Columbus

THE RETAILER'S GUIDE TO 2024

How to take the lead in changing times

Columbus

Table of contents

Welcome to "The retailer's guide to 2024"

The year ahead presents both challenges and opportunities for retailers requiring increased strategic foresight. Financial uncertainties, shifting consumer behaviors, and technological advancements place significant demands on your business. Success will depend on your ability to be agile, adaptable, and innovative. Make the most of what you have.

"The retailer's guide to 2024" is a comprehensive guide for retailers seeking to take the lead in e-commerce in changing times. It explores the impact of new trends, including AI, next-level loyalty, omnichannel strategies, sustainability initiatives, and new revenue streams.

The guide is based on Columbus' expertise in retail, trend reports from NRF Retail's Big Show 2024 in New York City, best practices from leading retailers, and observations from the shopping streets.

I hope you will gain new inspiration, knowledge, and actionable insights to address your challenges in 2024.

Happy reading,

Dan Andersson
Head of Strategy &
Service Development

Loyalty, brand identity, and time matter more than ever

After the COVID-19 pandemic and the "great resignation wave", the needs and consumer expectations have changed. This chapter emphasizes the rising importance of empowered staff, the complexities of loyalty programs, the division between strong brands and discounters, and why it's fundamental to align personal commitment with company values.

Learning from insights and best practices, retailers can meet these challenges to drive growth and nurture brand loyalty in an industry with impatient consumers, conscious consumerism, and omnichannel shopping habits. In 2024, time matters more than ever.

❝ Empowered staff members not only possess deep product knowledge but also demonstrate a genuine enthusiasm for helping customers"

Empowered staff: the foundation for the customer experience

The significance of empowered staff cannot be overstated. Retailers are increasingly acknowledging the role that knowledgeable, engaged, and empowered employees play in delivering exceptional customer experiences. Empowered staff members not only possess deep product knowledge but also demonstrate a genuine enthusiasm for helping customers. They are equipped with the mandate to make decisions that enhance the shopping experience, nurturing strong customer relationships and driving brand loyalty. Additionally, in an environment where personalized service and human connection are essential, empowered staff serve as brand ambassadors, embodying its values in every interaction – online and in physical stores.

The "to be or not to be" of loyalty programs

Loyalty programs in retail continue to change in response to shifting consumer behaviors and expectations. While these programs have long been recognized for their potential to drive repeat purchases and build customer loyalty, retailers are increasingly acknowledging the need for strategic refinement and customization.

Today's consumers are discerning and demand more than just transactional purchases; they seek personalized experiences and meaningful engagement with brands. Successful loyalty programs go beyond discounts and rewards and offer tailored experiences that resonate with individual preferences and behaviors. Retailers must utilize data-driven insights to understand their customers' needs and preferences better, thereby creating loyalty programs that deliver genuine value and nurture long-term loyalty. In 2024, a "customer surveillance program" that requires personal data registration without offering tangible benefits is unlikely to succeed.

Strong brand identity vs.discounter approach

The challenge of balancing strong brand identities with the appeal of discounters remains a concern for retailers. Consumer choices are extensive, and brands must differentiate themselves effectively to stand out from the competition. While strong brand identities boost customer loyalty and justify premium pricing, discounters appeal to price-sensitive consumers seeking value-oriented offerings.

Consumers are increasingly prioritizing brands that resonate with their values and priorities. This shift further is resulting in a fragmented market. To succeed, retailers must strike a balance between maintaining brand integrity and meeting consumer demand for affordability and perceived value. By communicating their value propositions effectively and delivering consistent, authentic brand experiences, retailers can establish themselves as trusted and preferred choices for consumers.

Alignment of values

The alignment of company values with personal ones is a critical aspect of brand loyalty. Consumers are increasingly mindful of the ethical, social, and environmental implications of their purchasing decisions, seeking out brands that reflect their values and beliefs. Authenticity, transparency, and a genuine commitment to social and environmental responsibility are no longer optional but an essential part of a successful brand strategy.

Retailers who demonstrate a clear sense of purpose and engage in meaningful, purpose-driven initiatives resonate more deeply with consumers, thereby nurturing stronger emotional connections and driving brand loyalty. By aligning their values

with their target audience and actively engaging in initiatives that support social and environmental causes, retailers can build trust, credibility, and long-term loyalty among consumers.

Time matters - more than ever

In the fast-paced world of retail, time is a precious commodity that can significantly impact the customer experience. Leading retailers are increasingly recognizing the importance of efficiency and convenience in meeting the changing needs and expectations of consumers. Initiatives such as quick pickup promises and guaranteed delivery dates are getting more important as retailers seek to streamline the shopping experience and minimize friction points for customers. Given

the current volatility in the world with disrupted supply chains, achieving success in this aspect is more challenging than ever.

By prioritizing fast service, seamless transactions, and reliable delivery and returns, retailers not only enhance customer satisfaction but also build trust and loyalty with their customer base. In an era characterized by instant gratification and heightened expectations, retailers must prioritize efficiency and convenience to remain competitive in the market. When embracing initiatives that prioritize the value of time, retailers can differentiate themselves and deliver customer experiences that drive loyalty and long-term success.

The best-in-class retailers

Saks OFF 5TH

The introduction of the "Guaranteed Delivery Date" for online orders exemplifies Saks OFF 5TH's commitment to enhancing customer trust and satisfaction. By ensuring timely delivery, the retailer addresses a fundamental aspect of the modern consumer's shopping experience. Because time matters.

