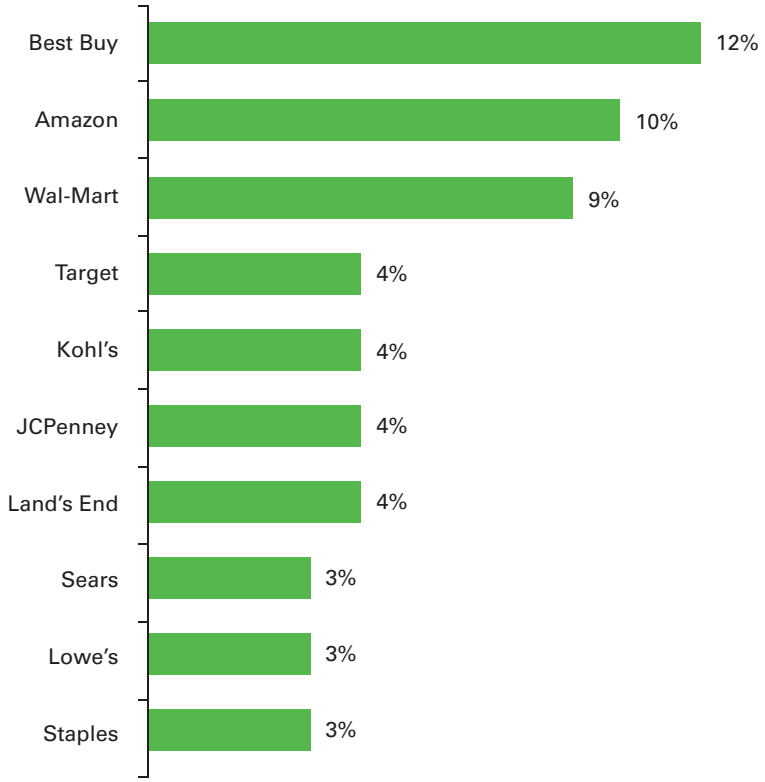
what shoppers want

- A combination of online and in-store experiences that are consistent and convenient
- Consistency from sales associate/customer service rep (CSR) product knowledge to the presentation of marketing collateral within all retail selling environments
- Helpful and friendly customer service integrated within seamless shopping
- Access to inventory online and in-store along with the ability to send product from another store as desired
- Personalization, particularly leveraging loyalty programs followed by promotions and merchandising tailored to past purchasing

best buy, amazon, and wal-mart dominate the cross-channel discussion

When consumers were asked "Describe your best shopping experience (including store name) that involves a combination of web/retail store, web/mobile or retail store/mobile, sharing why it worked so well for you," three retailers dominated the discussion where only two (Best Buy and Wal-Mart) were truly cross-channel. It certainly sheds light on Amazon's dominance as a preferred online retailer no matter the discussion. A broad spectrum of other retailers were noted, indicating cross-channel behavior is desirable for shoppers and positive experiences have been forthcoming from many merchants.

top 10 merchants for delivery of best cross-channel shopping experience out of 120 merchants named in open-ended questions.



top 10 cross-channel experiences

As we looked into the "why," shoppers revealed an array of activities they were taking advantage of as defined below. In order to project a feeling for the consumers' sentiments, these are also incorporated within commentary relative to each of the five key areas of focus.

1. Price compare online / buy online
2. Price compare online / buy in-store
3. Shop online / buy in-store
4. Shop in-store / buy online
5. Research online / buy in-store
6. Research online / buy online
7. Buy online / pick-up in-store
8. Buy online / return in-store
9. Research mobile / buy mobile
10. Research mobile / buy in-store

iii. the ideal & current cross-channel shopping experiences

a. research introduction

Respondents were shown the following two prompts to determine the gaps between what they would ideally like to experience shopping across channels compared to what they currently experience shopping across channels.

ideal: "Please take a moment to think about the many elements that go into making up your ideal shopping experience across a retailer's various channels (online, store, catalog, mobile, call center). Read each of the following statements and identify how important or essential you believe they are for your ideal shopping experience with all of the retailers where you like to shop."

current: "Now, please think about your shopping over the past year noting the experiences you actually received from retailers within or across all of their shopping channels (store, online, catalog, call center, mobile). Please read each statement and identify the frequency that such a behavior occurred for shopping experiences throughout the year."

ideal vs. current cross-channel shopping experiences

- For both their ideal and their current cross-channel shopping experiences, survey respondents were asked to rate the importance of 25 occurrences aggregated into the following five areas
- The number in parentheses represents the number of questions in each area
- The next two color-coded tables show all 25 responses ranked in descending order for ideal top-2 (very/somewhat important)
- The right-hand "Gap" column provides the % gap between the ideal experience ranking against current shopping experiences (ideal-current/ideal)

Consistency (2)
Convenience (6)
Service (3)
Personalization (7)
Mobile & Social (7)

b. research highlights

Consistency, convenience, customer service, and personalization are cited as important factors in delivering an exemplary cross-channel experience. Mobile/social initiatives trail today with inroads likely seen in the coming year.

ideal and current top-2 / % ideal over current (very – somewhat important / all the time – frequently)		ideal top-2	current top-2	gap
Consistency	I expect a consistent and convenient shopping experience from a merchant's website to any of their stores (physical, mobile) where I shop	**85%**	**50%**	**41%**
Convenience	A combination of in-store and online experiences best suits my shopping needs	**84%**	**67%**	**20%**
Service	I expect to find accessible (friendly, knowledeable, available) sales and service when I visit retail stores and easy to find "help/contact info" when I shop one's website or mobile store	**84%**	**42%**	**50%**
Service	Sales associate/customer service rep training and knowledge of products they sell should be consistent from store to web to call center to mobile	**80%**	**32%**	**60%**
Consistency	Marketing collateral (in-store promotions, catalogs, seasonal selling) should be consistently presented from web to the store or mobile to reinforce my perception of the brand	**72%**	**39%**	**46%**
Convenience	I expect to be able to look up product availability at stores locally before making a visit to the store	**72%**	**44%**	**39%**
Consistency	I want a sales associate to be able to check inventory at another store for an item not in stock at the retail store where I am shopping and ship it to me	**71%**	**31%**	**56%**
Personalization	Stores where I am part of a loyalty program should deliver me a more personalized shopping experience than those where I don't participate in their programs	**66%**	**33%**	**50%**
Convenience	I prefer to shop online but like to return products at my local store	**63%**	**30%**	**52%**
Service	Call centers should be equipped with my full customer profile (purchasing in-store, purchasing online, past customer service inquiries, etc.) in order to best service my needs	**54%**	**28%**	**48%**
Personalization	The retailers where I shop should offer promotions and merchandising tailored to my past purchasing and browsing behavior	**50%**	**28%**	**44%**
Personalization	I would buy more often from retailers who personalize the shopping experience across all of their channels (store, website, catalog, mobile, call center)	**46%**	**27%**	**41%**
Convenience	I like to research on the web and then purchase online for pickup at the retail store	**43%**	**35%**	**19%**

