



Guide

# What is omnichannel? Create the ideal customer experience



## The last couple of years, it has almost been impossible to avoid the term “omnichannel”

Implementing an omnichannel way of thinking is an emerging tendency within retail, but was, does it exactly entail? It is challenging to seek a clear definition of the term “omnichannel” because it is still relatively new. With this guide, however, we will try to explain what

omnichannel means more explicitly and to show you how an omnichannel way of thinking can be valuable for your business.



# Much more than a buzzword

**The concept of omnichannel is not just a modern buzzword – it marks a significant shift within sales and marketing.**

Today, customers can interact with businesses through different channels – in physical stores, on webshops, through mobile apps, catalogs, or on social media. They can also access these channels from different devices, such as via a computer or a mobile phone. With a presence on various channels and devices, it is possible to improve the customer experience and reach a broader range of potential customers.

The focal point is to coordinate processes and technologies across channels to provide the customer with a consistent, seamless, and relatable customer experience.

Your different channels must cooperate; otherwise, it can create problems with supply

chains, and it can be challenging to develop a consistent and relatable customer experience. An omnichannel mindset sheds light on this issue. The focal point is to coordinate processes and technologies across channels to provide the customer with a consistent, seamless, and relatable customer experience.

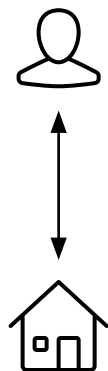
Omnichannel is about giving your customers a consistent cross-channel experience, thus improving the customer experience. The key is integrating the various touchpoints that the customers encounter on their purchase journey with the technical solutions that ensure that prices, selection, and pick-up options are the same across channels.

# From single channel to omnichannel

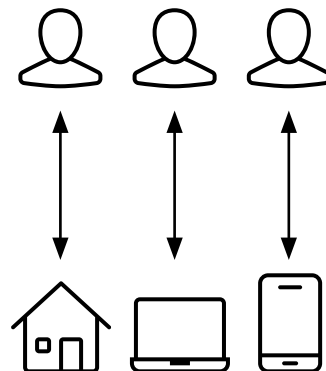
Hopefully, you have now gained an understanding of what the focal point in an omnichannel mindset is and why it can be valuable to implement as a business model.

To obtain a deeper understanding of omnichannel, however, it may be relevant to turn back time a bit and look at the journey from single channel to multi channel, from multi channel to cross channel and from cross channel to omnichannel.

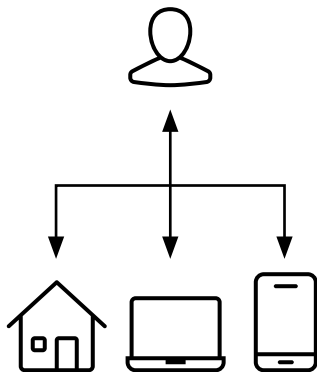
## Single Channel



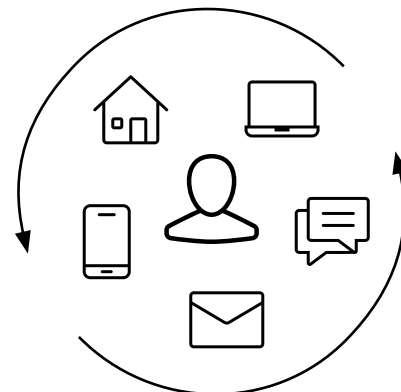
## Multi Channel



## Cross Channel



## Omnichannel



# Single channel

Before the Internet was a fundamental part of every customer's daily life, most retailers only sold their goods through a single channel – the physical store. With the advent of the Internet, many have expanded their presence, but the single channel business model still exists. Single channel means that you only sell your products through one channel. It can be either a physical store, a webshop, or something completely different.

# Multi channel

Briefly explained multi channel means that you sell your goods on more than one channel (e.g., in a physical store and on a webshop), but your channels do not work together. Instead, they are divided into silos and handled as two or more different businesses.

For example, if you have a physical store and a webshop, these will each have their inventory, management, business idea, marketing strategy, etc. It will not be possible for your customers to use a gift card across your channels or return a product purchased at your webshop in your physical store.

# Cross channel

Just like with a multi channel business model, you are present on several channels with a cross channel business model – the difference is that your channels are connected and not divided into silos.

