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GUIDE

A Holiday Shopping Season Like No Other

Four Keys to Success

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Retailers with a physical store presence confront new and unprecedented considerations for this holiday shopping season. In what numbers will customers return in-store? Will ecommerce orders and demand for curbside and in-store pickup remain high or increase further still? Will supply chain disruptions remain and will retailers actually be able to maintain inventory and fulfill orders?

Being adaptable will be paramount. Signs that this year's holiday season will be different already abound. Walmart made the surprising decision to close all its stores on Thanksgiving Day, the first time since the 1980s.

Questions about the impact of COVID-19 still linger. As some regions see numbers stabilize, others are witnessing surges with looming thoughts about a second wave as the world awaits approved vaccinations. It's making demand difficult for retailers to predict.

The U.S. Department of Commerce's "Advance Monthly Sales for Retail and Food Services" report for May 2020 showed a 17.7% rise in retail sales for the month compared to April. That was the biggest month-over-month increase since 1992, but still down 8% from the year prior.

Amidst this uncertainty, retailers still need to prepare. In order to position their business for success this holiday season, the new year and beyond, retailers need to optimize their ecommerce and cross-channel customer experience, prepare logistics and operations including supply chain, inventory management and warehouse and fulfillment teams, and elevate their marketing strategy.

This guide will explore the strategies and tactics that will ensure your business' success this holiday season and beyond.

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Optimize Ecommerce and Cross-Channel Experiences

As online orders continue to surge across most categories, many businesses are prioritizing their ecommerce channel, whether they're a traditional retailer that has already embraced online ordering or they're just starting to sell direct-to-consumer. Retailers must ensure their online channel is efficient and engaging for customers in order to be competitive.

Prioritize Ecommerce

Today's consumers expect their shopping experiences to transcend channels, so it's critical to centralize data from all sources of customer interaction. A unified commerce solution seamlessly connects ecommerce and in-store, point-of-sale data to order management, inventory, merchandising, marketing, financials, and customer service.

Shoppers value speed and efficiency, specifically more efficient checkout and improved search results. Beyond working with the right ecommerce partner, there are steps you should take to optimize the user experience.

Optimize for Mobile

With more holiday shoppers opting to scroll through their phones by the fireplace over venturing out to the store, providing a mobile-friendly experience throughout the customer journey is key to hitting your holiday goals. Having a mobile ecommerce site that uses responsive design is no longer enough—merchants need to improve site speed, navigation and checkout experience (digital wallet integrations help with this) to drive mobile conversions. In other words, mobile-first ecommerce design is crucial.

Make mobile checkout easy by:

- Providing clear, visible access to the shopping cart from each page on your site and allow customers to easily add or remove items.
- Offering the ability to checkout as a guest and place that option prominently above the options to sign in or create an account.
- Showcasing the return policy to provide shoppers with better peace of mind.
- Making the checkout process as quick as possible—break it up into multiple pages with a progress indicator at the top, minimize the total number of form fields and present the right keyboard for each field (i.e. the numeric pad for credit card numbers or zip codes).

Curbside Pick Up/Buy Online Pick Up In Store

The "buy online, pick up in store" (BOPIS) option has gained traction in recent years, largely thanks to customers who don't want to wait or pay for shipping. But social distancing in response to COVID-19 has led to a spike in customers opting for BOPIS, with a 62% year-over-year increase in BOPIS usage in March 2020. This holiday season, with inevitable last-minute shopping, is likely to be the perfect storm for BOPIS. Ensuring you have options for your customers to pick up their items at your store location will help reduce lost sales.

Prioritize the Customer Experience

Most ecommerce platforms make toggling to in-store pickups as easy as clicking a check box, but a successful BOPIS program demands more consideration than flipping a switch. A poorly planned BOPIS program is worse than none at all if it results in a poor customer experience, so take every step possible to make picking up orders as efficient as possible.

Make it convenient: shoppers don't want to wait in line behind people making returns at a service desk or walk to the end of a store for their purchase—especially if they're trying to practice social distancing.

Even though a recent study showed 37% of consumers using BOPIS make an additional, unplanned purchase while in-store, resist the temptation to funnel customers through your store. Satisfaction with the experience is more important than the modest revenue boost of selling something like a candy bar. There hasn't been any indication that moving pickup locations closer to the front of stores has decreased impulse buys.