ideal and current top-2 / % ideal over current (very – somewhat important / all the time – frequently)		ideal top-2	current top-2	gap
Personalization	I would prefer that emails I receive are personalized based on my past browsing or buying behavior	42%	39%	7%
Personalization	I would value a retailer or brand more if it remembered my buying and browsing behavior from all the channels where I have shopped (store, mobile, website, catalog)	42%	26%	38%
Convenience	I use online retail locators from websites and my mobile phone to help me find convenient stores and check out upcoming promotions and events	41%	36%	12%
Personalization	I would purchase product from websites that suggest product based on past browsing or buying behavior (often listed as "you may also like" or "people like you bought")	40%	29%	28%
Mobile & Social	I want to use my mobile phone in the store to access product reviews, secure additional product information, price compare, and even locate merchandise at another store	32%	15%	53%
Personalization	I would expect retailers where I have browsed their websites previewing specific product to attempt to sell me similar/like product across the web on content-related sites (e.g. Searched for a HP printer and later saw an ad on WallStreetJournal.com to purchase HP printers)	31%	27%	13%
Mobile & Social	I expect to be able to purchase via my mobile phone with a shopping experience that renders well for that device	26%	13%	50%
Mobile & Social	I expect to be able to shop via my mobile phone and quickly find products of interest	26%	14%	46%
Mobile & Social	I want stores that I shop via their mobile sites to suggest relevant product rather than forcing me to click through categories or key in search phrases	24%	13%	46%
Mobile & Social	I want to be able to read about promotions, get product information, and interact with other customers on social media sites like Facebook and Twitter	24%	14%	42%
Mobile & Social	I expect to receive relevant products and content from a retailer when shopping via my mobile device based on past browsing and buying behavior across all of their channels (store, web, catalog)	23%	14%	39%
Mobile & Social	I expect to be able to shop from my favorite retailers on Facebook	15%	8%	47%

closing the gap

There are many ways to evaluate these numbers but despite one's process sizeable gaps are seen in most areas where room for improvement, or at minimum refinement, should be forthcoming.

- Service gaps should be closed with training, tools, and a cultural vision put in place
- Investing in systems should be top-of-mind to accommodate the enterprise-wide inventory access shoppers seek
- A 360-degree view of the customer will fuel selling and close experiential gaps, allowing retailers to more effectively target
- Cross-channel vision should be defined where conveniences such as store returns are hassle-free
- Personalization tactics should be deployed for more relevant experiences across-the-board; moving beyond basic web recommendations
- Mobile programs should be on the radar screen given their growth potential as m-commerce enabled sites will be expected

c. five key demands

ideal vs. current cross-channel by focus area

- The next five charts illustrate detailed ideal vs. current responses for each of the five key areas
- Each chart is preceded by commentary from an open-ended question asking respondents to: "Describe your best shopping experience (including store name) that involves a combination of web and retail store, web and mobile or retail store and mobile sharing why it worked so well for you."
- The chart is then followed by a checklist of opportunities based on the rankings and commentary received in each section

1. convenience

— *"I shop Kohls.com for items I am interested in before I make a visit to the store. I usually wait until I receive a great promotion or discount. If it's a 30% discount, then I usually head to the store. If only a 15% discount, then I usually shop online or not at all."*

— *"REI - easy to find products on website, easy to check if those products are available in a nearby store, can have items shipped to store for free."*

— *"Bed Bath & Beyond enables me to search online for a product and then determine which location had that item in stock. It saves me time searching and also time and gas traveling to pick it up."*

— *"Wanted a book, found it online (on my phone) at a local Barnes & Noble, ordered, paid on my phone and picked it up 20 minutes later at the store closest to where I was."*

ideal and current: convenience

ideal cross-channel shopping experience: convenience	Not important at all	Somewhat Important	Neutral	Somewhat Important	Very Important
A combination of in-store and online experiences best suits my shopping	0%	2%	14%	45%	39%
I expect to be able to look up product availability at stores locally before making a visit to the store	2%	5%	21%	40%	32%
I want sales associates to be able to check inventory at another store for an item not in stock at the retail store where I am shopping and ship it to me	3%	5%	21%	40%	31%
I prefer to shop online but I like to return product to my local store	3%	8%	26%	34%	29%
I use online retail locators from websites and my mobile phone to help me find convenient stores and to check out upcoming promotions and events	18%	13%	28%	28%	13%
I like to research on the web and then purchase online for pickup at the retail store	7%	14%	36%	31%	12%

current cross-channel shopping experience: convenience	Never	Infrequently	Sometimes	Frequently	All the time
A combination of in-store and online experiences best suits my shopping needs and represents my current shopping behavior	1%	3%	29%	46%	21%
I looked up product availability at stores locally before making a visit to the store	7%	13%	36%	32%	12%
I researched on the web and then purchased online for pickup at the retail store	11%	18%	36%	25%	10%
I shopped online but returned product to my local store	19%	20%	31%	20%	10%
I used a sales associate to check inventory at another store for an item not in stock at the retail store where I was shopping and had it shipped to me	15%	20%	34%	21%	10%
I used online retail locators from websites and my mobile phone to help me find convenient stores and to check out upcoming promotions and events	17%	13%	35%	27%	8%

opportunities: convenience

- Employ cross-channel initiatives that support your brand
- Deploy POS and store-wide systems that allow for an enterprise view of inventory and be in a position to send merchandise to customers in line with current online shipping policies
- Store returns are a must in the consumers' mind and should be seamlessly serviced at retail
- Store pickup should be evaluated particularly as mobile assumes a greater role in buying behavior
- Retail locators should be robust and tailored by channel

2. consistency

consumer commentary: consistency

- *"I enjoy shopping Best Buy and bestbuy.com; they always have the same prices running, tell me if store pickup is available and which store, and when they do deliver it is prompt and in excellent packing (product never damaged)."*
- *"Wal-Mart, because I can search inventory online, and I can buy online and ship to store. The pricing is always consistent."*
- *"Apple store -- seamless integration between web, phone and store. Information is shared between all locations so profile is consistent."*
- *I routinely check out the weekly ads at stores like Best Buy, Office Depot and Staples. If I find a good discount on an item, I will then go to Amazon to read up on the reviews, check out the prices. Then, I head back to the website that has the discount on the item that I wanted, look up the store locator, and then go to that store to pick up the item on Sunday. It's really cool when it works smoothly. Gets me the item I want at a great discount."*

ideal & current: consistency

ideal cross-channel shopping experience: consistency	Not important at all	Somewhat Important	Neutral	Somewhat Important	Very Important
I expect a consistent and convenient shopping experience from a merchant's website to any of their stores (physical, mobile) where I shop	0%	2%	13%	42%	43%
Marketing collateral (in-store promotions, catalogs, seasonal selling) should be consistently presented from the web to the store or mobile reinforce my perception of the brand	2%	5%	21%	40%	32%

current cross-channel shopping experiences: consistency	Never	Infrequently	Sometimes	Frequently	All the time
I received a consistent and convenient shopping experience from a merchant's website to any of their stores (physical, mobile) where I shop	2%	5%	43%	41%	9%
Marketing collateral (in-store promotions, catalogs, seasonal selling) was consistently presented from the web to the store to mobile, reinforcing my perception of the brand	3%	9%	49%	32%	7%

opportunities: consistency

- Consistent and cross-channel convenient shopping experiences must be non-negotiable
- Evaluate consistency of pricing across channels and at minimum put polices in place to address customer concerns
- When deploying new features and functionality, ask yourself, "Does this make shopping more convenient?"
- Evaluate all marketing collateral and establish desired consistency of presentation across channels

