APPLY INSIGHTS

Redefining Retail

Success in the Post-Pandemic World in 2021

APPLY DIGITAL

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Opening Thoughts

As the world changes around us, we've observed businesses from across sectors go to extraordinary lengths to be there for customers. Nowhere is this more obvious than in the retail industry which has innovated especially quickly to provide consumers with the products they need to look after themselves and their families during this unique time. We've been shown that things can shift quickly and it's important to shift along with them.

Apply Digital hopes this report will offer retailers some inspiration and a roadmap for an evolving world.



Gautam Lohia

CO-FOUNDER & CEO, APPLY DIGITAL

Introduction

COVID-19 impacted the way we shop in 2020 — a trend that will continue in 2021 and beyond, even as vaccination efforts roll out. The retail industry will continually reshape as time progresses and understanding how to innovate now will help you make the most of the potential of this uncharted future.

Retailers are utilizing digital technology as a way to bridge the social distancing gap and stay connected with their customers — whether 6 feet or 600 miles away. And in a world of rapidly evolving trend-defining technologies, it's hard to know which digital tools will have the right impact and which will fall flat.

Being smart with digital tools doesn't come down to investing tons of money or re- inventing the eCommerce app. And it's not about closing down physical stores, going completely online, or replacing warehouse staff with robots.

At its core, the success of a digital tool comes down to one thing — meeting your customers' needs for an authentic, convenient, personal, and safe experience, wherever they shop from.

Enhancing customer touchpoints with the right digital tools is the perfect opportunity to cultivate a feeling of trust and security for your customers while also meeting their unique expectations and needs.

So, how do you get started? By turning the page and taking a look at the way smart digital tools can improve the retail experiences of your real-world customers.



Digital

Online shopping is no longer the domain of the young and tech-savvy. The pandemic has accelerated it from niche to the neighborhood mall, as Gen Zs, boomers, and everyone in between are logging on and making purchases.

In Q1 2020, 10 years of eCommerce growth happened in just 90 days, particularly in the US retail sector, rising to just under 35% penetration. 2021 will continue to see that growth rise. A survey done by PwC reported that 93% of their respondents will maintain their current increased use of online shopping, even after isolation measures are lifted across the world. eCommerce cannot be an afterthought.

The digital storefront is now the first customer touchpoint and centerstage in any brand experience. So how can retailers stay competitive in an increasingly saturated playing field, and lend confidence and authenticity to the customer experience at the same time? It all comes down to designing with the human experience in mind, helping to differentiate your brand in the retail space.

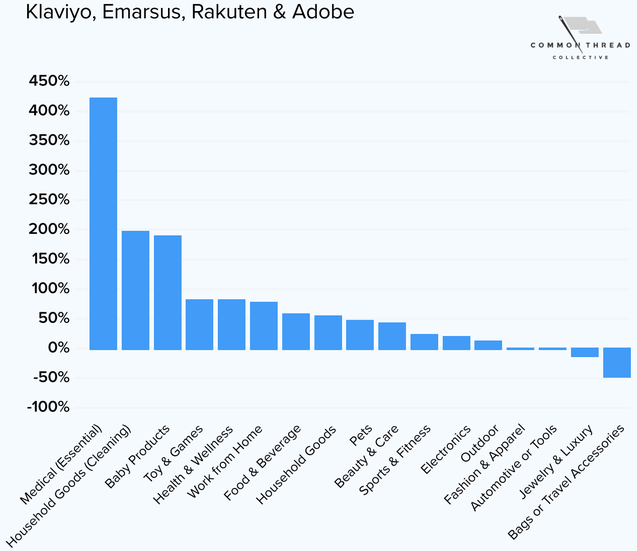
The eCommerce Playing Field Will Never Look the Same

More consumers shopping online signals new opportunities for retailers across sectors as the playing field becomes increasingly competitive.



