



Omnichannel – the present and future of retail

Find out how to successfully implement omnichannel strategies and to future-proof your business.

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Introduction

Anyone who says e-commerce is the retail of the future is only telling half the truth. The fact is that e-commerce alone isn't enough to meet increasingly complex customer needs. High-street retail can't achieve that alone either. It's no longer enough for retailers to manage their online shops and high-street stores along strictly separate lines either – the unification, unrestricted interaction and mutual influence of both worlds on one another enable a future-proof business model to be created.

Omnichannel is the present and the future. This is also underlined by the Omnichannel Readiness Index 2022 published by Google, the Swiss Retail Association and the market research firm Mindtake. The study measures the maturity of Swiss retailers to implement omnichannel strategies.

This whitepaper aims to encourage you to view omnichannel solutions as an outstanding opportunity to position your company in a way that's fit for the future, while also increasing customer satisfaction. We also present the channels that make up omnichannel and the services created as a result. We also provide you with insights into customer requirements and look at measures you can implement as a retailer to enhance your customers' user experience. We then look at the transformation hurdles that omnichannel presents and how to overcome them in a strategically skilful and sustainable way.

We hope you enjoy reading this whitepaper.

Multichannel vs omnichannel

The multichannel strategy initially developed in the wake of digitization: in addition to existing branches, online shops were opened and their sales activities were organized separately from their high-street counterparts. In contrast to the separately operated sales channels of the multichannel strategy, the omnichannel strategy adopts a cross-channel approach and focuses on interaction between the various touchpoints. Even companies which only operate online initially are increasingly venturing into the traditional retail sector (e.g. Digitec, Microspot, RRREVOLVE).

The omnichannel strategy aims to tear down the barriers between online and offline sales taking place in parallel and to combine information flows. An example of an omnichannel experience is the now widely used click and collect option: reserve/order online, collect from the branch. This wasn't feasible in a multichannel strategy as there was no information flow between high-street stores and online shops.

Omnichannel enables totally natural touchpoint hopping – for example, the customer journey starts in the social media channels, then switches to the online shop before ending up in the bricks-and-mortar store. This means customer journeys, services and solutions can be tailored more specifically and flexibly to the target group. The benefit is not just improved consumer satisfaction, but also higher spending (Oliver Wyman: Zukunft von Retail (Future of Retail), 2019).

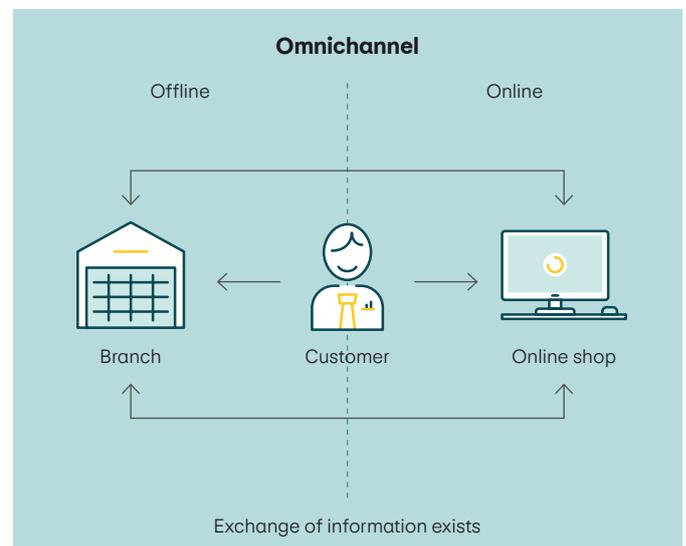
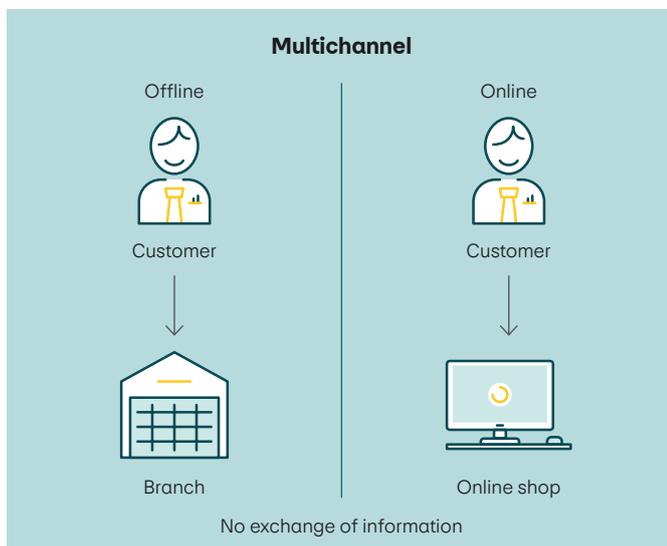
A UK study in 2019 shows that retailers who do not have a physical presence in addition to their online business usually generate 50 per cent less online sales than their counterparts who also operate on the high street.

