SOTI

FROM CLICKS TO SHIPS:

NAVIGATING THE GLOBAL SUPPLY CHAIN CRISIS

2022 REPORT

HOW TO DELIVER PREMIUM CUSTOMER EXPERIENCES THROUGH MOBILE TECHNOLOGY IN RETAIL

Arlington Research

WELCOME

As the global supply chain crisis continues to disrupt the retail industry, consumers are being forced to change their shopping behaviors. Even though customers are making changes to how, when and where they shop, they are still demanding a high-level customer experience. For retailers, this presents both opportunities and challenges when creating the right formula for success.

The importance of integrating mobile technology to enhance and modernize the retail experience has been obvious for many years. The last two years, throughout the rise of COVID-19, has only reinforced this very point. To succeed in a rapidly changing market, retailers must optimize every customer touchpoint and ensure everything has a mobile-first approach.

By the end of 2021, up to 45% of employees in numerous developed countries and sectors were still working remotely.[1] In some countries, with the advent of the Omicron variant, up to 80% of adults said that social distancing was important to them.[2] This creates a need to be distanced, but with modifications on how customers now interact with retailers. Those who embrace this 'next normal' to improve the end-to-end customer experience will come out on top.

Whether you're running a traditional brick and mortar store of any size, or operate as an e-tailer, these changes disrupt and complicate traditional routes to market in ways that make the adoption and optimization of mobile technology a must.
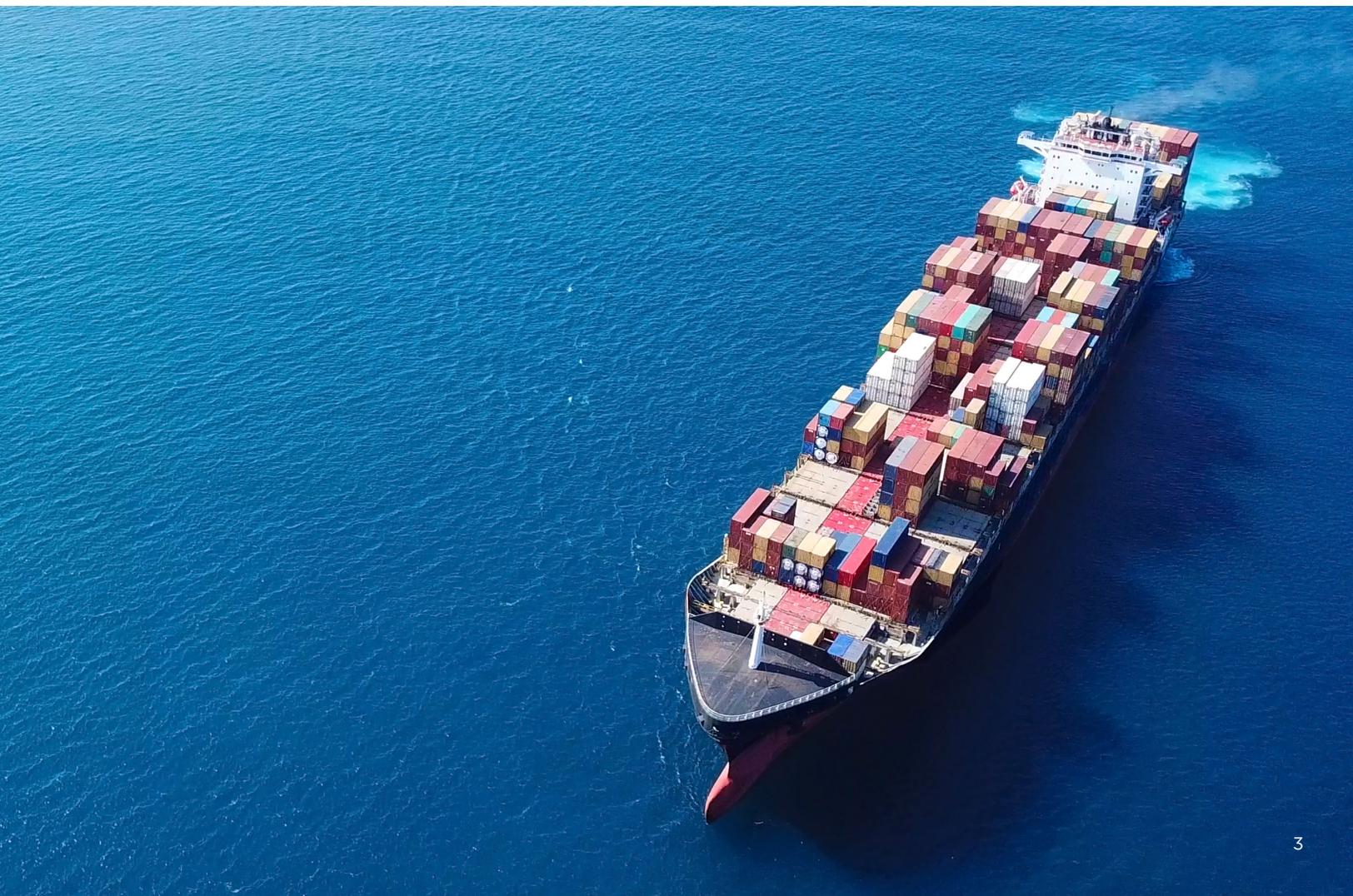
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1. https://news.gallup.com/poll/355907/remote-work-persisting-trending-permanent.aspx

