Finding *the* SWEET SPOT

Where Physical and Digital Commerce Intersect

Let's get phygital

How MARKETERS CAN MANAGE THE NEXT WAVE OF COMMERCE

To succeed in the next wave of shopping, marketers will need to merge the best of physical, digital and mobile channels to create a fluid omnichannel strategy.

The pandemic has significantly changed consumers' relationship with commerce. Shoppers, wary of visiting traditional retail stores during the pandemic, leaned into a wider array of digital options for making purchases. Pre-pandemic, shoppers mostly used online sources to research and enhance their brick-and-mortar store buying experience.

That's meant new challenges for brand marketers. While they understand that the pandemic accelerated the move to ecommerce, many are misjudging consumers' enthusiasm for a totally digital experience. Turns out, shoppers miss shopping in brick-and-mortar stores. But now they expect an enhanced experience that links their physical and digital interactions with a retailer into a seamless, easy experience.

Savvy marketers need to avoid shifting too much attention away from the experience of their physical stores and over-emphasizing ecommerce. Instead, they can look to create a holistic experience that spans social and influencers, offers related content at just the right moment, and provides a great in-store experience that can be enhanced with super-easy digital shopping tools.

Adweek Branded, in association with Inmar, conducted an exclusive survey of more than 160 marketers to gain insight into the most pressing questions they face in meeting the desires of today's consumers. The key finding? Marketers need to understand how to bring physical and digital commerce together cohesively to strengthen their customer relationships and attract new buyers.

The findings offer insight into what consumers want in the next iteration of commerce and point the way for marketers willing to put aside their misapprehensions. It's a critical moment. Brands that were able to pivot in response to the pandemic's new world of commerce succeeded, while those that were slow struggled. Savvy brands and marketers now need similar agility, fueled by consumer insight. Having the right technology and tools—and using them well—can be the make-or-break difference.

Among the questions this research helps answer:

- What do shoppers really value vs. what marketers think shoppers value?
- Which commerce channels do marketers perceive as more important than ever?
- What aspects of the multichannel shopping experience are the most important to today's consumer?
- Where should marketers be targeting future investment to stay engaged with the multichannel shopper?
- How can marketers create the best omnichannel shopping experience for consumers across all commerce channels?
- What is the best commerce experience for consumers?

Four KEY FINDINGS

The shopping experience is now phygital

Despite the risks the pandemic created for traditional retail commerce, consumers still crave the sensory experience brick-and-mortar stores provide. This desire, combined with over a year of reliance on digital integrations, results in a consumer who expects to navigate seamlessly and easily between multiple commerce pathways, with linked in-store visits, digital and social retail interactions. In an Inmar survey of consumers, traditional retail ranked as the best experience. But in the Adweek Branded survey of marketers, nearly 40% indicated that traditional retail had become less important than it was ahead of the pandemic. Instead, they were putting greater focus on ecommerce, social commerce and mobile commerce.

The need for agility

The shopping journey's constant back-and-forth between physical and digital requires a greater amount of marketing agility. Some 87% of marketers rated their organizations as an agile organization or working on becoming an agile organization. Others have struggled and have seen their lack of agility as a roadblock to change.

Uniting experiences is a huge challenge

Technology that links in-store and online commerce experiences remains the biggest obstacle to a successful commerce strategy. Part of becoming an agile company that can easily pivot and change directions when needed is having the right technology. As a matter of fact, nearly half of the marketers surveyed stated technology that links in-store and online commerce as the biggest obstacle to succeeding with a commerce-driven marketing strategy.