Omnichannel doesn't mean – as the name might suggest – that all existing channels must be included. Instead, the strategy focuses on ensuring smooth interaction and data exchange between the channels used. Just two channels – a high-street store and an online shop – are enough to implement an omnichannel strategy if they provide a cross-touchpoint service, like click & collect.

For example, Coop's online supermarket has found an elegant yet simple solution for presenting its online and offline product ranges to users: at the top of the homepage is a toggle which allows customers to switch between the full range and products only available online in a click. This requires a seamless exchange of information between the online and offline product ranges.



Source: coop.ch





Many paths – one goal:
examples of various channels

Which channels can be included in an omnichannel strategy?

The more channels incorporated into your omnichannel strategy, the more complex support and management may initially seem. But you're actually making life easier for yourself and your customers: you'll provide your target group with the easiest and most pleasant path to their goal by enabling a flexible customer journey. You'll also gain a better understanding of your customers by not restricting them to a multi-channel strategy's customer journeys which take place in parallel.

But it's vitally important that you focus on the channels where your target group is found. There's little point in investing time and money in the metaverse if your customers haven't yet entered this world.



High-street retail

The future of high-street retail has long been written off. But a study by Shopgate, an omnichannel solution provider, shows that two-thirds of Swiss customers still want to shop, obtain information or be inspired locally on site. According to Shopgate, the top three reasons for choosing to shop in a high-street store are: the ability to try items on, including to see how they look and feel, personal advice and being able to take items home immediately.



Online shop

In the fashion, beauty, sports items, home and consumer electronics sectors, online shopping occupies first place in terms of revenues. In 2021, sales rose by 9.9 percent to CHF 14.4 billion, while online retail accounted for 12 percent of the Swiss retail sector overall. And it's definitely not just generation Z and the millennials who're making e-commerce a success story: in 2019, 25–34 year-olds spent CHF 180, 35 to 54 year-olds CHF 184 and over 55 year-olds CHF 169. Older generations play an extremely relevant role in revenues and it is vital that they are taken into account when designing the digital touchpoints.



Social commerce

The *Social Commerce Switzerland 2022* study conducted by the School of Business at the University of Applied Sciences and Arts Northwestern Switzerland shows that social media platforms are playing an increasingly relevant role in purchase decisions. For 24 percent of those surveyed, YouTube helps when making purchase decisions, 9 percent say the same for Facebook, 6 percent for Instagram and 2 percent for Pinterest. 11 percent of survey participants indicated that they publish experiences and reviews about products and services at least once a month.



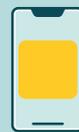
Live shopping / live commerce

The Chinese company Alibaba is a pioneer in live shopping and live commerce. While live shopping is already an established standard platform in Asia, it's now gaining ground as a sales channel in Europe too. Live shopping is essentially the digital, interactive version of teleshopping. On the platform of their choice (e.g. Facebook, Instagram, their own app or website) brands stream the shopping event featuring presenters and/or influencers. Products are presented in detail and tested, the audience can ask questions live and directly during the event or make purchases afterwards. More and more brands are using live shopping as a sales channel, including Douglas, Tchibo and NIVEA.