Cross channel can be seen as a nuanced version of multi channel, which is more centered around the customer. Your various channels are coordinated so that they complement each other, and you can offer your customers a more consistent experience when they shop with you. A product purchased at your webshop can be returned in your physical store, and a gift card can be used across your channels. You can also send your customers coupons via email that they can redeem in your physical store.

# Omnichannel

Omnichannel is perceived as a further development of the cross channel. The aim is that your customer's shopping journey, across your channels, work even more smoothly. They must be offered an even more seamless and relatable shopping experience – no matter which channel they choose to shop on.

With a cross channel business model, your channels are connected. With an omnichannel business model, they are integrated. This is reflected in the fact that information your customers have entered on one channel can be transferred to other channels – both physical and digital. For example, your customer can create a profile on your webshop that will also be available on a mobile device application, and which they may also be able to access from a screen in your physical store.

When you integrate your various channels, you only need to maintain data in one place, and that is, in addition to streamlining your time, associated with several benefits.

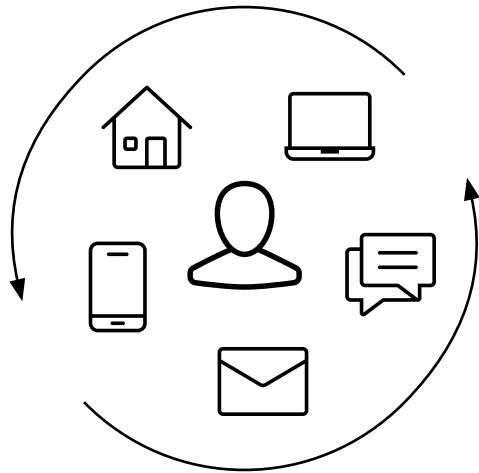
You get more valid data, and you ensure that your customers experience consistency in prices and stock across your channels. That way, your business becomes more reliable, and your customers more loyal.

With an omnichannel business model, you can also offer your customers Click & Collect. With Click & Collect, your customers can order items on your website and get it delivered to your physical store. This does not only mean that you meet your customers' wishes and needs – but you also ensure an opportunity to achieve additional sales. Read more about the benefits of Click & Collect in chapter 5.

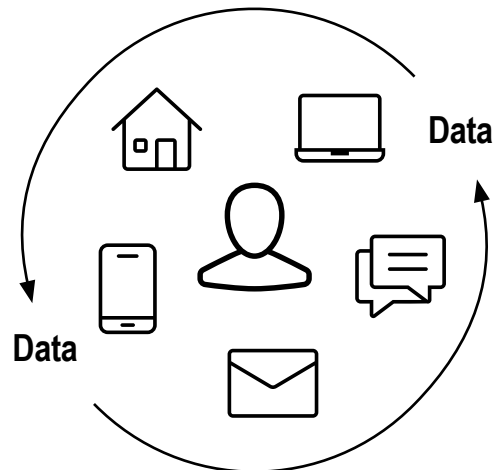
Many retailers have caught sight of the concept of loyalty clubs', where their customers can get discounts, special offers, exclusive content, event invitations, etc. The idea of tying your customers closer to your business is undoubtedly useful, but it requires an integration of your channels and thus presupposes that you implement an omnichannel business model.

# Where are we going?

## Omnichannel



## Unified Commerce



## Unified Commerce

**Unified commerce is a further development of omnichannel, which briefly explained is a total solution that allows you to execute on your omnichannel business model.**

Although your sales channels with an omnichannel business model are integrated, your knowledge of your customer's current situation may be limited due to a lack of homogeneous and updated data. Therefore, you may end up sending your customers offers that are not relevant to them at that time, which may give them an impersonal experience.

To create the coherence required by an omnichannel business model, things must be seen in a bigger perspective, and the idea of channels must be ditched. Instead, the focus should be on your customer's experience with your overall business. However, it

is easier said than done. You may be forced to work in channels if you lack the necessary solutions and integrations to create coherence between your systems, data, etc.

Unified commerce is a further development of omnichannel, which briefly explained is a total solution that allows you to execute on your omnichannel business model. Your database is integrated and exchanged directly between your channels. Thus, you achieve an overall picture of your customer that gives you insight into your customer's needs and desires here-and-now. With this knowledge, you can tailor



personalized offers to your customers, and give them a personalized service when shopping in your physical store. That way, you can increase your chances of both upselling and additional sales.

