

The Physical Store: From Sales Channel to Pillar of the Omnichannel Customer Experience Personalisation

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Shopping is rapidly changing, together with consumer expectations, behaviour, and preferences. The prolonged disruption brought by the pandemic fast-forwarded a transformation in retail, with consumer engagement becoming more digital, ecommerce skyrocketing, and brick-and-mortar stores turning into more than a traditional sales channel.

The New Role of the Brick-and-Mortar Store

In today's new retail environment, the physical store is embracing a new role and becoming more important in defining the customer shopping journey, according to 76% of retailers interviewed for a survey conducted in June 2021 by IDC on the evolving role of the physical store.

Retailers are rethinking store operations to enable effective response to the fast-changing and increasingly demanding expectations of technology-savvy and time-crunched consumers:

- 71% of retailers of surveyed retailers changed the store layout to accommodate capabilities including contactless and omnichannel fulfilment, such as click-and-collect, kerbside pickup, and fulfilment from the store.
- 63% of retailers interviewed see the store turning into an experiential hub and a space for customer experience and advice.
- 44% of retailers surveyed see the store playing a greater role in omnichannel fulfilment and become a fulfilment hub for online orders.

In this transformation process, ensuring a consistent omnichannel shopping experience across touchpoints is the top concern, according to 74% of retailers interviewed in the IDC survey.

Technology Enabling the Evolving Role of the Physical Store

In executing the new role of the store and to improve shoppers' omnichannel journey, retailers are introducing new capabilities and expanding existing features to include contactless shopping and omnichannel fulfilment:

- 49% of surveyed retailers introduced contactless payments in the past year.

- 43% of retailers introduced occupancy level management and loss prevention solutions in the same period.
- In-store customer behaviour analytics and in-store traffic analytics were introduced by 49% and 40% of interviewed retailers respectively in the last year.
- 36% of retailers interviewed expanded omnichannel fulfilment including kerbside pickup and click and collect in the past year.

A Continuous Process of Innovation to Deliver Seamless Customer Journeys

Looking ahead, successful retailers will harness the physical store as a pillar of omnichannel customer experience personalisation. The continuous expansion of capabilities in store will aim to provide more responsive, engaging, and highly personalised shopping journeys. Technology, including IoT, sensors, and advanced analytics will ensure safe shopping journeys and prevent shrinkages, by expanding retailers' ability to monitor store operations and understand the right way to approach the shopper at any given point of the customer journey.

Retailers that understand the centrality of the physical store and invest in the right enabling technology to support the complexity of retail operations of today and tomorrow will be able to offer a frictionless, safe, and highly personalised omnichannel customer journey to strengthen competitiveness and secure long term customer loyalty.

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