Glossier.

Glossier's emphasis on empowered staff sets the beauty company apart from its competitors. Equipped with deep product knowledge and expertise, Glossier's

The Glossier staff in the Brooklyn store are true brand ambassadors.

team members are authentic brand ambassadors, nurturing genuine connections with customers. In addition, they are equipped with iPad POS from Shopify, demonstrating how technology seamlessly integrates with the in-store experience - fast and easy.

Office DEPOT

Office Depot's "20-Minute Pickup Promise" underscores its dedication to respecting customers' time and highlighting the efficiency of its unified commerce strategy. By seamlessly integrating online and offline experiences, Office Depot sets a new benchmark in customer service.

Driving sustainability and responsibility

Sustainability is no longer a buzzword, and a "nice to have" in retail. Consequently, re-commerce, rental services, repairs, outlets, sustainable return management, and new legal aspects are changing how retailers operate. This chapter emphasizes the significance of these trends and their impact on driving responsible business practices.

Re-commerce platforms: A shift in consumer behavior

Re-commerce, second-hand retail, has increased in popularity, marking a shift towards more sustainable consumption. According to Euromonitor, Millennials are adopting the trend due to environmental concerns, whereas cost-savings appeal to Gen Z. Regardless of motivations, the trend is here to stay. Platforms like Vestiaire Collective and The Real Real exemplify this trend within luxury, offering pre-owned designer goods to conscious shoppers. By giving new life to second hand items, re-commerce platforms contribute to reducing the environmental impact of fashion while offering consumers diverse and affordable shopping options. Beyond the luxury segment, platforms like Sellpy and Vinted are key players in re-commerce. Sellpy streamlines the selling process, handling everything from inventory to shipping, while Vinted operates as a peer-to-peer marketplace, nurturing community engagement.

> " Sustainability is no longer a buzzword, and a "nice to have" in retail"

Rental and styling services emerge

Fashion rental services, led by industry giants such as H&M, are a strong trend in the retail industry. H&M's rental initiative not only provides consumers with access to trendy. clothing without the environmental burden of ownership but also offers personalized fashion consultations led by dedicated "rental stylists" at the H&M flagship store in Stockholm. By opting for rentals over purchases, customers contribute to waste reduction while making affordable, high-fashion choices, underscoring an important shift towards more sustainable fashion.

Repairs boost sustainability

Incorporating repairs into your business model not only extends the product lifecycle but also creates new revenue opportunities in the aftermarket segment. By offering efficient repair processes, transparent pricing, and promoting repair services as part of sustainability initiatives, brands can enhance customer satisfaction, strengthen brand reputation, and capture additional value from existing products. Plus, it's a way to increase footfall in your physical stores. Additionally, emphasizing repair services aligns with environmental sustainability goals by promoting product longevity and minimizing waste.

If you're based in the EU or selling to this market, you will need to adapt to the "right to repair", a political agreement making it easier and more cost-effective for customers to repair products instead of simply replacing them with new ones. This will result in savings for consumers, boost the circular economy, and support the objectives of sustainable consumption and the European Green Deal by reducing waste.

Outlets: Giving fashion a second chance

Outlet retail is another trend that is changing the industry. Afound, a subsidiary of the H&M Group, offers a wide range of discounted fashion items both online and in stores. With a focus on quality and variety, Afound provides cost-conscious shoppers access to diverse clothing, accessories, and home goods at reduced prices.

Afound's outlet model boosts sustainability by giving unsold inventory a second chance, minimizing waste. By extending the lifecycle of garments and accessories, Afound promotes circular fashion, aligning with eco-conscious consumer preferences. Additionally, Afound's outlets offer an enhanced shopping experience, encouraging exploration with regular rotations of merchandise and exclusive deals.

Efficient returns for sustainability

The leading retailers are embracing efficient return management to boost sustainability. Zara is one of the front-runners in the industry that employs sustainable return systems to minimize waste and optimize operations. By consolidating shipments and maximizing product reuse or recycling, Zara reduces its environmental footprint.

Additionally, data analytics inform Zara about return patterns, enabling informed decisions to enhance product design and sizing accuracy. This proactive approach not only reduces future returns but also strengthens customer trust and loyalty. By prioritizing sustainable returns management, retailers like Zara can minimize waste, lower costs, and contribute to a more sustainable industry.

Legal aspects to keep an eye on

Digital product passports enable transparency

Digital product passports (DPP), advocated in the Circular Economy Action Plan (CEAP), offer retailers an essential tool to address sustainability challenges. DPP provides a comprehensive record of a product's lifecycle, including origin, composition, and environmental impact, enhancing transparency and accountability across the supply chain. By automating data compilation into standardized formats, retailers can facilitate compliance with sustainability requirements. However, implementation challenges like technological constraints and organizational shifts remain. Embracing digital passports presents an opportunity for businesses to enhance sustainability credentials, build consumer trust, and nurture innovation.

Want to learn more about digital product passports? Read our blog post here

ESG reporting beyond compliance

ESG reporting, guided by the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards) in the EU, goes beyond compliance. It strategically integrates environmental, social, and governance factors into business operations, aligning sustainability goals with core objectives for competitive advantage. Robust ESG reporting nurtures collaboration, improves financing access, and attracts talent. It also identifies areas for improvement, boosts innovation, and anticipates regulatory changes. Advanced technologies streamline reporting processes, enhancing accuracy and decision-making. Embracing ESG reporting helps organizations manage market complexities, drive societal impact, and ensure resilience. Collaboration, innovation, and ethical commitment are crucial for maximizing its benefits in retail sustainability efforts.

