How to sell on-demand in a seamless world

Presented by

vantiv®

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Introduction

A 34 year old woman is interested in buying a new pair of shoes. She pulls out her smartphone and starts browsing on her favorite retailer's mobile app. Using filters for shoe size, heel height, and color, she selects three pairs for side-by-side comparison. After reading user reviews and looking at 360° photos of the shoes, a chat box manned by a store associate pops up to ask if she has any questions. She's narrowed it down to one pair, but isn't ready to buy them online because she'd still like to see them in person. The associate points her to the inventory feature that allows her to check if they're in stock at her local store location. And they are.

The next day, she drives to the store and uses her app to locate exactly where they're stocked in the shoe department. An in-store associate brings her the shoes and also suggests another pair that she might like. She can't decide between the two pairs and wants to bring them both home, but doesn't want to trek back to make the return.

The associate tells her about the store's hassle-free buy in-store, return online policy and she decides to purchase both pairs. The associate rings her up on the spot using a tablet and the shopper remembers a coupon saved on her store app. After a quick scan of the coupon, she pays using her smartphone's mobile wallet and automatically receives loyalty points linked to her store account.

After a few days, she decides that one pair needs to go back. She goes online with her transaction information and prints out a prepaid return shipping label. As soon as the package is delivered, she receives her refund in full. When two weeks have passed, the retailer sends her an email asking to rate her purchase. Her feedback is instantly available on the retailer's app and website to assist other shoppers in their buying decisions.

Seamless shopping. Omnicommerce. Omnichannel. Meeting the needs of today's customers can have different names, but the idea at the heart of them is the same — connecting customer touchpoints to provide exceptional sales experiences. As illustrated in the example above, consumers can connect with a brand in-person at a physical location, online via their website, or through an app on their mobile device. The challenge lies in how retailers meet the individual needs of their customers regardless of channel and bring the different experiences together to form what feels like a single shopping experience.

This eBook takes a closer look at the different elements that compose seamless shopping experiences and how mobile devices, payments, and technology all contribute to the process. Seamless shopping will have different meanings for different types of businesses, but there are some core elements that retailers of all sizes should be thinking about now.

Shopping has evolved from a simple choice between buying online or in-store. Customers now have options ranging from "click-and-collect" (online ordering, in-store pickup) to in-store returns for online purchases, through to brick-and-mortar outposts established by traditional ecommerce players. It's clear that the lines between in-store and online shopping have never been blurrier. Consumers can shop anywhere, at any time, on any device. And retailers are charged with connecting digital and in-store experiences like never before.

At the heart of seamless shopping is bringing different parts of the retail experience – both physical and digital – together in a logical sequence that reinforces the shopping (and brand) experience and facilitates purchases. In addition to websites, physical stores, and mobile apps, there are other elements that retailers are considering as part of their seamless shopping strategy. Here's the short list.

Inventory management

One of the most critical elements of seamless shopping is knowing that the goods are available to purchase. Many businesses have taken their inventories online, allowing shoppers to check and see if an item is in stock before they drive to the physical location. The online inventory system can also indicate if the item is highly likely, likely, or unlikely to be available. In addition, physical stores have improved inventory management so a store associate can immediately identify what's in stock, where it's located, and how much it costs. Eliminating the barriers in identifying whether a product is available to sell is a critical building block of seamless shopping.

Purchase online, return in-store… and vice versa

Many physical stores and their digital storefronts have joined forces to make returns easy. For instance, if a shopper buys a product online and isn't happy with it, they may be able to return it to a physical store to avoid the hassle of visiting the post office. Likewise, shoppers may be able to purchase goods in-store and return them via the mail. In both cases, the friction points of returning merchandise can be reduced or eliminated.