Metaverse

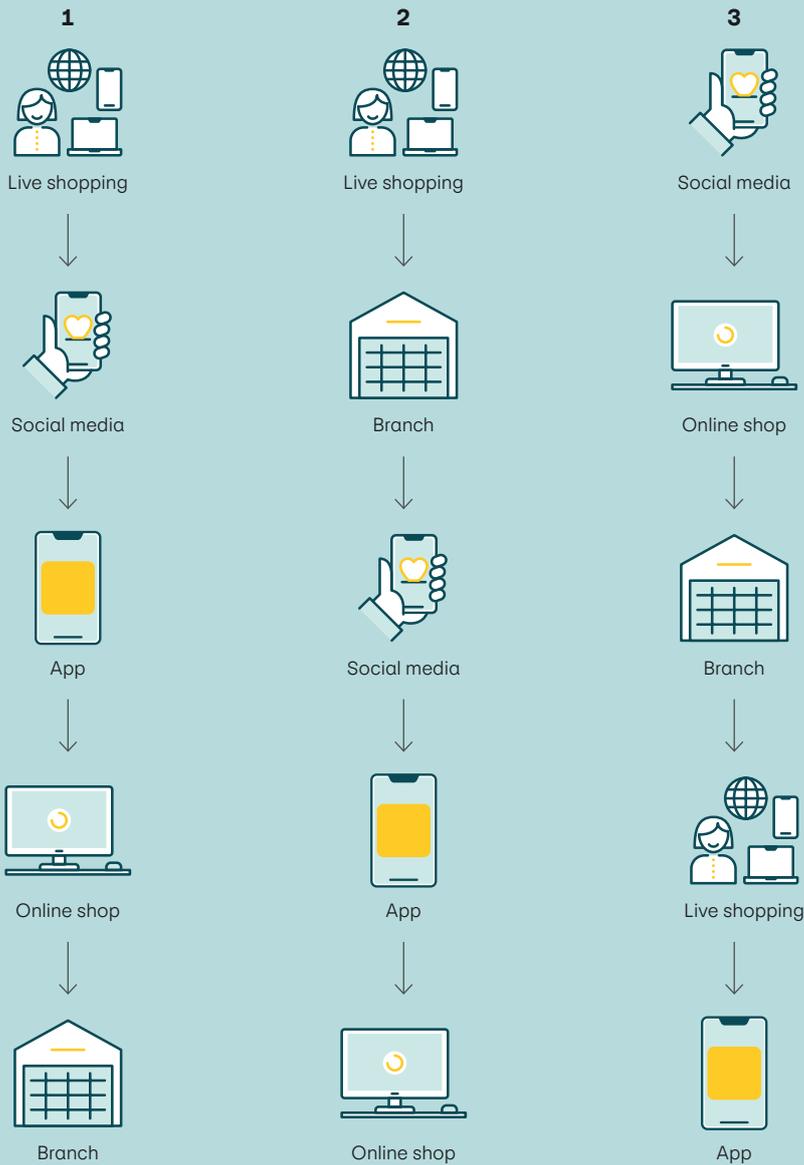
Metaverse bridges the gap between the digital and analogue worlds through virtual reality (VR) and augmented reality (AR). Virtual reality allows products to be experienced in the digital world and analogue purchasing experiences to be virtually recreated. In contrast, augmented reality enables the offline environment to be blended with digital elements. The "IKEA Place" app, for instance, allows users to check whether furniture and home items will actually fit in their own four walls. According to a survey, customers purchased twice as much via the e-commerce service Shopify when products were presented in a three dimensional context.



Apps

Our advice is to think "mobile first". Because mobile commerce is outpacing classical e-commerce. 60 percent of Swiss people used their smartphone for online shopping in 2021, while 33 percent regularly used mobile shopping. While web apps are opened via the mobile browser using URLs, native apps must first be downloaded and installed. Having your own native app provides a range of benefits: native apps are faster and provide a more fluid user experience. They enable a more direct connection to your customers thanks to push notifications and presence on the smartphone. Users can also store their shopping preferences (such as filter settings) and use social sharing options.

