NEWSTORE

OMNICHANNEL LEADERSHIP REPORT 2024

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“ The Global Omnichannel Leadership Report is clear. Retail is evolving rapidly, and while some brands are flourishing by adapting, others risk falling behind. In this new retail era, it’s adapt or perish. It’s as simple as that.”



Stephan Schambach
Founder and CEO

NEWSTORE

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INTRODUCTION

Across the globe, consumers' expectations for a seamless omnichannel retail experience are growing. While physical stores remain the primary retail channel, the ubiquity of connectivity and mobile devices leads many consumers to move fluidly between channels across their customer journey. Consumers no longer see online and in-store shopping as distinct experiences but expect constant connectivity. Many now engage in "hybrid" shopping with an "all of the above" approach that unifies shopping experiences, blending physical and digital channels. Omnichannel retail is now the primary buying method for a quarter of global consumers and more than 36% of Gen Z consumers.[1]

The top 250 global retailers saw significant revenue growth in 2023,[2] but they are also facing economic headwinds and growing competition. Deteriorating economic conditions in many countries are leading consumers to look closer at cost. One survey found that half of consumers are concerned about their financial situation, and 96%

1: Consumers Want it All: Hybrid shopping, sustainability, and purpose-driven brands, IBM, 2022 https://www.ibm.com/downloads/cas/YZYLMLEV

2: Global Powers of Retailing 2023, Revenue growth and continued focus on sustainability, Deloitte, February 2023, https://www.deloitte.com/content/dam/assets-shared/legacy/docs/analysis/2022/gx-global-powers-of-retailing-v9.pdf



intend to adopt cost-saving behaviors over the next six months.[3] Meanwhile, the customer experience has become increasingly important, and research shows that customer experience leaders are up to three times more resilient during recessionary periods, with shallower troughs and quicker recovery. Retailers with a digital-first and omnichannel strategy pivoted more quickly during the pandemic and can adapt faster.[4]

To assess the current state of the market, our research examines how brands deliver omnichannel value across three unified shopping experience areas: Online, Mobile App, and Store. We found a stark difference between omnichannel leaders and median performers. However, the observance of several omnichannel shortcomings means most retailers have many opportunities to improve the customer shopping experience across all channels.

3: Consumers seek frictionless experiences in a world of disruptions, PwC, February 2023, https://www.pwc.com/gx/en/industries/consumer-markets/consumer-insights-survey-feb-2023.html

4: Adapting to the next normal in retail: The customer experience imperative, McKinsey, May 20, 2020, https://www.mckinsey.com/industries/retail/our-insights/adapting-to-the-next-normal-in-retail-the-customer-experience-imperative

METHODOLOGY

1. Determine the current state of omnichannel capabilities
2. Create a comparative view of omnichannel capabilities across the globe
3. Assess the ability of critical solutions and services across brand channels
4. Review the seamlessness and ease of use of each omnichannel service
5. Provide brands with first-person feedback on the customer experience
6. Examine the availability of critical solutions and services across brand channels

The 2024 global edition of the Omnichannel Leadership Report critically assesses nearly 700 retail brands in 10 countries through secret shopper research in September and October 2023. The 80+ brands on the NewStore Unified Commerce Platform were removed from the study to maintain objectivity. A third-party research team audited each brand's online, mobile app, and in-store shopping experiences to determine their omnichannel competence and maturation. Their audits of each brand observed, from a customer's point of view, the capabilities and services brands have in place across these critical touchpoints.

The mystery shoppers looked at several key factors of the omnichannel experience. This included the channels of online experience (live chat, BOPIS, BORIS, virtual appointments, store inventory visibility); mobile app experience (app availability, loyalty, live chat, inventory visibility, mobile wallet payments); and store experience (associate mobility, inventory visibility, endless aisle, mobile checkout, contactless payments).

Each question in the audit was assigned a point value based on the capability or process, and the total number of points scored determined each brand's section score (i.e., Online, Mobile App, and Store Experience) as well as the overall score and report ranking.

The results represent an approximately 50/50 split between U.S. retailers and non-U.S. brands. The non-U.S. brands were distributed as follows: United Kingdom (22%), France (21%), Germany (17%), Italy (15%), Australia (13%), Spain (6%), and Canada (3%). When distributed by retail segment, respondents included mid-market retailers (34%), basic retailers (30%), premium retailers (22%), and luxury retailers (14%).

EXECUTIVE SUMMARY

Despite challenging macroeconomic factors, the retail industry is demonstrating strong growth. Global retail sales are forecasted to grow 4.3% in 2024 to $30.5 trillion. Additionally, the gap between ecommerce and retail sales growth has shrunk, and online sales are predicted to grow 9.4% in 2024. While not included in this study, Southeast Asia is forecasted to log the fastest economic growth of any region for the third year

in a row, with the Philippines, India, and Indonesia logging ecommerce growth rates of more than 20% in 2023.[5]

While there are nuanced differences between countries, global consumers are embracing seamlessly connected digital and physical experiences more than ever. Our research found that while retailers are making progress, much work must be done to improve the omnichannel experience online, in-app, and in-store.

5: Global Retail, E-commerce Forecast, eMarketer, February 2023, https://on.emarketer.com/rs/867-SLG-901/images/eMarketer%20Global%20Retail%20Ecommerce%20Forecast.pdf

KEY TAKEAWAYS

This year's assessment found several differences between leaders and laggards. Many retailers are making incremental improvements in their omnichannel capabilities but still lag behind the leaders we've identified overall and in respective experience areas. That said, our research findings revealed a small group of omnichannel leaders who are setting the standards for all.

The upside is that many retailers have significant opportunities to improve their omnichannel capabilities and enhance the customer experience, which will create more loyal shoppers and increase sales. Our research revealed three key takeaways:

Retailers need more omnichannel features

1

Although there has been some progress, most retailers are still not fully utilizing the omnichannel solutions available to them. In our report, the average score for brands was just 43 out of 100. This score indicates a considerable gap in the capabilities and features offered in their mobile, online, and physical store shopping experiences. This presents a significant opportunity for brands to improve and transform. By taking incremental steps, brands can capitalize on this potential. Looking forward to the next year, there's a promising chance for brands to enhance their customer shopping experiences by investing more in omnichannel strategies and solutions.

Mobile App commerce is still lagging despite better conversion

2

Despite the popularity of mobile commerce, mobile shopping apps remain relatively scarce, and in instances where shopping apps are available for consumers, those experiences are relatively immature compared to the basic features that are readily available today. Only a third of brands offered a mobile shopping app, with the most common features focused on self-service activities, not interactive, exclusive content or robust loyalty programs. And even with brands that have an app, few are promoting it. This means many retailers can greatly benefit by simply introducing a mobile app, adding a few more features to the one they have, or promoting that the channel exists.

Many stores lack digital features

3

While the prevalence of digital technologies has spiked, they are still not being put to full use in stores. For example, while six out of ten websites and a third of apps offer live chat, we found that less than a quarter of them direct customers to a local store associate, which research has shown to be preferred among shoppers. Additionally, only a third of stores offer buy now, pay later, or provide associates in-store mobile devices to help customers on the sales floor. Moving forward, there's an opportunity for retailers to greatly enhance the in-store experience by integrating more digital features.

OMNICHANNEL LEADERS WINNER'S CIRCLE

Scores among the leaders were quite close in this year's rankings. While 85% of the 696 retailers had a score of 50 (out of 100) or below, the top 5% in overall omnichannel competence had a score of 62 (out of 100) or above. There were sharp differences between a handful of leaders and the rest of the pack. Mystery shoppers noted a few retailers stood out with exceptional omnichannel experiences:

SCHEELS

NORDSTROM

Massimo Dutti

GOLF GALAXY

Foot Locker

SCHEELS

Scheels is a private, employee-owned sporting goods retailer based in the U.S. with 32 locations in 15 states. Despite its small size, it has impressive omnichannel capabilities with a highly engaging and user-friendly online shopping experience. The well-organized categories are easy to navigate with a visually appealing design and an emphasis on convenience. Likewise, its popular mobile app features an easy-to-use interface that supports a convenient shopping experience and offers news on the latest deals. Mystery shoppers also noted an "energetic" atmosphere in the store with well-arranged and categorized displays and knowledgeable associates.

