

Is Your Business Prepared For The Agile Age?

5 Keys To Perfecting Your Retail Strategy



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Introduction

“Agility” was the buzzword of 2020 as retailers feverishly worked to adapt their business models, experiences and services amid uncertainty. The ever-changing customer behaviors we saw during the pandemic, coupled with a rapid evolution of industry dynamics, will continue to make agility key to competing and thriving in retail’s new era.

But questions remain.

- How eager are consumers to return to stores?
- Will the “ecommerce surge” continue?
- How will fulfillment and pickup preferences change?
- What channels do consumers want to use to engage with retailers?

Executive teams know they need to develop a plan, but few have the technical infrastructure and processes in place to make the required changes to pivot quickly and efficiently.

In this guide, we’ll outline the strategic considerations retailers should use to develop an agile strategy and unpack the trends that can – and should – inform their decisions.

For retailers in today’s dynamic environment, five key strategies are crucial to success.



Aligning fulfillment strategies to consumers’ demands



Leveraging third-party marketplaces



Adapting the service experience



Pivoting the product focus



Offering new, flexible payment options

Aligning Fulfillment Strategies To Consumers' Demands

Store closures in non-essential retail, coupled with guidance from local health officials, pushed consumers to lean more heavily on ecommerce to meet their shopping needs and desires. Everything from groceries to clothing to home décor moved from in-store to online.

Ecommerce saw perhaps a 10-year growth rate in a matter of months, as consumers spent more time online and new digital shoppers tried ecommerce channels and platforms for the first time. The industry also experienced a surge in omnichannel and flexible fulfillment, driven by consumers' desires to receive products quickly from local stores carrying easily accessible inventory assortments.

The rising adoption of ecommerce and demand for flexible fulfillment brings with it an urgency for retailers to bridge the gap between ecommerce and physical locations. That means optimizing experiences for:



Buy online, pickup in-store



Curbside pickup



Ship from store



Seamless, flexible returns

Retailers should work to develop internal processes to support omnichannel fulfillment. Look to invest in technology designed to provide real-time inventory visibility, improve operations and keep inventory moving. Creating a centralized view of inventory levels and demands allows your team to maintain customer satisfaction by staying ahead of out-of-stocks and other issues. Developing visibility into and control over inventory also helps optimize the fulfillment experience and provides the foundation to quickly pivot based on demand shifts.

At the same time, it's important to consider the potential impact of the shift in responsibilities on your workforce. Your agility strategy should include the training and resources team members need to be successful, even as their roles change to support your new omnichannel focus.

Almost **90%** of all orders in 2021 are expected to be fulfilled from local stores.

Source:

IHL Group, ["2021 Store Matters: How Retail Still Runs Through Local Stores in Digital Age."](#)

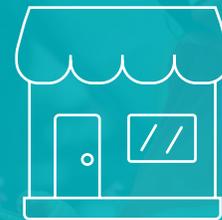
Jan 2021

KEY 2

Leveraging Third-Party Marketplaces

Although Amazon is still the major player in third-party marketplaces, the space is rapidly evolving. Increasingly, retailers choose to develop their own curated marketplaces to build an ethos around their brand and nurture strategic brand partnerships. Brands also are developing more robust marketplace strategies in order to optimize their reach and presence among target audiences. They're no longer selling only on Amazon; many have expanded to include selling on Target, Walmart and even niche marketplaces that are highly relevant to specific customer bases.

Retailers seeking to become more agile should assess the role marketplaces may play in their own omnichannel strategy moving forward. Likewise, you'll want to consider which marketplaces align with your target audiences so you can build a plan to maintain a presence and create advertising on those platforms to drive customer acquisition, generate more organic interest in your brand and maximize new revenue opportunities.

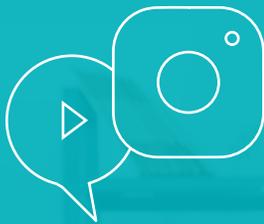


Brands like **Lands' End** and **Loblaw** have launched their own marketplaces to fully immerse consumers into their brand experiences.

Adapt And Optimize The Service Experience

Pandemic-era shifts in shoppers' purchasing behaviors and preferred channels turned many retail service operations upside down. Digital teams and call centers were stretched thin, while store staff members were furloughed or in some cases laid off. Enticing workers back as regions began to reopen proved difficult, and staffing challenges continue to hinder many brands' recovery efforts. However, highly agile retailers have successfully reprioritized, shifting their resources and even reallocating their workforce to in-demand channels and services.