Quick, easy checkout

Savvy retailers have adopted technology that helps customers breeze through the checkout process. Online retailers may give customers the option to store their payment card information, which can facilitate a one-click purchase experience. Brick-and-mortar retailers may offer shoppers the option of scanning items as they go and using that scanned information to make checkout quick and easy. And many point of sale systems (POS) are now integrated into mobile devices, allowing store associates to checkout customers as soon as they're ready to complete their purchase.

Loyalty and rewards

Discounts are something that most shoppers want to take advantage of, but the hassle of clipping coupons and remembering to redeem them can be a burden. With the birth of mobile apps and mobile wallets, the links between loyalty programs and payments are easier than ever. For example, if a customer receives a $20 coupon from their loyalty program, they may be able to link it to their mobile wallet or store app and use it without needing to remember the physical coupon.

Curbside pickup

Ordering online with hassle-free pickup is about as easy a retail experience a customer can hope for. National chain restaurants have practically perfected curbside pickup, allowing customers to order their favorite dishes online and having a restaurant associate deliver orders to their cars. Some retailers are catching on to the ease of curbside pickup and offering it to their customers as well.

Live help/online chat

One of the biggest drawbacks of shopping online is the lack of personal interaction. When shopping in-store, customers can ask associates about inventory, sizes, product specifications, etc. But that personal touch isn't there when shopping through a website or mobile app. That's where live help can add value to seamless shopping experiences. Introducing a virtual associate at the right point in the buyer's journey can help shoppers make decisions and convert browsing into buying. It's a simple technology that most people are already familiar with and can use easily.

Free shipping

Some estimates say that 28% of online shopping carts are abandoned when customers are faced with unexpected shipping costs. Because shipping doesn't factor into the decision making process for in-store purchases, many digital retailers have done away with shipping costs to be on par with brick-and-mortar retailers. Free shipping is an integral component of the online seamless shopping experience, as it eliminates one more barrier between browsing and purchasing.

Fraud and security solutions

The popularity of shopping online and through mobile apps leads to the inevitable question of how retailers are keeping personal information safe. In-store retailers have the ability to process chip cards, which consumers are aware bring an added element of safety. However, online retailers don't have this luxury. But there are measures that online retailers can take – from tokenization and encryption to advanced fraud tools – that can further lock down digital transactions and give customers additional peace of mind.

These are just some elements that retailers are considering as part of their seamless shopping strategies. And many of them are facilitated by the use of mobile devices. Mobile commerce is an undeniable force that retailers cannot ignore. Here's a closer look at the role that mobile commerce plays in seamless shopping.
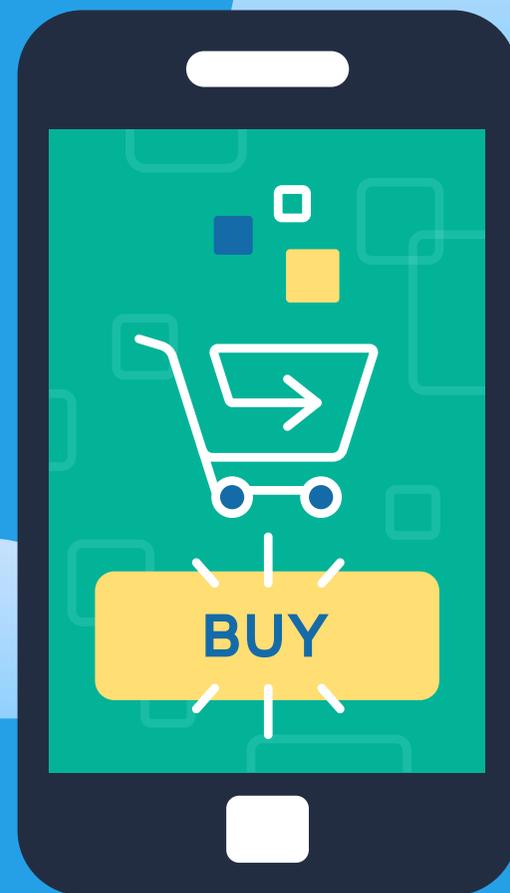
It wasn't so long ago that buying goods and services online was a foreign concept. Now it's such an essential part of commerce that shoppers almost don't think twice before providing payment information and placing an order online. Recent estimates indicate that 78% of the US population age 15 and over shop online. And mobile shopping is leading the way in making online commerce more seamless and customized than ever. According to BI Intelligence, mobile commerce is expected to account for 45 percent of total ecommerce by 2020. This amounts to approximately $284 billion in sales.