An example of a Danish retail company that has had great success in implementing an omnichannel business model and using unified commerce to execute this is **Matas**. In a presentation for **FDIH** Customer, Insights and Omnichannel Manager, Stefan Kirkedal, says that Matas has access to data from 1.5 million people through their members club **Club Matas**. With access to this data, they can create a unique experience for their customers no matter what channel they are shopping on. According to Stefan Kirkedal, the number of omnichannel customers has grown, and they also shop more. Today, omnichannel customers are an increasing share of Matas' revenue.

In addition to Matas, **Bog & Idé** has been successful in implementing an omnichannel business model.

For Bog & Idé, Click and Collect has proved to be valuable. According to Impact, 65% of Bog & Idé's online orders are picked up in their physical stores.

Even though their industry, in general, is having a hard time, they have experienced growth in 2018 – two years after they implemented their omnichannel strategy. Like Matas, Bog & Idé also uses data to get the most value out of their omnichannel business model. Impact writes that Bog & Idé's physical stores with the tool Raptor use real-time data from their webshop to gain insight into which books their customers buy. With that knowledge, they can strategically place popular books visibly in their stores.

Earlier this year, Føtex launched their loyalty application føtex Plus, where they provide personalized offers and discounts to users of the app. This is another example of a retail company that has created a successful omnichannel business by focusing on the value of the data they receive from their customers.

# 7 competitive advantages of omnichannel in retail

Customers have changed their shopping behavior. They shop across channels and do not distinguish between physical and online stores. The customer journey is, therefore, no longer a series of actions that can be listed chronologically.

A possible customer journey could be a customer using his computer to check if a given item is in stock in the nearest physical store via the company's website. After which the customer buys the item either on his phone or tablet to eventually pick up the item at the chosen location – also known as Click & Collect. In this situation, the integration of the company's various channels plays an important role, which is why omnichannel is not only a buzz word, but a tool for running a profitable business.

## Increase the number of items in your customers' basket

No one knows your customers' needs and buying behavior better than you. With an omnichannel approach, you have the opportunity to get to know them even better.

Data streams across your integrated channels give you a unique opportunity to gain insight into your customers' buying patterns and burn rates on the products they have previously purchased from you.

With this knowledge, you can tailor personal recommendations and offers that meet your customers' needs, often even before they become aware of them. This way, you can ensure that your customers always have a personal experience when they shop with you – both physically, online, and across channels. You must get permission from your customers to collect and store their data – for example, via a login or a customer club. In addition to offering your customers personal recommendations and offers, with a 360-degree insight into their buying behavior, you can follow up on started but unfinished purchases. For example, it could be that your customer has put a shampoo bottle in the basket via your webshop and later visits your store to buy a conditioner. With this knowledge, you can achieve additional sales by suggesting the customer buy the shampoo from the online basket.



## Sell your goods – even when your physical store has closed

Today customers want to control their buying process – they want to decide what, when, and how they buy. With an omnichannel business model, you extend the time frame for when you can sell to your customers. This does not only mean that you increase the likelihood of selling more because you are never closed, but also that you can meet your customers' needs at any time.

When you give your customers access to your business 24/7, they can shop with you at just the time that is most convenient for them. On a busy day, where not everyone has the opportunity to shop within “normal” opening hours, it is excellent service always to be available.

## Reduce customer service costs

It is reasonable to think that there may be more pressure on customer service when your business is open 24 hours a day, but this is not necessarily the case. With an online presence, you can integrate a self-service feature, such as a chatbot, blog, or knowledge sharing forum, that allows your customers to solve their problems.

That way, you can save time and money by reducing customer service costs. Once the self-service function is established, it is only required that it is maintained.

## Reduce costs per sale

When you sell your goods both physically and online, you will typically find that it is cheaper to sell online, as you save expenses, e.g., rent, furniture, and employee hours.

However, it is still relevant to maintain a physical presence as many do their research online but prefer to experience brands and products in real life before

finally deciding to buy. With a business based on the interplay of a physical and online presence, you allow your customers to choose their customer journey.

With the implementation of omnichannel as a business model, you can distribute your resources and costs across several channels and reduce costs per sale while meeting your customers' wishes and needs.

