

**Unified commerce:
What is it and
how can retailers
achieve it?**

Partner foreword

As we head into retailers' busiest period, many will be considering how they can increase their share of customers' wallets at a time when individual scrutiny on spending has never been more acute.

Recent research from Cardlytics found the average UK adult saw an increase of £439 for their retail spending in comparison to last year, with over half (58%) seeing an increase in their overall retail spend. This represents a significant challenge for retailers. How can they continue to drive sales against a tough macroeconomic backdrop, while also encouraging loyalty from shoppers and feet through the door, with the competition increasing both in-store and online?

While there is sadly no one silver bullet, data will play a key role – and that's where Cardlytics comes in. With access to spending data from over 20 million UK bank accounts, we are able to accurately advise retailers on consumer trends based on real-time information. By providing this 'whole wallet view' of spending, retailers benefit from a deeper understanding of the competitive landscape and can implement precise, targeted digital advertising in new channels that delivers tangible results.

This report uncovers how retailers can do just that, bringing together their brand, product and marketing – in what's now called unified commerce – as part of a consumer-focused approach. With increasing numbers of shoppers looking to find the most value for money with their Christmas spending, the retailers that can leverage data will be best placed to drive sales growth and retention.

Lucy Whittemore, SVP of UK Advertising, **Cardlytics**



Partner foreword

In the current business climate, retailers need to prioritize one goal above all others: serving the customer.

~~~~~ Research shows that when the customer experience is excellent, customers feel valued and supported, and this builds a strong sense of loyalty. However, accomplishing this goal is challenging due to managing multiple sales channels in an increasingly competitive market where consumers have more options than ever. When retailers scramble to cover their bases without a clear plan, this can lead to a highly fragmented experience that leaves customers dissatisfied.

Instead, retailers need to streamline the customer experience across the channels where they engage consumers — in short, provide a unified customer experience.

We are excited to participate in this report because of the need for retailers to incorporate a unified commerce approach. Working with hundreds of leading retail brands, SheerID has seen how powerful it is to provide exclusive offers and shopping experiences to customers based on the identity groups that they belong to, like students, teachers, or healthcare workers. Consumers in these groups report that exclusive experiences show a brand values their business, which encourages repeat business. Then, using first-party data collected to redeem the offer, brands can continue engagement efforts and build customer loyalty. The bottom line? When a brand demonstrates that it understands and appreciates its customers, it sees greater returns on investment. For retailers to succeed in the modern environment, a unified customer experience is an essential ingredient.

Bill Schneider, vice president of product marketing, **SheerID**



# Introduction

*Unified commerce, which involves retailers bringing together all aspects of their brand, product and marketing under a single platform, may be the current buzzword in retail but the ideas behind it – a seamless proposition, a customer-centric offer, and a silo-free back-end infrastructure – will resonate with many businesses.*

~~~~~ Retailers have been working for years on their omnichannel offer, however, a shift in perspective or attitude is starting to prompt some to move beyond this.

Going one step further than omnichannel or multichannel retail, a unified proposition represents a shift in thinking across the industry towards a customer-first approach, instead of thinking about it from the business's perspective.

Apps and digital loyalty schemes are often at the core of the offer, creating the point of connection between channels, and the goal is to improve customer-focused KPIs such as purchasing frequency and average order value across the business.

With retail giants from John Lewis to H&M adopting this approach, this Ecommerce Insider Community report takes an in-depth look at what unified retail looks like, the work involved to achieve it, the challenges faced, and the long-term benefits.