NORDSTROM

For the third time in five years, Nordstrom has been recognized as an omnichannel leader in this report, and more broadly by retail publications and industry analysts. Founded in 1901, the luxury brand has more than 460 locations and prioritizes a seamless customer experience across all channels. Along with a robust website and app, Nordstrom offers virtual meet-and-greets and livestream shopping. Mystery shoppers noted "extraordinary customer service" in-store and an easy-to-navigate, well-organized digital experience with access to extended purchase history and scheduling for in-home appointments.

Massimo Dutti

Established in 1985, Massimo Dutti is a Spanish clothing retailer specializing in wool and cashmere products. It has 782 stores in 75 countries. Its app is heavily used by customers and has more than one million downloads in the Google Play store, for example. Mystery shoppers noted that opening an account on the app unlocked "state-of-the-art ecommerce" with recommendations and curated offerings. They also noted highly responsive service in the store with access to information and a seamless experience across all channels.

GOLF GALAXY

Golf Galaxy was founded in 1997 and prides itself as the world's first and only interactive golf store with a large selection, competitive pricing, and pro shop knowledge and services. The in-store experience features workshops, fitting bays, course simulators, and an indoor driving range. It also replicates this experience online with a Virtual Club Advisor that helps customers gain expert advice. The highly-ranked mobile app features a Store Mode that serves as an interactive club selector and can schedule virtual and in-store services. A strong rewards program offers faster online checkout, promotions points, and access to special financing. Mystery shoppers also noted a robust in-store experience with a fair level of integration with digital channels.

Foot Locker

With more than 3,100 stores in 28 countries, Foot Locker is one of the world's leading sportswear and footwear retailers. The brand's app offers a full shopping experience, notifications about the latest products and promotions, a product release calendar, and a reservation capability that enables consumers to reserve shoe orders before they even launch. The popular FLX rewards program also generates strong sales. Mystery shoppers noted store associates are equipped with handheld digital devices to view inventory while walking the sales floor and "could answer any questions without having to walk away."

IT'S ADAPT OR PERISH.

IT'S AS SIMPLE AS THAT.



ONLINE EXPERIENCE

Since its inception in the late 1990s, online retail has increasingly claimed a larger share of total retail sales. Also, this growth trajectory accelerated significantly following the onset of the COVID-19 pandemic. As of Q3 2023, online sales in the United States accounted for 15.4% of all retail sales.[6] Ecommerce is now forecast to capture more than 40% of global retail sales by 2027, representing a 9% compound growth rate, up from only 18% in 2017.[7]

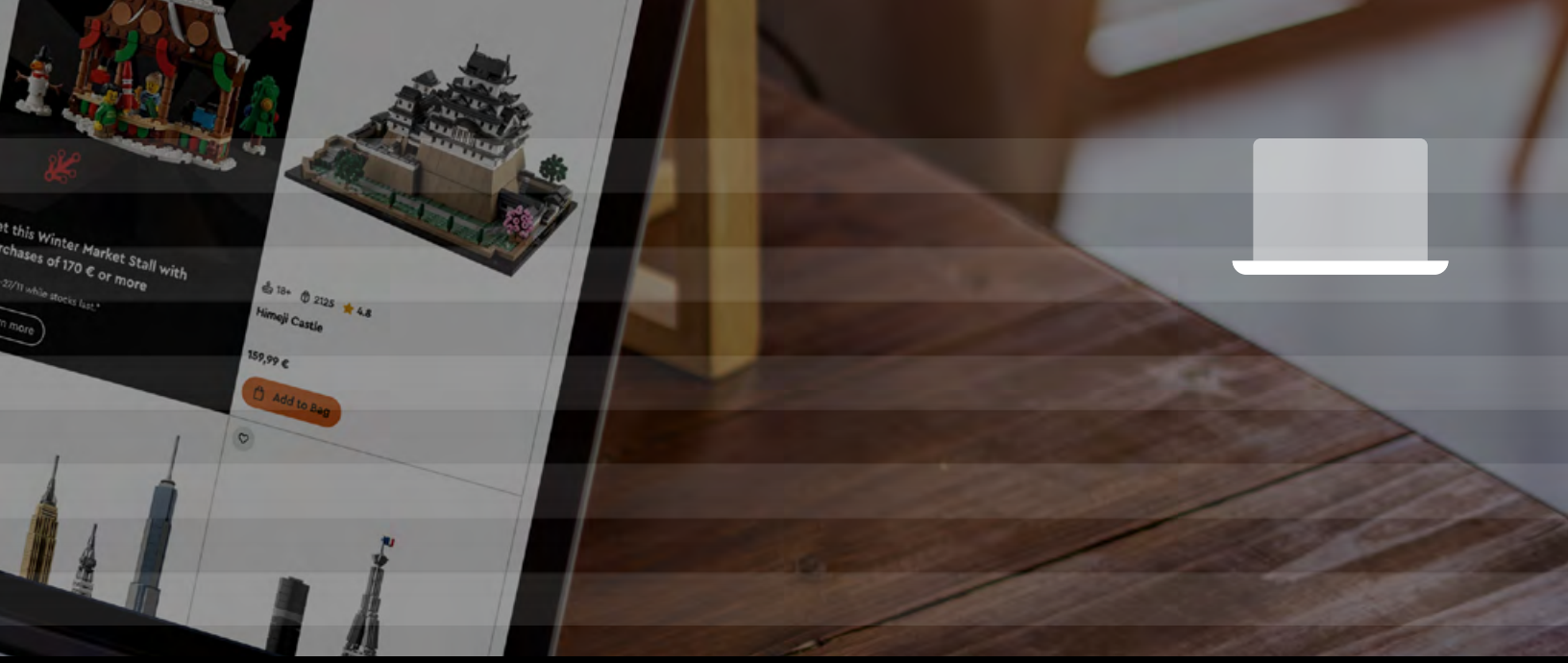
While nearly all consumers indicate they are going to increase cost-saving measures shortly, 43% also said they planned to increase online shopping.[8] More consumers are shopping on mobile devices, but desktops, laptops, and tablets remain popular.[9] Even as online shopping grows, stores remain a critical piece of the online puzzle, serving multiple roles, from showrooms to fulfillment centers. Regardless of how or where they operate, retailers are improving their online experience to meet consumers' growing needs for convenience, flexibility, and instant gratification. Many consumers now demand options like inventory visibility, buying online pickup in-store (BOPIS),

6: Quarterly Retail E-Commerce Sales, Census Bureau, August 17, 2023, https://www.census.gov/retail/ecommerce.html

7: E-Commerce Poised to Capture 41% of Global Retail Sales by 2027—Up from Just 18% in 2017, BCG, October 31, 2023, https://www.bcg.com/press/31october2023-ecommerce-global-retail-sales

8: Consumers seek frictionless experiences in a world of disruptions, PwC, February 16, 2023, https://www.pwc.com/gx/en/industries/consumer-markets/consumer-insights-survey-feb-2023.html

9: For shopping, phones are common, and influencers have become a factor – especially for young adults, Pew Research, November 21, 2022, https://www.pewresearch.org/short-reads/2022/11/21/for-shopping-phones-are-common-and-influencers-have-become-a-factor-especially-for-young-adults/



next-day delivery, and easy returns. While ecommerce giants in North America may have pioneered these capabilities, consumers across the globe now expect the same service.

Big online players are also influencing how consumers shop at other retailers. Amazon and Google are currently the top channels for consumer research, used by more than 80% of consumers. And when shopping on Amazon, eight in ten consumers say they check out "similar items" and "others also bought" items. Additionally, six in ten say multiple product images help them the most.[10] The impact of AI on this evaluation process is only beginning to be understood.

We examined the online shopping experience, focusing on the solutions and services retailers offered at every stage of the browsing and buying journey. In addition to the online experience and buying process, we examined capabilities around service, inventory availability, fulfillment, and returns to understand the online experience from a holistic point of view.