## Create brand awareness

Today, customers often research both through online searches, on social media, and by visiting physical stores before purchasing a product. When it comes to creating brand awareness, it is a definite advantage that you are present on multiple channels. A visible brand across platforms can determine that the sale goes to you and not your competitor.

You must be consistent in your communication across your channels – that your logo and tone of voice are the same. This way, you can make sure that potential customers recognize your brand and your products.

## Market your products to several different segments

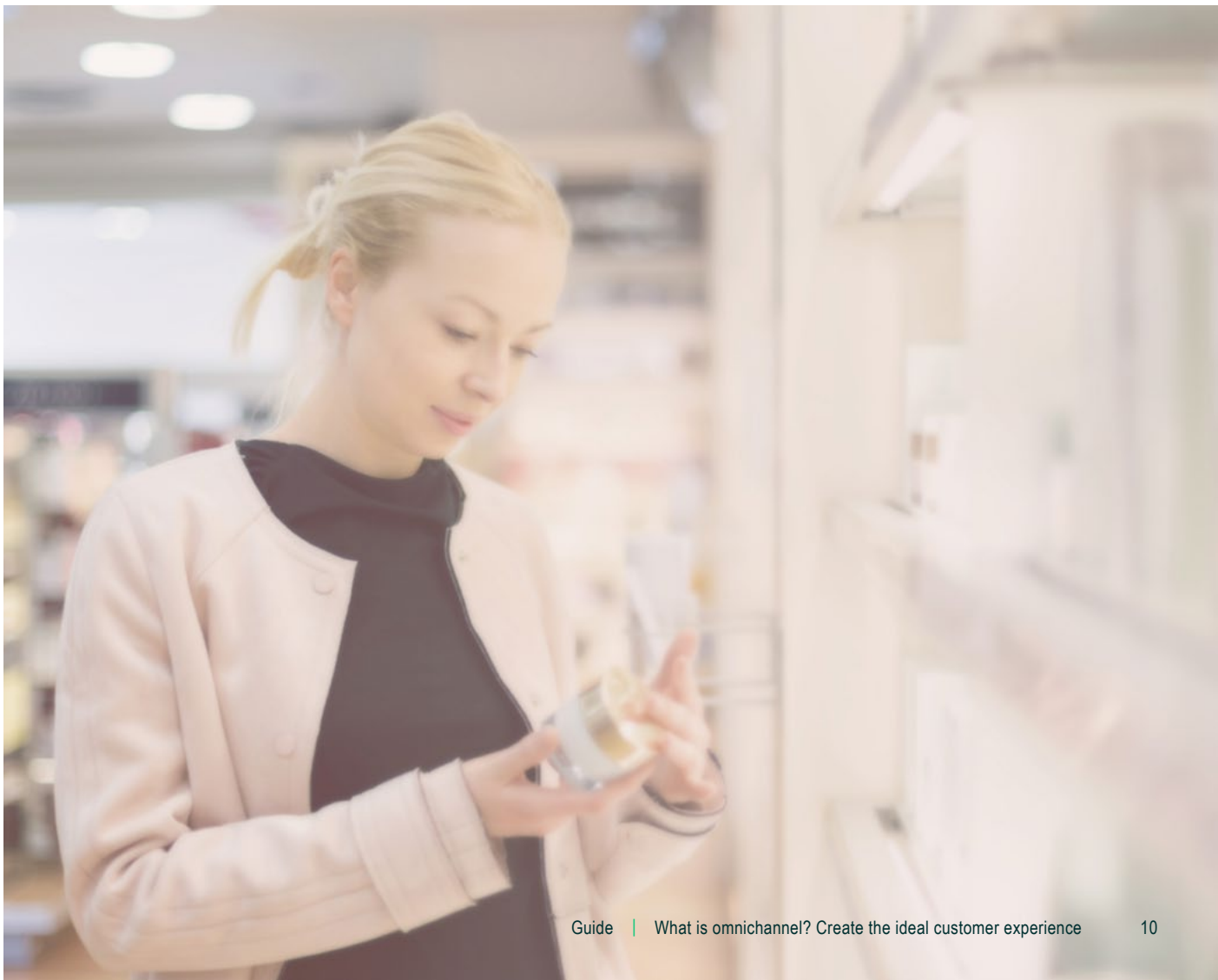
Your customers can easily share gender, age, and geographical location without having the same preferences and interests. It has been common to work with segments based on gender, age, geographical location, etc. However, segmentation is no longer as stationary as an exercise. Many agree that segmentation should, to a much greater extent, be based on, for example, the life cycle stage and preferably based on own data. Your collected data can give you an insight into what and where you should communicate to different customer segments. With a presence on several different channels and targeted content, you have the best conditions for marketing your products.