It's all about the experience

Marketers are increasing their efforts and investments into creating a seamless shopping experience to better meet their customers' priorities. Customer interaction in all forms is at the top of the list for today's marketers. Almost 54% of marketers said their top priority is focused on enhancing their customers' online commerce experience. To meet consumers' needs and wants, more than a third of marketers hope to shift budget to commerce.
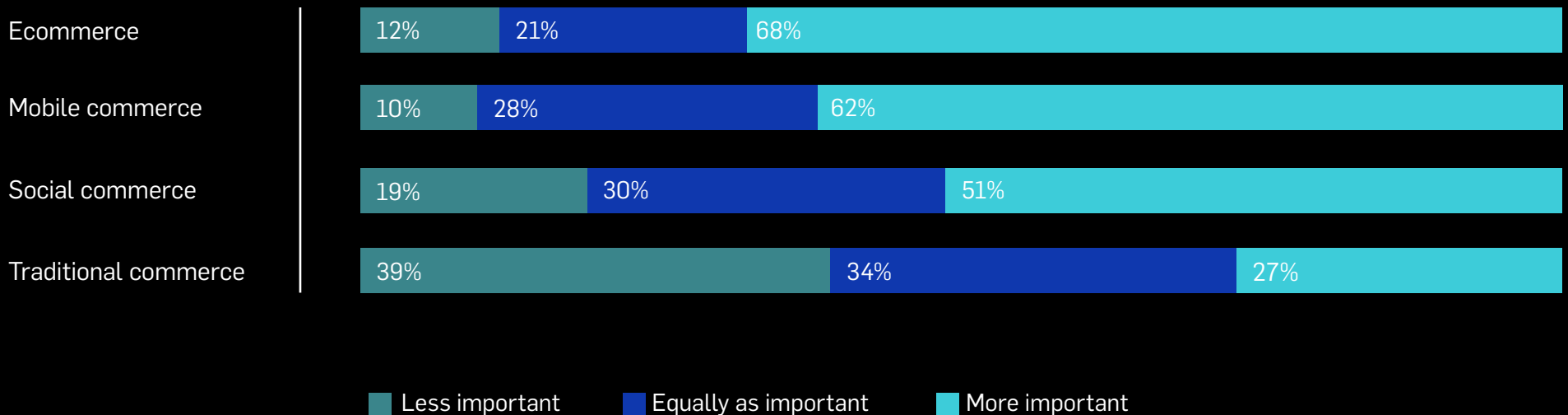
Methodology Adweek Branded, in association with Inmar, conducted an exclusive online, self-reported survey of 168 marketing professionals to understand the role marketers are playing to bring physical and digital commerce together in the most cohesive way. All respondents are marketing leaders within their organizations; most are directors or higher. Nearly half of respondents represent $50M+ brands.

RANKING THE IMPORTANCE OF RETAIL CHANNELS

When marketers were asked to rate the importance of various retail channels—ecommerce, mobile commerce and social commerce—they saw all as being more important than before the pandemic. However, more than a third of marketers see traditional commerce as less important today, and less than a third consider it more important.

How would you rate the importance of the following retail commerce channels today, compared to before the Covid-19 pandemic?

Channel	Less important	Equally as important	More important
Ecommerce	12%	21%	68%
Mobile commerce	10%	28%	62%
Social commerce	19%	30%	51%
Traditional commerce	39%	34%	27%

■ Less important ■ Equally as important ■ More important

MARKETERS' TOP PRIORITIES FOR COMMERCE SUCCESS

The increase in social and digital commerce brought on by the inability to visit retail stores during the pandemic has led marketers to focus on enhancing customers' digital (online, mobile, social) commerce experience. Asked about their top priorities for achieving success, marketers rated ecommerce, mobile and social commerce high. Only about 20% cited updating their in-store strategy.

What do you see as the top priorities for a successful commerce strategy?