3. customer service

consumer commentary: customer service

— *"Nordstrom's in-person customer service is top notch-after searching online for products, their staff was knowledgeable and willing to go the extra step to assure a quality experience & customer satisfaction every time."*

— *"Lands' End. Very friendly call center staff, easy to use website and easy to return to the Sears/Lands' End store."*

— *"While shopping for exhaust vents Lowe's online allowed me to purchase and ship to store at no additional cost. Reps at the store called when product was in the store and it was readily available when I arrived for pickup. In fact they remembered talking to me on the phone and made the whole pick up easy and enjoyable."*

— *"The best shopping experience was from newegg.com via an email I received stating that I left an item in my shopping cart. I was unsure of the item based on the price so I had left it earlier. After I got the email I found the price had dropped significantly, so I decided to purchase it now."*

ideal & current: customer service

ideal cross-channel shopping experience: customer service	Not important at all	Somewhat Important	Neutral	Somewhat Important	Very Important
I expect to find accessible (friendly, knowledeable, available) sales and service when I visit retail stores and easy to find "help/contact info" when I shop one's website or mobile store	1%	2%	13%	39%	45%
Sales associate/customer service rep training and knowledge of products they sell should be consistent from store to web to call center to mobile	1%	2%	17%	39%	41%
Call centers should be equipped with my full customer profile (purchasing in-store, purchasing online, past customer service inquiries, etc.) in order to best service my needs	4%	10%	32%	33%	21%

current cross-channel shopping experiences: customer service	Never	Infrequently	Sometimes	Frequently	All the time
I received accessible (friendly, knowledgeable, available) sales and service when I visited retail stores and easy to find "help/contact info" when I shopped one's website or mobile store	2%	9%	47%	36%	6%
Sales associate/customer service rep training and knowledge of products they sell was consistent from store to web to call center to mobile	4%	17%	47%	26%	6%
Call centers were equipped with my full customer profile (purchasing in-store, purchasing online, past customer service inquiries, etc.) and thus were able to better service my needs	10%	21%	41%	22%	6%

opportunities: customer service

- Sales associates should be skilled in both product and service aspects of the business while always being responsive to shopper needs
- Develop a true culture of customer service and monitor performance against a set of pre-established goals
- Customer profiles need to be accessible across channels and utilized to personalize and best care for the customer
- Onsite web customer service should be revisited to ensure it is self service, comprehensive, and available for all customers

4. personalization

consumer commentary: personalization

— *"I always enjoy shopping at Amazon. I am able to search for anything and get reviews. I have even purchased additional items that have popped up as similar to what I am looking for."*

— *"I was looking for the right storage unit for my son before he went to college. There is so much out there but The Container Store made it easy to find the right one for him. They recommended just the right solution at just the right time to get us to buy."*

— *"I enjoy a nice glass of wine from time to time. I didn't know much about how to have it right till I found Wine Enthusiast. They recommend the best stuff to make my wine taste that much better, drawing me back to buy time and again."*

— *"The most recent enjoyable trip was at Fred Meyer. I am a frequent shopper and they send out emails tailored to what we have purchased. They also have e-coupons that can be loaded onto the card. Most of my purchases here included e-coupons, printed coupons, and special sales received via email that can all be stacked. All of the employees are very familiar with the different programs and can quickly explain why certain coupons cannot be used, etc. The retail store and the website go hand in hand."*

ideal & current: personalization

ideal cross-channel shopping experience: personalization	Not important at all	Somewhat Important	Neutral	Somewhat Important	Very Important
Stores where I am a part of a loyalty program should deliver me a more personalized shopping experience than those where I don't participate in their programs	4%	6%	24%	42%	24%
The retailers where I shop should offer promotions and merchandising tailored to my past purchasing and browsing behavior	6%	10%	34%	35%	15%
I would buy more from retailers who personalize the shopping experience across all of their channels (store, website, catalog, mobile, call center)	6%	12%	36%	32%	14%
I would value a retailer or brand more if it remembered my buying and browsing behavior from all the channels where I have shopped (store, mobile, website, catalog)	10%	14%	34%	30%	12%
I would prefer that emails I receive are personalized based on my past browsing or buying behavior	11%	13%	34%	30%	12%
I would expect retailers where I have browsed their websites previewing specific product to attempt to sell me similar/like product across the web on content-related sites (e.g. Searched for a HP printer and later saw an ad on WallStreetJournal.com to purchase HP printers)	14%	18%	37%	22%	9%
I would purchase product from websites that suggest product based on past browsing or buying behavior (often listed as "you may also like" or "people like you bought")	9%	15%	36%	31%	9%

current cross-channel shopping experiences: personalization	Never	Infrequently	Sometimes	Frequently	All the time
I received personalized emails from retailers based on my past browsing or buying behavior	7%	13%	41%	29%	10%
Stores where I am part of a loyalty program delivered me a more personalized shopping experience than those where I didn't participate in their programs	10%	15%	42%	24%	9%
I valued retailers or brands more because they remembered my buying and browsing behavior from all the channels where I shopped (store, mobile, website, catalog)	14%	21%	39%	19%	7%
I experienced retailers, where I have browsed their websites previewing product, attempting to sell me similar/ like product across the web on content-related sites (e.g. Searched for a HP printer and saw an ad in the Wall Street Journal to purchase HP printers)	14%	21%	38%	20%	7%
I purchased product from websites that suggested product based on past browsing or buying behavior (often listed as "you may also like" or "people like you bought")	11%	21%	39%	22%	7%
The retailers where I shop offered promotions and merchandising tailored to my past purchasing and browsing behavior	10%	17%	45%	22%	6%
I bought more from retailers who personalized the shopping experience across all of their channels (store, website, catalog, mobile, call center)	14%	20%	39%	21%	6%

opportunities: personalization

- Take advantage of Personalized Product Recommendations (PPR's) defining strategically what and where they can be deployed onsite and via email
- Ensure your customer database has a seamless and complete view of the customer accessible in all channels
- Loyalty programs serve as excellent retention tools, providing invaluable data that should be evaluated for "fit" with your business
- Explore retargeting and cart abandonment programs to secure incremental revenue streams