2. https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandwellbeing/articles/eightintenadultsthinksocialdistancingisimportantbutfourintenactuallydoit/2021-10-22

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METHODOLOGY

10,000 interviews were conducted using an online methodology by Arlington Research, with consumers across eight countries and three continents. All respondents were 18 to 65 years of age with nationally representative quotas on gender, age and region set at country-level between November 20, 2021 and December 2, 2021.

The 10,000 interviews are split across eight markets as follows: U.S. (2,000 respondents), Canada (1,000 respondents), Mexico (1,000 respondents), UK (2,000 respondents), Germany (1,000 respondents), Sweden (1,000 respondents), France (1,000 respondents) and Australia (1,000 respondents).

KEY FINDINGS

68% — 68% say they expect to know at all times where their order is within the delivery process

61% — 61% agreed they had continued shopping with brands who can deliver goods the fastest

57% — 57% say they haven't been able to buy items they want or have had to opt for alternatives

53% — 53% of respondents said that shipping was the most frustrating part of the retail experience, compared to just 19% who disagreed

52% — 52% say they'd be more likely to shop with a retailer that offered multiple return points

48% — 48% of consumers said items have become more expensive

44% — 44% say they now expect to be able to collect in-store any items ordered online, on the same day they ordered it

40% — 35% said items they wanted to purchase have not been available at all. This rises to almost or over 40% in markets including the U.S., Germany and Australia

36% — 36% of consumers will go elsewhere if they have to wait more than two days for delivery

34% — 34% say that delivery times have been slower than usual and just 13% say retailers are providing accurate information of which items are currently in stock

THE STATE OF RETAIL AND MOBILITY IN 2022

The era of instant gratification and mindless "add to cart" is over. The retail market in 2022 will be very different compared to anything anyone would have predicted in years prior. By the end of 2021, prices, consumer choice, delivery, availability, location and convenience became the drivers of shopping behavior. Moving forward, shoppers will be more mindful of the entire shopping journey – from clicking to shipping.

Shoppers will also be more mindful of the supply chain which, in the past, wasn't something that customers would ever need to think about. Consumers are more conscious of the supply chain, operating in the background – trucks on the roads, stocked shelves in the stores, wait times for orders and package deliveries on doorsteps – due to their impact on the shopping experience.

With this new awareness, shortages and supply chain constraints are changing consumers' shopping habits such as buying locally (within country) as opposed to relying on overseas shipments. These changing consumer realities are also challenging established brand and retailer loyalties. Within the last two years, 33% of shoppers have tried a new retailer and 40% have tried a new shopping method.[3] Consumer expectations have not only changed, but if their preferred retailer is unable to provide any of those critical elements in their shopping experience, they are happy to look for retailers who can deliver.

Now more than ever, retailers need the right mobile technology – handheld and wearable barcode scanners, printers, radio frequency identification devices (RFID) readers, GPS-enabled tablets and data collecting apps – in place to respond to these constantly shifting demands and give the consumer the information they require to fulfil their purchase.