Even if you lack the resources or floorspace for a designated BOPIS counter or pick up lockers, you can create a special line for pick ups or prioritize BOPIS customers at your sales counter. If at all possible, appeal to customers to be mindful of social distancing practices by offering curbside pick up with a dedicated BOPIS number so employees can respond quickly.

Also consider "buy online, return in store" (BORIS). BORIS also allows you to resell bulky or heavy items that are difficult to ship back to a warehouse. Most of the same order and inventory management processes drive both BOPIS and BORIS solutions.

Train Employees on BOPIS Processes

Customers are most likely to use BOPIS again if the turnaround is less than two hours. In order to meet that expectation, employees must move quickly to find the item, check it in at the pick up counter and alert the customer that it's ready.

Depending on your back-office systems, store managers may be taking on additional responsibilities to accommodate BOPIS sales. Set expectations for managers and allow for additional staff as needed. Store managers should encourage customers to make additional purchases through upsell merchandising and marketing strategies when they enter the store.

Beyond your store employees, businesses can expect to receive increased calls to customer service lines asking about the service and inquiring about order status. Train support representatives to be able to look up order information and explain the process.

Bridge the Online and In-Store Gap With Email and SMS

In addition to in-store signage, marked parking spaces and website banners, email marketing is a powerful tool to spread awareness.

In order to improve the BOPIS experience, send a triggered email or SMS message when customers choose the BOPIS option at online checkout to include detailed instructions for how they should pick up their purchases. You may also reinforce expectations for the pickup timeline and remind them to bring identification to verify their order.

Finally, trigger an email or SMS message when a pickup is ready. This last touch allows for upsell opportunities before the customer arrives at the store.
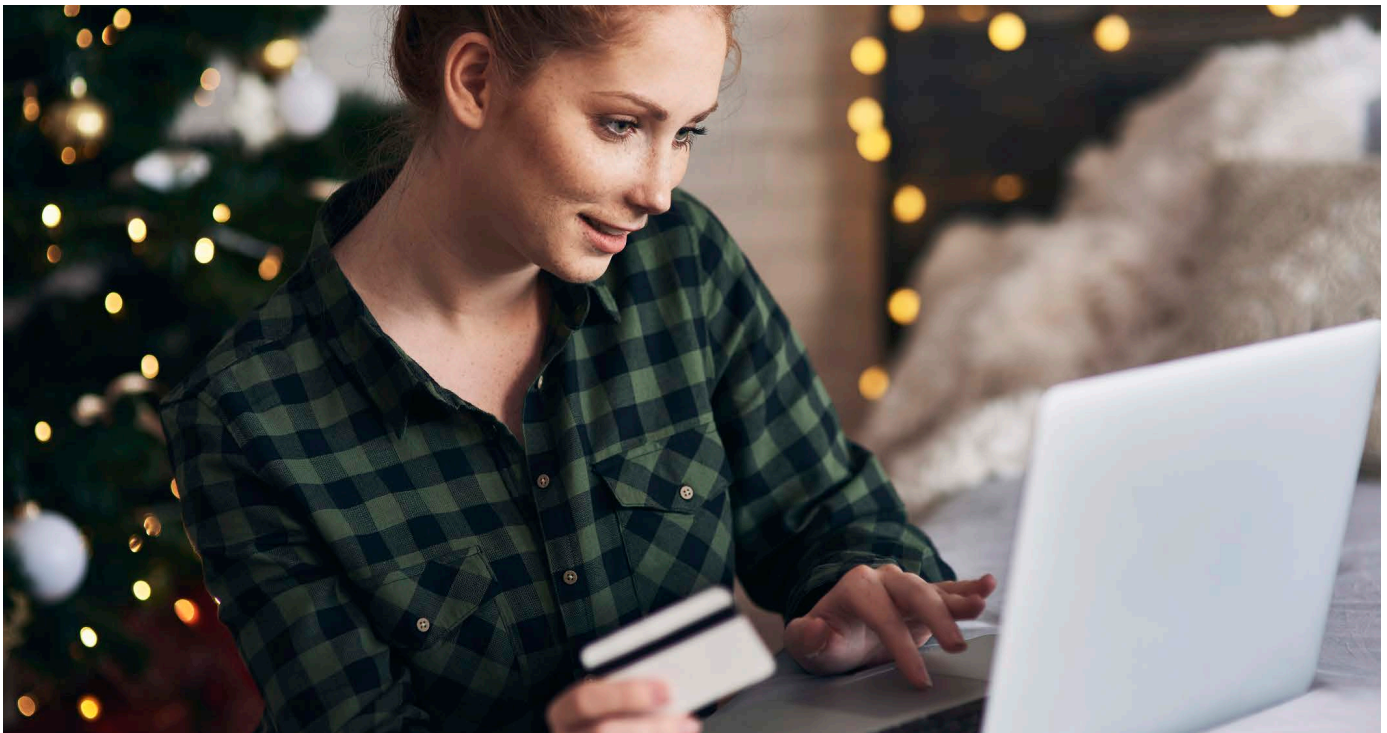
Logistics Preparations and Inventory Visibility