5. mobile & social

consumer commentary: mobile & social

— *"JCPenney offers coupons on your cell phone, so you don't have to remember to bring them with you."*

— *"I'm a huge fan of Baby Phat and love how easy it is to connect with the brand. Shopping Facebook and my phone are a breeze. They even give me great recommendations there too."*

— *"I like the fact that I can browse on ebay.com and then use their app to keep track of the auctions and then use the app to bid and purchase."*

— *"I did research on my phone and then showed the store associate and they matched the price in store to my phone price."*

ideal & current: mobile & social

ideal cross-channel shopping experience: mobile & social	Not important at all	Somewhat Important	Neutral	Somewhat Important	Very Important
I want to use my mobile phone in the store to access product reviews, secure additional product information, price compare, and even locate merchandise at another store	31%	11%	26%	21%	11%
I expect to be able to shop via my mobile phone and quickly find products of interest	33%	14%	27%	16%	10%
I expect to be able to purchase via my mobile phone with a shopping experience that renders well for that device	33%	13%	28%	17%	9%
I expect to receive relevant products and content from a retailer when shopping via my mobile device based on past browsing and buying behavior across all of their channels (store, web, catalog)	34%	13%	30%	16%	7%
I want stores that I shop via their mobile sites to suggest relevant product rather than forcing me to click through categories or key in search phrases	31%	15%	30%	17%	7%
I want to be able to read about promotions, get product information, and interact with other customers on social media sites like Facebook and Twitter	33%	14%	29%	17%	7%
I expect to be able to shop from my favorite retailers on Facebook	43%	17%	25%	10%	5%

current cross-channel shopping experiences: personalization	Never	Infrequently	Sometimes	Frequently	All the time
I used my mobile phone in the store to access product reviews, secure additional product information, price compare, and even locate merchandise at another store	51%	12%	22%	11%	4%
Stores that I shop via my mobile phone allowed me to quickly find products of interest	50%	14%	22%	11%	3%
I received relevant products and content from a retailer when shopping via my mobile device based on past browsing and buying behavior across all of their channels (store, web, catalog)	50%	12%	24%	11%	3%
I read about promotions, got product information, and interacted with other customers on social media sites like Facebook and Twitter	52%	14%	20%	11%	3%
I was able to purchase via my mobile phone where the shopping experience rendered well for that device	51%	13%	23%	10%	3%
Stores that I shopped via their mobile sites suggested relevant product rather than forcing me to click through categories or key in search phrases	49%	13%	25%	10%	3%
I bought from my favorite retailers on Facebook	67%	11%	14%	6%	2%

opportunities: mobile & social

- Ready your mobile strategy starting with m-commerce while weighing apps and their appropriateness for your business
- Survey your customers to understand their mobile needs
- Elevate existing mobile experience to ensure it renders right for all devices and usability is aligned with consumer shopping goals
- Utilize mobile channels to deploy promotions
- Test Facebook strategies to learn how your shoppers will buy across social networks
- Leverage mobile and social learning as the technology evolves in the near-term

iv. the merchant speaks: cross-channel highlights from the e-tailing group 10th annual merchant survey

a. introduction

Now that we have had a chance to hear the consumer voice, it is critical to take measure of the merchant point-of-view, beginning with the e-tailing group's 10th Annual Merchant Survey conducted in 1Q11. While not all retailers deliver a seamless experience, nor have in place a cross-channel plan or its respective functionality, most appreciate its importance and that is reflected in their proposed plans over the next few years.

We particularly wanted to clarify how they view their cross-channel situations through a series of nine statements. Levels of agreement indicate that branding, inventory, and promotions are part of their current positioning and the strength of these areas is significant as they closely correlate with the shopping experiences sought by shoppers.

The "gap" analysis that we previously shared also sheds light on room for improvement opportunities which we have identified for each aspect. Once these elements are more uniformly deployed, merchants will likely pay greater attention to the analytics/KPIs that assist retailers in measurement. Presently this appears to be in its infancy with too much dependency on the anecdotal and not enough on the scientific. It will take time and care to elevate cross-channel initiatives given their complexity, ever-changing elements, and continually evolving consumer demands.

b. demographics

Merchants of all sizes (annual sales)	
33%	< $1M to $20M
20%	$20M to $100M
30%	$100M to $1B
17%	$1B to $5B

32 categories of products and services	
40%	Apparel / Accessories / Shoes / Luggage / Jewelry
25%	Home & Garden / Home Improvement / Tools / Appliances / Furniture / Organization
15%	Sporting Goods / Outdoor Gear
11%	Business to Business (B2B)
10%	Consumer Electronics
10%	Food & Beverage
10%	Toys / Kids
9%	Health & Beauty / Seniors
8%	Books / Music / Video
8%	Computer Hardware / Software / Peripherals
7%	Arts & Crafts / Hobbies / Party
7%	Gifting / Greeting Cards / Food & Wine
7%	Office Supplies / Office Furniture
6%	Entertainment
4%	Business Services
4%	Collectibles
4%	Digital / Virtual Merchandise
4%	Educational
4%	Pets
4%	Travel

senior level participation	
43%	CEO / President / Principal or VP / General Manager
45%	Director / Senior Manager / Manager
12%	Analyst / Specialist / Assistant / Other

selling through a mix of channels	
98%	Internet
78%	Email
52%	Store
44%	Catalog
36%	Mobile
30%	Social
7%	TV

c. cross-channel self assessment

On average merchants rank their current cross-channel experiences at 5.4 (out of a possible 10) for delivery of seamless shopping which one can see is consistent with one-on-one interviews conducted subsequent to this research.

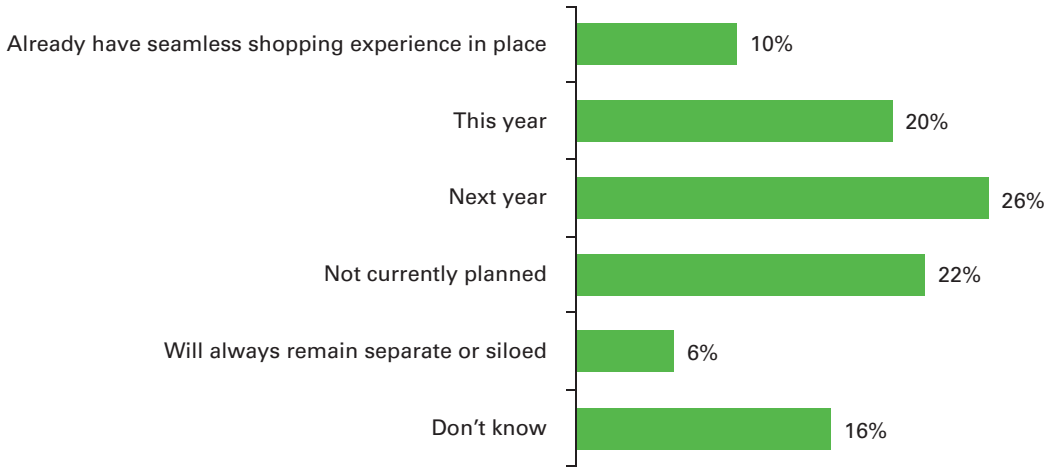
Q: on a scale of 1-10 with 10 a seamless shopping experience (channels are well integrated for shoppers) and 1 a siloed scenario (channels are operated independently) where does your current cross-channel experience rank?

ranking	% of responses
1	11%
2	6%
3	10%
4	8%
5	19%
6	10%
7	14%
8	12%
9	4%
10	6%
Average Response = 5.4	

d. functionality and future plans

A seamless shopping experience is already in place for 10% of merchants and 46% plan to deliver one by next year.

