Five emerging tech-driven strategies for multibrand retailers

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The pandemic-era ecommerce boom left a permanent mark on the retail landscape. As consumers return to brick-and-mortar stores, they bring with them new expectations inspired by online shopping—namely, convenience, speed, and personalization in every phase of the buying journey.
To stay competitive, retailers must now tap into data-driven insights to deliver flexible journeys across all channels, both online and in-store.

Recent data shows a majority of shoppers, including Gen Z, still prefer making purchases at physical stores, accounting for approximately 70% of total retail sales. That's good news for multibrand retailers with strong physical footprints. Shoppers appreciate being able to see what they are buying in person and try items on. They find satisfaction in going home with purchases in hand without the expense of delivery fees.

As shoppers return to physical stores, the investments brick-and-mortar retailers have made to their online presence have not gone to waste. Shoppers are also increasing their ecommerce purchases. According to the National Retail Federation, digital sales will rise 10% to 12% in 2023, surpassing retail's overall growth of 4% to 6%.

The rise of digital sales is not confined to a retailer's online store. Social shoppers make up 32% of online consumers in the US, with Pinterest, Instagram, TikTok, and Facebook allowing consumers to buy items without ever leaving their sites. Mobile shopping is on the rise as well. By 2025, more than 10% of all retail sales in the US are expected to be generated via mobile commerce. In short, consumers love shopping more than ever, and they'll take every opportunity to do so, in stores, online, in-apps, and on the go.

70%

of total retail sale are
purchases at physical stores

Multibrand retailers respond to digital demands

While brand aggregators may be in a better position than single-brand retailers to accommodate the growing number of US consumers who are brand agnostic, more and more shoppers are equally inclined to switch retailers—and about 90% plan to continue doing so. They also switch channels. According to a study by *Harvard Business Review*, 73% of consumers say they use multiple channels during their shopping journey.

The choice of available channels has broadened, enriching the product discovery experience. Not only do 99% of shoppers research purchases online before going to a store, but 92% of them research online while shopping at a brick-and-mortar store.

In response, most multibrand retailers have enhanced their ecommerce capabilities. According to a study from Incisiv, more than 90% provide product recommendations as shoppers search their online stores. This overwhelming majority also provides inventory availability and order tracking. To help bridge the online and in-store experiences, 93% of sales associates at brick-and-mortar stores can access product and inventory details as they provide assistance.

As successful as these strategies have been in increasing the popularity of digital commerce—and the value of a retailer's digital investments—these features are universally expected. As Incisiv's study shows, customers want more, and few retailers offer the nuance and depth of experience customers clamor for.

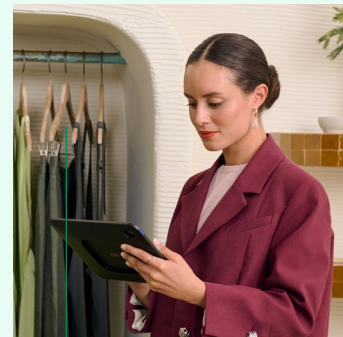Five emerging tech-driven strategies for multibrand retailers
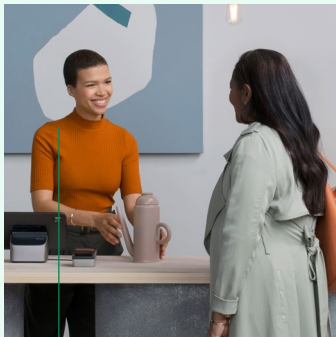
Only

20%

of multibrand retailers offer personalized product recommendations based on purchase history
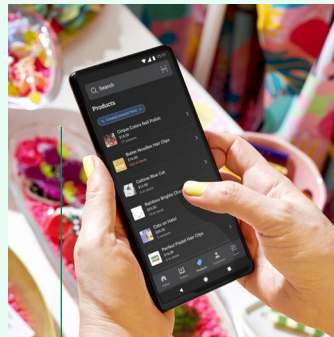
Only

29%

of retailers offer real-time inventory statistics

Only

38%

of sales associates at multibrand retail stores can access a shopper's purchase history and wishlist

By offering new features like order modification, sustainability-related experiences, or virtual fitting rooms, retailers can rise to meet the expectations of today's consumers while attracting new ones. They can also better understand customer preferences, while increasing loyalty, order value, and checkout completions.