Ecommerce Consumer Sales (COVID-19) + 52.20%

Aggregated vis ShipBob, ShipHero, Attentive, Stackline, CTC, Klaviyo, Emarsus, Rakuten & Adobe



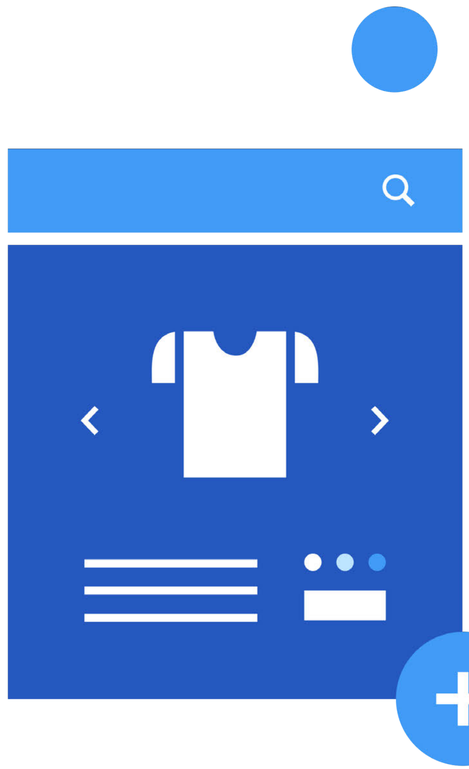
Design for Consumer Confidence

Buying shoes or investing in home electronics can feel much riskier when purchasing online. Retailers can build a bit of confidence back into the customer experience with personalized product searches and buyer reviews and photos.

Smart product search filters let customers sort through your inventory, view items by category, and land on relevant products quickly based on a system of ranked keywords and logic rules. Macy's has been a leader in this area for several years, offering online shoppers a dynamic menu of category- specific, multiple parameters, and first choice filter options. Other companies, like Canada Goose, take this approach one step further, using simple quizzes to connect customers with items curated just for them.

Retailers can also add confidence to consumer purchases by letting visitors explore peer photos of items alongside their personal reviews. This gives a more realistic impression of how a shirt may look on someone with a similar height and weight, or how a projector screen might suit an outdoor space.

For example, Arc'teryx recently revamped its eCommerce app to include social integration, buyer reviews, photos, and other forms of user-generated content, boosting their sales conversions by 39%, increasing in-app orders by 29%, and resulting in an 8% rise in repeat users.



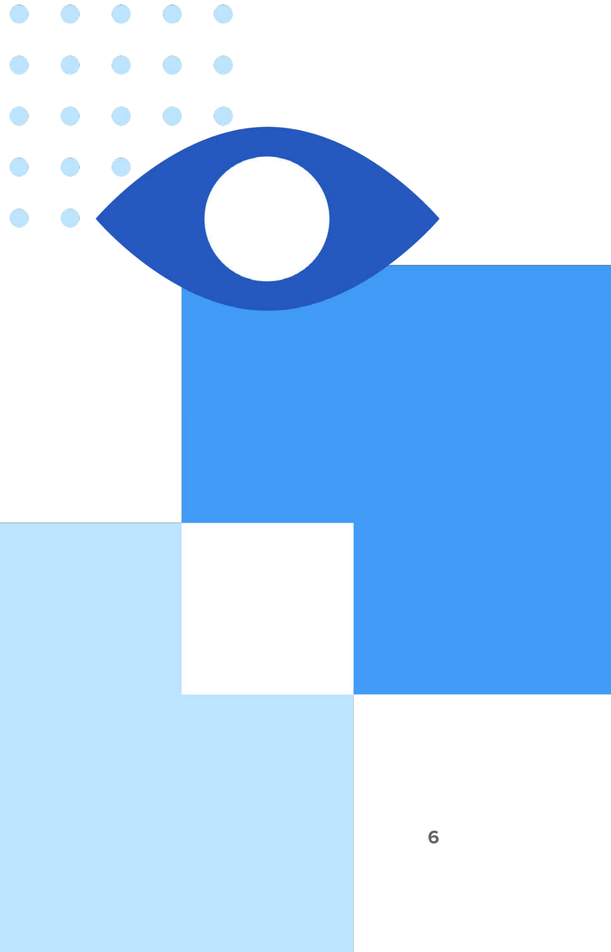
Building for Transparency

Consumers prefer brands they can trust.

Providing clear information about how customers can “reverse transactions" and claim refunds, and communicating transparently about time limits for order cancelations are a few ways retailers can build trust into the online sales experience. Being upfront about shipping times and costs is equally important. Finally, ensuring consumers know whether their service warranty will apply by mail-in or in-store, or both, will provide improved relationships in the long run.