Mobile commerce

So what is mobile's role in seamless shopping? First, it's important to make the distinction between mobile commerce and mobile apps. Mobile commerce involves the optimization of digital experiences so they adapt flawlessly to a mobile device. Meaning that the site is easy to read, easy to browse, and easy to place orders. In addition, many shoppers now use their mobile devices in conjunction with in-person shopping. Here are four of the ways that mobile devices are powering in-store experiences.

Showrooming

Showrooming occurs when customers in physical stores use their mobile devices to make real-time price comparisons

Product reviews

Mobile devices allow customers to research goods online and use reviews to help inform their purchase decisions

Discount hunting

Shoppers can use mobile devices to find discounts or coupons online and apply them toward their in-store purchases

Beacons

Beacons can identify a customer via their mobile device and push notifications or deals to them in real-time

Mobile apps

A sub-component of mobile commerce is mobile apps. Apps are installed by the mobile device's user and build a dedicated bridge between them and the retailer. Mobile apps can enrich the online shopping experience through the use of photography, video, reviews, and customized offers and coupons. Add to that their instant availability and shopping online has never been easier.

Research from Vantiv and Socratic Technologies shows that:

43%
of respondents have downloaded a mobile shopping app from a retailer or business

The average respondent who downloaded shopping apps has them from 4 different types of retailers

Apparel

The most common uses of shopping apps are to:

Retrieve coupons or deals	**55%**
Make purchases	**52%**
Compare prices	**52%**

Grocers

Drugstores

General ecommerce (Amazon for example) **mobile shopping apps are most popular followed by discount retailers, restaurants, and grocery stores**
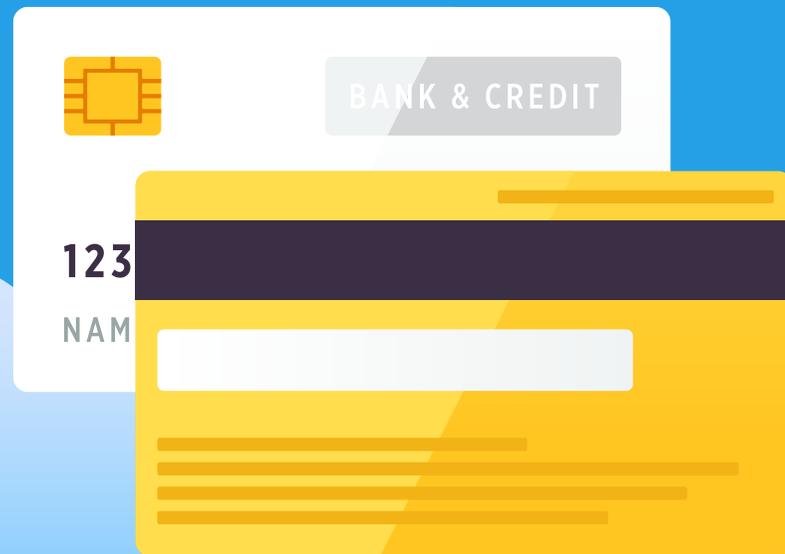
Sporting Goods

Mobile and seamless shopping

Perfecting the ins-and-outs of mobile commerce will vary from retailer to retailer depending on their size, technological resources, and the nature of their business. While it's undeniable that a digital shopping experience needs to translate easily to mobile devices, dedicated mobile shopping apps might not make sense for every business. As retailers think about the role that mobile plays in their seamless shopping strategies, it's also important to consider payments. A mobile shopping experience is only as effective as its ability to checkout and pay seamlessly. The next section takes a deeper dive into the role of payments, both traditional and mobile.