For the second year in a row, Australia took the top spot in online experience. Mystery shoppers conducted 45 evaluations and consistently found robust online experiences that had most of the features they were looking for. Australia's ecommerce market is currently the 11th biggest market for ecommerce and is experiencing rapid growth that is predicted to reach $32 billion by 2024.[11]

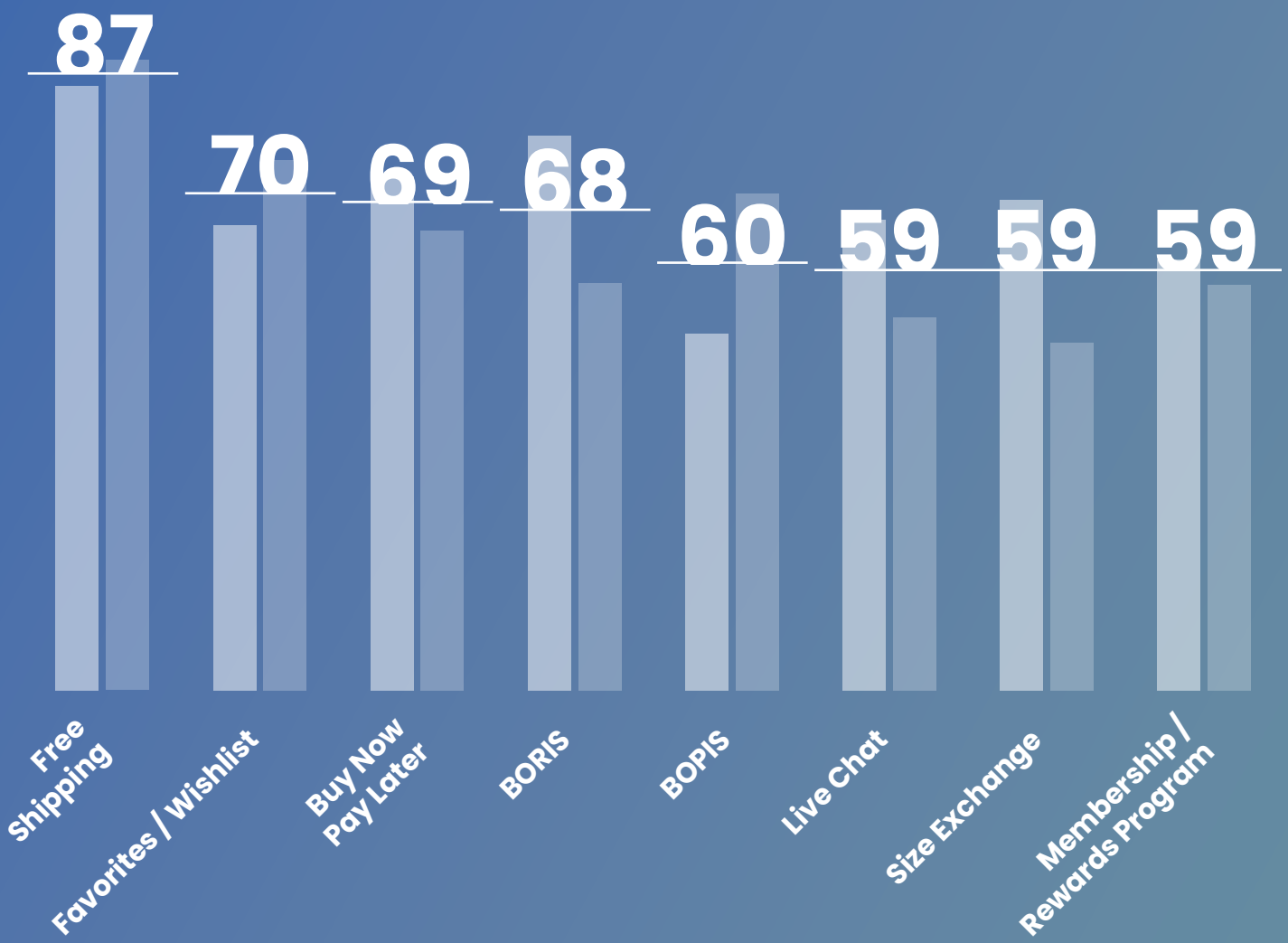
10: Survey reveals how consumers shop on Amazon, Chain Store Age, January 10, 2023, https://chainstoreage.com/survey-reveals-how-consumers-shop-amazon

11: E-commerce remains competitive for Australia despite global slowdown of spend, The Drum, March 3, 2023, https://www.thedrum.com/industryinsights/2023/03/03/e-commerce-remains-competitive-australia-despite-global-slowdown-spend

The average website includes less than half of the features evaluated.

7.3 OF 16

Feature Adoption Percentage

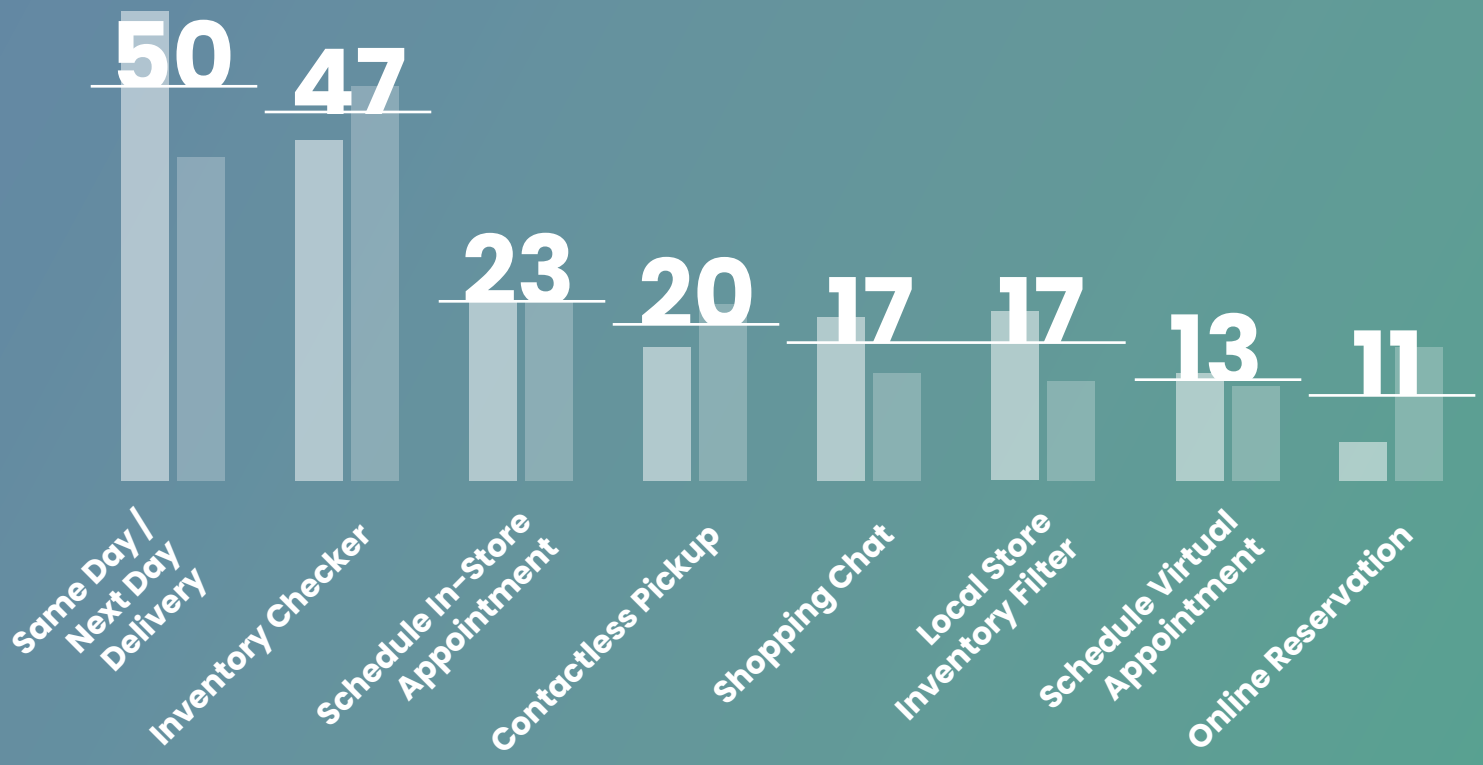


% All North America International

The number of features offered was slightly higher in North America compared to international regions.