The earlier transparency is considered during the design process the better. Use hazard maps during user testing to easily spot steps that may be confusing or vulnerable to blockages and misunderstandings.

Avoid “dark pattern design” techniques such as promising free shipping on an item but requiring the user to manually select this option at check out. Besides being unethical, customers won’t return once they realize they’ve been duped.



Evolve with Your Customers

The phrase “unprecedented times” is one we’ve heard all too often. But it continues to encapsulate the uncertain yet incredible opportunities for innovation that our businesses, our customers, and the world, in general, are navigating at the same time.

No crystal ball will show us with absolute certainty what tomorrow will look like, so don’t plan like there is. You need to be agile, try out solutions, learn from your mistakes, adapt, readjust your strategies, and keep moving forward. Don’t be afraid to admit stumbling blocks along the way to your customers — they’ll appreciate the transparency.

After all, we’re all in this together.

Delivery

With a changing world comes changing consumer expectations. The 2021 retail consumer is unique. Some will expect low to no-cost delivery and curbside pick-up options whereas others are more than willing to pay for same-day or faster delivery.

Delivery offers convenience and safety while curbside pick-up adds an in-person touchpoint with a brand representative — remember, in-person contact still matters. Both options are viable for speed if you're prepared. And, by providing choice, you foster trust, demonstrating that customers can always rely on you regardless of what's happening in the world.



Solutions for Rising Shipping Costs

Rising shipping costs are not a new issue, with FedEx announcing an average 4.9% increase in 2021 for its services. And then there's the expensive "last mile" of delivery that retailers have had to deal with for years.

Retailers either opt to absorb this additional expense as part of customer relationship management or they add it to the final order price, figuring that the convenience will be worth it to the purchaser.

Some businesses straddle both models, offering free shipping to customers placing orders over a certain dollar value, and requiring other customers to pay the shipping costs themselves. Because curbside pick-up is now an option too, retailers could adjust this strategy and offer free curbside pickup to customers who aren't spending enough to qualify for free shipping.

The Rise of Curbside Pick-Up

Many shoppers tried "Buy Online Pick Up In-Store (BOPIS)" options for the first time during the pandemic, and 50% have chosen a store based on whether they offered curbside pickup.



4 Reasons Why Customers Prefer BOPIS

77% feel better seeing an item before taking it home

65% enjoy saving on shipping costs

29% like the convenience

23% appreciate returning items instantly

Environmental Impact

In today's climate, sustainability is on the rise. The global consumer not only craves cost- conscious shipping options but also environmentally conscious ones, with 72% of global consumers wanting sustainable packaging options, even if it means paying a premium.

Zero-waste packaging, minimalist packaging, and reduced package sizes are just a few ways your company can embrace sustainable delivery.

Promoting sustainable efforts is beneficial for both delivery services and brand reputation. Just as you must evolve with your consumers, you must also evolve with growing global responsibilities.