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Five emerging strategies in multibrand retail

As consumers adopt new technologies in their everyday lives, new strategies emerge to help multibrand retailers do what they do best—offer variety, value, and convenience. By using these strategies, multibrand retailers are poised to reach wider audiences while building stronger relationships with customers.
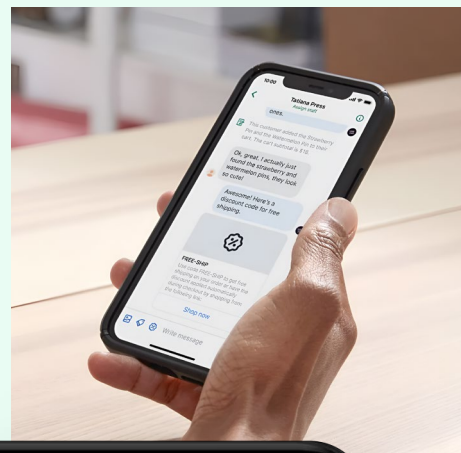
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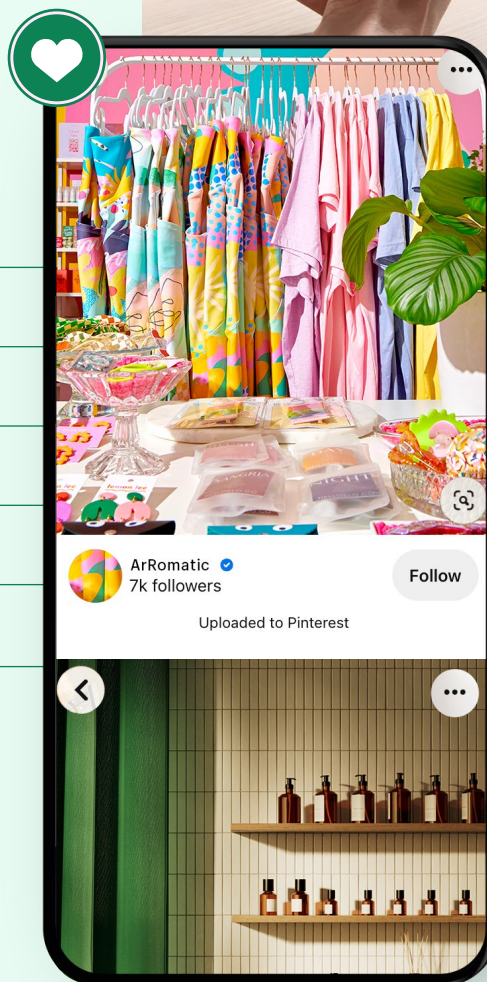
Invest in omnichannel solutions

Today's shoppers don't see channels the way retailers do. They simply shop. This means retailers need to ensure a seamless customer experience across all channels, from in-store to online.

However, a point of friction is the loss of context when transitioning between channels. A basic example might start with a shopper browsing a retailer's website and placing an item on hold. When this shopper gets to the store, retailers should not only be able to retrieve the item but also access browsing history and recommendations to make the most of this in-person interaction.

What does the future hold? Shopify President Harley Finkelstein explains, "[B]efore, customers went to brands. Today, brands must go where their customers are. Brands would be wise to start adopting this behavior now."
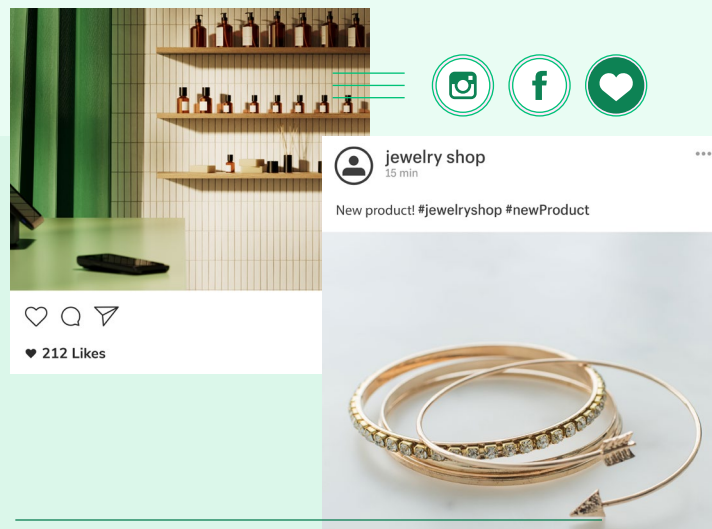
Enabling checkout wherever the customer wants to shop

Social commerce is booming, and large enterprises are taking notice. They are increasingly turning to social media platforms like Facebook, Instagram, and TikTok to promote products and reach new customers. With sales value projected to increase from almost $65 billion USD in 2023 to more than $145 billion USD by 2028 and data showing 130 million people engage with shoppable posts monthly on Instagram alone, investing in social commerce is the next step. However, one of the challenges of selling on social media is providing a seamless checkout experience for customers.

jewelry shop
15 min

New product! #jewelryshop #newProduct

❤ 212 Likes

$145B

expected total sales by 2028

Shop Pay, an accelerated identity wallet available exclusively to Shopify merchants, offers a solution to this challenge. By using Shop Pay, large enterprises can offer one-click checkout across any number of channels with ecommerce capabilities, including social media platforms.