Want to learn more about ESG reporting? Read our blog post here

European Accessibility Act: Ensuring inclusion

The European Accessibility Act (Directive 2019/882) mandates accessibility for everyday products and services, benefiting an estimated 87 million Europeans with disabilities. By facilitating access to public transport, banking, and digital technologies like computers and e-books, the act promotes societal integration. Common accessibility requirements nurture innovation, helping both businesses and consumers.

Key provisions cover a range of products and services, including smartphones, banking services, and e-commerce platforms. The act's emphasis on functional requirements allows for flexibility and innovation, while solid enforcement mechanisms guarantee compliance. As of June 28, 2025, customers can seek recourse if products or services fail to meet accessibility standards, reinforcing the act's commitment to inclusion.

Read more about The European Accessibility Act here

Enabling sustainability through efficient tools

As sustainability is considered a critical priority in the fashion industry, utilizing efficient tools to measure, improve, and communicate environmental and social performance is essential. Kappahl, a leading Nordic fashion retailer, exemplifies this commitment by implementing advanced tools to enhance sustainability across its operations. Key to these efforts are the Higg Index and TrusTrace, which provide comprehensive insights and traceability throughout the supply chain.

The Higg Index

Kappahl utilizes the Higg Index, a suite of tools developed by CASCALE (former Sustainable Apparel Coalition), to assess and improve its sustainability performance across various aspects of the supply chain, including:

- **Environmental impact:** The Higg Facility Environmental Module (Higg FEM) evaluates energy use, water use, waste management, and chemical management in manufacturing facilities, identifying opportunities for improvement.

- **Social impact:** The Higg Facility Social & Labor Module (Higg FSLM) assesses workers' rights, health and safety, wages, and working hours, promoting fair labor practices and enhancing worker wellbeing.

- **Brand performance:** The Higg Brand & Retail Module (Higg BRM) examines environmental and social impacts throughout the value chain, including product design, sourcing, logistics, and consumer use, guiding brands to improve their sustainability efforts.

> "The Higg Index provides valuable insights into the environmental and social performance of fashion brands like Kappahl"

TrusTrace

To further improve its sustainability efforts, Kappahl has implemented TrusTrace, a digital platform designed to provide comprehensive visibility across the supply chain. TrusTrace offers several benefits:

- **Supply chain mapping:** TrusTrace enables Kappahl to map its entire supply chain, from raw materials to finished products, ensuring complete transparency.

- **Supplier collaboration:** TrusTrace facilitates better collaboration with suppliers, allowing for information sharing and tracking progress toward sustainability goals.

- **Regulatory compliance:** TrusTrace helps Kappahl meet upcoming EU regulations, such as the Forced Labour Regulation and the Corporate Sustainability Due Diligence Directive, by providing detailed visibility of the supply chain.

- **Consumer transparency:** By using TrusTrace, Kappahl can offer customers detailed information about the factories involved in producing their purchases, including the name, address, number of workers, and parent company, enhancing brand trust and loyalty.

> " DPPs are crucial to the fashion industry's shift towards sustainability. Textile products will be among the first to comply with DPP regulations, underscoring the urgency for retailers to adapt"

Kappahl

Want to explore further?
Get in-depth insights into Kappahl's sustainability efforts in this blog

The best-in-class retailers

ASKET

The Swedish clothing brand Asket has a holistic and transparent commitment to sustainability. Through ethical and transparent supply chain practices, Asket traces the origins of its materials and partners with select suppliers and manufacturers who uphold high ethical standards. The brand's minimalist design philosophy focuses on creating timeless, versatile pieces that prioritize longevity and durability over fleeting fashion trends. Asket uses traceable and quality materials, prioritizing natural and sustainable fibers such as organic cotton and linen. Additionally, the brand actively promotes circular economy initiatives, offering repair services for garments and encouraging customers to recycle clothing through its garment recycling program. The brand openly shares information regarding its environmental and social impact, nurturing trust and loyalty among customers.

RESIDUS
STOCKHOLM, SWEDEN

Residus, a Stockholm-based fashion brand, integrates circular design principles into its creations, focusing on sustainable materials and production techniques to minimize environmental impact. They embrace upcycling by repurposing deadstock fabrics and surplus materials, reducing waste while adding unique elements to their designs. Maintaining transparency throughout its supply chain, Residus provides customers with visibility into sourcing and production processes, nurturing trust and informed choices.

They prioritize ethical production by partnering with manufacturers upholding fair labor standards and environmental regulations. Actively engaging with local communities and initiatives, Residus promotes awareness of environmental issues and sustainable living beyond fashion.

NORRØNA

"A new Norrøna product is good - an old one maybe even better." The Norwegian outdoor retailer Norrøna has been best-in-class in repairs since 1929. And customers with a practical mind can even do their repairs. The necessary spare parts can be ordered from Norrøna, and instructional videos help to get the broken favorite part back into shape.

Norrøna has offered product repairs since 1929.

AI: From endless possibilities to tangible use cases

Right now, generative AI is one of the most dominant retail trends providing seemingly endless opportunities for retailers seeking to enhance customer experience and optimize their businesses. From chatbots for customer service, best-fit apparel technology, and personalization to supply chain optimization, enhanced upselling, and search, along with subscription services. The use cases are many. This chapter will give the insights you need to identify yours.