7.5 VERSUS **7.1**

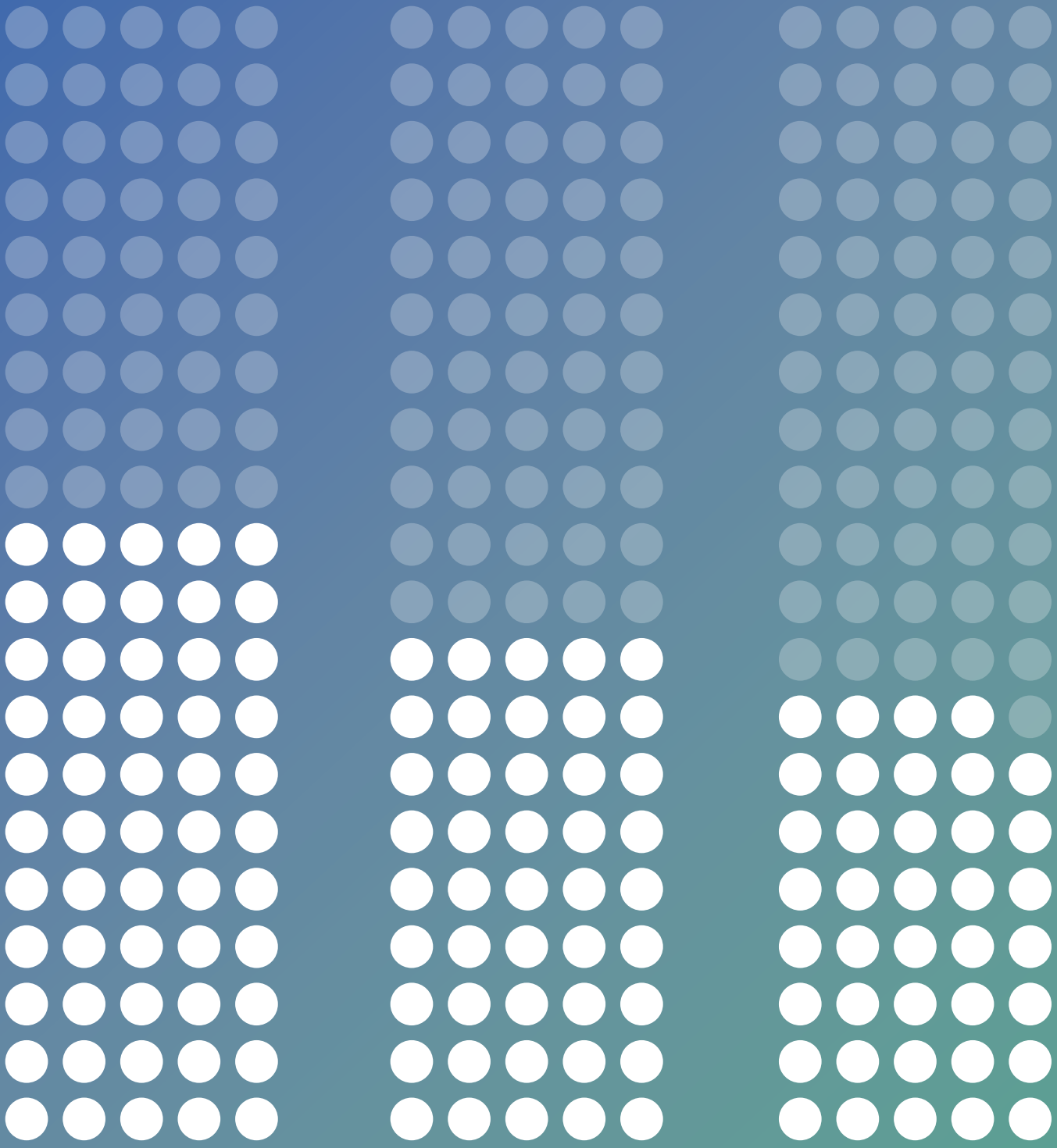
Feature Adoption Percentage



% All North America International

Online Experience Regional Benchmark

Percentage of All Features Adopted by Region



55%
Australia

45%
North America

39%
Europe

Online Experience Country Leaders





AUSTRALIA
55%

1ST



CANADA
48%

2ND



US
45%

3RD



UK
43%

4TH



SPAIN
43%

4TH

TIED

Strong growth in BOPIS and BORIS

BOPIS and buy online, return in store (BORIS) are now critical components of the modern omnichannel experience. Many consumers select retailers based on return policies and the ease with which they can perform those returns. While BOPIS and BORIS require additional overhead, space, and staffing in stores, these capabilities are now a key competitive factor in the industry.

Our research found that while 60% of websites offered BOPIS overall, it varied notably by country. For example, only a third of retailers in Australia, France, and the United Kingdom offered BOPIS, whereas more than half of the brands in Canada, the U.S., and Germany did.

Overall, the speed of BOPIS varies across brands and regions.. In some instances, we found that orders will ship the same day, whereas others will ship a few days after the order takes place. Same-day pickup was twice as common among retailers in North America (69%) compared to the rest of the world (35%). Only a fifth of websites offered contactless pickup; however, it was notably more available in France (80%).

BORIS is also widely available globally (68%), yet significantly more common in North America than in the rest of the world. The one outlier was Australia, where it was almost universally available (95%).

60+%

of stores now offer buy online, pick up in-store, and buy online, return in-store.

1/2

of brands with live chat connected customers to a representative.

ONLY 3%

could connect them to an actual store associate.

The majority of brands now offer Live Chat

Chat is becoming a critical component of customer service across all industries, including retail. In the U.S., half of all adults say they have used some form of chat functionality with a company representative to get customer service support or help.[12]

Live Chat is now widely available, and six in ten brand websites offer this capability, although notably more predominant in North America than internationally (66% vs. 52%). However, while many brands offer Live Chat, half of those connect to a customer service representative, with only 3% connecting directly to a store associate.

German brands were most likely to connect to a customer service representative (61%). Overall, a majority of brands offered access to customer service through calling (86%) or email (83%).

Live Chat Shopping enables customers to directly communicate with associates through a chat box while browsing or making a purchase. It is still a relatively new concept in the retail industry and less than a fifth of brands offer this service overall. Live Chat Shopping was most common in Australia (41%) and Spain (25%). However, while more consumers are interested in appointments,[13] scheduling virtual appointments and in-store appointments is relatively rare and offered by less than a quarter of websites.

12: U.S. Online Adults Primarily Use Chat For Customer Service And Post-Purchase Inquiries, Forrester, May 19 2, 2023, https://www.forrester.com/report/us-online-adults-primarily-use-chat-for-customer-service-and-post-purchase-inquiries/RES179302

13: Survey: Consumer Expectations for Store Associates' Omnichannel Capabilities Are on the Rise, NewStore, April 2023, https://www.newstore.com/articles/survey-consumer-expectations-for-associates-on-the-rise/

70%

of brands enable consumers to save products or add them to a wishlist. However, only half offer online inventory visibility.

Most retailers offer wishlists, but only half offer inventory visibility

The ability to create wish lists and save SKUs is critical so consumers can remember and save products in their carts for later purchases. Four in ten consumers say their shopping experiences would be better if retailers offered a wishlist where they could save items they were interested in.[14] Many want to access these wishlists across all channels and even share them with others. Additionally, online inventory visibility is often critical and can help save sales. Nearly half of consumers said they confirm online inventory before going to a store.[15]

Our observations found retailers are big on wishlists. Seventy percent of websites offered the ability to mark products as favorites or add them to an online wishlist. However, slightly less than half of the sites offered the ability to check store inventory on websites, with the feature being more common outside of North America (51% vs 44%).. While many websites offer inventory visibility, only 17% enable users to filter inventory search results by location and other fields. Additionally, only a tenth of websites offered online item reservations.

14: Consumer Insights, Think with Google, https://www.thinkwithgoogle.com/consumer-insights/consumer-trends/shopping-wishlist-preference-statistics/

15: Marketing Strategies, Think with Google, https://www.thinkwithgoogle.com/marketing-strategies/search/shopping-inventory-search-statistics/

A majority offer loyalty rewards and Buy Now Pay Later (BNPL)

Membership and rewards programs formalize the relationship and offer retailers notable opportunities to collect data and increase sales. Reward programs are an increasingly important aspect of the omnichannel retail experience. More than 80% of consumers say they would be willing to share some personal data for a better customer experience, and nearly a third said they like the benefits, rewards, and privileges they get from a reward program.[16]

Our research found a majority (59%) of websites had membership or rewards programs. Earning points was the most common benefit of membership, although insights access and birthday rewards were also common. Additionally, offerings like BNPL are becoming a popular form of short-term financing for many consumers. BNPL was offered on 69% of websites and was more common in North America (73%) than outside North America (65%).