Q: what is your time frame for delivering a seamless shopping experience (channels are well integrated for shoppers) across sales channels (internet/website, email, mobile, store, catalog, TV, social)?



e. current integration of initiatives

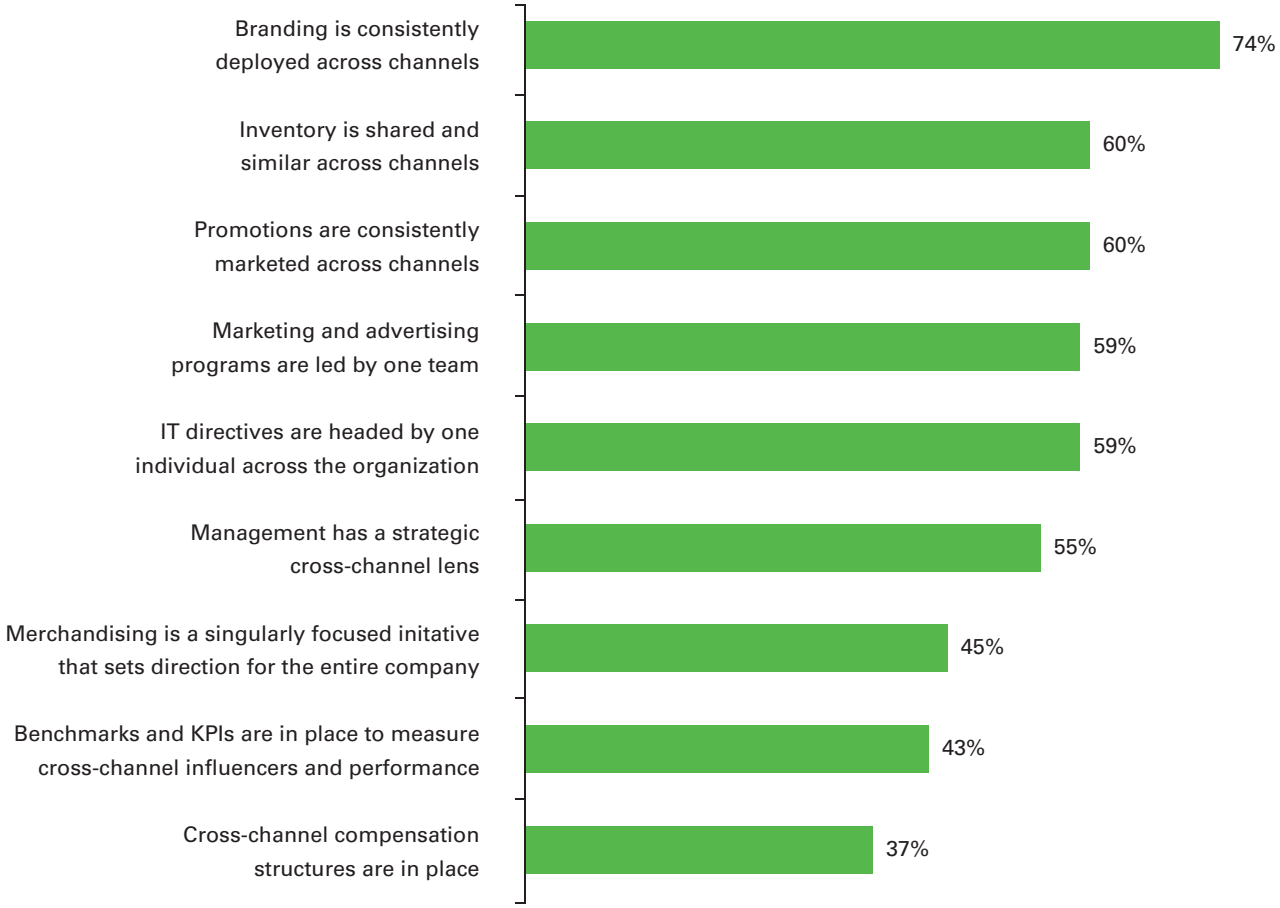
Merchants with a store channel currently offer in-store returns (36%) and pick up (20%); respectively 13% and 27% are planning to add these features.

what is your timeline for providing these cross-channel features?	Offer Now	Plan to Offer Within 1 Year	Considering for Future, Beyond 1 Year	No Plans to Offer	Not a Store Based Retailer
Buy online/return in-store	36%	7%	6%	11%	40%
Buy online/pick up in-store	20%	12%	15%	14%	39%
View weekly circulars/ads	17%	7%	5%	20%	51%
Product finder/in-store product look-up	16%	13%	16%	13%	42%
Redeem electronic gift certificates in-store via mobile device	10%	14%	12%	24%	40%

f. organizational dynamics and adjustments

Merchants "strongly to somewhat" agree that consistent branding (74%), inventory (60%), and promotions (60%) are germane to their cross-channel initiatives.

