

Thoughts

Reflexion and Analysis for the Indian Market

June 2017

Redefining Omnichannel Strategy



Foreword

Consumer expectations have forever changed due to the rise of digital in the Indian market. Consumers can purchase nearly anything they want, at any time, wherever their location in the country. The experience consumers have in shopping, purchasing and the activities that follow are now much more of a differentiator than the products themselves. Personal, one-on-one experiences, or micro-experiences, that uniquely maximize all customer touch points, are at the basis for building trust and customer loyalty. This is also where many of today's retailers continue to fall short.

The retail landscape has considerably evolved as competitors emerge to address unmet consumer needs. Established retailers often cast these new entrants aside, believing they are too small to be true financial threats. But these smaller players continue to raise the bar on customer experience expectations for all.

Consumer interest in buying experiences versus products has also invited new competition from like-minded sectors, such as restaurants, entertainment and leisure, whose focus is on giving customers experiences to remember. Retailers are increasingly competing with these businesses for share of wallet, mind and heart.

While the experience delivered within each industry may be unique, the palpable shared factor is that most, if not all, of these businesses are migrating towards digital in order to delight consumers in refined, imaginative ways. To survive in this new market, retail must take note of these changes; but to win, it is imperative for retailers to focus on meeting the expectations of today's most demanding consumers: the true digital natives; today's teens and tweens.

This new generation of Indian consumers is quickly moving the market into an 'anything is possible' world. Retailers will be required to use every tool at their disposal to deliver experiences shoppers cannot bear to live without, and gain an irreplaceable and indispensable space in the mind of these consumers.

Shopping in brick and mortar – functional reasons more than true desire



While the majority of retail sales may still occur in brick and mortar stores, most consumers are buying in-store for functional reasons, such as avoiding shipping charges, as opposed to personal enjoyment. This feeling is strongest among the new generation. While most consumers continue to buy in-store, they simultaneously feel that e-commerce is getting better at fulfilling their core functional needs of convenience, product validity and ease.

This the new generation is most likely to buy online for efficiency purposes. Whether on the web, smartphone or in-stores, retailers must make it easy for shoppers to find what they want and seamlessly buy it at a faire price, anywhere, anytime.

So what doesn't new generation care about?

If the information the new generation wants isn't easily and immediately available, they aren't likely to look to other sources. The majority of this new generation place little value on the ability to interact with experts, whether in store or online through chat. This is especially true of this new generation, the most self-educated generation in history. They are well equipped with plentiful self-service tools to research and identify product details and service offers that best suit their needs. What they do value are brands and retailers who relate to their needs, thereby providing them with a unique, personalized micro-experience.

The new generation and the previous one are both conscious of price, but the previous generation continue to make this a top priority, as reflected in their pre-shopping activities such as going to the website to get a coupon for a store. While the new generation places greater value on factors that simplify the shopping process. Previous generation wants a great price and is more likely than the new generation to respond to both traditional and digital price messaging.

The new generation defines the future

Most consumers no longer place as much value on cultivating an emotional bond with retailers through in-person purchases. And as retailers are forced by competition and customer expectations to ensure products get into the hands of consumers faster and at no additional cost, reasons for shoppers to visit stores are rapidly disappearing.

This trend threatens to make stores increasingly irrelevant. However, all hope is not lost. By providing an experience that not only meets a consumer's functional needs, but also creates personal enjoyment, retailers can re-establish the emotional connection between brands and their coveted consumers.

In fact, the physical environment can provide a powerful advantage, especially hen used in concert with digital tools.



Obtaining this optimal result requires digital, to influence not only what shoppers buy, but also how and where they buy it. Soon they will have their own credit cards and greater access to funds. With this we can expect that these new consumers buy more and more online, quickly surpassing the online buying activity of the previous generation.

When it comes to retail experiences today, shoppers value convenience and customized value above all. For the new generation, these details are even more pressing, which points to the next generation's expectations for what a retail experience should be, and needs to be:

- Responsive and seamless

Offering consumers options to research, shop and buy across physical and digital platforms is no longer enough. Instead, retailers must deliver responsively, intuitively and seamlessly across platforms.

- Understanding your customers' overall life patterns

Consumers measure their experience with retailers across various touch points in their lives. Understanding customers' overall life patterns and how the experience offered fits and supports these patterns is necessary for understanding the difference between good and great in customers' eyes.

- Physical store is a competitive advantage

Retailers can use the physical store for competitive advantage. Success requires that the retailer clearly defines its purpose as an organization and uniquely delivers on it across all customer touch points.

- Delight the new generation, delight everybody

Retailers need to capitalize on experience and ensure they truly understand their shoppers' needs and desires. The new generation maintains the highest expectations in this regard. Meeting those expectations will go a long way toward delighting all generations.

- Continuously deliver a better experience

Rather than seeking a 'silver bullet', retailers must develop strategies that allow them to continuously hack their way to excellent experiences... relentlessly assessing and evolving what is, into what can be.



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