Free shipping is becoming the global standard, and fast shipping is critical in the U.S.

Over the past decade, Amazon has instilled the expectation of fast and free shipping, and a majority of consumers now expect orders to arrive within three business days when selecting free shipping.[17] However, expectations are rising in North America and internationally for next-day and even same-day shipping.

Same-day or next-day delivery was offered on half of the websites, more commonly in the United States (60%) compared to other geographies (41%). In those other regions, same-day or next-day delivery was more common in the U.K. (57%) and Spain (56%), compared to Australia (27%) or Italy (30%).

Free shipping is quickly becoming the standard both in North America and internationally and is offered by a large majority of websites (87%). Approximately two-thirds of all observed brands set a minimum purchase requirement to qualify for free shipping.

16: Creating loyalty in volatile times, PwC Customer Loyalty Survey 2022, PwC, https://www.pwc.com/us/en/services/consulting/business-transformation/library/customer-loyalty-survey.html

17: Survey: 62% of shoppers expect their free shipping orders to arrive in 3 business days, Retail Dive, July 5, 2022, https://www.retaildive.com/press-release/20220725-survey-62-of-shoppers-expect-their-free-shipping-orders-to-arrive-in-3-bu/

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Expert Insights from



Michael Scholz
VP Product and Customer Marketing

In the world of commerce, the concept of omnichannel has been around for some time. And yet, it remains a challenge for companies to truly excel in delivering a unified shopping experience across various channels. Consumers, however, continue to demand cohesive experiences regardless of where or how they shop. After all, customers shop online more than ever, all the while expecting companies to seamlessly blend physical and digital (aka, "phygital") shopping.

The data says it all about modern consumer expectations: Over 50% of customers engage with three to five channels during each journey, and 69% of consumers expect a personal and consistent customer experience across multiple physical and digital channels.

Despite the mounting pressures brands face to deliver cohesive omnichannel commerce, many companies aren't able to. The reason? Because they're relying on commerce technology designed for the era of desktop-only shopping. To meet the mobile-first and phygital experiences today's consumers desire, not to mention future touchpoints yet to emerge, a new model is needed: Composable commerce.

As a modern commerce approach, composable commerce is the engine to meet the constantly changing needs of omnichannel experiences. Built as a component-based solution, composable commerce is a flexible technology that empowers companies to launch capabilities much faster to stay on top of customer expectations while reducing their total costs of ownership (TCO). This is possible because companies can "compose" their customer experiences with best-in-class components that serve their needs instead of using monolithic applications that provide all-size-fits-all functionality.

A composable approach empowers companies to leverage constant change as a tool: Regardless of whether customers want new payment methods, BOPIS, or engage via new social media channels, composable commerce enables you to do it. With 85% of

business and technology leaders acknowledging that they have to deliver improvements to customers at speed and Gartner predicting that the mantra for new SaaS will be “composable API-first and API-only” as early as 2024, it comes as no surprise that business and technology leaders are increasingly adopting composability as a cornerstone of their strategy to achieve omnichannel and more.

An emblematic example is Canadian luxury menswear retailer Harry Rosen, which digitized its concierge-like, personalized consultations by turning the images of its quarterly fashion magazine into shoppable moments. Every head-to-toe image online has a “Get the Look” button, and print images have Q.R. codes; both take the customer directly to a prepopulated shopping list with the exact items in the photo. Customers select the right sizes, add them to their cart, and check out. If the customer doesn’t want that exact item or price point, there’s even a “Shop similar styles” button. The result: This feature is delivering a 300% lift in content page value.

The American retailer Ulta Beauty also implemented composable commerce to leverage omnichannel opportunities, doubling down on mobile-first and personalized shopping experiences that can be used regardless of whether the shopper is at home, on the go, or in-store. The Virtual Beauty Advisor provides recommendations, and GLAMLab enables virtual make-up try-ons powered by augmented reality and A.I. With a scalable composable commerce infrastructure behind the scenes, the company can recommend products and categories that fit individual tastes, dynamically price goods based on market conditions, and even reduce product catalog updates from hours to minutes.

So, why is composable commerce the engine behind omnichannel? In a nutshell, a composable approach enables businesses to rely on one commerce backend that serves as the single source of truth for your data (customer, product, inventory, and more) so brands can unlock data for personalization and more. Plus, with the unparalleled flexibility of composable commerce, retailers can orchestrate channels seamlessly, enable real-time inventory visibility, and become adaptable for whatever’s coming up next.

“ Customers shop online more than ever, all the while expecting companies to seamlessly blend physical and digital shopping.”



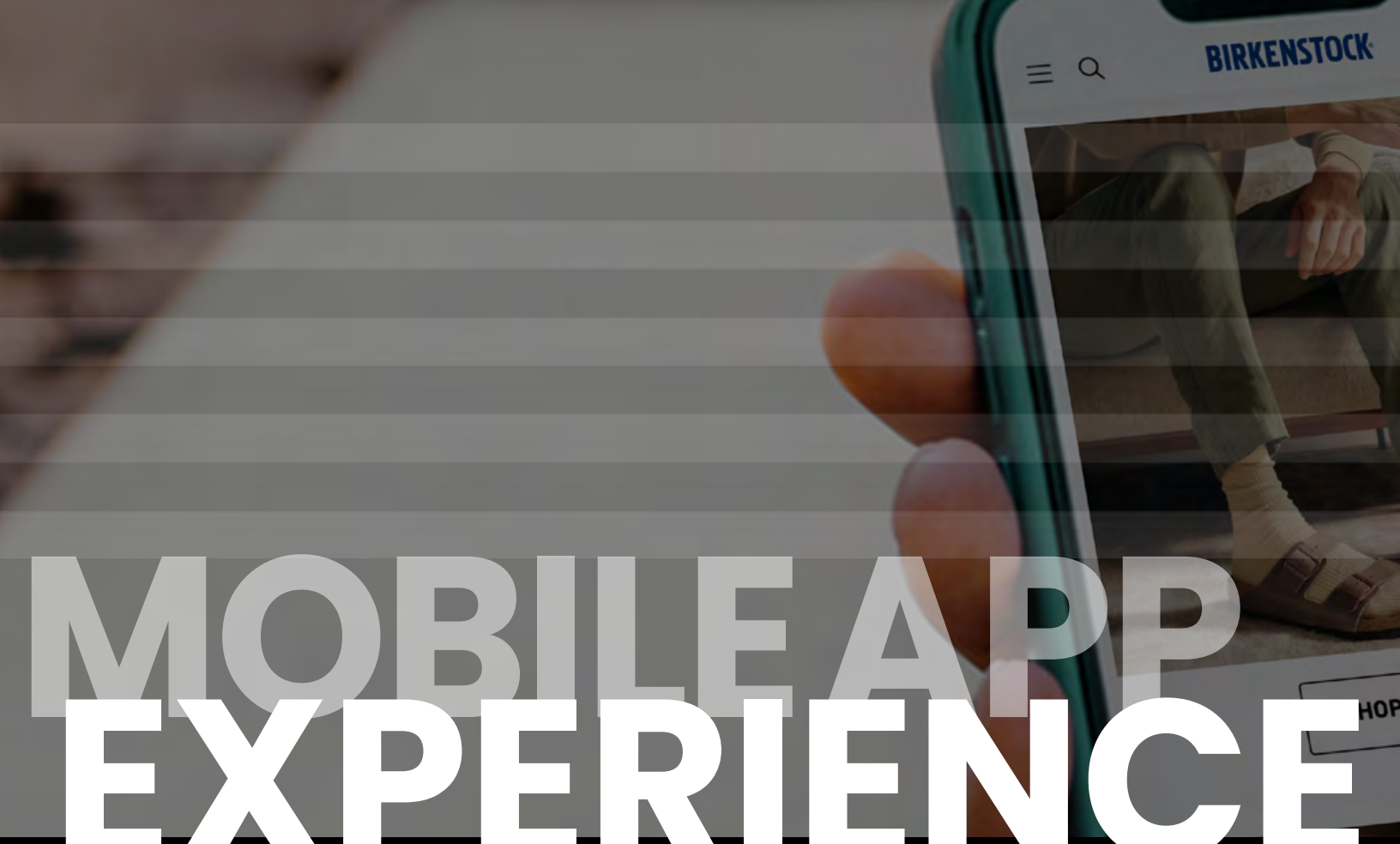
Michael Scholz
VP Product and Customer Marketing

commercetools









MOBILE APP EXPERIENCE

Consumers around the globe are increasingly using their mobile devices in every stage of the shopping journey, from browsing to ordering and fulfillment.

