Retail marketing is changing. Today, success means connecting with your most important customer: the omni-channel shopper. Here we detail the three ways retailers can reach this shopper by measuring behavior, providing localized information, and creating the right organizational structure.
The way we think about and approach retail marketing is changing. Today, success means reaching consumers wherever they are, on whatever device they may be using. Increasingly, that means smartphones. According to Google data, for much of the 2014 holiday season, mobile shopping clicks exceeded those on the desktop as shoppers made their purchase decisions on the go. And people are no longer discriminating between mobile and desktop when it comes to shopping—whether that’s in a store or on an e-commerce site. This is creating new realities for retailers, as we’ve seen from our recent research with Ipsos MediaCT and Sterling Brands. Chief among them is the fact that digital doesn’t just drive e-commerce; it gets people in the store. And this influence doesn’t end at the entrance to the store: 71% of shoppers who use smartphones for research in-store say that it’s become an important part of the experience. Smartphones are the new personal shopping assistant for people once they’re inside.

As digital continues to touch every step of the customer journey, multi-channel retailers who operate both e-commerce and in-store channels are having to take note. They’re changing the way they think about omni-channel shoppers (for instance, Banana Republic customers who shop both online and in-store) and what their shopping behavior means for the overall business. The most sophisticated retailers are ensuring their marketing strategies are geared toward enabling customers to convert on any channel. Why? Because they realize that a shopper who buys from them in-store and online is their most valuable kind of customer. According to a 2015 study by IDC, these shoppers have a 30% higher lifetime value than those who shop using only one channel.

Retailers can reap the revenue benefits of omni-channel shopping, but only if they know how to attract and connect with these highly desirable consumers. Doing so requires a deep knowledge of how these shoppers behave. It also requires structuring the company to be able to act on these insights. Let’s be honest: This is much easier said than done.
Using examples from retailers who have started to make this shift, we detail the three keys to connecting with omni-channel shopping: measure behavior, provide relevant and local retail information, and create an organizational structure that supports omni-channel marketing.

**Measure cross-device and online-to-store shopping behavior**

To engage omni-channel shoppers, you first need to understand who they are. At a basic level, this means knowing important factors about the customer such as gender, demographic, location, website browsing habits, search habits, and where they shop in-store. But that’s not enough.

Top retailers understand their customer in even greater detail. They measure the influence of all touchpoints on a customer’s journey to purchase—online, offline, and across devices—using **sophisticated measurement systems**. These attribution platforms track the **customer’s journey** through each channel—TV, display, search, email, and direct mail—providing a holistic view of how a valuable customer makes a purchase.

Using sophisticated measurement, leading retailers can answer important questions about their ideal customer. For example, does she shop across a mix of online and offline channels before making a purchase? Is she likely to visit a retailer’s mobile site? Has her purchase frequency increased as a result of a specific marketing campaign? Is mobile assisting her in-store purchase? What marketing channel or ad type would be most helpful in drawing her into a nearby store? Where can a retailer find more customers like her?

Armed with better measurement insights, retailers can, for example, better use online channels to draw shoppers into their stores. “One in four who click on mobile search ads end up in a store, so we’ve realized that the in-store experience needs to continue to build on that bridge we’ve
made in digital," says Evan Conway, Sprint’s vice president of digital. And Sprint was able to understand the full, cross-channel value of its search advertising as well: Sprint’s own data shows that for every sale that paid search ads generate online, paid search ads drive five in-store sales.

Sears Hometown and Outlet Stores and PetSmart, for example, are using Google AdWords’ Store Visits to see whether their ads are driving in-store visits and purchases. By measuring valuable actions beyond clicks—phone calls, cross-device conversions, and even store visits—retailers can see how their digital efforts are affecting in-store sales. “We’ve always known that our digital efforts had an impact on store traffic, but it was difficult to quantify. These tools have helped us both with our ad formats and in our evaluation of their impact,” says David Buckley, chief marketing officer of Sears Hometown and Outlet Stores. PetSmart, too, found that search ads had a direct impact on store visits. According to Google’s Store Visits metric in AdWords, 10–18% of all clicks on its search ads resulted in an in-store visit within 30 days.