3. https://hawkemedia.com/insights/how-the-customer-experience-drives-business-growth

MORE TECH + MORE INFORMATION = MORE SATISFIED CUSTOMERS

Is there anything more frustrating than an empty shelf? Yes, there is – not knowing when the item will be back in stock!

If the retailer has invested in the right technology, their customers standing in front of an empty shelf can scan a QR code and get information on when that item will be replenished. From there, they have the option of either putting it on hold, pre-paying for it and getting a notification when it is ready for pick up; arranging automatic delivery once it arrives in store or being directed to the nearest retail location which has the item in stock and is waiting for them upon arrival.

Another example is when a customer is ready to purchase an online item for shipping. They receive a notification telling them where it will be leaving from, the various methods of transportation it will take to arrive, if it can be left at the front door or to be picked up at a retail location or post office, and even if impending weather patterns will delay delivery. The customer now feels more confident when the parcel will arrive and can make the necessary arrangements to receive it.

To achieve all of this, technology from different systems, devices and locations must talk to each other and experience the highest possible levels of uptime. When they don't is when retailers are unaware of what's happening in their supply chain and that is when customers get frustrated.

THE IMPORTANCE OF CUSTOMER EXPERIENCE

What will make a retailer in 2022 enticing? With habits, assumptions and loyalties disrupted, no one can afford to take their customers, no matter how long standing, for granted. By the same token, shoppers who were previously steadfastly loyal to certain retailers are suddenly flexible to changing loyalties.

This begs the question: what will make a retailer in 2022 enticing? How, during the biggest health crisis in a century when social distancing and stay-at-home orders can be reactivated at any time, can stores convince their own customers to stay loyal and their competitors' customers to make the switch?

A large part of the answer is customer experience. A premium customer experience can help increase revenue by between 4% and 8%.[4] But when customers say that delivery times are slower (34%), or prices have become more expensive (48%) or the items they want aren't available at all (35%), is that really a good customer experience?

When you consider that customers will pay a premium – on average of 16% – for products and services from companies that offer a favorable customer experience[5], a strong mobile strategy has never been a more significant determinant of customer satisfaction than it is today.

Customers may be willing to pay an average of 16% more, but they aren't expecting less. When the retailer is dealing with current supply chain issues, they may also have to increase product prices, make more investments into their backend technology and management systems, and communicate longer fulfilment and delivery times to their customers. Wherever the retailer can make investments that alleviate these shopping pain points, they will come out ahead of their competition.

4. https://hawkemedia.com/insights/how-the-customer-experience-drives-business-growth

5. https://www.pwc.com/us/en/services/consulting/library/consumer-intelligence-series/future-of-customer-experience.html

42%

42% REPORTED THEY HAD INCREASED THE AMOUNT OF BUYING ONLINE AND HAVING PURCHASES DELIVERED DIRECTLY TO THEM

52%

52% SAY THEY ARE LESS LIKELY TO ORDER AN ITEM THAT REQUIRES SHIPPING FROM ABROAD THAN THEY WERE BEFORE THE PANDEMIC

72%

72% SAID THEY WERE MORE LIKELY TO BUY ONLINE AND COLLECT IN-STORE

HYBRID RETAIL

The rise of hybrid retail and the changing role of the local retail store will influence the shopping experience in 2022.

Customers have responded to the changing retail environment they face by changing what they expect from the merchants they buy from. For instance, 29% say they now shop less in-store, while 42% reported they had increased the amount of buying online and having purchases delivered directly to them. A lot of these transactions are happening on devices such as mobile phones.

However, this shift in online shopping does not shift the responsibility for reliable mobile technology on to the consumer. In fact, the onus is on the retailer to deliver a seamless transaction with every purchase – whether online or in-store and regardless of device type. This can mean investing in more scanners in the warehouse, more printers to fulfil orders, better logistics partners and more solutions to manage and maintain the uptime of these investments.

On top of this, the experience of being in an extended lockdown seems to have made customers expect faster delivery times from locations closer to home. In fact, 52% say they are less likely to order an item that requires shipping from abroad than they were before the pandemic.

