

## The Elusive Omni-Channel Shopper

**They're mobile. They're unpredictable. But knowing when, why and how they shop is critical to capturing the business of what may be your most valuable customer.**

*By Lynne Van Dyke, Principal, KS&R*

Capturing an omni-channel customer is a little like trying to catch a glimpse of a newly discovered species in the wild. Here are some behavioral characteristics: A customer browses for a videogame system on his laptop, places it in an online shopping cart, and picks up and pays for it in the store – along with a few other products he happens to find while shopping. An in-store customer scans the barcode of a luxury handbag with her smartphone, placing the handbag in a virtual shopping cart – which she then purchases later online.

It's a rapidly evolving breed, morphing in synch with emerging technologies in e-commerce, mobile devices and social media. Omni-channel consumers move from one channel to another – brick and mortar, telephone, online, and mobile – during the course of a single shopping experience.

How can retailers keep up with what these consumers want and need?

### What We Know

There is no single defining characteristic of an omni-channel consumer, but here's what we do know:

- **They're valuable**, typically

spending 15% to 30% more with a retailer than the shopper who only uses a single channel.

- **They span demographics and psychographics**, ranging from Millennials to older consumers; skaters, punks, couch potatoes; and residents of Red and Blue states.
- **They're loyal** to brands that offer them the experiences they want – and sing the praises of these services and products as brand evangelists, on social media platforms and face to face.

### Issues and Challenges

As omni-channel retailing ceases to be nice-to-have and becomes table stakes, retailers are faced with the daunting task of ensuring a seamless brand experience. This requires a high level of integration and coordination among marketing, e-commerce and digital teams. And, importantly, insight and understanding into the mindset and decision-making process of shoppers simultaneously accessing multiple channels to make purchases.

### Capturing Data on Omni-Channel Shoppers

When a shopper jumps from channel to channel, it provides a

great opportunity to capture customer experience data in real time. While barcode and market share data indicate how customers are behaving, it cannot reveal *why* they're behaving in a certain way. There are a number of marketing research tactics, ranging from "interrupting" customers as they shop to gathering data from social media use, that are highly effective in providing a wealth of qualitative and quantitative data.

### On-site Interception

Imagine this scenario: A shopper at a national retailer pulls out her smartphone. A market researcher, who has been silently observing her, approaches. He asks her what she is shopping for and how she is using her phone. They have a short

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conversation about what apps she is using and her social media habits, along with how she chose the items that are already in her cart.

On-site interception, like the example above captures hard-to-gather data in-context, as the action is happening and fresh in the consumer's mind. You can catch a wealth of data during an interaction of less than five minutes. Beyond the conversation, the researcher can observe and record data such as the time of day, whether the shopper is alone or not, etc. Extrapolate that data out to hundreds of consumers, and you've collected very robust quantitative data that can be analyzed to understand the patterns, wants and needs of omni-channel consumers.

### *Mobile Surveys*

Another way to capture real-time data is via smart-phone technology. This method reaches survey panel members – who've agreed to participate in advance – as they go about their day. For example, a new home owner who has signed up for a panel might receive a survey via phone when her GPS indicates she's stepped into a hardware store. Another consumer might get a "ping" to take a survey immediately after he's paid for something through his smartphone to gather data about what he bought and why. These surveys are short and quick to complete; responses have a high rate of accuracy and relevancy because respondents are in the moment and have been pre-screened for demographics.

### *Big Data Mining*

Major retailers generate millions of data points per day. This data can come from structured sources – store-based shopping data, online analytics, customer surveys – as well as from unstructured sources, such as emails, Tweets, Facebook posts, and media outlets. Given all the information that customers provide to the public – Pinterest boards and Instagram accounts filled with fashion photos, blogs covering everything from food to home improvement – being able to harness that information and deliver to the customer what they want, when they want it, isn't too far from reality.

As with on-site interception and mobile surveys, this data is timely. It can be quickly gathered and analyzed to provide an ongoing and progressive picture of a retailer's current and potential customers. With big data mining

you can uncover insights such as:

- Product trends, from design to functionality
- Pricing information and willingness to pay
- Competitor products and activities
- Customer service wins and fails
- Corporate, brand and product awareness and loyalty
- Consumer connectivity (*i.e., the types of networks consumers belong to and how retailers could leverage that information*)

### **Integrating Analysis into Action**

Consumers aren't static, and neither is their data. So how should retailers integrate this information to make their organizations more responsive? For most merchants, it requires a thorough examination of current business practices and the connections among IT, e-commerce, marketing and mobile teams. In some companies, there is already a significant amount of overlap – for example, the web and mobile teams may be a single team. In others, there may be more separation – the marketing team in charge of social media has no interaction with customer service or IT.

Retailers may also need to rework how they measure sales and compensate employees, re-focusing on the big picture. Online revenue often decreases when customers have the option of buying the item in-store – but overall revenue increases as shoppers toss a few more items in their cart while they are shopping. If employees from the online team receive bonuses based on sales revenue, frustration is sure to arise over the resulting decrease in compensation. For a truly integrated retailer, incentives for revenue will need to be reworked to support the organization as a whole.

### **Omni-channel Consumers Need an Omni Approach**

Capturing and analyzing data on the omni-channel shopper is an ongoing process. Being able to actively integrate consumer information to drive business practices requires flexibility and a panoramic view of how to provide the ideal seamless brand experience. As retailers increasingly cater to the omni-channel consumer, they will need to take an omni approach to their marketing research, and in their application of the research findings.