Chapter 1: What is unified commerce?

~~~~~ *Is unified commerce a meaningless buzzword, the future of retail, or simply a strategy that a handful of retailers are following?*

The answer is, possibly, all three. However, it is not the term, but the ideas behind it that matter.

Duncan Brewer, retail and consumer products strategy lead at EY says: “The idea – how do you move away from a product and channel-centric business into a consumer-centric business – is absolutely relevant. And it is probably one of the biggest challenges that retailers face.”

Max Hammond, senior director analyst at Gartner, defines unified commerce as “a strategy that provides consumers with a continuous experience as they browse, transact, acquire and consume, regardless of touchpoints.”

He says it relies on a couple of core pillars. “A strong connection between a unified front end through one view of the customer, and a unified back end, through one view of the retailer.”

For John Lewis director of omnichannel Cassandra Bergsland, “omnichannel feels like it’s focusing on business needs, while unified commerce is what customers are doing.”

Speaking at Shoptalk Europe in May 2023, she added: “We’re focused on what the customer wants and how we can be there.”

The goal is for John Lewis customers to be able to engage and shop with the retailer on their own terms. “It’s personalised experiences that are channel agnostic and enable customers to experience our brand however they choose, which help engender loyalty and love for our products and services,” Bergsland says.



Henrik Nordvall, country manager for H&M UK & Ireland, says the business is focusing on ensuring channels complement each other in order to create a seamless experience for customers.

“Consumers live in both the digital and physical world, and so must brands. Our online and physical stores complement each other, strengthening the offer to our customers through integrated initiatives for improved customer experiences,” he says.

This shift to a customer-centric mindset is what makes unified retail or unified commerce different to omnichannel – and it characterises much of the work that retailers are doing at the moment when it comes to evolving their propositions.

For Craig Summers, managing director at Manhattan Associates, it’s the next natural step on from omnichannel. “I think unified retail takes omnichannel that step further. To say it should all be seamless, it should all be the same – that single customer experience.”

### Operational changes

So what could that mean from an operational perspective, and how are businesses starting to realign themselves in order to ensure they have a customer-first approach?

The first step is cultural, with a shift in mindset often needed. As Summers explains, current business practices evolved from a situation of traditional



bricks-and-mortar retailers bolting on ecommerce as if it was a separate – and competing – business. “[The channels were] almost in competition, and that didn’t mean, inadvertently, the best customer offer was being given.”

As technology has evolved, retailers have worked to align the channels and bring them together – but given there has been so much to do, the focus has usually been on the business rather than where the customer is heading next.

As a result, retailers with multiple sales channels are often only streamlined in a relatively cursory way.

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HENRIK NORDVALL, COUNTRY MANAGER, H&M UK & IRELAND



"A lot of businesses are still set up from an operational perspective to think about channels," says Ehsan Ashraf, partner at EY.

"There are the people who look after bricks-and-mortar, the people who look after online, and they've got their own P&L, and they've all got their own targets. And it's not through the customer view."

Meanwhile, consumers have continued to evolve. Brad Jashinsky, director analyst in the Gartner Marketing Practice, says the pandemic-related disruption of the last few years has underlined the need to rebuild businesses with agility at their core.

"Rapidly evolving customer expectations for flexible fulfilment options and touchless, personalised and more meaningful experiences, means that unified commerce strategies must also incorporate the elements of composable business."

He adds this work is likely to improve resilience. "This will give retailers more agility in connecting internal and external ecosystems to mirror customers' shopping expectations in as near to real time as possible, as well as to become more resilient in disruptive environments."

With consumers continuing to evolve quickly, retailers need to keep up. There are several courses of action retailers are pursuing to do this.

# Chapter 2: The building blocks of unified retail – data, mindset and agility

*How should retailers be approaching unified commerce, and what are the building blocks they need to put in place to realise it?*

 With mindset so critical, Brewer says basics like remuneration for top execs can help to start shift the business towards thinking from a customer-first perspective.

Changing KPIs and targets is part of this, with retailers wise to expand teams' goals beyond traditional measures such as margin and revenue.

Brewer says: "You have to make money, don't get me wrong. But the margin is the output of customers coming to you and choosing to buy product you are selling.

"To me, the key metrics are actually the ones that your dot-com players tend to look at, which is the acquisition, development and retention of customers. It's customer lifetime value, basket size, purchase frequency."