Despite the opportunities generative AI brings, statistics from a 2023 Gartner survey revealed that only 54 percent of AI models successfully progress from pilot stages to production. In 2024, we believe industry leaders will transition from conceptualizing the potential of AI to implementing concrete use cases. Have you found the right ones for your business?

Throughout the expo at NRF Retail's Big Show 2024, artificial intelligence was a dominant theme, featuring over a dozen AI-specific exhibitors in the Innovation Lab and several others spread across the event. Dedicated AI sessions and statements from executives emphasized its pervasive presence. Attendees observed that AI had transcended beyond the hype, presenting tangible use cases and opportunities in personalization, shopper behavior, sales and service, training and talent development, as well as operations, and more.

	Value				Feasibility		
	Increased Revenue	Increased Efficiency	Managed Risk	Nonfinancial Value	Technical Feasibility	Internal Readiness	External Readiness
1 Enhanced Search and Upselling	4	4	4	4	3	3	3
2 Social Media Customer Sentiment	3	4	4	4	3	4	3
3 Supply Chain Optimization	3	4	3	3	3	4	3
4 Customer Order Substitution	2	3	2	2	4	4	4
5 Conversational Chat Interface	4	4	1	4	3	2	3
6 Associate Hiring, Onboarding	4	3	3	2	3	3	3
7 Automated Text Creation	3	4	1	1	4	2	3
8 Social Commerce	3	3	1	4	3	3	4
9 Customer-Centric Merchandising	4	4	3	2	2	2	3
10 Personalization for Customers	3	3	1	3	3	3	4
11 Best-Fit Apparel Technology	4	3	3	2	3	3	2
12 Product Development Selection	4	3	4	3	2	2	3
13 Automated Image Creation	3	4	1	3	3	2	2
14 Skills Management for Associates	3	4	2	4	2	2	2
15 Customer Behavior Modeling	4	3	4	4	2	1	2
16 Customer Subscription Services	2	3	2	3	3	2	3
17 Dynamic Pricing of Products	2	2	3	2	2	2	2
18 Immersive Retail Experiences	2	1	2	2	2	1	3
19 Real-Time Pricing	3	2	2	2	1	1	1
20 Co-creation of Products	2	1	3	3	2	1	1

Source: Gartner Research: Use-Case Prism: Generative AI for Retail

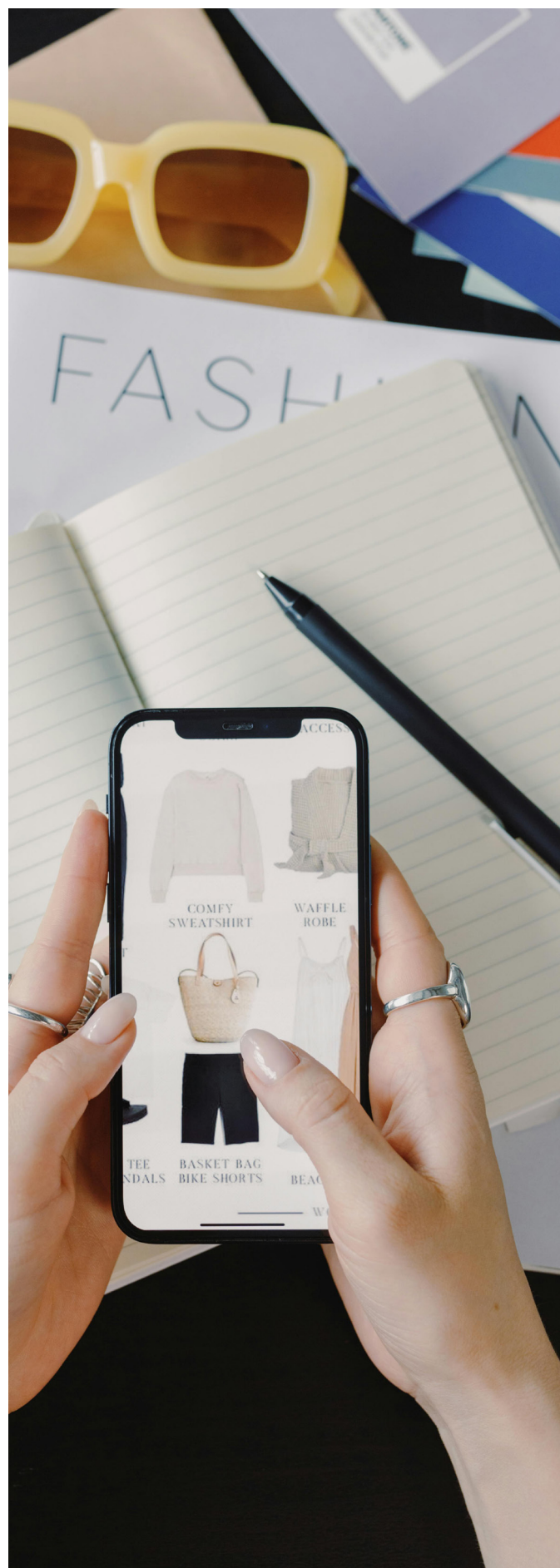> " Only 54 percent of AI models move from pilot to production "
>
> Gartner

5 things to consider before implementing AI

As retailers increasingly embrace AI and machine learning, it's crucial to ensure your organization is well-prepared before the implementation. Take the following factors into account:

1. Assess the necessity of AI: Determine if AI is essential for meeting your objectives, or if there are alternative approaches that could be equally effective. Don't implement AI for the sake of it.