As you consider the future of your omnichannel strategies and which channels consumers prefer, you'll need to be flexible in how you invest in your service channels. It's imperative that you have the power to test, learn and adapt new channels and services, and to make the appropriate improvements to maximize the value of each touch point.



Brands like **Microsoft** and **Purple** empowered their store associates to help online shoppers via chat. Small and mid-sized retailers on Main Street launched livestreams on Instagram during pandemic-driven store closures.



Chat



Social



SMS and messaging



Email



Phone



IVR and VIVR



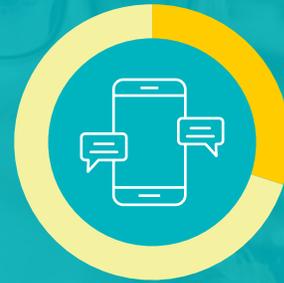
Bots

It's also vital that you develop the necessary infrastructure and backend support to scale these channels as preferences and demand continue to evolve. Delivering a consistent experience hinges on the ability to dynamically adjust to changing market conditions.

A few tips:



- Balance your automated services with human-assisted interactions
- Optimize your use of nearshore and offshore resources
- Enable the right work-at-home solutions where they make sense



30% of retailers report having text and/or messenger outreach programs.

Source:

[Retail TouchPoints Customer Loyalty Benchmark Report, 2021](#)

Pivoting The Product Focus

The transition from business chic to athleisure. The evolution of gender-fluid fashion. These are just a few of the many trends in shifting consumer tastes, and each signifies a need to adapt product development and inventory decision-making to maintain alignment with shopper preferences.



74% of consumers say they'll maintain personal care and hygiene spending post-pandemic, while **21%** plan to increase it.

Source:

Offers.com, ["Blog: State of Retail Survey Q1 2021"](#)

Consumer tastes will always change, but they're likely to undergo even more transformation over the next year as people weigh returning to normal activities with persistent trends from the pandemic's digital enablement. That's why forward-looking retail decision-makers will keep a close pulse on consumer behaviors and demands across all channels and adapt their product strategy accordingly. A more agile, customer-focused approach to inventory and assortment – as opposed to traditional methodologies that relied largely on seasonality – can better support positive sales trends, improve margins and boost product sell-through.

With the deployment of advanced business intelligence and analytics, you can meet and exceed consumer expectations faster and more cost effectively. Savvy retail leaders also will leverage predictive analytics to chart a path toward faster, more data-driven decision-making around inventory and assortment planning.

KEY
5

Offering New, Flexible Payment Options

The increase in digital interactions, coupled with shifting economic pressures, created new customer expectations around payment options. There are a multitude of new payment choices available to make the transaction experience faster, easier and more flexible to accommodate changes in consumers' economic situations.

Over the past year, customer demand for innovative payment choices has surged.



Mobile/contactless payments



Buy now, pay later (BNPL), along with alternative payment methods (APMs)



Digital wallets and loyalty programs



Social commerce (pay in-app)



Cash discounting for small businesses with in-store payments



Increased adoption of 3DS security and fraud reduction protocols in North America



Increased conversations surrounding cryptocurrencies like Bitcoin as a payment option

As shoppers' expectations for frictionless transactions grow, payment has evolved from the final touch point of the buying journey to a critical part of the modern customer experience. Retailers must offer the payment options consumers want and practice sound fraud management to give shoppers peace of mind and protect the brand's revenue stream.

62% of BNPL users think it could replace credit cards.

Source:
The Ascent/Motley Fool, "[Buy Now, Pay Later Services Continue Explosive Growth](#)," Mar 2021

Brands should provide payment options that resonate with their target demographics. Younger shoppers aren't likely to find traditional payment methods – mail-in checks or credit cards, for example – as compelling as an older contingent might. But across every shopper segment, retailers need the agility to provide options that make checkout easy and as frictionless as possible.

Begin by understanding your customers and you can then let their preferences drive your payment acceptance roadmap. In all cases, you should focus on developing the agility to implement new payment methods quickly and to properly analyze the corresponding payments data.

All of this data helps you make informed decisions regarding new payment enablement so you can continue to delight customers as their expectations change.