Ashraf concurs: "If you do all the right things from a consumer perspective margin will come, because your consumers are coming to you."

## **Organisational silos**

So what could that mean from an operational perspective, and how are businesses starting to realign themselves

in order to ensure they have a customer-first approach?

One major element to consider is organisational silos, and teams not being incentivised or organised to work together well.

In the past, teams were often totally separate, Brewer says.

"Something I've been banging on about with retailers for at least the last six, seven years, is the lack of logic behind an organisational contract that says these people who sit on those desks, they worry about customers, and these people will sit on those desks, they worry about products, and therefore they shouldn't talk to each other. And their processes shouldn't touch each other."

He believes that this is starting to change. "What we're starting to see now is retailers start to grasp the nettle of how do you bring your product, your customer, your loyalty, your tech teams together under a common unified language."

Jashinsky at Gartner agrees that internal politics is one of the biggest challenges retailer face in achieving a unified proposition.

The other, he says, is data. “This is often caused by hierarchical organisations and the lack of cross-functional collaborative processes that inhibit the sharing of creative ideas and data.”

Lucy Whittemore is SVP of UK Advertising at Cardlytics, which uses purchasing data from banks to build an understanding of how people are spending. It aims to help brand marketers target consumers with relevant cashback rewards and promotions, and drive profitable sales growth.

She says: “The challenge sometimes is [retailers] not being set up in that unified retail manner. And having siloed teams and budgets who look at online versus store. There’s still some work to be done in reducing silos to make sure it’s a customer first approach to ensure they are driving sales across the total business, rather than by channel.”

### **The role of data**

Quality data underpins large swathes of a successful retail operation in 2023, and for those seeking to achieve a unified proposition it is a non-negotiable.

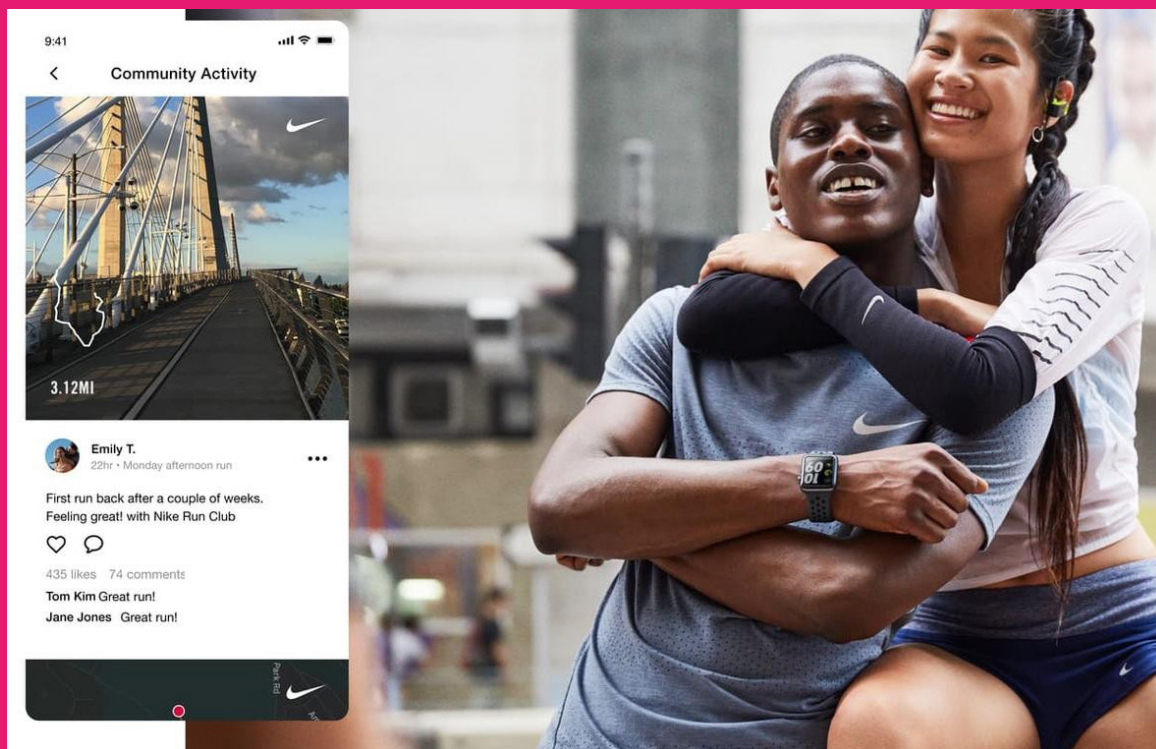
As Whittemore points out, data is critical for retailers to deliver a unified experience across the board. “For retailers, it’s about knowing how their customers shop and what their preferences are – putting the customer, rather than the organisation, front of mind when making decisions.”

She adds: “Prioritising the customer experience really starts with knowing and understanding the customer – and data is the first step in doing that. Once retailers are armed with the rights insights, they can deliver targeted promotions and cashback rewards to drive incremental sales growth.”

Bill Schneider, vice president of product marketing at SheerID, says retailers face plenty of challenges when it comes to data, which, he adds, is foundational to the unified retail experience. “Data is the hub of every interaction,” he says.

“Typically retailers don’t have a data quantity issue, they have a data quality issue. This is in large part because they are collecting a lot of behavioural clickstream data, that can be hard to act on and has a short-shelf life – what I did a week or a month ago may not be relevant to me today.”

Instead, he adds, retailers should also invest in first-party identity data, like the communities a person belongs to. “For example, if I’m a college student or a teacher, and a retailer provides an exclusive offer for my community, it makes me feel appreciated and valued, which impacts LTV. And when you reward these groups, customers are willing to share their first-party data to receive the exclusive offer.” In addition, these attributes have a long shelf life, making it easier for a retailer to act on and re-engage them over time to build loyalty.



## STREAMLINED SYSTEMS

Effective use of data will only be achieved with back-end systems that work seamlessly. As Jashinsky at Gartner says: “Some retailers mistakenly consider unified retail commerce as just about the front-end customer experience. A true unified commerce strategy cannot deliver significant customer value unless built on powerful internal back-end collaboration.”

Summers at Manhattan Associates says legacy systems are often one of the biggest hurdles that retailers encounter. “The biggest inhibitor is old systems that don’t allow the things people want to do. You’re quickly inhibited by the weakest link, which might be something old and inflexible that doesn’t allow you to bring in modern processes.”

He adds some retailers still prefer to build things such as apps themselves. “That’s fine, but it’s another thing in isolation. If you want things to be unified, you really need it to be working seamlessly with everything else, and interconnected.”

Ashraf at EY says he thinks the leaps required in technology are, to some degree, happening naturally over time. “Retail is moving away from legacy infrastructure to a more cloud-based, component-based platform.”

With these foundations in place, retailers can focus on the mechanics of connecting the customer-facing experience. As we explore in the next chapter, for many, apps have become the linchpin of this.

# Chapter 3: Connecting the consumer-facing dots

*For some retailers, apps have emerged as a critical connection point between the online and offline worlds.*