2. Evaluate team skills: Consider whether your team possesses the necessary expertise to effectively implement and support AI and machine learning initiatives.

3. Understand operational impacts: Analyze how integrating AI into your operations will affect your current workflows and processes.

4. Plan for integration: Develop strategies for seamlessly integrating AI capabilities with your existing systems and technologies.

5. Address data, security, and infrastructure needs: Consider the data, security, and infrastructure requirements associated with AI and machine learning implementations, and ensure you have the necessary resources in place to support them effectively.

> ❝ Forward-thinking retailers recognize generative AI as an opportunity, not a threat"

Ole Johan Lindøe, VP Digital Commerce. Norway at Columbus

✓ Address pain points: Directly engage with your staff to uncover the challenges they face in their daily tasks. Conduct workshops or surveys to solicit feedback and identify pain points within your organization. These insights can guide the identification of AI use cases that address these specific challenges.

✓ Keep up with market trends: Keep an eye on industry trends and developments to identify opportunities where AI can provide a competitive advantage. Analyze market dynamics, customer behavior patterns, and potential risks to pinpoint areas where AI-driven solutions can accelerate your response to industry trends.

✓ Analyze competitors: Conduct a thorough competitor analysis to understand their strengths and weaknesses, particularly in areas such as revenue generation and operational efficiency. Identify opportunities where AI implementations can help your business gain a competitive edge or address gaps highlighted by competitor analysis.

✓ Utilize existing data: Explore the data your organization gathers and generates to uncover insights and opportunities for AI implementation. Analyze historical data to identify patterns, correlations, and untapped opportunities. Collaborate with data experts to build connected dashboards across business functions, enabling comprehensive analysis and gap identification. For example, the multi-national fast-fashion company Zara utilizes AI to analyze sales data and customer feedback. This analysis enables the brand to identify new trends and tailor their collections to resonate with its customer base.

How to find the right AI use case

To find the right AI solution for your retail business, it's fundamental to align the technology with your unique needs and objectives. Here's a summarized approach to defining AI use cases tailored to your organization:

✓ Align with business goals: Start by examining your company's overarching goals and strategic initiatives. Identify specific objectives that, when achieved, will contribute to these goals. By utilizing AI, retailers can enhance the accuracy of their demand forecasts, improving production, supply chain management, and inventory optimization. This results in reduced instances of unsold inventory, better utilization of working capital, and minimized out-of-stocks.

> " I don't think anything can replace a mom. It's the same thing with store workers"

Anshu Bhardwaj, Senior Vice President and Chief Operating Officer of Walmart Global Technology and Walmart Commerce Technologies

The aim is to highlight and complement the human experience rather than replace it, says Dave Kimbell, CEO of Ulta Beauty.

TSC TRACTOR SUPPLY Cº

Hal Lawton, President and CEO of Tractor Supply Company, drew parallels between the current AI hype and the early days of e-commerce, characterized by wonder, opportunity, and many questions. However, he noted a significant difference this time: there seems to be much more certainty. Hal Lawton elaborated on how his company is integrating generative AI into various aspects of its operations, from tracking customer movements outside the store as they browse lawnmowers to alerting staff members, to furnishing information to enhance customer service.

The best-in-class retailers

ULTA BEAUTY

During NRF Retail's Big Show, many retailers mentioned the potential, however, a few stood out from the crowd, and have already started to realize the technology in practice.

Dave Kimbell, CEO of Ulta Beauty on how the retailer implements generative AI.

The American retailer Ulta Beauty has taken AI into practice to enhance the shopping experience. The beauty retailer utilizes AR for makeup try-ons and AI that learns your preferences. GLAMlab and Shade Finder for virtual makeup trials, AI-powered beauty advisor and beauty school live for guidance and learning; gift advisor 1:1's, a chatbot for a bespoke shopping experience, and AI-powered product replenishment reminders.

Walmart ⁂

Anshu Bhardwaj, Senior Vice President and Chief Operating Officer of Walmart Global Technology and Walmart Commerce Technologies envisions technology as empowering her people-centered, technology-driven company's workforce to be "superhuman." Addressing the audience during a session, she shared a personal perspective: "I don't think anything can replace a mom. It's the same thing with store workers."

The rise of alternative revenue streams

Alternative revenue streams are becoming increasingly common in retail. The world's leading retailers and marketplaces, such as Amazon, Etsy, Walmart, and Office Depot are some examples of businesses with the capacity to scale up the trend.

While traditional revenue channels remain essential, exploring alternative streams can provide resilience against market fluctuations and nurture innovation. This chapter sheds light on four key alternative revenue streams – retail media, services, subscriptions, and repair services – offering insights into their implementation and benefits. Learn what it means for your business.

> " Retail media is digital advertising´s third big wave"

Andrew Lipsman,
Insider Intelligence

Retailers are becoming advertising networks

The rise of retail media presents an opportunity for businesses to monetize on their digital platforms. By utilizing consumer data and leveraging digital advertising space, companies can transform their online presence into a revenue-generating asset. Through targeted advertising solutions, sponsored product placements, and collaborations with third-party advertisers, brands can effectively engage with their audience while driving higher conversion rates and revenue.

Insider Intelligence predicts retail media to emerge as the fastest-growing advertising channel in the media landscape, projecting annual growth rates exceeding 20% through 2027. By this time, retail media will tie with social media as the second-largest advertising spend channel, trailing only behind search. Surpassing connected TV, digital audio, and linear television advertising combined, retail media is set to dominate advertising in 2027. If you haven't yet tapped into this trend, the time to do so is now.