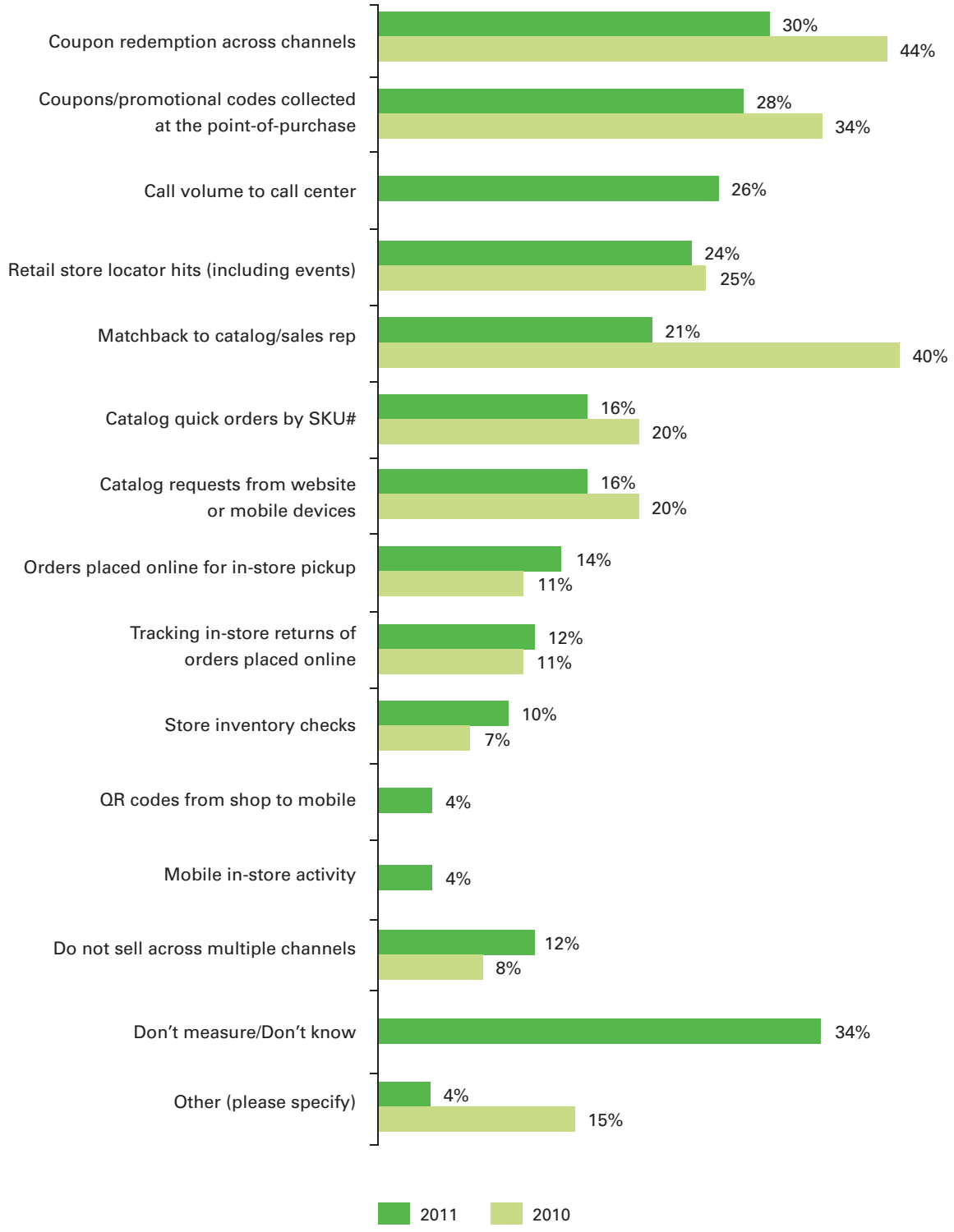
Q: rate your level of agreement with each of the following statements relative to your company's current integration of cross-channel initiatives. (strongly to somewhat agree charted-top 2)



g. measurement techniques

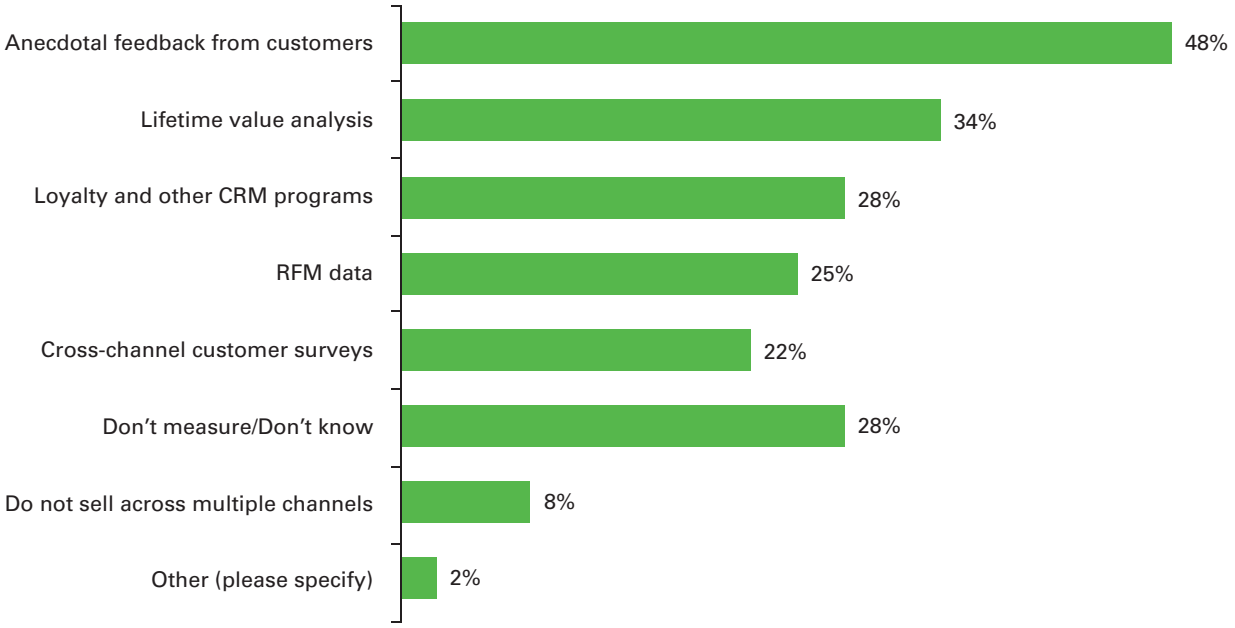
Among the 66% who measure store or catalog-centric cross-channel behavior, coupons and call volume are primary analytics.

Q: how do you measure store or catalog-centric cross-channel behavior? Check all that apply.



Anecdotal feedback from customers (48%) is the #1 measurement for customer-centric cross-channel behavior among merchants selling across multiple channels (92%).

Q: how do you measure store or catalog-centric cross-channel behavior? Check all that apply.



v. the merchant speaks: one-on-one merchant interviews

a. cross-channel perspective

Initially a cross-section of merchants with an emphasis on selling in at least three channels was sought out to interview. This would allow for both exploring the unique aspects and current state of web/catalog as well as web/store since each puts forth different issues and challenges. We once again began by asking participants the same self assessment question from our Annual Survey, "On a scale of 1-10 where 10 is a seamless shopping experience (channels well integrated for shoppers) and 1 is a siloed scenario (channels operate independently) where does your company rank and why did you select that number?" The findings via these interviews were almost identical to the 5.4 seen in our survey as noted earlier. In addition, much of the terminology used to describe one's state was similar to that seen in our research as well.