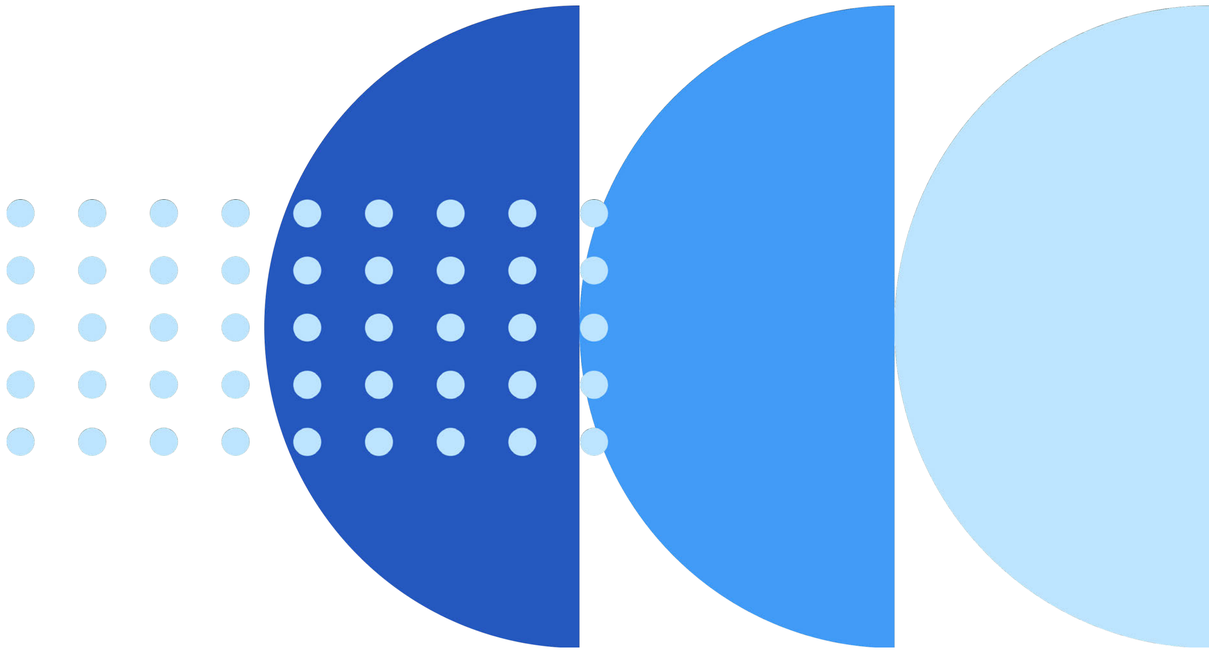


Omnichannel Integration

Despite the changes prompted by an unexpected pandemic, some things remain the same. Customers still respond best to services that are convenient, personalized, and come with peace of mind. And that same customer will interact with a brand across various touchpoints — online, in-store, and by delivery or pick-up.

None of these approaches should be considered in a silo. Instead, each of these touchpoints should be considered part of the same omnichannel customer experience — an approach that comes with incredible opportunities.

Cross-channel collection of data on individuals and customer groups tools like branded apps make it possible to capture customer behaviors over the long term, measuring the amount spent, types of items purchased, and other metrics, along with demographic and pattern data.



PROS

75% of consumers are more likely to make additional purchases after receiving a reward incentive

57% of consumers spend more on brands to which they're loyal

32% of consumers say a loyalty program makes their brand experience better

CHALLENGES

22% of loyalty program members say they're very satisfied with their loyalty programs

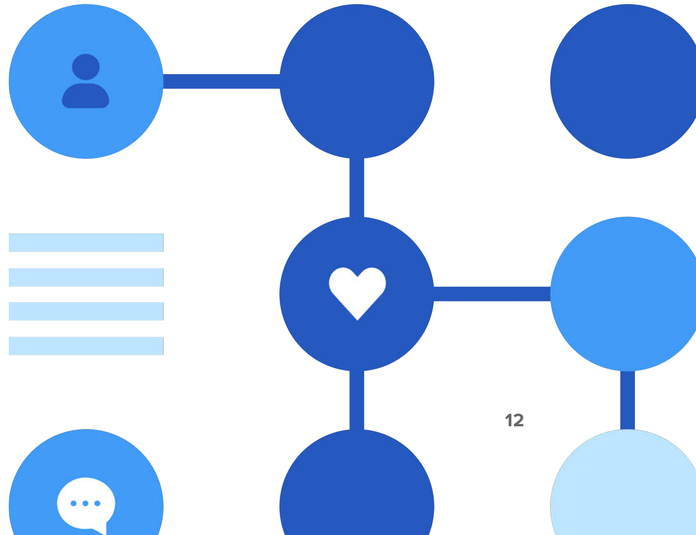
58% of Americans are less likely to join loyalty programs that require them to download an app

This gives companies the insights needed to launch targeted, segmented promotions campaigns to strategically boost sales. And because customers provide contact info when signing up for an app, they won't be surprised when they see offers roll into their inbox.

When a customer's digital footprint is tracked, sales representatives can view all their previous preferences, complaints, and purchases. As a result, the customer feels valued as an individual, remembered as a person, and secure enough to trust a brand in the long run.

Omnichannel integration also makes loyalty programs much more impactful. Now customers can get excited about being rewarded for every purchase, whether online, in-person, or through delivery or pick-up.

If done strategically, omnichannel interactions can improve customer relationships, weaving an authentic relationship thread across every interaction.