Services as a differentiator

Beyond traditional product offerings, integrating services into the business model can create new revenue streams and deepen customer relationships. Whether it's consulting, installation, or customization services, providing value-added solutions can set your brand apart in a competitive market. By identifying service gaps, investing in employee

training, and leveraging customer feedback, businesses can develop comprehensive service offerings that enhance customer loyalty and generate recurring revenue.

Subscriptions drive revenue and loyalty

Subscription-based models have changed the way businesses generate revenue, offering predictable income streams and nurturing long-term customer loyalty. By providing subscription tiers with differentiated value propositions, companies can cater to diverse customer segments and maximize revenue potential. Through strategic pricing, continuous content refreshment, and personalized recommendations, businesses can drive subscription growth, increase customer lifetime value, and gain valuable insights into consumer behavior.

> " By providing value-added services and customizable subscription tiers, retailers can go beyond product offerings, creating deeper connections and long-lasting customer loyalty"

Samuel Sapire, VP Digital Commerce Sweden at Columbus

The best-in-class retailers

amazon

Amazon has been a leader in retail media for many years and drives the biggest revenue globally. The marketplace enables targeted advertising helping shoppers to find what they're looking for through streaming TV ads, audio ads, Amazon DSP, sponsored brands, products, and display ads.

amazon Prime

Amazon Prime stands out as the front-runner in subscrip-tion services globally. Offering a comprehensive range of benefits, including simplified repeat purchases, fast ship-ping, exclusive deals, stream-ing services, and more, Am-azon Prime boosts customer loyalty and marks a shift in the subscription model.

CONVERSE

The iconic shoe brand is differentiating itself with the personalization concept "You", enabling shoppers to tailor the shoes to their specific style. In-store, you can choose lac-es, color combinations, badg-es, embroidery, and more.

Converse offers shoppers to customize products.

> " Omnichannel success lies in going beyond superficial strategies, integrating data-driven insights, seamless experiences, innovative tech, and organizational cohesion"

Dan Andersson
Head of Strategy & Service
Development Columbus

Beyond superficial omnichannel

While the concept of omnichannel may not be new to you, its dominance at NRF Retail's Big Show 2024 was undeniable. Reaffirming its status as a key aspect of retail, the conference emphasized its continued significance in 2024. In this chapter, you will learn how to go beyond superficial omnichannel.

Omnichannel has been around for almost the years. However, it has not fully realized its potential, with many retailers scratching the surface of its possibilities. Despite recognizing the importance, retailers often face challenges in fully executing their strategies. Additionally, some retailers are guilty of what we call "omnichannel washing" – acknowledging the principles of omnichannel without fully utilizing them to create truly engaging customer experiences.

Common obstacles include siloed organizational structures, disjointed technology systems, a lack of data integration, and more. These barriers hinder the seamless flow of information and coordination necessary to deliver personalized and contextualized experiences across channels.

How to succeed
To move beyond superficial omnichannel, retailers must adopt a holistic approach that addresses key areas of improvement:

Utilize data-driven insights: Retailers can no longer afford to operate in the dark. Utilizing Advanced Analytics and AI technologies, businesses can gain valuable insights into customer behavior and preferences. By using these insights, retailers can personalize interactions and tailor marketing efforts to meet individual needs effectively. This data-driven approach

allows businesses to stay ahead of customer expectations, ultimately delivering exceptional and resonant experiences across all touchpoints.

Enable a unified customer experience: A seamless customer experience is essential for omnichannel success. Smooth transitions between online and offline channels, alongside consistent brand messaging, create a cohesive experience for customers. To achieve this, retailers must invest in technology that enables seamlessness, ensuring brand consistency across all touchpoints. Prioritizing consistency and coherence in interactions is key to achieving a seamless customer experience. This involves seamlessly integrating online and offline channels while upholding brand integrity, ultimately enhancing engagement and customer loyalty.

Implement innovative technologies: Innovation is fundamental in retail, especially within omnichannel. Embracing new technologies such as generative AI is key. This tool facilitates personalized interactions and predictive capabilities, setting retailers apart in a competitive market. Staying ahead involves adopting technologies that meet changing consumer expectations, ensuring continued relevance and differentiation.

Break down silos: To achieve omnichannel success, retailers must break down organizational silos. Instead of operating in isolation, departments must collaborate cross-functionally, guided by a unified customer-centric vision. Leading retailers prioritize breaking down these barriers to nurture smoother interactions across channels, enhancing the overall customer experience.

The best-in-class retailers

Nike offers experiences, expertise, pickup win-store, and workouts.

With its NikePlus membership program and integrated app experience, Nike offers personalized recommendations, exclusive content, store events, and seamless shopping across channels.

Through its mobile app, Starbucks enables customers to order ahead, earn rewards, and pay seamlessly both in-store and online, enhancing convenience and loyalty.

SEPHORA

Utilizing its online and in-store presence, Sephora nurtures a beauty community for product recommendations, allows honest reviews, and offers makeup and skincare services along with events to boost footfall in brick-and-mortar stores.

Enhancing the customer experience through Conversion Rate Optimization

The most successful retailers utilize Conversion Rate Optimization (CRO) as a key strategy for improving the online shopping experience. CRO involves systematically optimizing a website to increase the percentage of visitors who complete desired actions, such as making a purchase, subscribing to a newsletter, or filling out a contact form. This data-driven process relies on user insights, ensuring that the website changes are based on facts instead of guesses.