~~~~~ Led by trailblazers such as Nike and Amazon, there are several different ways retailers can use apps in store to, firstly, identify a shopper's online profile, and secondly, enable that shopper access to services that make their shopping experience faster, easier, or more fun.

Whether that means enabling them to find their wish list products in store, access more information about items on the shop floor, collect loyalty points or offers, or pay without queuing, apps have emerged as an all-important connection point between the channels.

John Lewis says the business's app is playing an "ever greater role in maintaining an ongoing customer relationship with our brand" through personalised experience.

"We want the app to act as a digital concierge for our customers to access all that John Lewis has to offer, in a personalised way, be that store or online," omnichannel director Cassandra Bergsland says.

Case study: Nike

Nike has led the way in app use since its first mobile app launched in 2016. It now has a suite of four - SNKRS for sneaker collectors, the Nike shopping app, Nike Training Club and Nike Running Club - and in July 2023, it hit a total of 500 million users, with around 90% of shopping journeys starting on the retailer's website or apps.

In September 2023, the retailer said app use grew in the 'strong single digits' in Q1 2024, with chief financial officer Matt Friend saying: "We saw member activity continue to increase both in terms of engagement and buying behaviour and a higher basket size, a higher AOV."

Loyalty members using the app continue to increase their buying frequency, he adds.

While Nike's use of apps extends beyond the store shopping experience, they are still a crucial part of the proposition.

App members receive personalised offers when they step into a store, and can scan product barcodes to learn more about items.

In some stores, shoppers can request to try on particular items such as shoes, and an employee will deliver them. The app will also tell a shopper if any of their favoured items are in stock.

Case study: Amazon

At Amazon Style's two US stores, customers can use the Amazon Shopping app to scan an item's QR code and see sizes, colours, customer ratings and product details.

They can add an item to a fitting room or send it directly to the pickup counter. As they scan items, Amazon will make personalised recommendations.

In 2023, Amazon added RFID tags to clothes which it uses to enable shoppers to pay automatically via their app. With the store able to detect the items they are taking via the RFID tags, payment can be taken via the app as they walk out, without the need to pay at a desk.

As Bergsland points out, one of the biggest benefits of an app is its ability to appeal to the most loyal customers. She says John Lewis's app attracts "our most loyal customers who on average spend more with us, across all channels".

It's also a good reason for customers to open the app in store – something echoed by H&M, whose loyalty programme can only be accessed via its app.