In some regions, the shift in consumer preferences is even more pronounced than the global averages reveal. In North America for instance, a quarter of all customers say they prefer the convenience of buying online, but they want those goods shipped from a local retailer. Half of UK consumers, 42% of customers in Germany and 49% of U.S. customers specifically say the same. 72% said they were more likely to buy online and collect in-store.

When asked if they would consider using any alternative delivery options in 2022, 63% said they would consider in-store delivery/collection ("click and collect"/buy online and pick up in-store) and half (50%) would consider delivery to a designated drop-off point.

Consumers are also open to even more significant changes in the way they receive their goods as technology advances. Almost half (46%) said they would consider either autonomous vehicles to deliver larger packages to their home or other convenient location, or delivery drones to deliver small packages (43%).

EVOLVING IN A STATE OF FLUX

Consumers have indicated that product availability (57%), faster delivery time (61%), local shipping options (52%), more return options (52%) and total visibility into their orders (68%) are the key to a premium customer experience.

Mobile technology like point of sale (POS), RFID, kiosks, scanners and tablets are essential in delivering on these expectations. Retailers who still use manual or paper-based processes that are more likely to cause errors will find themselves at the back of the pack, as integrated technology continues to be an important driver in the end-to-end customer journey.

It's important to note that the expectations of today may not be the expectations of tomorrow, meaning that retailers must leverage mobile technology to adopt and adapt to evolving trends. When the customer has all the information they have come to expect at their fingertips, is when they get that white glove customer experience – for which they will pay that premium – they demand and deserve.

It isn't enough for customers to know where their delivery is in the shipping process; they also want to know when it will arrive and where it is being shipped from. What they don't see is the delivery driver scanning in their packages for the day before they start their route. While they don't need to see this step, they do need this step to happen for the parcel to make it on time and for the retailer to have the proper technology management tools in place for this transaction to be successful and the customer to be satisfied.

What customers also want to know is who is shipping their purchases. In fact, 35% of consumers will not complete an order if they are unsatisfied with the retailer's delivery partner. Transparency in the delivery process is now table stakes for any retail purchase.

Buying online and picking up in-store (BOPIS) is only effective if customers know exactly when and where to pick up their purchase safely and conveniently. Cutting down delivery times can only be done if there's real-time visibility into available stock inventory and drivers to deliver it.

All these disparate parts of the shopping and shipping process must speak to each other: the warehouse needs to know when the shipment will arrive, the packing department needs to know who will fill the boxes and how, and the delivery driver must know what the most effective route will be.

What can derail the customer experience is something that's completely out of their hands: downtime of the devices and systems required to deliver what they purchased, when they expect it and how they want to receive it. What's even worse is that many retailers may not even be aware when this downtime has occurred. This is where technology becomes critical and while customers do not see the backend solutions their retailer of choice has implemented, they most certainly feel it when it doesn't do what it needs to do to fulfil their orders and meet their expectations.

BATTERY DRAIN = CUSTOMER SATISFACTION DRAIN

Handheld scanners are increasing in popularity as customers use them to check prices and add items to their cart. But they're only effective if they work. A scanner that fails due to a faulty battery or can't work due to poor network connectivity leads to a poor customer experience. What's worse is when the customer spots it before the retailer. Businesses must know what's happening with their mobile technology investments and take proactive action when they aren't performing as expected.

PRINTER MANAGEMENT = CUSTOMER SATISFACTION

It may seem counterintuitive, but a single malfunctioning printer can impact the customer experience. Consider this – a printer going down is an annoyance for anyone in business, but for a retail operation, it can impact workflows, shipping times, customer satisfaction, product safety, efficiency and productivity, as well as security, compliance and privacy.

A simple, often not-thought-about device is actually a business-critical tool that impacts the customer's purchasing journey, even if they don't know it's the printer that's influencing their transaction. This forms part of the backend systems that must be working seamlessly to ensure the customer is satisfied with their overall retail experience.