VERIFYING...

APPROVED

No matter how drastically the rules of commerce may change, the need to pay will always be a constant. The advent of mobile devices has changed the game, but traditional payment methods like cash and payment cards have yet to be displaced. Here's a closer look at how traditional payments and mobile payments play a role in seamless commerce.

Traditional payments

Cash is the granddaddy of payment methods and still an important one for all retailers. But the ease of accepting debit and credit cards, especially through mobile POS systems, has raised the question of whether businesses must accept cash. As that issue continues to evolve, it's safe to say that cash isn't going away and neither are the debit and credit cards that shoppers rely upon. But they're evolving as well.

Chip card technology, or EMV, is one of the biggest changes to happen to payments in recent history. By enabling EMV transactions, chip cards are designed to improve security by using cryptographic technology that authenticates payments at the POS and virtually eliminates the threat of counterfeit cards. Estimates suggest

that 31% of consumers possessed chip cards in 2014 and that number is predicted to reach 100% by the year 2018. This acceleration is largely driven by the merchant liability shift that occurred in October 2015, which made merchants that do not support EMV technology responsible for payments fraud.

As chip cards become more commonplace, it's natural to ask how they impact consumers and their perception of safety.

Research from Vantiv and Socratic Technologies reveals:

61%
of respondents name chip cards as their payment method of choice

41%
say traditional (magnetic stripe) cards are the least preferred online payment method

76%
consider chip cards to be more secure than traditional credit cards

50%+
of consumers agree the extra time needed for chip card transactions is worth the added security

Chip cards have had an impact on seamless shopping in that they take slightly longer to process. The card brands have responded with technological improvements that help complete EMV sales in less time. And retailers are taking on the task of educating shoppers to help complete sales with the first dip of a chip card.

Mobile payments

As retailers consider the significant role of mobile devices in their seamless shopping strategies, it's important to remember that these devices have become forms of payment in and of themselves. Pew Research estimates that 68% of the population owned a smartphone in 2015 and that number is expected to keep growing. In addition to the connectivity that smartphones provide to information, entertainment, and one another, they can also help simplify payment transactions.

The availability of smartphone-based digital wallets like Apple Pay and Android Pay have morphed mobile devices into payment devices, while also changing the dynamics of traditional cash-only transactions. Now parking fees, public transportation fares, and fast food purchases are just some of the smaller-ticket items that can be paid using mobile devices.

Research from Vantiv and Socratic Technologies reveals:

Heaviest users of mobile payments

MILLENNIALS
ages 25-34

GEN XERS
ages 35-44

75%
of respondents using mobile payments cite speed of checkout as the primary benefit

75%
Percentage of mobile payment users interested in using them at more retail locations

65%
of respondents using mobile payments said they can't always tell which POS terminals accept them

Given the appetite for mobile payments (especially among up-and-coming Millennials), it's important for retailers to account for them in their seamless shopping strategies.

Total payments

Traditional payment methods and mobile payments are not mutually exclusive. The challenge for retailers is accepting the wide array of payment methods that customers want to use. In addition, the checkout process needs to be smooth, simple, and efficient. This is why working with a trusted, adaptable payments partner is so important.

By implementing near field communication (NFC) with their POS devices, most mobile payments can be accepted with the tap of a mobile device. And implementing POS systems that read chip cards doesn't have to be a huge undertaking. Both are imperative to creating a seamless shopping experience that's built with convenience, ease, and security in mind.

Creating a true seamless shopping experience can be tricky. Bridging the gaps between online and offline channels for holistic commerce experiences is challenging and evolving daily. But it's not impossible.