Real-time, enterprise-wide inventory visibility is key to enabling the buy-anywhere, fulfill-anywhere experience needed to secure customer loyalty and wallet-share. With supply chain disruptions and a holiday season that might make or break many retailers, inventory visibility is more important this year than ever. Retailers need to see inventory across all warehouses and retail stores, particularly if they hope to take advantage of BOPIS and drop shipping. Store closings and an expected uptick in ecommerce sales due to COVID-19 concerns combined with overstock from the enduring shutdowns, likely means more stock is being held in the warehouse than ever before.

Without inventory visibility across all channels and locations, retailers will lose sales due to out-of-stocks or wind up with overstock, meaning obsolete inventory after the holidays and cash tied up in that inventory. Many retailers have already gone through the painful process of trying to unload seasonal inventory in the wake of stay-at-home orders. To achieve that sort of visibility, the inventory management system must be unified with other key systems, including ecommerce, point-of-sale (POS), financials, order management and warehouse management.

In April, with many stores shut down, 47% of online shoppers experienced both out-of-stocks and shipping delays according to one survey by Digital Commerce 360. With free shipping emerging as

a requirement for many shoppers, consistent shipping and fulfillment are going to be vital.

Beyond the pure technology, there are steps you can take so that your holiday season runs smoothly.

Map out these supply chain responsibilities and set expectations with your team to capture significant value:

- Mitigate potential price increases with the First-In-First-Out (FIFO) stocking method, which moves your oldest inventory first.

- Put a spotlight on accuracy and quality control, two metrics that can slip when a high volume of orders and customers come through your store.

- Approach shipping delays—which happen to 8% of packages—as customer retention opportunities by handling them efficiently.

With integrated data and processes, merchants increase order velocity, reduce inventory and reduce order cycle times, getting products to customers quicker and with less overhead.

Ensuring product inventory is transparent across channels—including between stores—lets retailers turn stores into fulfillment centers where BOPIS, BORIS and "order in store and ship to home" experiences become second nature.

By having an end-to-end view of inventory across the supply chain, you can better optimize inventory levels according to unique store profiles and needs.

Finalize Shipping Details for All Carriers

Every year, shipping carriers like U.S. Postal Service, United Parcel Service and FedEx expect a 30% uptick in deliveries during the holiday season, peaking on December 22nd. Reports have emerged of delays at the USPS this year thanks to budget concerns. With shippers also facing concerns over COVID-19 in the workforce and more people likely to shop online to avoid in-person contact, shipping this year is certain to be different.

Educate yourself on your shipping carriers in order to maintain a smooth fulfillment process.

- What are the time and date cut-offs for submitting online orders in order to process and ship same day? The USPS typically provides this date in October. Be sure to monitor all carriers.

- What is each carrier's average shipping costs?