Catalog-based merchants had much higher scores than their retail counterparts because it is easier to deliver a seamless experience with just two channels and no physical presence. As both fundamentally operate under a direct model, interviewees noted that dedicated efforts were often initiated with the catalog planning process and carried forth via calendars to address both web and catalog merchandising and promotional demands. While reporting a very seamless scenario, one cataloger acknowledged that meant cleaning up the catalog somewhat and making sure the web does the heavy lifting.

consistency

Successful merchants place an emphasis on delivering the same premium feel and experience and are adamant that they "think about the customer," setting cross-channel initiatives and merchandising themes with them in mind. Additionally consistency is the merchant mantra from pricing to the call center phone services where one cataloger reinforced their channel-agnostic mindset emphasizing that fax and orders via mail are still welcome. Pricing is a distinct challenge with the transparency of the web. Knowing the industry's competitive reality, (particularly among commodity products), pushed one cataloger to institute a low price policy in their call centers.

Savvy merchants take pains to integrate their offerings including pricing, product descriptions, and messaging consistency. They also report being diligent in coordination of email, direct, and onsite initiatives where they hone in on prices and offers in-store. Retailers sometimes split scores as their cross-channel functionality is strong yet they struggle in regard to store-based content and brand delivery.

Those retailers who look at all customer touch points are pleased with their results from product marketing including consistent messaging, to assortment and merchandising. One successful retailer cautions others not to "rubber stamp" the experience across channels but to customize each while maintaining a consistent undertone. Of course, as one seasoned veteran of cross-channel selling interjected, "We desire a consistent brand experience such as the one Apple delivers but with 8,000 stores it takes time."

Customer service alignment should also be a priority where retailers seek out a common view on how one's customers are treated and serviced in-store or via the call center. Thus it is even more essential to have visibility into the retailer/customer dialogue, and once understood, have a path to translate knowledge into an actionable strategy.

flawless execution

An apparel merchant shared her own flawless experience in searching for a crock pot which she researched from an informational and price-point perspective, selecting Sears as her preferred retailer. Describing pulling up to the back of a store and phoning to have the product brought out to her car reinforced that in her mind it must be a perfect experience. She can't praise the purchase and process enough but knows that had any one aspect gone wrong, she'd be talking about its flaws and understands that the stakes are high for retail companies.

challenges and limitations

Weaker scores were indicated when systems were not in place for inventory lookup and cross-channel services such as buy online for pick-up in-store. Specifically this results in limitations to customer insights where enterprise visibility of the customer does not allow for individual questions being answered.

organizational mindset

In order to be successfully integrated, cross-channel initiatives must be embraced across the organization with sales channel attribution secondary to finding a way to make the sale.

One interesting story that was shared came from a CPG brand in high-growth mode that has elected not to move the needle on cross-channel integration. He referenced their no locator, no mobile state, yet acknowledged that there is a great cross-channel opportunity if they work towards corporate commitment, setting the vision, and supported by desired applications. He is emphatic that it's no longer about merely making the sale online but the need to effectively measure what the web delivers across and for all other channels.

b. initiatives drive cross-channel elevation

There were many initiatives on the minds of these merchants but a number stood out and it is those that will be put forth for discussion purposes.

mobile

Mobile, not surprisingly, was often cited as customers always have phones or handhelds and they can be effective for both their purchasing power and ability to support all existing channels. Discussion of the value of apps versus commerce also came up frequently. Conscious that today's shopper is "on the go" and likely in the vicinity of one's stores, several are focused on local search (both organic and paid) to support store visits.

Most mobile strategies are in a state of development at this point, which our own e-tailing group research also suggests with build versus buy decisions under consideration. Savvy sellers are thinking more about how it impacts all touch points and not simply as a channel unto itself. This can range from keywords needing to be shorter to shopper intent that is primarily local. One retailer expressed a need to know how many of their affiliates were also mobilized. Activities around advancing mobile include:

- Mobile sale attribution; tagging to know if it's a mobile sale
- Mobile interaction relative to user-generated content
- Collecting mobile numbers
- SMS/text messaging
- Tablet optimization
- How to leverage existing web framework and content for research tools prior to and during store visits
- Location-based services such as Four Square

Lastly QR codes appear to be on the minds of retailers to enable scanning of promotion codes. One cataloger sees these codes driving traffic to their website and also extending their email sign up capability. They plan to provide customers with a clear explanation of the codes and the benefits that they might hope to see when taking advantage of them. This list of potential projects is broad where for some these projects are long overdue while for others much needed enhancements are taking shape.

systems

Store inventory visibility was cited with enhancements of the systems and tools that support store inventory. Alongside this service, one retailer is taking steps even further with online support for services like book appointment or pay for a ski tune up.

Building or evolving one's customer database was frequently mentioned as well in order to receive a comprehensive view of the customer. This includes how they engage with the brand across all channels along with relating promotions and products to customers.

POS systems that speak to the web are on the docket for several retailers who believe these projects are past due. Another focus is better selling tools plus using the web to assist customers in placing orders online from the retail store. For those that are looking to take advantage of shipments direct from the store, expedited shipping options are under consideration rather than having full dependency on the distribution center.

Other system considerations include integrating product data where one set for the entire enterprise could serve as a commanding data source for all as well as being a customer-facing application. Robust order management systems are also on the radar screen so that all touch points become centrally-housed where anyone can check order status and order history, a universal expectation of most customers.

data

It is imperative to understand how retailers are leveraging customer data/profiles to drive in-store traffic and cross-channel purchasing. A multitude of uses ranges from segmentation, including seeking out top buyers, to sophisticated analysis. Some of those being utilized may suggest efforts that your organization can capitalize on moving forward. Certainly most merchants realize that they must get better at segmentation starting with the collection of esoteric attributes in hopes of delivering a more personalized and targeted shopping experience. Retailers acknowledge that they need to speak differently to new versus existing customers which can include navigational adjustments. Taking advantage of this data and coupling it with testing helps to enable better decision-making.

From another perspective, a three-channel retailer examines length of time with the brand. A discussion of one's retail trade area ensures promotion for local store events. Regardless of circumstances, many look at all marketing programs to analyze ROI on different programs, be it customer, prospect or through one's affiliate channel.

An evaluation of best buyers was noted including their annual multi-channel spend threshold that would suggest additional marketing outreach. Understanding of participation in a loyalty club versus not has also provided valuable insight.

There is interest in driving more traffic to the store so looking at the population of one's direct customers within a pre-designated radius of stores to encourage those that have never been to a store is another insightful use of data. Both necessary incentives and the use of email in support of that effort are under consideration by one cross-channel player. Conversely another retailer laments the enormity of the data they need to mine but is glad that they are seeing good success at getting store-only customers to extend their basket assortments across a broader category range. Social efforts are also being reviewed in hopes of driving folks to learn more online based on that initial engagement.

Customer profiles are being used to help retailers merchandise stores better. For example one spoke of a desire to present a regional assortment tailored to suburban women versus a more urban presentation. For a cataloger, the focus was on wisely evaluating which of their customers and/or prospects are worthy of a catalog and what are the corresponding data points that serve as indicators.