Technology is the lynchpin to building effective seamless shopping experiences. For larger retailers, this may mean investing in staff and technology that can connect the worlds of online and offline commerce. This might entail digital experience teams communicating with in-store teams to ensure a consistent brand experience that translates effectively across channels. Or the widespread implementation of mobile devices to in-store associates that help facilitate face-to-face transactions. Effective technology can successfully build bridges across shopping channels, internal teams, and customer-facing associates.

But what about retailers with smaller budgets? Or small- and medium-sized businesses (SMBs) that can't devote employees to managing seamless commerce? This is where fully integrated technology solutions can add value.

A solution can be as simple as a smarter stand-alone terminal that offers both chip card and mobile wallet acceptance, with rich fraud prevention and security protection layers. It can be made richer by offering everything from inventory management and payments acceptance to online storefronts and customer communications. All-in-one solutions can help streamline business operations and account for the elements of seamless shopping that are so critical to helping SMBs grow.

To learn more about integrated payments solutions for SMBs, please visit Vantiv at www.vantiv.com.
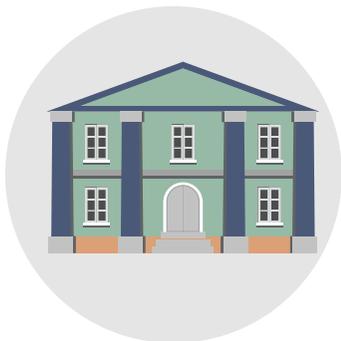
What FINANCIAL INSTITUTIONS should consider:

1. For financial institutions that offer merchant services, make sure that payment terminals are enabled with near field communication (NFC) technology so mobile wallets can be accepted.

2. For financial institutions that issue credit cards, be sure that the cards are compatible with all major mobile wallets.

3. For financial institutions that offer merchant services, provide merchant clients with clear signage that indicates which payment types are accepted at their businesses.
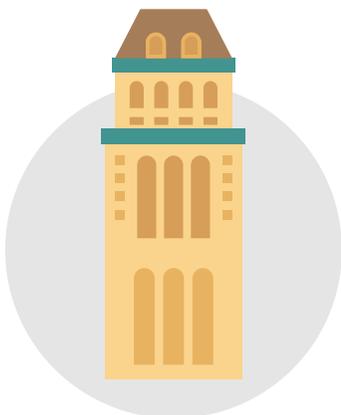
What LARGE BUSINESSES should consider:

1. No customer wants to arrive at a store and learn that their product is out-of-stock. Consider integrating inventory management and website software so shoppers can see if their product is available before visiting a store location.

2. Allow customers that shop online to return goods in-store. It's another point of brand interaction that can save shoppers time and money.

3. Blend the convenience of online shopping with offline instant gratification. Curbside pickup bridges the two worlds and lets shoppers enjoy the benefits of both.

4. Clearly communicate which payment types are accepted. Don't make shoppers wonder whether or not they can use their favorite mobile wallet when checking out.

What SMALL- AND MEDIUM-SIZED BUSINESSES should consider:

1. Lose the paper punch cards and integrate loyalty/rewards programs digitally into the checkout process. Doing so allows for more seamless and personalized customer experiences.

2. Consider moving from traditional cash registers to mobile devices with payments software. This can be especially effective for business models that are built upon hands-on personalized service.

3. Clearly communicate which payment types are accepted. Don't make shoppers wonder whether or not they can use their favorite mobile wallet when checking out.

What ONLINE BUSINESSES should consider:

1. Free shipping can help eliminate cold feet when shopping online. If there are no brick-and-mortar locations where online purchases can be returned in-store, consider offering free returns as well.

2. Allow customers to create user accounts and save payment information to help expedite the online checkout process.

3. Take the guesswork out of online purchases by providing customer reviews, in-depth descriptions, and ample visuals like photographs and videos.

4. Implement in-app mobile wallet payments and mobile payments on the web (e.g. Apple Pay on the web) as they emerge.

Take the quiz to get a pulse check on your business' approach to commerce.

TAKE THE QUIZ.