Re-commerce, second-hand retail, has increased in popularity, marking a shift towards more sustainable consumption. According to Euromonitor, Millennials are adopting the trend due to environmental concerns, whereas cost-savings appeal to Gen Z. Regardless of motivations, the trend is here to stay. CRO goes beyond increasing sales; it improves the entire customer experience. By analyzing user behavior, preferences, and pain points, CRO specialists can identify obstacles preventing conversions. These insights lead to targeted adjustments that make the shopping journey smoother, faster, and more enjoyable.

Benefits of CRO in online retail

In online retail, Conversion Rate Optimization (CRO) delivers significant value by tackling industry-specific challenges. For example, it can help reduce return rates, lower customer acquisition costs, especially in highly competitive advertising spaces, and increase average order value (AOV) through effective product recommendations.

> " CRO goes beyond increasing sales; it improves the entire customer experience."

" Successful retailers utilize CRO as a key strategy"

CRO enables retailers to stay competitive and adapt by ensuring their online presence meets customer expectations. By enhancing the overall user experience, CRO not only drives immediate sales but also nurtures long-term brand loyalty, making it an essential strategy for retail success online.
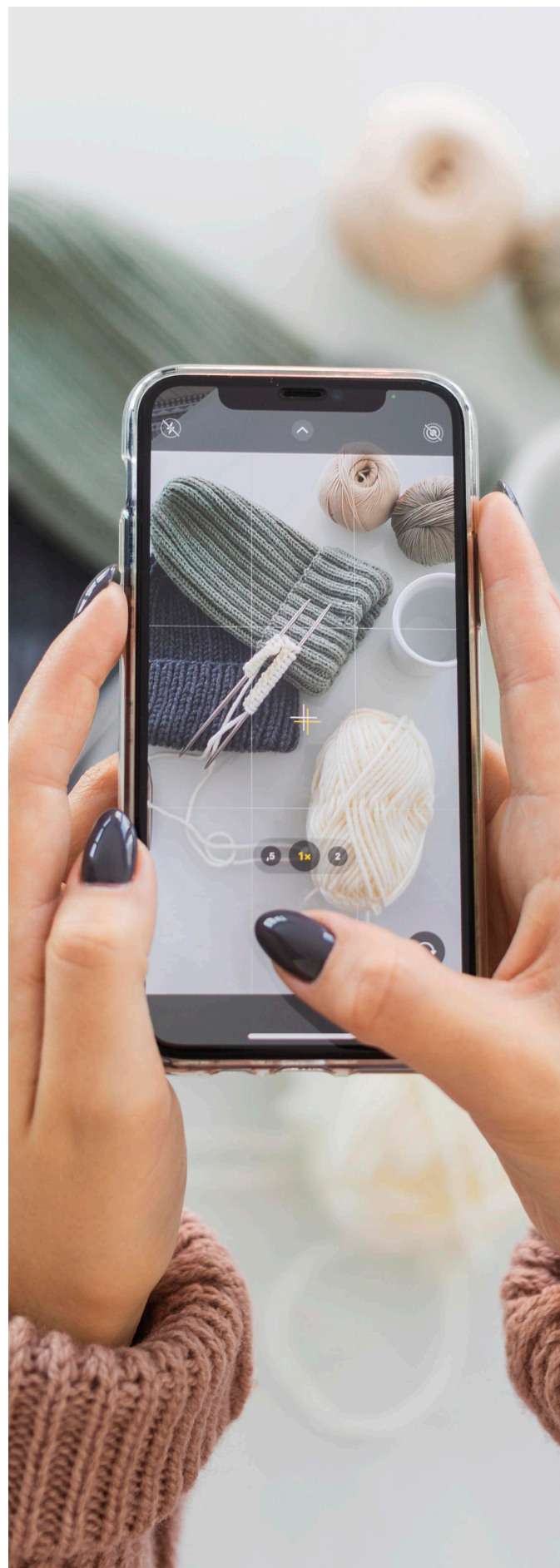
As retailers continuously implement changes to their systems, optimization ensures that these updates benefit both customers and the business. This ongoing process of testing and refinement guarantees that every adjustment enhances the overall shopping experience and improves business performance, highlighting the essential role of CRO in maintaining a competitive edge.

By utilizing CRO, retailers can:

- Improve conversion rates
- Reduce marketing costs and enhance spending efficiency
- Boost customer retention
- Ensure effective deployment of customer experience (CX) developments into base code
- Enhance the overall user experience and satisfaction
- Drive revenue growth with the same or reduced investment

Understanding the customer considerations

Successful Conversion Rate Optimization (CRO) relies on a thorough understanding of customer considerations. By identifying and analyzing these factors, retailers can tailor their strategies to effectively meet consumer needs.

Here are the key aspects to consider before implementing your CRO strategies:

- **Sizing:** Accurate sizing information is important for customer satisfaction. Providing detailed size charts and model measurements helps shoppers select the right fit, reducing returns and exchanges. When customers can confidently choose their size, their overall experience improves, leading to higher satisfaction and repeat purchases.

- **Product quality:** Consumers prioritize the quality of products purchased online. Commitment to high-quality materials and craftsmanship assures customers they are investing in durable items. Highlighting quality can set a brand apart from competitors and motivate higher price points.

- **Customer reviews:** Trustworthy customer reviews significantly influence purchasing decisions. They offer insights into product quality, fit, and overall satisfaction, helping new shoppers make informed choices. Positive feedback builds trust, while constructive criticism guides improvements.