# Achieve customer loyalty

Opinions on whether the concept of customer loyalty is still relevant to deal with are divided. Today's consumer has a myriad of choices within the individual product category; access to information on price and specifications is also easily accessible. Therefore, it does not take much, probably just a slightly lower price or a faster delivery time, before a potential customer chooses your competitor over you.

However, it may still be relevant and possible to achieve customer loyalty if you look at the parameters customer loyalty is most often measured on – whether the customer will recommend your business and whether the customer will shop with you again, e.g., two years into the future.

With an omnichannel business model, you are well placed to achieve customer loyalty. You can give your customers a seamless customer journey across channels and offer them full flexibility – no matter where, when, and how they choose to shop. At the same time, access to your customers' data allows you to provide a personalized service with relevant offers and information.





# Boost your revenue with Click & Collect

## Click & Collect

With Click & Collect, your customers can buy items online and pick them up at a physical store rather than having them shipped to their home address. The implementation of a click & collect system allows your company to offer several different collection options that increase customer satisfaction and at the same time, boost your business.

Click & Collect should not be seen as a standalone service, but as part of your omnichannel strategy. The purpose is to make the buying experience as easy as possible for your customers so that they keep coming back to your store. Flexibility is the watchword. It's about adapting to customer needs, being available on multiple platforms, assisting them along the way in the buying process, and providing top-notch customer service – both online and offline.

## Why you need to implement Click & Collect

While at first glance, it may seem that Click & Collect is only benefiting customers, there are also commercial advantages.

Are there elements of the user experience that are more disruptive than beneficial?

## 3 advantages of Click & Collect

### 1. Impulse purchases

The first and most significant advantage is impulse purchases. An analysis conducted by the e-Commerce portal Internet Retailing shows that between 60-75% of all Click & Collect customers end up adding extra items to the basket when they pick up their pre-ordered items. Therefore, there is a good chance to increase sales in physical stores by focusing on an online solution.

### 2. Reduction in shipping and return costs

Another benefit is the reduction in shipping and return costs. It is the end of stacks with return labels and large postage bills for private addresses – with Click & Collect the goods are sent directly to the stores, reducing the number of deliveries to households. At the same time, customers can see, feel, and try the item in the store. If they are not completely satisfied, they can return the item to the cashier immediately.

Click and collect allows the company to minimize its shipping costs and return package handling and instead use the resources elsewhere in the organization.

### 3. Increased customer satisfaction

Increased customer satisfaction is a third benefit. The flexible buying experience meets customer needs and helps them find the right products. At the same time, it removes the intermediaries that often cause people to interrupt an online purchase, such as high delivery costs, long delivery times, and poor return policies. Below are three reasons why customers like Click & Collect.

## 3 reasons the customers like Click & Collect

1. No Delivery Cost – By picking up items at a physical store, the customer saves money on shipping.
2. Easy exchange or return – If the item does not fit or meet expectations, it is easy to exchange or return in the store.
3. Short wait – Often, the items are already in the store and can be picked up shortly after ordering.



## What you should think about this when you offer Click & Collect

There are several things to keep in mind when choosing to implement Click & Collect.

First and foremost, communication between you and customers is essential. Email communication is central when offering online services such as Click & Collect, and is a vital tool to inform the customer about the process after the purchase. Therefore, it is a good idea to implement the following email types in your click & collect flow:

### **Order Confirmation**

Dispatch this email when the customer has placed an order to be picked up in-store. This email must contain an overview of ordered items and instructions on where, how, and during which period, the customer can collect the item.

### **Delivery time update**

Consider including the customer all the time with ongoing updates, such as when the order gets packed when it is on its way to the store, and when it has arrived and ready to pick up.

### **Your order is ready for pickup**

In case the items are not in the store, you should send an email when the order is packed and available for pickup.

### **Pickup Reminder**

Finally, it is a good idea to remind the customer that the order is ready for pickup.



# How to create a successful omnichannel strategy

## Omnichannel strategy

In this guide we have argued that omnichannel in retail is good business. To make sure you get the most out of implementing an omnichannel business model, it is relevant to develop a clear and distinct strategy. What do you want to achieve with the implementation of omnichannel as a business model, and how can you accomplish this?