A robust mobile experience is now critical in the retail sector. Three-quarters of U.S. consumers report buying things online using a smartphone, with half saying they make smartphone purchases at least weekly.[18] Globally, mobile ecommerce is growing at a rapid pace, capturing a greater portion of ecommerce sales every year. By 2027, mobile commerce sales are forecast to capture 62% of all ecommerce sales, for a total of $3.4 trillion.[19]

Consumers often prefer using retail apps over websites because they offer a convenient and fast shopping experience,

18: For shopping, phones are common, and influencers have become a factor – especially for young adults, Pew Research, November 21, 2022, https://www.pewresearch.org/short-reads/2022/11/21/for-shopping-phones-are-common-and-influencers-have-become-a-factor-especially-for-young-adults/

19: Global Mobile E-Commerce Worth $2.2 Trillion in 2023, Statista, August 10, 2023, https://www.statista.com/chart/13139/estimated-worldwide-mobile-e-commerce-sales/



a preference that was amplified during the pandemic. Mobile has changed retailing in many other ways, both in digital channels and in the online shopping experience. For example, consumers now use their mobile devices in stores for research, additional context, and even price checks with competing retailers.

Simply having a mobile website is no longer good enough in this increasingly competitive retail landscape. Retailers need to offer more than just online ordering. They need native apps that offer features like inventory visibility and in-store integration.

We evaluated the user experience and functionality of branded apps across various aspects of the consumer journey. This included access to loyalty information and the ability to view personalized product recommendations, check inventory, and pay with mobile wallets.

The average Mobile experience includes less than half of the features evaluated.

7.7 OF 17

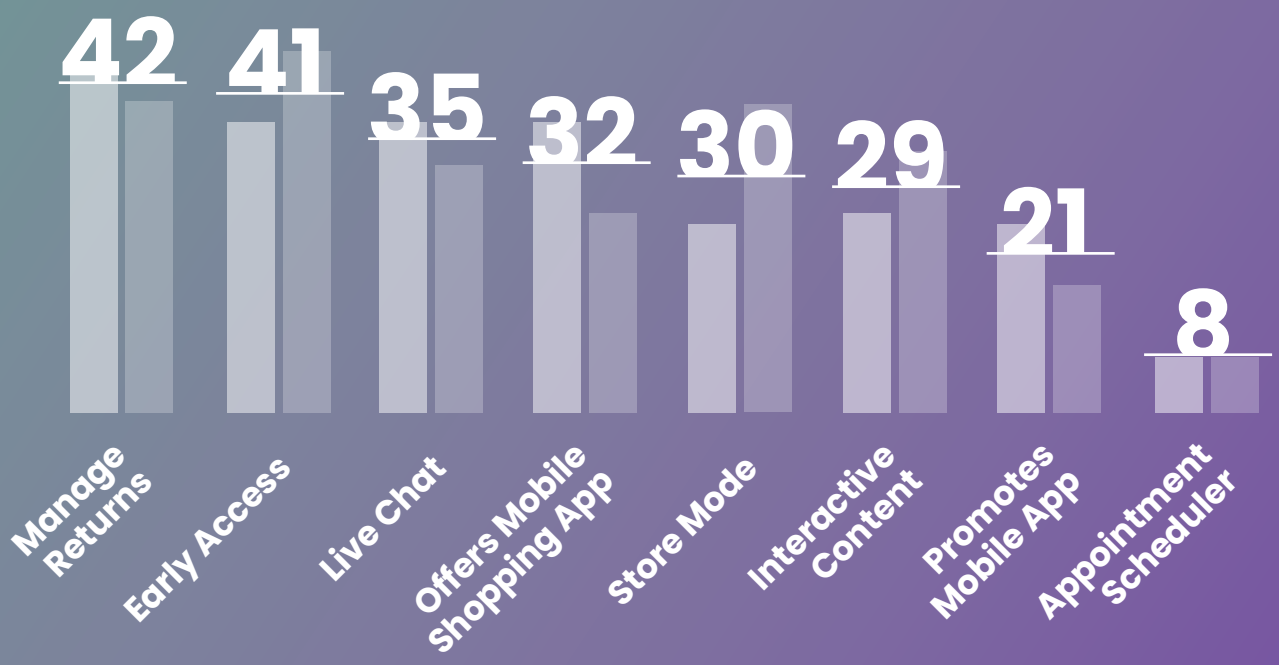
Feature Adoption Percentage



The number of features offered was slightly higher in North America compared to international regions.

8.0 VERSUS **7.3**

Feature Adoption Percentage



% All North America International

Mobile App Experience Regional Benchmark

Percentage of All Features Adopted by Region



36%
Australia

34%
Europe

34%
North America

Mobile App Experience Country Leaders



SPAIN
38%

1ST



AUSTRALIA
36%

2ND



FRANCE
35%

3RD



UK
35%

3RD

TIED



CANADA
35%

3RD

35

Two-thirds of brands still lack a native mobile app

Despite profound global growth in mobile commerce and growing interest from retailers and consumers, only about a third of the brands researched had a mobile shopping app.

North America had a notably higher adoption rate than the rest of the world (38% compared to 26%). However, mobile apps were most common in Spain, where half of the brands we looked at offered one. While data privacy laws under GDPR had previously added a layer of complexity for European retailers, U.S. and Canadian brands may face similar headwinds in the coming years as new legislation takes effect. These laws typically institute rules around how retailers gather, store, and use consumer information. For example, GDPR grants consumers the "right to be forgotten," data portability, and timeliness for data breaches.

And finally, for brands that did offer a mobile shopping app, many failed to promote it on their website. Only about a fifth of websites promote the brand's mobile app, although this was slightly more common in North America (25%) than in other regions (17%).

Today's mobile shopping apps have limited features

While most apps have basic features such as access to loyalty and membership programs, a store locator, and a wishlist, fewer apps offer features like chat, inventory checker, early access benefits, and interactive content. In total, the average mobile experience included less than half (7.7 of 17) of the features evaluated. The least common features included appointment scheduling,

ONLY **32%**

of retail brands offered a mobile shopping app.

Mobile apps were most common in Spain (50%) and least common in Italy, France, and Australia (<20%).

mobile promotions, and interactive content, all of which drive revenue and loyalty. Among the minority of brands that offer Shopping Apps, three-quarters do not require users to create an account. However, three-quarters of apps also offered access to loyalty or membership information, although this access was notably less common in Italy (29%) and the U.K. (50%).

Integrating Shopping Apps and the Store Experience

A majority of retail brands are not taking advantage of the opportunity to use apps to connect directly with customers as a communication tool. Little more than a third of apps offered an option to chat with a representative, while less than one in ten enabled users to schedule a virtual or in-store appointment.

When it comes to "store mode" capabilities, Apps often include dynamic store maps, the ability to display production locations, and other things that improve the store experience. As an example, major retailers like Walmart, Home Depot, and Target enable store mode in their apps to support the in-store experience, and this capability has been proven to significantly increase retail app engagement levels.[20]

However, our surveys found most shopping apps still do not offer a store mode of any kind, although this feature was far more common outside of North America. While more than 60% of apps in Australia, France, and Spain offered a store mode, less than a quarter of brands in the U.S. offered this feature.

1/2

of apps support in-store pickup, yet less than half enable users to view inventory in stores.

20: Store mode significantly increases retail app engagement levels: report, Store Dive, https://www.retaildive.com/ex/mobilecommercedaily/store-mode-significantly-increases-retail-app-engagement-levels-report

3/4

of apps in North America and international markets enable consumers to create wishlists and mark favorite products.

Store inventory visibility

As consumers now seek inventory visibility across all channels, the ability to view store-level inventory in an app is critical. Yet less than half (43%) of apps overall had a feature to check inventory in stores. Surprisingly, while many North American apps lacked a store mode feature, nearly half did have store-level inventory visibility.

Approximately two-thirds of apps support mobile wallet payments and buying with in-store pickup. While mobile payments had similar adoption in North America and international markets, they were highest in Spain, where 90% of brand apps supported mobile wallet payments.