- Are packages being shipped out in the expected time frame, especially for those who've paid for expedited shipping?
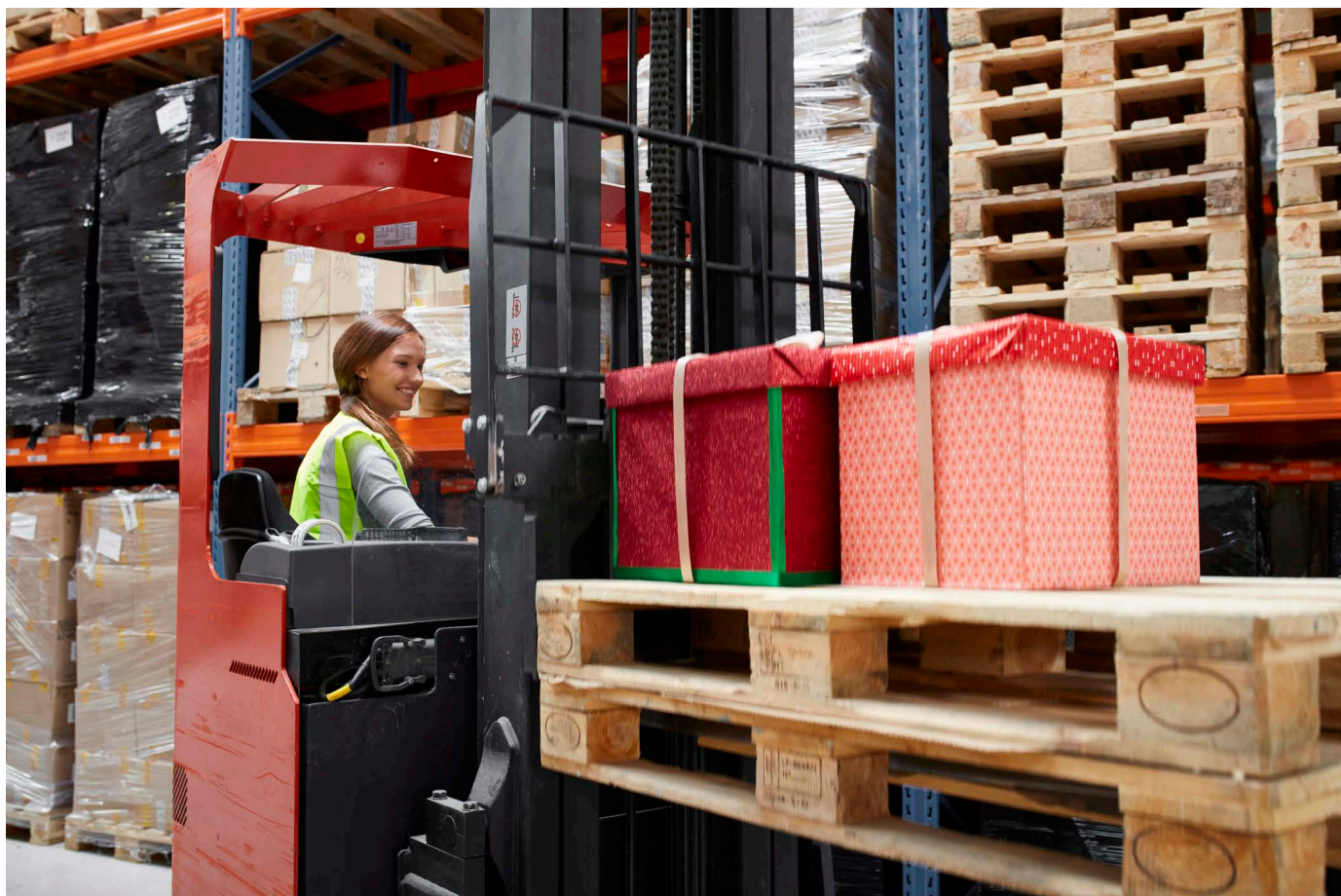
Warehouse and Fulfillment Considerations

With the anticipated surge in online orders this holiday season, it will be important to identify the impact on your warehouses and fulfillment.

Ecommerce fulfillment has pushed more companies to invest in warehouse management software and new equipment such as mobile devices, pick to light/voice and conveyors, all of which contribute to automation, increased accuracy, and improved speed and efficiency.

Retailers can also temporarily reconfigure fulfillment centers to meet demand. Sales are only as good as your fulfillment—ensuring items are in stock, fulfilled accurately so that the right product arrives to the customer quickly is paramount this holiday season. With the increase projection for online sales, retailers must modify their fulfillment strategy to meet demand.