H&M's head of marketing and digital sales, south Europe Sara Sjöberg said at Shoptalk in May 2023: "That was the key for the app to take off."

Henrik Nordvall, country manager, H&M UK & Ireland, adds that the retailer's app offers access to supplier and material product information, personalised offers and exclusive discounts, and the ability to find items in-store.

"Those are three brand touchpoints – purchase, sustainability and loyalty – that are all at the click of a button," he says.

"Combine this digitalisation with the inspiration and experience that our physical stores offer and we are able to build long-term, value creating relationships with our customers that stretch far beyond the purchase of products."





Support Staff

Sjöberg added that store staff “must be equipped with the right tech and tools to service those customers” and offer up alternatives when items are unavailable in-store through its app. “We have to let them know the aisle is endless.”

This is another major focus for retailers seeking to offer a unified experience – enabling store staff to be as informed as customers, who have often researched items extensively before coming into store.

As Summers at Manhattan Associates says, it can be hard on store staff if they’re not able to match customers’ knowledge and meet expectations.

“Empowering and equipping your store associates to have the relevant information to hand to be able to help any customer with any question probably requires them to have some technology in their hands to be able to do that. Which we do see more and more.”

It could also help them sell more effectively. “You can empower them

to make more decisions – we don’t have it in stock, but we can have it here tomorrow, or you can go to another store near where you live, or we’ll deliver it to your home.”

Generative AI

Looking forward, generative AI is likely to give apps a further edge when it comes to in-store experience, encouraging further app use and enabling retailers to achieve that all-important cross-channel knowledge of a shopper.

Brewer at EY says: “Where it starts to get interesting is when the app knows where you are and what you’re looking at, and what you’ve bought already.

“And it will say, you’ve bought X, if you buy Y it will go really well with it. We would recommend this wine to go with the meal you’re cooking. Gen AI is starting to really move the needle on these topics – the ability to talk in a human way in a one-to-one communication with the customer. And it will be delivered through an app.”

Chapter 4: Next steps

Whatever retailers choose to call it, a unified retail proposition is what many are aiming for as growing numbers of customers start their shopping journeys online, moving between desktop, mobile sites or apps and finishing with – or at least including – a store visit. So what are the steps retailers should be taking to enable this increasingly fluid form of shopping?

SHIFT CULTURE AND MINDSET

It doesn't matter how slick the technology is – if teams are not pulling in the same direction, little will change.

Ensuring all teams are focused on the customer experience and that a customer-first mindset is prevalent throughout the organisation is a first critical step for retailers and brands. This could include a rethink of senior remuneration, team reorganisation, and different KPIs and targets.

FOCUS ON BACK-END TECH

More and more retailers are shifting to a cloud-based infrastructure and building applications that speak to each other. Unless the back-end tech is unified, it will be difficult to create a unified customer-facing offer.

DEVELOP APPS

Apps can work for a range of retail businesses – from providing inspiration and guidance for big ticket or infrequent purchases, to loyalty offers for general merchandise and grocery, and a mixture of the two for fashion.

They are also the most obvious way for retailers to connect the on-and-offline worlds, and potentially identify customers in store, helping store staff to serve them more effectively.



ENABLE STORE STAFF

Staff need training and technology to enable them to meet customers' expectations when it comes to providing a unified experience.

With customers often now entering stores having researched and planned their visit, store staff need to be able to meet them at that level of knowledge.

CONTINUE IMPROVING DATA

Data is foundational to the customer experience, and retailers should consider investing in multiple data types – including identity data – to power personalisation.

Offering relevant offers or communications will be increasingly important for retailers hoping to build loyalty and strong relationships with customers, and good data is the route to knowing people well. Building a holistic picture of each person should be the goal.

TAKE A STEP BACK

As Summers says, it can be difficult for retailers take a step back and understand the entirety of the project they are trying to complete.

"They'll try and solve a single problem, but it then sits on its own process and system, and so isn't providing a unified approach," he says.

Instead, he advises moving away from doing things in isolation and finding ways to think about the business's infrastructure and systems as a whole.

Many retailers are doing much of this work already, but with a truly seamless operation so hard to achieve, it's clear that setting a distinct intention to build and strengthen a unified proposition is a wise path to take. As the retailers leading the way show, it is likely to pay dividends in loyalty, customer satisfaction, and ultimately the bottom line.





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