More than two-thirds of apps had a store locator to enable users to find a store easily. While this capability is more common in North America, there is a wide variance across international regions. For example, 90% of apps in Spain offered this service, while only 37% of apps in the U.K. did. While consumers increasingly use their mobile devices to manage returns, only four in ten apps support this service.

Products and wish lists

The ability to create wishlists and mark favorite products was one of the most widespread features offered by three-quarters of shopping apps in North American and international markets. A growing number of apps (66%) offer recommendations, up sharply by 39% from 2022. However, only four in ten apps offer early access benefits, while less than a third offer video or interactive content.

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Expert insights from CHANGECX

Kim Porritt, Director of Go to Market, ChangeCX

In the wake of the pandemic, the retail landscape underwent a significant transformation, pushing businesses to rapidly adapt to new consumer behaviors. The shift from in-store to online experiences prompted the rise of omnichannel strategies, where brands aimed to be present wherever their customers were. While the concept of omnichannel retail is not novel, the post-pandemic era has ushered in a new iteration driven by rising consumer expectations, diverse channels, and the advent of composable technology.

Success in omnichannel retail lies in the seamless integration of online and offline touchpoints. Leaders in this space exhibit a deep understanding of their customers, leveraging collected data on preferences and behaviors across channels. Personalization becomes a key driver of engagement, with the recognition that customer lifecycles extend beyond the shopping funnel. By segmenting customers into actionable groups and mapping out lifecycles, retailers can tailor experiences and build lasting loyalty.

A crucial element in the omnichannel journey is the presence of a visionary leader within the organization. This individual not only comprehends the technical and business aspects of unified commerce but also drives a comprehensive and unified strategic vision toward omnichannel and its components. Their role involves advocating for the benefits of omnichannel across all teams, ensuring alignment with business goals.

To execute omnichannel strategies effectively, retailers must streamline operations, particularly the supply chain. This involves optimizing logistics and distribution processes, utilizing technologies like RFID tracking and automated warehousing, and integrating logistics with ecommerce platforms. Predictive analytics can also play a pivotal role in anticipating customer demand patterns, allowing for efficient inventory management.

Empowering store associates and customer care teams is another essential aspect of successful omnichannel leadership. This includes comprehensive training

on all aspects of omnichannel operations, providing access to technology that facilitates personalized assistance, and ensuring a unified customer service approach across channels. The in-store experience should be considered a key touchpoint, offering a personalized experience for customers who have engaged with the brand online.

Data management and global compliance are critical considerations in the omnichannel landscape. As retailers collect more data to tailor offerings, they must prioritize customer data protection and adhere to privacy regulations such as GDPR. Implementing strong data security protocols, conducting regular compliance training for staff, and establishing clear consent mechanisms are integral to building and maintaining customer trust.

Furthermore, comprehensive customer profiling through a customer data platform (CDP) and strategic personalization using machine learning algorithms are essential for delivering a cohesive and personalized experience across channels. Refining segmentation approaches, mapping customer lifecycles, and optimizing channels based on customer behaviors contribute to a successful omnichannel strategy.

Proactive adaptation and a roadmap for innovation ensure that retailers stay ahead of emerging trends and technologies. Regularly analyzing customer feedback and market trends allows for the identification of emerging needs. Implementing predictive analytics and exploring innovations such as augmented reality or voice commerce contribute to staying at the forefront of retail technologies.

Becoming an omnichannel leader requires a multifaceted approach that blends art and science. From understanding customers and streamlining operations to leveraging data responsibly and fostering a culture of adaptability, the execution of a successful omnichannel strategy is a dynamic and holistic endeavor. By embracing these principles, retailers can navigate the evolving retail landscape and provide a superior and cohesive customer experience across all touchpoints.

“ Becoming an omnichannel leader requires a multifaceted approach that blends art and science.”



Kim Porritt
Director of Go to Market

CHANGECX

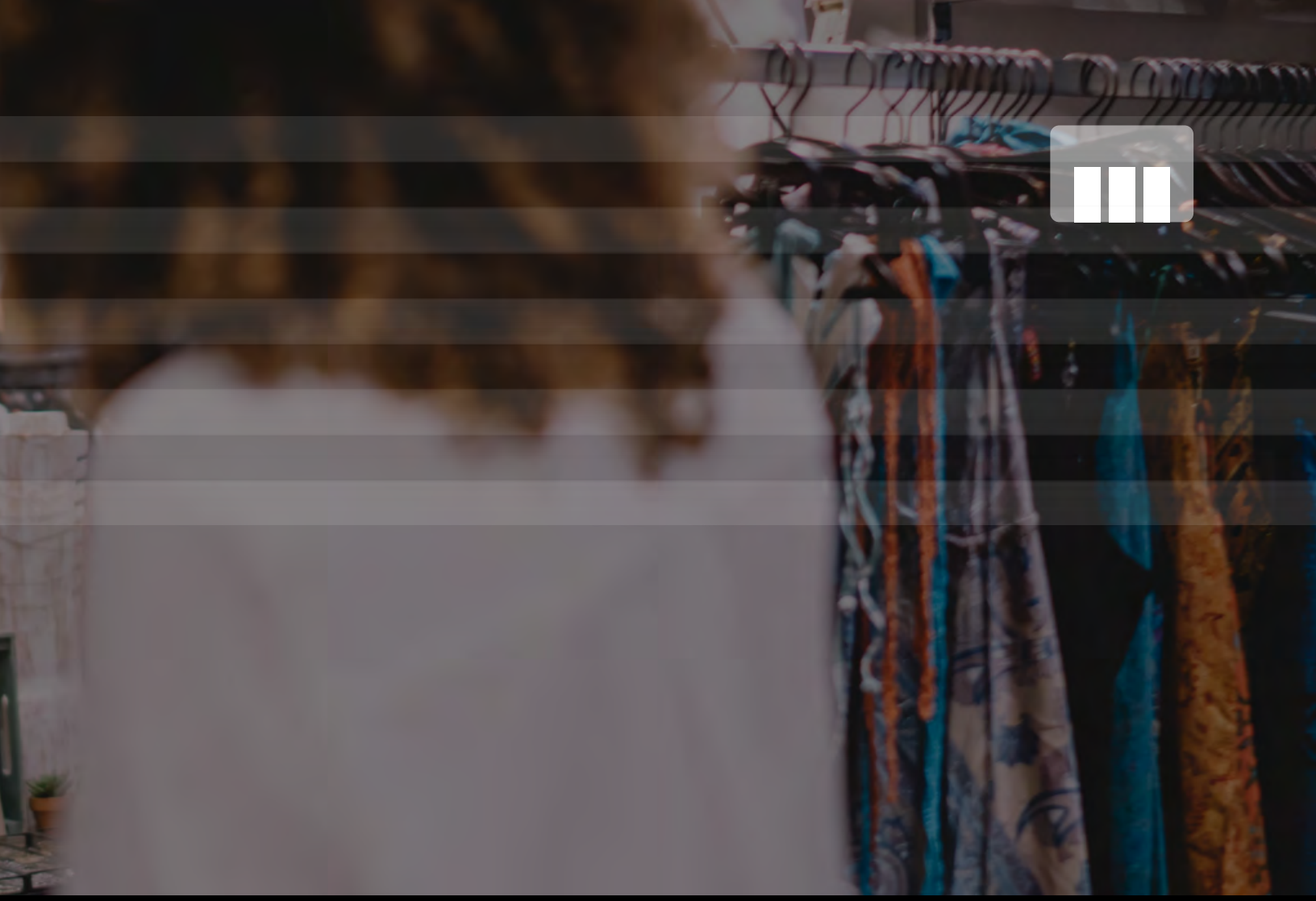


STORE EXPERIENCE

Retail stores have long been a staple of shopping, offering a hands-on experience for customers. However, the rise of digital technology has transformed how we use these spaces. While many people still visit stores for the traditional shopping experience, they now also serve as places for quick product pick-ups for online shoppers or as spots to view products in person. Additionally, stores have become destinations for those seeking entertainment or expert advice, blending the convenience of online shopping with the benefits of a physical retail space.

However, while nearly three-fourths of consumers still rely on stores as part of their primary buying method, they increasingly want digital tools as part of their in-store buying experience.[21]

21: Consumers want it all, IBM, January 13, 2022, https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/2022-consumer-study



Consumers now expect a digitally enhanced, in-store experience that includes things like self-checkout, a store mode for mobile shopping apps, and wayfinding features.[22] They also expect store associates and team members to have access to technology and data that integrate digital and physical channels to deliver convenient, modern shopping experiences.