Of course, it differs from business to business how an omnichannel strategy should look to be most successful. It depends I .a. on what products you sell, the demand, and what type of customer you want to reach.

But most businesses have the overall purpose the strategy should preferably fulfill in common – that their customers get a consistent experience when they shop across the different channels. And of course, that this purpose is achieved in the most profitable way for the business. Therefore, you must focus on your various channels collaborating rather than working in parallel. It is not just relevant to work with webshop SEO and well-written content or to provide personal customer service in your physical store. It is the overall customer experience across your channels that should be the main focus.

# 1

## How to make the shopping experience more convenient for your customers?

Today customers expect convenience – they want to decide where, when, and how they shop with you. Your ability to offer your customers a convenient shopping experience is crucial to create customer loyalty and ensure that your customers return to your shop and not your competitor's.

To create a convenient shopping experience for your customers, you should let them control their buying process as much as possible. Offer your customers the opportunity to choose for themselves – do they want to pick up their purchase in your physical store? At a separate delivery location? Or do they want it delivered to their home address? In this way, you adapt to your customers' busy and not least diverse everyday lives.

For some customers, convenience means receiving their purchased product as quickly as possible. In this case, it is relevant to implement Click & Collect to your business. With Click & Collect, you offer your customers to order a product online, which they can pick up shortly after in your physical store. By doing this, you do not only meet your customer's needs; you also draw them to your physical store, where you have the opportunity to achieve additional sales.

In addition to flexible delivery options, you should offer your customers flexible return options. For most people, return options are a natural part of online shopping, and it is crucial to whether or not they return to your webshop. An analysis by Klarna shows that 84% of the 2000 respondents would not buy again in a webshop that did not offer flexible and free return options.

Therefore, you should provide your customers with free returns and the possibility of returning to both your physical store and sending it to your warehouse.

# 2

## How to minimize the cost of shipping and delivery per

In addition to the benefits mentioned above, you can also minimize shipping and delivery costs with Click & Collect. However, Click & Collect is not attractive to all kinds of customers. For some, it is not about receiving the product as soon as possible, but about having it delivered to their address. Therefore, it may be relevant to think of alternative ways to minimize shipping and delivery costs into your omnichannel strategy.

The keyword is additional sales. The more your customer buys in your webshop, the less your costs per turnover will be for shipping and delivery per customer. With a permit from your customers – for example, via login to your webshop or a customer club, you can access data that can give you an insight into your customers' buying behavior. You can translate this data into personalized recommendations, and with these recommendations, you can influence your customers to add extra items to their basket. For example, by displaying products, the customer has previously looked at or products that other customers with the same buying behavior have bought.

# 3

## How to make sure your customers return to your shop?

To ensure your customers return to your shop, you should think your customer's entire lifetime into your omnichannel strategy, rather than just focusing on the first sale. Most products have a limited lifespan, and your customer will most likely need the same product or similar products after a while. Therefore, it is relevant to work on predicting burn rates. With insight into your customer's purchase history, you can quite accurately predict when there will again be a need for a new shampoo, toothbrush, or completely third. At that time, it will be relevant to reach out to the customer again – for example, with an email about an offer on just shampoo or toothbrushes.

# 4

## How to optimize the customer experience across channels?

There must be synergy between your channels. If the news and offers that appear on your Facebook page are not the same as those on your website, you risk that your customer will experience not being able to find precisely the offer they clicked in to see. As a result of this, they will probably go to your competitor to find the product they were looking for. Therefore, streamlined communication is undoubtedly relevant to keep in mind when developing your omnichannel strategy.

In addition to your communication being consistent across your channels, you should also make sure that your prices and product range are the same. Your customers will most likely have a negative buying experience if they experience that they could have bought a product cheaper on your webshop after having bought it in your physical store or if, after researching on your webshop, they visit your physical store and find out that the product they were looking for, was not to be found there.

To ensure a robust omnichannel strategy requires that you continuously work on optimizing the customer journey across your channels. Therefore, you should think of your omnichannel strategy as a continuous work process that must be continually updated and adapted to your customers' needs and wishes. By doing this, you can make sure that your customers have a good experience when they shop with you and, therefore, most likely will return to your shop.





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