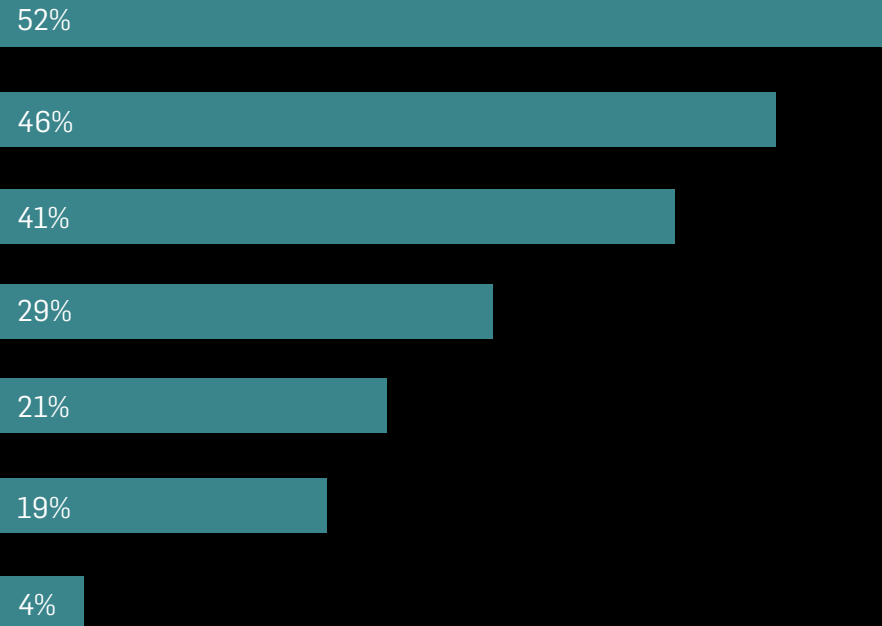| Priority	Percentage
Enhancing my customers' online commerce experience	54%
Ensuring my customers' mobile commerce experience	46%
Developing a seamless omnichannel shopping experience for my customers	41%
Incorporating a social commerce strategy	36%
Shifting more marketing budget to support our commerce strategy	31%
Updating my in-store strategy	22%
Other	3%

TOP CHALLENGES FOR DECIPHERING CUSTOMERS' CROSS-PLATFORM SHOPPING JOURNEY

The economy and the impact of Covid-19 continue to worry marketers as they try to understand today's consumer journey across multiple commerce channels. Data, technology and changing consumer media behavior fell short to concerns about economic uncertainty and the effect of Covid-19 on existing and potential customers.

What do you see as the biggest challenges you face in understanding the customer journey across all shopping platforms?

Challenge	Percentage
The uncertainty of the economy	52%
The impact of Covid-19 and its variants on consumer behaviors	46%
Changes in consumer media behavior	41%
Need for up-to-date technology	29%
Lack of first-party customer data	21%
The impending end of third-party cookies	19%
Other	4%

OBSTACLES TO A SUCCESSFUL COMMERCE STRATEGY

Respondents cited having the right technology to create the optimal "phygital" experience as the biggest obstacle to overcome, even as they ranked data and technology lower. Inventory challenges were also high on the list of barriers to success. Moreover, marketers view an inconsistent customer experience across retail platforms as another stumbling block to achieving positive results.

What do you see as your company's biggest obstacles to succeeding with a commerce-driven marketing strategy?

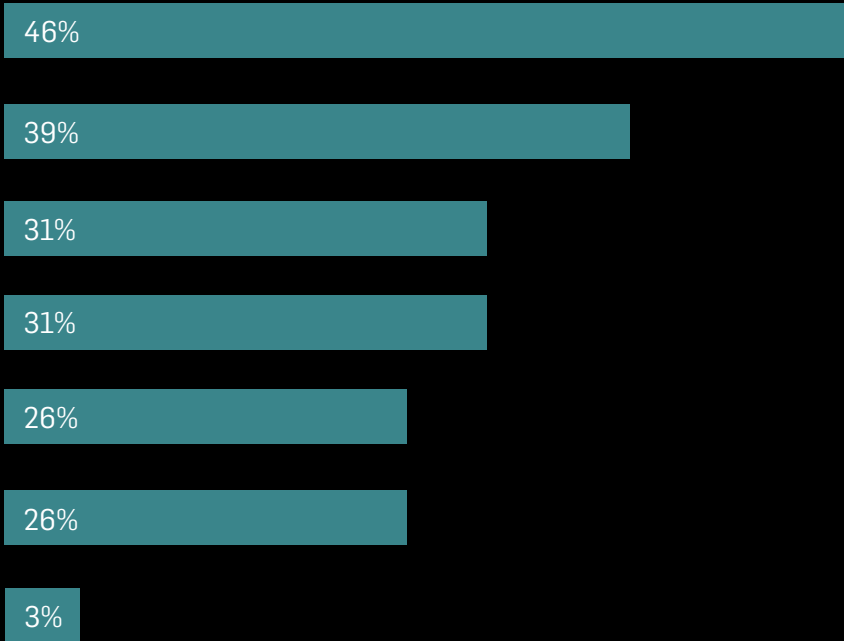|	
Finding the right technology to link our in-store and online commerce	46%
Inventory challenges	39%
Lack of agility in planning and implementing strategies	31%
Inconsistent customer experience across platforms	31%
Insufficient budget	26%
Lack of understanding the customer journey	26%
Other	3%

MARKETERS EMBRACE THE "PHYGITAL" CONCEPT

Marketers appear to understand and agree with the concept of a phygital modality. They recognize consumers expect their physical and digital commerce experience to be one and the same. Knowing consumers view a physical store and its online presence as inseparable, marketers are spending maximum time and effort on their commerce strategy, with the majority already blending ecommerce and in-store strategies.