Provide omni-channel shoppers with relevant, local information

Once you begin to understand the relationship between digital and in-store for your omni-channel shoppers, it’s important to think about reaching them wherever they are and making the experience seamless. Why? Well, according to our recent research, three in four shoppers who find local retail information in search results helpful are more likely to visit stores.

Online-to-offline ad formats can improve the shopping experience for your customers, making it easy to see your store location, products, and available inventory from within the search ad itself. Sears Hometown and Outlet Stores, for example, uses local inventory ads (LIAs) to show customers searching online for a particular item exactly where it is
available at a nearby store location, along with local store hours, and other helpful information like directions. According to Sears Hometown and Outlet Stores, the result has been a 122% increase in store visits compared to using only Product Listing Ads (which don’t include local store information).

“If people are searching for a product on their phones, there is nothing more targeted than serving that item with a picture, description, and price, while letting customers know exactly how far they are located from the product,” says Buckley. Easy access to this type of information means a smoother path to a brand’s front door.

And these results have helped extend the reach of Sears Hometown and Outlet Stores’ advertising budget, driving $8 of in-store sales for each dollar invested online. “When we compared our most recent performance of local inventory ads with offline media typically used to drive store sales, such as a recent broadcast television campaign, the local inventory ads returned in-store sales at more than 5X the rate of TV advertising for each dollar spent,” Buckley reveals.

Office Depot also used LIAs to reach its growing base of omni-channel shoppers. “Local Inventory Ads provide us with a unique opportunity to offer products that customers are searching for and assure them there is inventory in a store nearby,” says Christine Buscarino, vice president of ecommerce marketing for Office Depot, Inc. The result was a better shopping experience for its customers and a 3X higher return on digital marketing spend for the company.
Create an organizational structure that supports omni-channel marketing

Once you’ve identified your most valuable customers—omni-channel shoppers—and you’ve started to understand their online-to-store behavior, it’s time to take action on these insights and create that seamless shopping experience that leads to a sale. To do so, you’ll need an organizational structure that supports you.

For most retailers, this means closer collaboration between your online and in-store marketing teams. Macy’s has managed to do this successfully. The brand has adopted a unified approach to meeting its customers’ needs across channels. “We continue to learn from our experiences and mold our business model around what our customers are telling us and how they are behaving so that we can continue to succeed in this environment. In many ways, this is a race to remain best-in-class—and to win with the customer,” says Terry J. Lundgren, chairman and CEO at Macy’s.
Because it now has a more complete view of the customer shopping experience across channels, Macy’s sees its online and in-store marketing as a holistic entity to support the brand as a whole.

“That incentive of growing the number of omni-channel customers is something we have all shared over the past couple of years,” says Jennifer Kasper, group vice president of digital media and multicultural marketing for Macy’s.

“We used to have two separate, siloed budgets. We really have only one marketing budget. We look at the best way to spend that; whether it’s digital or offline, we focus on how they work together to deliver the most sales and the best customer experience,” says Serena Potter, group vice president of digital media and mobile strategy at Macy’s.

The lesson here is to take a close look at how your employees and teams are set up to support omni-channel shopping behavior. In other words, you need to have the right metrics in place (an omni-channel mentality is key here) to incentivize employees to support the experience. If not, the organization could be hindering its own goals. Say, for example, e-commerce teams are rewarded only for online purchases. The likely result is that they won’t have an incentive to run innovative digital-to-store campaigns that generate in-store sales. Likewise, make sure your store teams are rewarded for contributing to the sale, even when it ultimately happens online.

**Moving forward to the omni-channel shopping era**

Omni-channel shopping presents a dramatic shift in how we think about retail, but it’s a change that comes with huge opportunity. Start your journey by understanding the specific traits of these shoppers. Get to know who they are and what propels them to shop online and in-store by using the tools that will help you measure online and offline purchases effectively across channels. Most important, give your customers what
they’re craving: instant, relevant information no matter where they are or what device they’re using. Ultimately, though, it’s your team structure, incentives, and measurement that together support the common goal of attracting more loyal, valuable omni-channel shoppers. By focusing on their wants and needs, you’ll create a seamless shopping experience that’s more likely to drive sales across your organization.

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