Velocity-Based Approach

With efficiency and accuracy being paramount to timely shipping, it will be important to optimize your warehouse as much as possible. Consider grouping items that tend to be purchased together, also known as SKU affinity, to help streamline picking. For instance, a women's retailer may store matching belts and scarves nearby to save on time and labor costs.

Labor Considerations

This year has been unlike any others when it comes to challenges in the workforce. There will likely be many people looking for seasonal work, however it is never too soon to start ensuring you have enough workforce to manage the increased demand. Draw up contingency plans to prepare for employees who may need to use sick time for themselves or a loved one. You'll also need to plan ahead for training well before the uptick in orders begins.

Outsourcing Fulfillment

If you're concerned about your ability to keep up, you may want to consider partnering with a third-party logistics (3PL) company. Working with a 3PL can offload a large amount of time-consuming processes around managing warehouse, inventory, shipping and delivering. You may also be able to reduce shipping costs, since 3PLs can negotiate lower rates based on the higher volume of orders they handle. Lower shipping costs can allow you to offer free shipping, which many consumers have come to expect. 3PL providers can also successfully handle rush deliveries, which can help minimize a poor customer experience.

Email and SMS Marketing Strategies

Effective marketing is essential to a successful holiday season. As holiday marketing efforts start earlier every year, businesses must ensure their marketing program is fully optimized before marketing teams start focusing their efforts on promotional campaigns. In order for your email and SMS campaigns to generate the most sales, you must ensure these foundational elements are in place.

Optimize Order Status Transactional Messages
Messages like order and shipping confirmation messages are some of the most-read email campaigns. At a minimum, these messages need to be branded, include relevant order details and have clear customer service information.

To make sure these messages are the most effective, include other elements such as:

- Personalized product recommendations

- Suggested upsells or cross-sells

- Sister brand promotions

- Loyalty program promotions

- Callouts to subscribe to your email or SMS marketing program

Audit Automated Customer Lifecycle Campaigns
Consider your current marketing automation program: the automation rules, message creative and how the customer experience may be different during this holiday season. Now is the time to A/B split test automated campaigns to optimize for open, click-through and conversion rates; you don't want to run bad campaigns that eat into revenue during peak season.

You may want to adjust the series or message creative, which could include:

- Creating a new welcome series that reinforces holiday content, such as gift guides, hot products of the season, extended return policies or BOPIS services.

- Increasing the browse and cart abandonment thresholds to trigger more reminder messages.

- Enhancing messages with personalized product recommendations or dynamic content to increase engagement.

Test Forms and Mind Your Mobile Experience
To prepare for increased traffic during the holidays, be sure to audit all sign-up forms to ensure they work properly. These include embedded email subscription forms, pop-up sign-ups, preference centers and unsubscribe forms.

Go through your forms and access them like a typical visitor would, asking yourself these questions:

- Do they display (and not display) as they should?

- Do they close or redirect properly?

- Are landing page content and required fields correct? Do they redirect to the appropriate page or downloadable asset?

- Do the intended functions (e.g. list assignment) act as they should?

Don't forget to test forms on mobile devices. Mobile traffic accounted for 68% of all visits to retail websites during the 2019 holiday shopping season, so make sure you test forms not only on a smartphone but also on tablets.

Leverage SMS to Drive Sales

With 98% of text messages read within two minutes, 36% average click through rates and 45% average conversion rates, SMS marketing has unparalleled engagement rates compared to other channels. These metrics aren't surprising considering the text message inbox is one of the least saturated. Businesses should strongly consider getting started with SMS if they already haven't been taking advantage of this effective engagement channel.

- Drive new SMS subscriptions through email, social media and/or in-store signage.

- Claim dedicated short codes for easier brand recognition and keywords to create more engaging conversations.

- Build SMS messages with concise content and strong calls to action, include images or video for higher engagement.

- Trigger SMS messages based on behaviors like new subscription, website abandonment, order status, and post-purchase reminders.

- SMS is more intimate than email, so be sure to keep your message concise, not too frequent and personalized where possible to drive engagement and minimize unsubscribes.

- Be sure to have a strong and clear opt-in policy.

A Solid Foundation

This holiday season may be different than any other in many ways, but with the right preparations, the enhance, enabled business will be positioned to thrive.

Partnering with the right technology solution can empower your business to increase sales and optimize operations during the holidays and all year round.