Please rate your agreement with the following statements regarding your organization's commerce strategy:

Statement	Strongly Agree	Agree
Today's shoppers have gone hybrid, blending physical and digital shopping seamlessly	49%	36%
Shoppers expect consistent interactions across all commerce channels	45%	40%
Expanding my social commerce presence is more important than ever	45%	35%
My organization now spends more time and effort on its commerce strategy than ever before	36%	46%
My organization has blended its ecommerce strategy and its in-store strategy	33%	36%
As far as consumers are concerned, the physical store is now inseparable from its online counterpart	30%	36%

■ Strongly Agree   ■ Agree

TACTICS TO BEST MEET CONSUMER NEEDS

Marketers are focused on consumer needs, which is reflected in their ranking of tactics that are important to successful engagement and outcomes. More than half indicated being able to digitally chat with their customers as the No. 1 tactic for success, followed by implementing effective loyalty programs, as well as offering up-to-date delivery options that drive commerce success.

Which of the following tactics are important to your organization's commerce success?

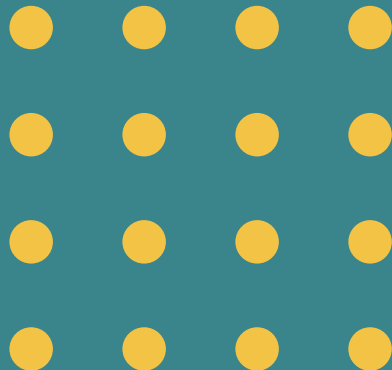| Tactic	Percentage
Being able to chat with my customers through live chat boxes, Facebook Messenger, SMS opt-in campaigns, etc.	55%
Effective customer loyalty programs	52%
Providing an option of ordering online and picking up in store	44%
Providing an option of ordering in-store for later at-home delivery	38%
Implementing curbside pickup	31%
Having AR/VR tools like virtual try-on or 3D implementations	29%

MARKETER BELIEFS *vs.* CONSUMER WANTS

The **Adweek Branded/Inmar survey** looks at how marketers are approaching the new, phygital shopping journey. But how does that align with what consumers are expecting from the brands and retailers they buy from?

Inmar Intelligence conducted a separate survey of about 1,000 consumers to get a sense of what consumers believe is the best commerce experience. The results identify a gap between marketers' beliefs and consumers' wants. While many marketers seem be focused on creating the best possible digital commerce experience, consumers still believe that traditional retail can deliver the most rewarding shopping experience.

Some of the key findings from the Inmar Intelligence consumer survey include:

Where the in-store experience is preferred

Fluctuations in shopping methods have ushered in a new era of equality between digital and physical venues. But people prefer to shop in a traditional, physical store for certain product categories. For example, more than half of respondents (53%) indicated they prefer to shop for consumables (aka CPG) in a physical store, while 17% want to buy those online. Brick-and-mortar is also the preferred venue for décor, alcoholic beverages, food and even gift cards. Digital shopping is strongly preferred for electronics.
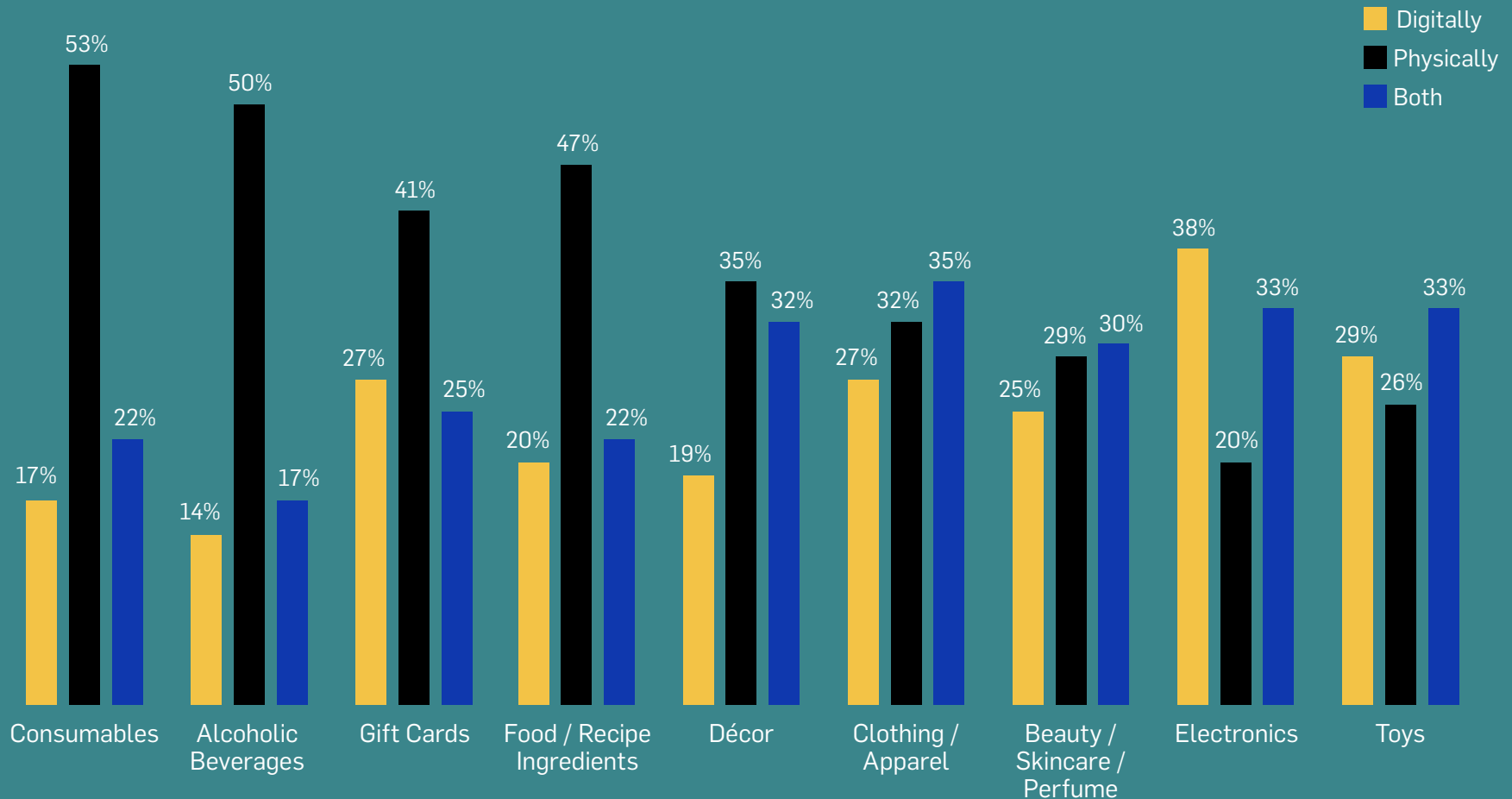
The control lies with the shopper

Thanks to advances in physical and digital integration—like BOPIS (buy online, pick up in store), curbside pick-up, in-store aisle navigation and inventory updates—shoppers are freer to choose the retail mode that gives them their preferred experience. The control now lies with the shopper. They will choose the experience that gives them the most immediate convenience. During the pandemic, that meant ordering online and picking up in store. As stay-at-home rules relax, more will seek out sensory shopping experiences with traditional retail.

If you build it, they will come

Consumers are willing to test new technologies and tactics if it means improving their commerce experience. That's how concepts like BOPIS, curbside delivery and mobile payments have become fairly commonplace since the start of the pandemic. In fact, the number of consumers who said they were "not interested" in these new conveniences was extremely slim. Shoppers are looking for experiences across platforms that are consistent, original and convenient.

How do you prefer to purchase the following products?