These capabilities allow you to identify how payment options affect revenue by answering questions such as:



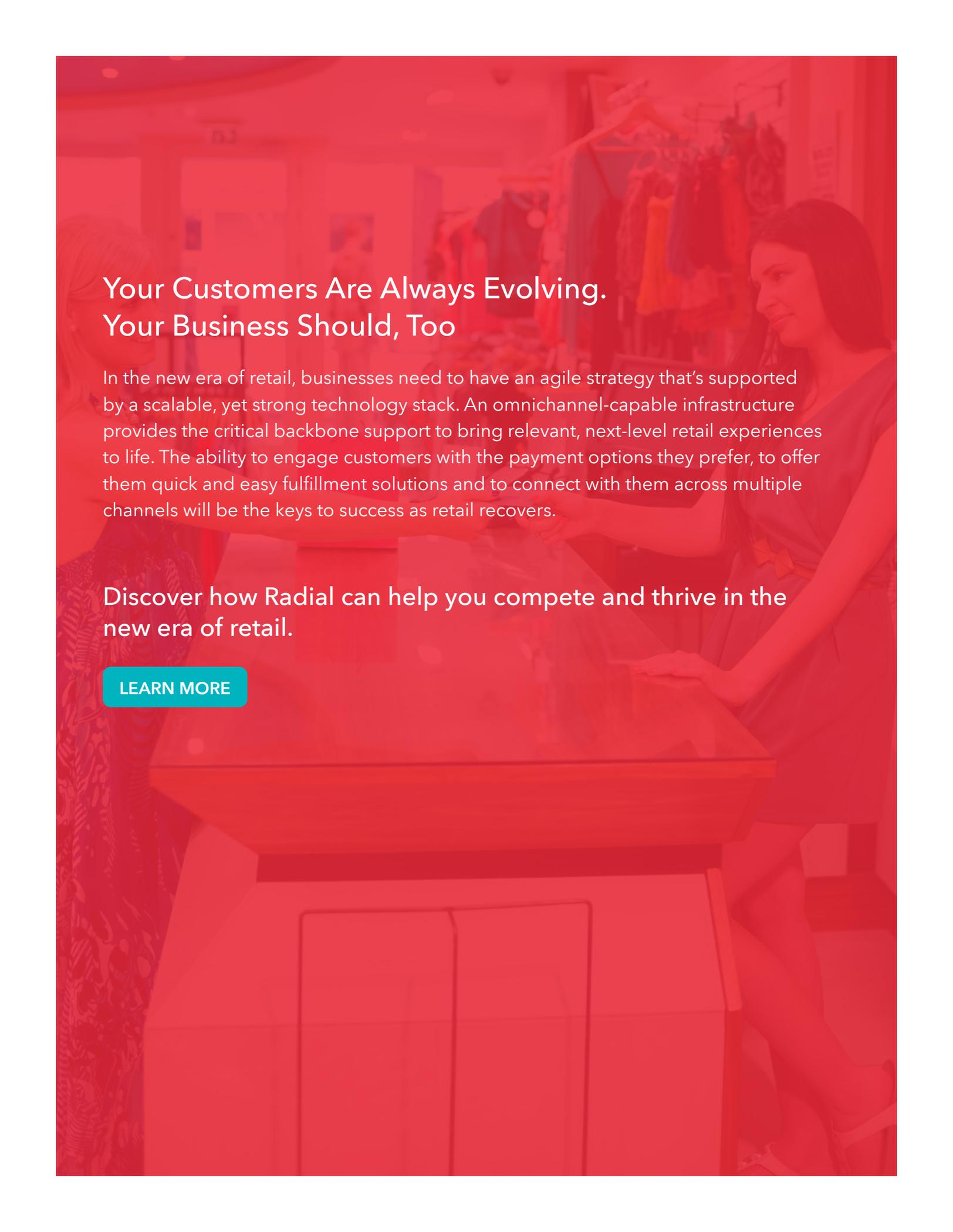
How are your overall sales trending?



Did credit card sales drop after you enabled a BNPL alternative?



Are your customers currently using debit cards or are they opting for branded rewards cards more often?

A woman in a retail store, possibly a clothing boutique, is interacting with a customer at a counter. The woman is wearing a blue dress and is smiling. The customer is wearing a patterned top. The background shows clothing racks and store fixtures. The entire image is overlaid with a semi-transparent red filter.

Your Customers Are Always Evolving. Your Business Should, Too

In the new era of retail, businesses need to have an agile strategy that's supported by a scalable, yet strong technology stack. An omnichannel-capable infrastructure provides the critical backbone support to bring relevant, next-level retail experiences to life. The ability to engage customers with the payment options they prefer, to offer them quick and easy fulfillment solutions and to connect with them across multiple channels will be the keys to success as retail recovers.

Discover how Radial can help you compete and thrive in the new era of retail.

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