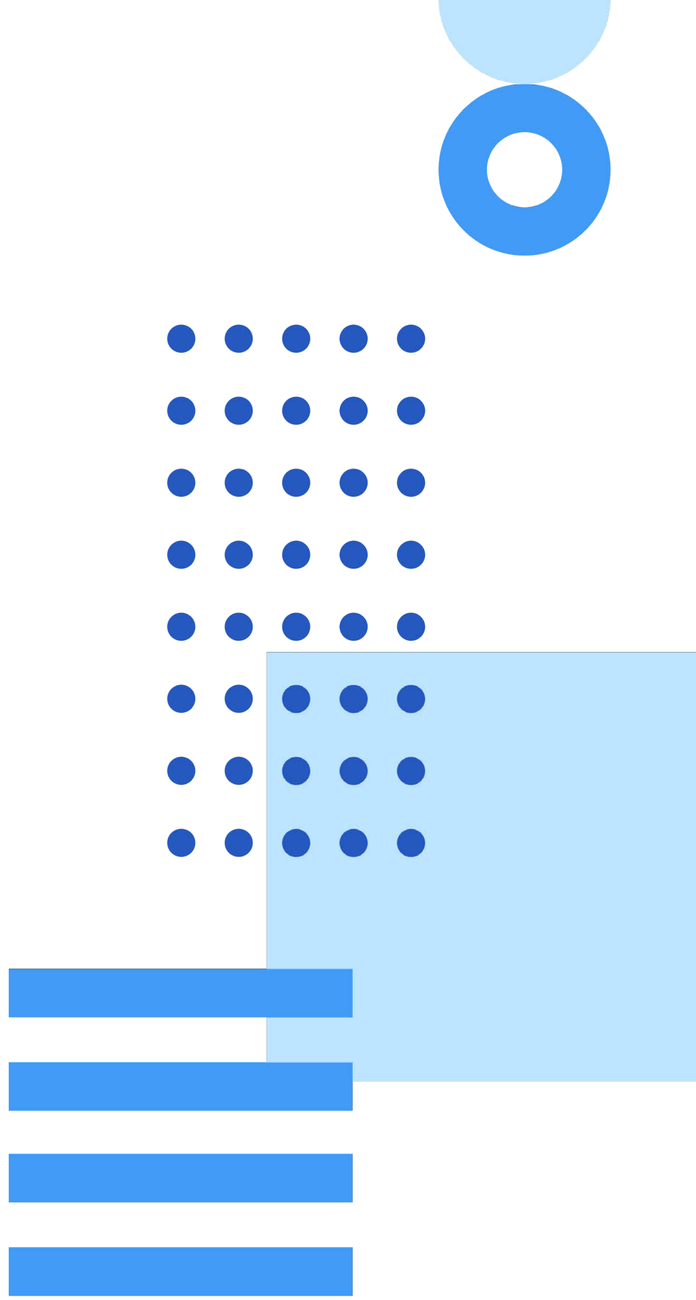


Parting Words

There has never been a better time to redefine your customer experience and build stronger customer relationships that last well beyond the final days of social distancing.

Technology and digital tools may form the backbone of adapting to this pandemic era, keeping customers feeling safe, secure, understood, and excited in a variety of retail environments. But at the core of it all, the space we create with these digital tools should show our customers that it's their needs, their personality, and their loyalty that matters to us most.

For some insights on these and other questions about how you can redefine your retail business's success during COVID-19 and beyond, please reach out to us at hello@applydigital.com or visit our website applydigital.com.



Credits

Gautam Lohia
Co-Founder & CEO
Report Sponsor

Wells Stringham
Head of Experience
Chief Strategist

Maurico Pommella
Head of Design
Creative Director

Gautam Banerjee
Partner, Apply Velocity
Subject Matter Expert

Rabiya Samji
Head of User Experience
Subject Matter Expert

Stephen Katz
Senior User Experience Specialist
Subject Matter Expert

Amanda Ko
Data Visualization Designer
Design Lead

Novita Prasetia
Product Designer
Design Support

Daniela Valdes
Marketing Designer
Design Support

Liz Goode
Writer
Content Strategist & Content Creation Lead

Jaime Chang
Writer
Content Support

Emily Chan
Co-Op Student
Research Assistant

Yael Rubinoff
Project Manager
Project Management Lead

Vaibhav Lohia
Director of Marketing
Delivery Lead