We investigated each brand's store experience, assessing the factors that contribute to a positive buying journey for both customers and associates. We evaluated brands on factors like the ease of finding and selecting items and the ability to access past purchase history and considered the tools that help associates create a seamless shopping experience.

22: Survey: The three in-store technologies customers want most are, Chain Store Age, October 6. 2023, https://chainstoreage.com/survey-three-store-technologies-customers-want-most-are

The average associate was capable of half of the features evaluated.

4.0 OF 8.0

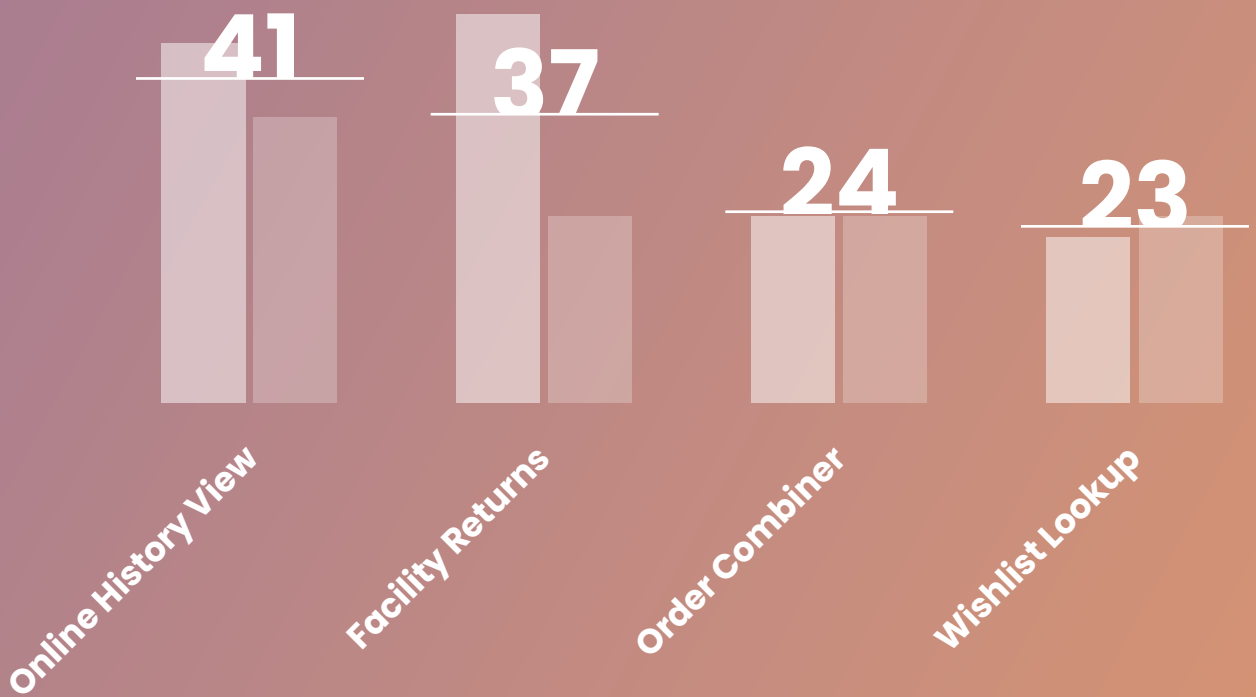
Feature Adoption Percentage



The number of features offered was slightly higher in North America compared to international regions.

4.2 VERSUS **3.8**

Feature Adoption Percentage



Store Experience Regional Benchmark

Percentage of All Features Adopted by Region



21%
North America

14%
Europe

10%
Australia

Store Experience Country Leaders



SPAIN
34%

1ST



US
21%

2ND



GERMANY
17%

3RD



CANADA
17%

3RD

TIED



UK
17%

3RD

1/2

of brands could check inventory, view a customer's in- store history, and order items from other stores.

Limited adoption of product tags and QR codes

Although there has been considerable discussion in the retail industry about QR codes and RFID in recent years, few have yet to adopt these technologies. Less than a fifth of tags had QR codes, while less than a tenth were enabled with RFID. Adoption rates were more than double in markets outside of North America and were highest in Spain, where nearly half of the observed tags had one form of the technology.

When brands did use QR codes, they were most often linked to a product page rather than the website's home page. QR codes directing to a product page are most common in France, Italy, and the U.K. and least common in Australia and Spain. Lastly, only 9% of observed garment tags carried an RFID chip, while only 5% of sewn-in care labels had a QR code.

In-store associate enablement is still lacking

Associate enablement varied widely across countries, but approximately half or more could check inventory, view a customer's in-store history, and order items from other stores. Fewer (41%) could view a customer's online history, facilitate a return, view a wishlist, or combine others.

NewStore evaluated associate enablement on eight features: wishlist lookup, online history view, in-store history view, same-store inventory checker, other store inventory checker, other store ordering, "mixed cart", and the ability to facilitate returns. We found that the average associate was only capable of completing half of these features. The most common capabilities were same and other store inventory checking, other store ordering, and viewing the customer's entire history. However, less than a quarter could combine online and in-store orders (mixed cart) or look up wishlists.

Only a quarter of brands can now access customer wishlists in-store

The ability to look up wishlists was one notable area where retailers were lacking and were not making progress. The 23% of associates who could look up a customer's wishlist was only up 2% from 2022. Furthermore, only 41% of associates could view online purchase history, a notable decline of 13% compared to 2022.

Only about half of associates could access customer profiles to see their in-store purchase history, although this capability is significantly greater in North America (62%) compared to other regions (48%).

Nearly all brands' associates have in-store inventory visibility

As consumers can shop on their phones and quickly pull up a competitor, inventory visibility is incredibly important in stores, and an associate's ability to check inventory can save sales. Fortunately, this capability is now widespread in international reviews and the U.S., with 93% of stores reporting the ability for associates to check inventory at their stores. Additionally, nearly three-quarters could also check inventory at other stores.

Strong growth in endless aisle capabilities

When it came to out-of-stock items, slightly more than half (54%) of stores supported associate orders from other stores on out-of-stock items. This was up significantly, by 44%, over those reporting the ability in 2022.

One area where retailers were especially lacking was in the ability for associates to combine an in-store order and an endless aisle order in a single transaction (or as we refer to it, Mixed Cart). Three-quarters of brands observed couldn't support this capability, requiring consumers to place in-store orders and endless aisle orders in separate transactions.



CONCLUSION

The 2024 Omnichannel Leadership Report vividly highlights a pivotal juncture in the retail industry, where digital transformation is not just an option, but a necessity. As we delve into the insights and patterns emerging from this comprehensive study, it becomes clear that there is a significant gap between omnichannel leaders and the rest. These leaders, exemplified by brands like Scheels, Nordstrom, Massimo Dutti, Golf Galaxy, and Foot Locker, have set new benchmarks in seamlessly integrating online, mobile, and in-store experiences. Their success serves as a roadmap for other brands aiming to elevate their omnichannel strategies.

These leading brands demonstrate that a robust omnichannel approach is not just about technology adoption; it's about creating a cohesive, customer-centric experience that resonates



across all touchpoints. By learning from these leaders, other brands have the opportunity to enhance their customer experiences significantly, fostering greater loyalty and capturing increased market share.

The future of retail is undoubtedly omnichannel, with a blend of digital innovation and physical engagement at its core. As consumer behaviors continue to evolve, brands that prioritize an integrated and forward-thinking approach will be well-placed to deliver exceptional experiences, regardless of where their customers choose to engage. This report underscores the urgency for brands to not just follow but lead in the omnichannel landscape, turning challenges into opportunities for growth and innovation.

ABOUT

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Want to know how your brand performed in the global edition of the 2024 Omnichannel Leadership Report? We can produce a research presentation for you that includes:

1. Your overall score and data highlight
2. Your results compared to your segment and the industry
3. Anecdotal commentary based on our mystery shopping experience

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Each member of our leadership team brings an average of 20 years of experience working with some of the largest retailers in the world, giving us an unparalleled vision of what it takes to succeed in today's competitive retail marketplace. Our insight tells us that the next generation of break-out retailers will be those who embrace omnichannel strategies for all interactions with their customers, and it is our singular mission to place you among the elite, illuminating the way forward well into the future.

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