Examples of possible user journeys in the omnichannel



According to Shopgate, the top three reasons for choosing to shop in a high-street store are: the ability to try items on, including to see how they look and feel, personal advice and being able to take items home immediately.

Which services are suitable for an omnichannel strategy?

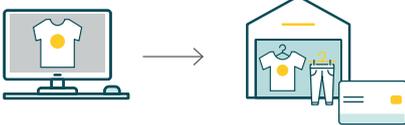
The omnichannel strategy isn't just about enabling user journeys along various touchpoints, but also providing services where online and offline potential mutually enrich one another. The pandemic has significantly accelerated the development and increased the popularity of these services.

Click & Collect



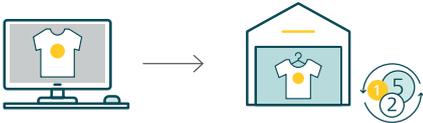
The goods are ordered and paid for online and then collected from the branch. Many branches have created their own collection point for this option. At 68 percent, it is Switzerland's most well-known omnichannel service.

Click & reserve



The goods are reserved online but collected and paid for at the branch.

Return in store



Goods ordered online can be returned at a branch.

Endless Aisle



Goods in the branch can be ordered from the online range for delivery to a home address.

Ship from store



Goods in the branch can be ordered from the branch stock for delivery to a home address.

Curbside pickup



The goods are ordered online and collected outside of the branch.

Linking the customer profile



The online customer profile is also used when shopping in the branch. This means customers enjoy an integral user experience while retailers gather valuable information.

Appointment scheduling



Appointments can be booked online and take place at the branch.

Scan & Go



When shopping at the branch, the products are put into the basket and paid for via the retailer app. This eliminates the need for payment at the checkout.

(Interactive) window dressing



Shop windows can also be digitized and display attractive content. Touchscreens can also be integrated into the shop window for user interaction.

Clienteling



Preferences, user behaviour and purchases are used to develop long-term customer relationships.

Customer requirements and retailer measures

The advantage of omnichannel strategies is being able to tailor innovative services to customer requirements. It also enables retailers to act flexibly, implement multifaceted measures and to react to consumer trends. That's a win-win situation for both sides.

In collaboration with Google and the Swiss Retail Association, the market research agency MindTake Research produced the "Omnichannel Readiness Index for the Swiss Retail Sector" 2022. We would like to present some of the results concerning customer requirements, retailer measures and consumer trends.

Customer needs

Making contact: 78 percent of participants consider having the option to contact retailers by e-mail very important.

Opening times: Being able to view branch opening times on the website is very important to 79 percent of respondents.

Language barrier: 52 percent of those surveyed believe it's important that the online shop or website is available in various languages.

Guest orders: 71 percent of participants want to be able to place orders without registering.

Information on Google: 70 percent consider being able to find a company's full profile on Google to be important.

Filters for branch availability: 71 percent of survey participants want to be able to filter search results to determine whether the product is available at a particular branch.

Payment in store: 41 percent of respondents want the option of paying in store for items ordered online.

Product information: 43 percent believe it's important to be able to ask questions about a specific product directly on the product page.

Discovering new brands: 55 percent of participants aged 15–29 years-old have discovered new brands/products by watching digital videos over recent months.

Social networks: 32 percent of those surveyed indicated that YouTube is a very important way of discovering new products/brands, while 30 percent said the same about Facebook and Instagram.

Customer loyalty programme: 46 percent believe it's important for retailers to run a customer loyalty programme.

Click/reserve & collect: 70 percent of participants think click & collect or click & reserve should be provided as a free service.

Pricing: 77 percent of respondents believe online and offline prices should be the same.