One retailer reflects that the core-channel produces an opportunity to serve the customer and from there cross-channel provides an opportunity to learn about them by gathering important insights. Ultimately knowing one's preferred local store based on behavior or designation allows for notification of events or promotions that are more relevant.

c. a look at the organization

Today's web teams must be in a position to plan far out yet react smarter in the near term. Internal resources need to think globally, looking at tools and technology that fit now while still fostering tomorrow's growth. As new technology presents itself, resources must be readied and additional head-count added internally or via outsourced means. Cross-channel commerce is a specialist's canvas where domain expertise is valued. Marketing continues to see growth with exploding social demands leading to restructuring, as here too, specialists add much needed value.

outsourcing

Although individual merchant organizations are quite unique, insights from others can still shed light on approaches ripe for consideration. This is a time for learning and given the myriad of changes taking place retailers have an opportunity to explore how to get to the next level. They must distinguish their strengths and weaknesses and as one emphasized, "We prefer to outsource profitably so all of us can focus on the core business."

Choices must be made about seeking external solutions and outsourcing as often retailers cannot do it all in-house. Some of that choice depends on the architecture of one's platform and flexibility to make the necessary changes. For one cataloger that is outsourcing their database, website, and other elements, a need for some internal IT resources may be under consideration. A cross-channel retailer that has shifted emphasis from survival mode to a growth trajectory, and will be restructuring the organization accordingly, acknowledges the structure looks quite different from that vantage point. It takes investment to fuel growth and that is the mode of many participating retailers. In particular one CPG brand is experiencing significant channel growth and requires support for evolving distribution models.

Retailers have rarely been frivolous, as one reinforced, "All projects are self supporting so they must each stand on their own merit." They have learned there are always opportunities to do things more efficiently where reutilizing and repositioning existing resources is wise.

An interesting discussion ensued with one cross-channel retailer who has adopted a new model of working with "agile," small dedicated teams to tackle projects, design, and copy. They are efficient, typically setting out to accomplish a certain objective in about a six-week timeframe. Currently they have 67 streams of work running simultaneously which means they need lots of resources but not necessarily day-to-day people where contracting becomes more advantageous. Change comes more quickly and more seems to be accomplished versus historically when IT bottlenecks prevented desired progress.

Another regional retailer late to ecommerce believes that the web team should sit in the center of the cross-channel experience. Dashboards and individuals to read and interpret data need to be put in place as he believes they tend to be more fluid than yesterday's retail metrics. Also, he's confident the knowledge gained from the web can serve the organization well in many areas.

Finally, the web is a channel where tactics foster store demands. Concurrent training needs to be in place from what multi-channel means to the company to day-to-day concerns with in-store execution paramount. eCommerce has no control, yet without a focused effort, objectives will go unrealized. These insights remind us that our organizations must be in order with multiple means in place to achieve desired objectives. A one-voice scenario with proper training where performance is critically monitored is a mandate.

vi. best practices

While all of this information and input is valuable, the best practices shared by all interviewees may in fact provide the most valuable insights. Heeding their lessons, gleaned from past mistakes and proven successes, can best bolster your own efforts in advancing cross-channel execution.

brand

- The scent has to follow from email to site and catalog where all channels look and feel and speak the same language
- Make sure you tell a consistent story starting with one's brand to how you sell the product itself
- Don't let others usurp your brand; be aware of where and how you are being promoted and protect it in all new channels

planning

- Start with planning and involve teams from all channels
- Find a way to make all communication available via a single access point to understand consumer concerns and execution challenges

customer first

- Stop thinking about yourself as multi-channel and simply put yourself in the customer's shoes to understand their needs
- Encourage individuals within your organization to make the necessary shift to think about customers and not their channel silos
- Gather customer input on cross- channel experiences to better develop or refine strategies
- Shop your available cross-channel experiences as a customer and ensure they're customer-centric
- Treat all customers as good or better than they expect to be
- Secure a 360-view of customer to serve more relevant and personalized content

strategic

- Champion a multi-channel strategy and don't use technology to force any tactical, cultural, or process change
- Educate associates to understand the benefits of a multi-channel shopper including increased spending power seen versus a single-channel buyer
- Create channel-agnostic performance goals
- Don't retrofit cross-channel; while it may be high investment it will deliver the ROI return factor you desire
- Continue to challenge yourself to think big to small knowing what moves the needle to drive business and beware of the shiny object
- Look at purchasing behavior across all channels; send more targeted communication to capitalize on findings
- Ensure employees on all sides of the fence understand the goal is to create a seamless experience for the customer versus siloed store experiences as today's customer has high expectations in this regard
- Build a culture around testing

tactical

- Deploy as much information online (video, how to guides, etc.) given web's research role as it simply may not be available at point-of-purchase
- Ensure promotional redemption options in all channels
- Keep pricing consistent despite pressure to diverge as it may prove to be your saving grace in the end
- Strike the right balance between strategy, ideas, and execution; companies need a variety to succeed and it can't be top down
- Keep experiences simple, rolling out things that are inherent to the business; the marketing job is then easy and products sell themselves
- Use digital forms of communication to drive store traffic

metrics

- Chart and review all metrics from a corporate perspective
- Dig into the numbers to understand the different customers by channel seeking commonalities and disparities in order to build business marketing logic
- Take the time to share information with others in your organization as it will be time well spent
- Understand customer and intent and be prepared to measure

systems

- Be integrated and don't accomplish via a workaround
- Ensure that systems are flexible and can speak to one another
- Technology must support a single view of the customer

organization

- Organize internally first and then align goals
- Make sure org structure is aligned to support cross-channel goals and that the team is accountable to reach store, web sales, and traffic goals
- Define decision-making criteria and know decision-makers
- Dialogue must be fluid in the organization
- Ensure the cross-channel team keeps the customer point-of-view in mind
- Business models must support synergistic promotions in order to perform

I will close with the wisdom of one top cross-channel retailer who invoked his father's advice:

"Half of winning is getting up in the morning. The journey requires patience and persistence. One can't be too patient or too aggressive where it is essential to combine the best of each and continue to educate internally and externally to profit from cross-channel selling."

vii. about the companies

the e-tailing group

the e-tailing group is a niche e-commerce consultancy that helps merchants deliver the right customer experience on their websites and across all of their channels while adeptly assisting technology companies to create and execute go-to-market strategies that simultaneously educate the retail community and deliver cost-effective thought leadership and lead generation. For more background about our research or for additional information on the e-tailing group, inc. please contact Lauren Freedman via email at LF@e-tailing.com, by phone to 773-975-7280 or visit the e-tailing group website www.e-tailing.com.

MYBUYS

MyBuys is the leader in cross-channel personalization for retailers. We help marketers increase their marketing effectiveness by learning what individual shoppers like, then using these insights to present them with the most compelling recommendations and offers, coordinated across every channel -- on e-commerce sites, through email, via display ads, on mobile devices, and on Facebook. More than 300 companies, including 75 of the Internet Retailer Top 500, use MyBuys to sell more. Based in Redwood City, Calif., MyBuys is a privately held company. Visit us online at www.MyBuys.com.