Legend:
- Digitally (yellow)
- Physically (black)
- Both (blue)

Product	Digitally	Physically	Both
Consumables	17%	53%	22%
Alcoholic Beverages	14%	50%	17%
Gift Cards	27%	41%	25%
Food / Recipe Ingredients	20%	47%	22%
Décor	19%	35%	32%
Clothing / Apparel	27%	32%	35%
Beauty / Skincare / Perfume	25%	29%	30%
Electronics	38%	20%	33%
Toys	29%	26%	33%

Five STEPS YOU CAN TAKE RIGHT NOW

With an understanding of what consumers need from their commerce experience, marketers can act now to ensure they have the foundation to deliver the ultimate "phygital" omnichannel experience for their customers.

Look for turnkey tools

Find and integrate turnkey tools that deliver a proactive cross-channel strategy with digital offers, ecommerce, loyalty, rewards, programmatic, in-store media, influencer options and more. These kinds of integrated solutions, like the Inmar Intelligence Retail Cloud, can ensure that marketers have the agility to move between physical and digital channels as consumers navigate this phygital world. Any solution you choose should combine shopper data at scale, personalized shopper experiences, real-time attribution, purchase and behavior-based optimization, integrated monetization and proprietary targeting and segmentation.

Use messaging to power meaningful, engaging and personalized conversations with consumers

Conversational commerce can be the ideal bridge between the physical and digital. Advanced tools that combine personalized chat experiences, artificial intelligence, natural language processing and commerce, in unison, are a key component to achieving omnichannel commerce success. Inmar Intelligence's Conversational Commerce platform, for instance, engages customers using their preferred communication channel, providing personalized content and incentives that drive trust, loyalty and real results.

Don't forget influencers

Find ways to layer in partnerships with the right influencers who can encourage higher engagement and more meaningful experiences. Many shopping journeys these days begin with recommendations from influencers—and that includes both those with large audiences and the microinfluencers who may have less reach but more sway. Revenue generated by the influencer sector is growing and is expected to increase by more than 50% over the next few years.

Focus on convenience and ease of shopping across all channels to win over customers

Consumers expect retailers to provide combined "phygital" convenience and feel that only about 25% of retailers are currently doing so "very well." The best customer experience includes cross-channel commerce that focuses on ease of use. Use data and consumer behavior insights to create a proactive, predictive strategy that makes cross-channel commerce easier and drives additional sales. Inmar can provide access to shopper data, behavioral insights, trends (predictive and current), intent data, social listening data and more. Combined, it helps inform and enhance commerce strategies.

Embrace technology that focuses on an omnichannel strategy
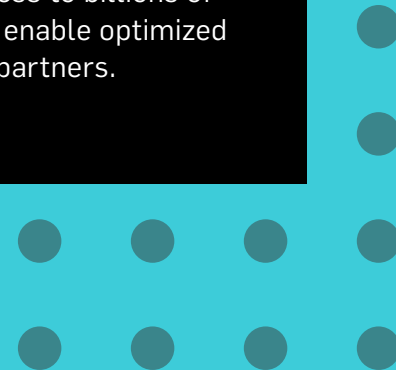
Aligning with consumers' expectations, interest and willingness to use new tech will be a benefit across all retail channels. Up-to-date technology and tools on all shopper-preferred platforms and channels (in-store, online, social commerce, etc.) that meet customers' need for convenience helps marketers provide the type of cohesive experience they desire. Add-to-cart integrations enable seamless purchases with a single click, reducing the number of steps between content discovery and purchase. Predictive recommendations use data insights from messaging, programmatic media, in-store media and more to reach customers early and proactively based on their shopping behavior. Conversational commerce allows marketers to be omnipresent for shoppers. Creating authentic engagement with shoppers does not just happen. Partnering with the right platform will drive the engagement that propels brand success.

About
INMAR

Inmar Intelligence is a data and tech-enabled services company. Inmar creates insights and turns them into actions—to help brands, retailers and healthcare providers do more, save more, connect more and earn more … in the face of changing markets and consumer behaviors.

As a trusted intermediary for over 40 years, Inmar's data platforms have unmatched, real-time access to billions of consumer and business transactions that enable optimized engagement with shoppers, patients and partners.