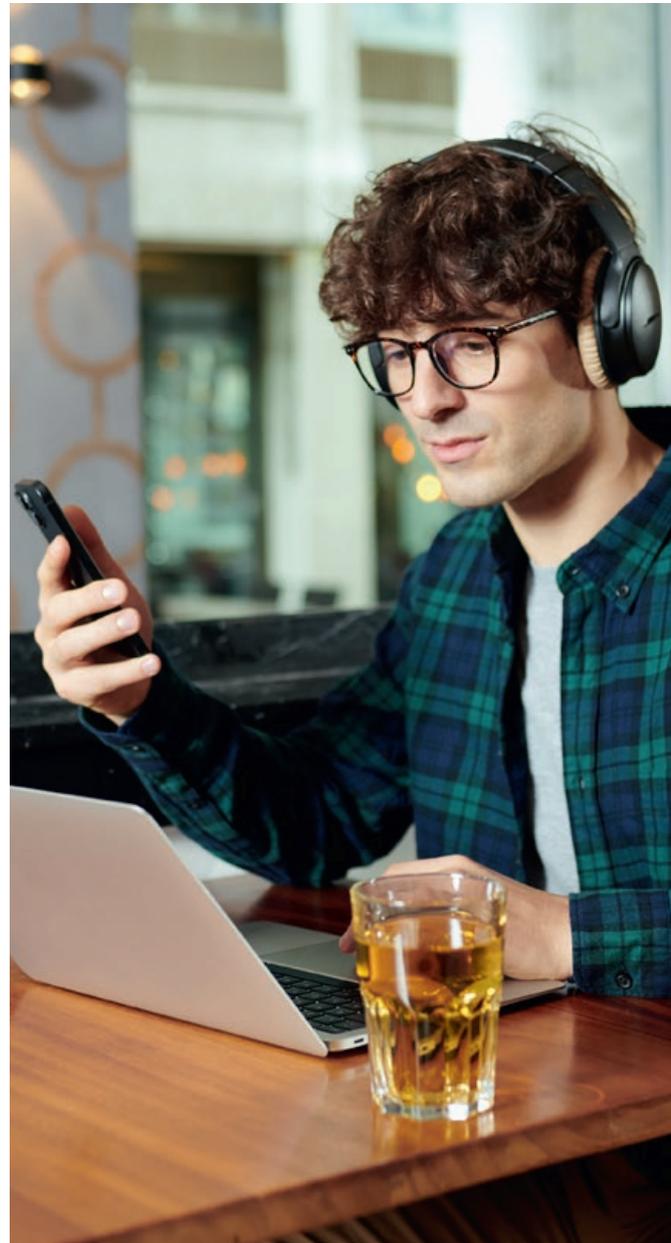
Scan & Go: 43 percent of those surveyed want to be able to use Scan & Go – in other words, to scan and pay for products via retailer apps.

Electronic invoice: 56 percent of participants like to receive an electronic receipt via app or e-mail at the branch.

Retailer measures

The 12 following measures will help you to implement an omnichannel strategy and meet customer requirements.

- 1 Set up **Click & Collect stations with a fast lane** at your branches.
- 2 Provide free **Wi-Fi** at your store.
- 3 Enable **mobile payment** at your store.
- 4 Use customer data for **personalized advertising**.
- 5 Enable **returns at the branch**.
- 6 In addition to an online shop, open **other online sales channels** (social media, live shopping, marketplaces, price comparison platforms).
- 7 Give a person or department responsibility for acting as an **interface** between the high-street store and online retail.
- 8 Measure whether digital advertising measures generate **in-store purchases**.
- 9 Enable **registrations via third-party providers** (Google, Facebook, e.g. PayPal).
- 10 Provide various **options for making contact**, e.g. e-mail, contact form, WhatsApp, telephone hotline (with call-back option), live chat/chatbot, live advice.
- 11 Integrate **social share features** for sharing product pages and wishlists.
- 12 Include a **store finder** on your website.



Transformation hurdles and solutions

Omnichannel solutions are a future-proof way of providing a tailored customer journey and ensuring long-term customer retention. Many companies, especially smaller retailers, are sceptical about implementing an omnichannel strategy in view of the costs involved.