- **Sustainability:** Sustainability is increasingly important to consumers. Offering eco-friendly materials caters to environmentally conscious shoppers and can justify premium pricing. Transparency about sustainable practices enhances a brand's reputation and nurtures customer loyalty.

- **Brand reliability:** Brand trust is crucial in the purchase decision-making process. Established brands with a history of quality and consistent service create confidence in buyers. Brand loyalty can drive repeat business and positive word-of-mouth referrals.

- **Material details:** Providing comprehensive information about fabric and care instructions is key for online shoppers. This information helps customers understand product durability, comfort, and maintenance, enabling informed decisions and proper care.

> " By focusing on CRO and understanding the unique challenges of the industry, you can gain actionable insights that can transform your business fast and cost-efficiently"

Neil McKay,
VP of Global Optimization at Columbus

- **Payment methods:** Offering various payment options is essential to accommodate different preferences. Flexibility, such as credit cards, digital wallets, and installment plans, enhances the shopping experience and reduces cart abandonment.

- **Efficient delivery:** Fast and reliable delivery boosts consumer confidence, ensuring they receive their items promptly and as expected.

- **Easy returns:** A smooth return process and reliable customer support are critical for enhancing customer confidence. Clear return policies and efficient support systems ensure customers feel secure in their purchases, leading to increased satisfaction and loyalty.
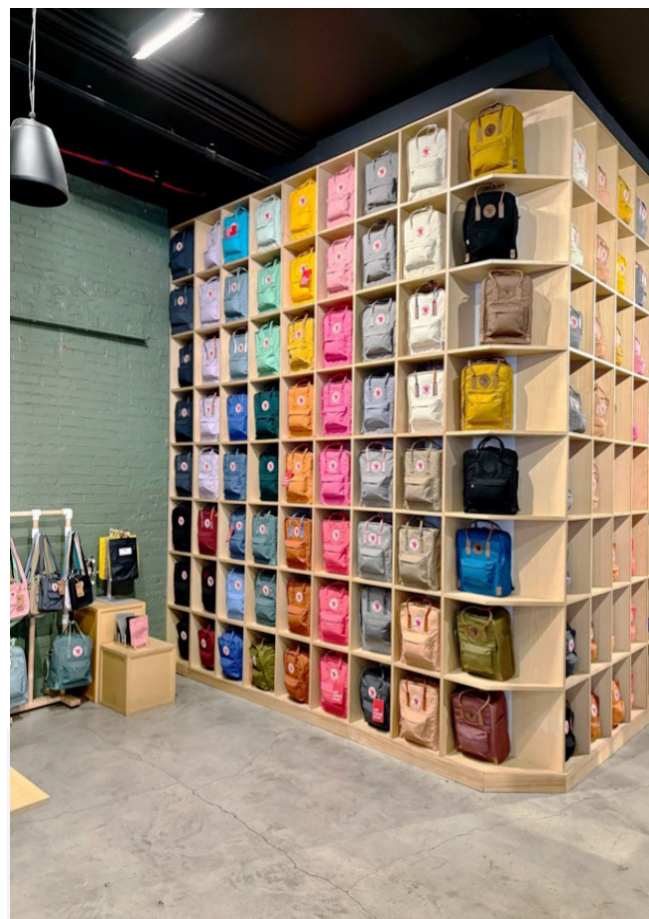
Fjällräven offers flexible payments and focuses on high-quality – online and in-store.

The best-in-class retailers

zalando

Zalando prioritizes a user-friendly interface that simplifies navigation, improving the shopping experience. They offer detailed size guides and fit recommendations based on customer feedback to reduce return rates. Additionally, the prominent display of customer reviews builds trust and influences purchasing decisions.

asos

ASOS enhances its shopping experience through advanced visual search capabilities, allowing customers to find similar products by uploading images. Using engaging video and lifestyle imagery showcases products in real-life scenarios, while a clear returns policy reassures customers, boosting their confidence to make purchases.

FJÄLL RÄVEN

Fjällräven specializes in durable outdoor gear and apparel, focusing on high-quality materials designed for long-lasting performance. They provide extensive material details for each product, ensuring customers know exactly what they're purchasing. Fjällräven also offers flexible payment options, making it accessible to a wider audience.

Conclusion

As we conclude "The retailer's guide to 2024" it's evident that the retail industry is changing fast, driven by technological advancements, shifting consumer expectations, and uncertainties in the world. Retailers are facing both challenges and opportunities, requiring more strategic foresight, agility, and innovation than ever.

To take the lead, you must succeed with AI implementation, stay on top of loyalty and brand identity, drive sustainability and responsibility, keep an eye on alternative revenue streams, and further develop your omnichannel strategy, and step into the next phase – unified commerce. Looking ahead, the future of retail looks bright for those who are willing to adapt and innovate in financial volatility. Successful retailers will utilize new technologies, use data-driven insights to personalize customer experiences, and build meaningful connections with consumers based on shared values and aspirations. Are you ready to become one of them?

About Columbus

Columbus is a global IT services and consulting company with more than 2,000 employees serving 5,000+ customers worldwide. Columbus helps ambitious companies transform, maximize and futureproof their business digitally. Weare specialized within the industries retail, distribution, food and manufacturing. We offer a comprehensive solution portfolio with deep industry knowledge, extensive technology expertise and profound customer insight. Columbus has offices and partners all over the world and we can deliver our solutions and services locally – on a global scale. www.columbusglobal.com