It's vital for a retail organization to have total visibility into their printer systems so they can understand issues and troubleshoot them instantly. Without this visibility, the retailer is hampered by a lack of information and issues that could have taken minutes or hours to fix, but now takes days or weeks. The impact on customers, and the volume of customers in that timeframe, could be significant. The longer an issue continues, the more dissatisfied a customer will become. It's a well-known fact that the cost to bring back an unhappy customer is far greater than keeping them happy in the first place.[6]

Retailers must think about establishing a printer management system where they have constant visibility into every printing device and in every location where they have a footprint. There is value in having peace of mind knowing that the backend operations for their fleet of business-critical devices are running smoothly, and feeling secure knowing that there will be immediate awareness when they are not.

6. https://www.forbes.com/sites/
blakemorgan/2019/04/29/does-it-still-cost-5x-
more-to-create-a-new-customer-than-retain-an-old-
one/?sh=6e4105413516

THE BUILDING BLOCKS OF RETAIL MOBILE SUCCESS

There is no doubt that retail consumer expectations continue to increase, and that challenges and dissatisfaction have been exacerbated by the global supply chain crisis. Retailers had no choice but to innovate – and will have no choice but to continue to invest in their mobile technology solutions to meet consumer demands, improve operations and fix any backend issues that impact the frontend experience of their customers.

As 2022 evolves, it will become abundantly clear who has made these investments. Hesitant retailers will pay the price as consumers have far less patience for issues that impact their need to get the goods they want in a timely manner. The ability to cite the supply chain crisis as reason for impacted service will eventually wear off.

Consumers vote with their wallet. Retailers who understand the importance of mobile solutions as an integral part of the consumer experience will take a clear lead in the retail technology race. Having the foundation to effectively manage mobile technology in a profitable way is now business-critical.

Retailers can leapfrog ahead of their competition by having solutions for the technical challenges of their business, thus reducing their long-term costs and delivering an ROI on their investments. This will also keep customers happy, loyal and ensure repeat purchases.

NEXT STEPS

Understanding the importance of the customer experience and being clear about what customers really want is essential for retailers. Having clarity about consumer expectations and investing in technology to enable customers to enjoy the experience they crave is key.

With all these insights into the mind of the customer, it's now up to retailers to action this feedback into real world improvements. There are many changes that the customer will see and feel, but retailers can also implement significant improvements 'behind the curtain' that will have a positive impact on the customer experience. This could take many forms: better employee training, improved logistic processes, diagnostic intelligence, greater sourcing options, better partners, mobile technology, systems integration and more.

With the right systems, the right deployments and the right strategy, mobile technologies can be used to provide the highest possible standard of customer service across every touchpoint. This will allow a retailer to not only thrive, but evolve and expand in a changing landscape. It enables retailers to stay ahead of changing customer preferences and the changing requirements related to the pandemic as it continues into 2022. And when the supply chain catches up, and supply and demand start to balance out again, retailers that made the right technology investments will be ready for what's next.

SOTI is a world leader in mobile technology management and optimization. Our experts can help you design and deploy the right mobile technology for your needs today. But they can also help you ensure that your systems and platforms are intelligent, scalable and flexible enough to cope with whatever changes tomorrow brings.

To find out how SOTI can help your business deliver the best possible customer experience, across all touchpoints, while also ensuring the maximum resilience and the ability to react quickly to market changes, contact our expert team today.

ABOUT SOTI

SOTI is a proven leader at creating innovative solutions that reduce the cost and complexity of business-critical mobility and the IoT. Thousands of companies around the world depend on us to secure, manage and support their mobile operations.

The company's two decades of success has built strong partnerships with leading mobile platform providers and device manufacturers. These relationships give us unparalleled insight into new technology and industry trends before they happen.

A proven innovator, SOTI's clear vision, laser focus and a commitment to R&D has made it the market leader at delivering exciting, new business mobility solutions. SOTI helps businesses take mobility to endless possibilities.

TO LEARN MORE:

For additional information on how SOTI can set retailers up for success, click here.

To learn more about the SOTI ONE Platform, click here.

To find out how SOTI can help with your mobile investments, contact us today at sales@soti.net.

SOTI is a proven innovator and industry leader for simplifying business mobility and IoT solutions by making them smarter, faster and more reliable. SOTI helps businesses around the world take mobility to endless possibilities.

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