It's true that an omnichannel transformation requires financial investment, time, resources and expertise. The solution: a strategic outlook, prioritizing the creation of added value for customers and getting the right partners on board.

The following key pointers will help you when implementing an omnichannel solution.



Analyse your target group and identify a service that offers lots of benefits.

Take the time to reflect

Change takes time and the same applies to digital transformation. Adopt a step-by-step approach: analyse your target group and identify a service offering lots of benefits, such as click & collect. Assess the success of the new service, make changes if need be and introduce more services.

The same applies to the integration of touchpoints: social media and live shopping, for example, are outstanding options for interacting directly with the target group. But before launching several channels simultaneously, focus on one and assess how well your strategy is going down. This learning can be applied to other touchpoints.

Take your time instead of trying to launch everything all in one go. If you have sufficient leeway and resources to analyse and modify strategies, you'll work more efficiently and still have time for your other tasks.

Use Google as a foundation

Google enables retailers to significantly boost the profile of online shops and physical stores – and often free of charge. But without using Google services, it's difficult to get noticed.

1. Register with the Google Merchant Center. This is free of charge and enables you to present business and product information on all Google platforms.
2. Take advantage of the potential of Google Maps to ensure you're found locally. Create a digital business card to provide customers with key information and an insight into your business and products. Good ratings make your business even more attractive.
3. Make sure you can be found on Google Shopping. This is a popular tool amongst consumers looking for particular products in their vicinity. In addition to Google Local Inventory Ads, there are also organic search results which are free of charge.
4. Provide information about availability at your store. If a customer can see online that the product is available at your store, this may be the decisive factor in deciding to visit.

The key factors for driving your business forward: profile and convenience. By taking these initial steps, you'll establish a resource-efficient basis for a successful omnichannel strategy.



Rely on specialists for technology

Combining over-the-counter and online retail calls for technical expertise to avoid jeopardizing existing infrastructure and to beneficially enhance it instead. Aim to ensure the solution of your choice can be integrated as smoothly as possible into the existing IT landscape. Call in experienced service providers or hire your own specialists.

You also need to make sure your payment system is omnichannel-ready – it must provide sufficient flexibility, be easy to integrate and make payment as easy as possible for your customers. We recommend using PostFinance Checkout Flex, a high-performance payment service providing solution for your online shop that can be upgraded into an omnichannel solution by adding cutting-edge PAX terminals. A common back-office tool means you always have an overview of transactions regardless of the sales channel. Being able to combine information flows on a cross-channel basis in the payment system paves the way for omnichannel services and linking online and offline activities. But above all it'll save you time, money and effort.

The onboarding of acceptance partners is extremely straightforward: you benefit from maximum flexibility with integration, while PostFinance handles online onboarding and contract requests with acceptance partners. You also receive digital end-of-day settlements and documents for in-store sales.

Have the confidence to invest

The financial cost and time investment required may seem high at first glance. But customer requirements are continually evolving and diversifying. The best way to future-proof your business is to identify your customers' requirements, take them seriously and create the flexibility to adapt to these needs. This process also justifies major investment.

Get free advice from PostFinance on [omnichannel payment solutions](#).



The best way to future-proof your business is to identify your customers' needs.

Outlook

The vision of unrestricted retail is increasingly becoming a reality. E-commerce and high-street retail are not in competition, but instead complement one another in their mission to meet increasingly diverse customer requirements. It's vital that retailers seize this opportunity. This doesn't mean they have to be present in every (digital) channel or provide every new service. Your omnichannel strategy should simply focus on what's best for your customers. Get to know your target group, ensure contact with them at every touchpoint they frequent, gain an understanding of what they want and gear your services towards it. Making the shopping experience as simple, seamless and intuitive as possible will go down well with customers.



Contact

PostFinance is number 1 for Swiss payment transactions. One of Switzerland's leading financial institutions, it's a dependable partner for over 2.7 million private and business customers and provides innovative, comprehensive financial services for private and business customers in the sub-markets of payment, saving, investment, retirement planning and finance.

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