Shop Pay is merchant agnostic, so once a buyer opts in to the digital wallet, their payment and address info as well other preferences are stored. This means that more than 100 million high-intent, high-value buyers who have previously opted in to Shop Pay can now speed through checkout, no matter the merchant. And, since these shoppers have used Shop Pay before, the dedicated Shop Pay button is an added boost of convenience, including the choice to pay either in full when purchasing or to spread it into multiple payments.

Shop Pay can recognize prospective customers, offering the option of a one-click checkout that is four times faster than a guest checkout. This can lead to significant increases in conversion rates—on average 1.7 times higher than regular checkout—as customers are less likely to abandon their carts when they can complete their transaction quickly and easily.
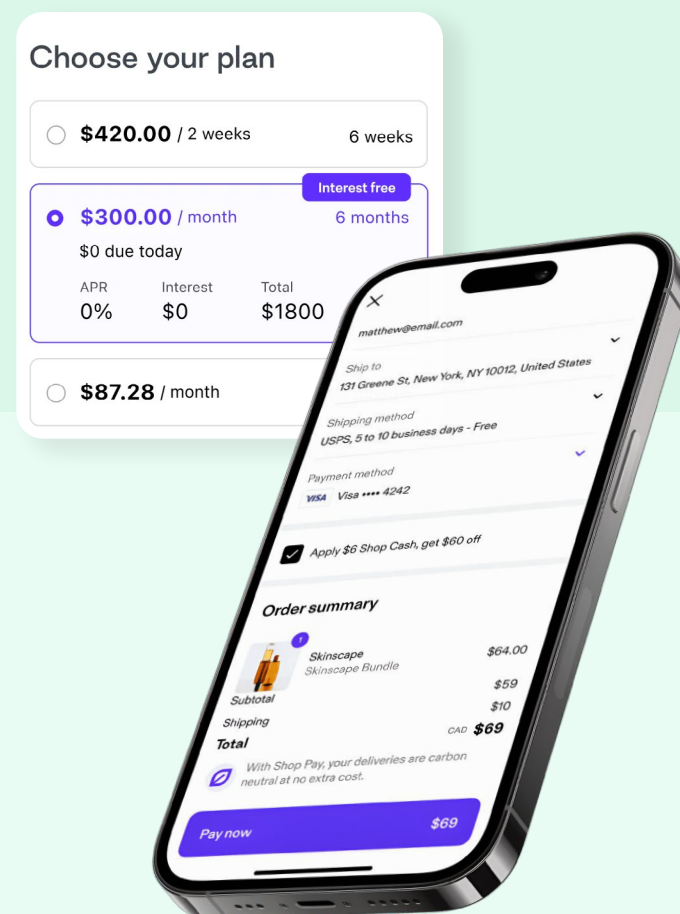
Optimizing shopping for mobile

Omnichannel shopping also provides an opportunity to replicate spontaneous purchases. Seventy-seven percent of smartphone users say they impulse buy on their phones for fun. Optimizing for mobile shopping doesn't have to mean launching a bespoke branded app. With more than 100 million active mobile shoppers, Shopify's Shop App lets retailers present and sell their products to a larger audience. Retailers can customize their stores and track inventory across channels, bypassing the worry of overselling products. Visitors shop within a mobile interface without ever visiting the retailer's site. It's a channel of its own.

$100M

active mobile shoppers using Shopify Shop App

Merchants can also capitalize on the power of Shopify's Shop App for cross-sells. When customers opt in to package tracking, they create a Shop account. Every time they check the status of an existing order, they are presented with personalized recommendations from retailers they've purchased from in the past or shops that have items similar to those they've previously viewed.Orders made on Shop also generate Shop Cash, awarded to customers for loyalty, incentivizing them to shop across brands on any store in the app.

Five emerging tech-driven strategies for multibrand retailers

The key to tracking customers across channels

Customers are increasingly channel hopping, piecing together journeys that typically involve three or more channels. Yet almost 70% of retailers can't track customers across devices even on their own channels or can only track some customers some of the time. This is due to the limitations of disparate technologies used to power retail, service, marketing, and inventory management. Omnichannel selling tools are evolving to help retailers better understand and interact with prospects and customers.
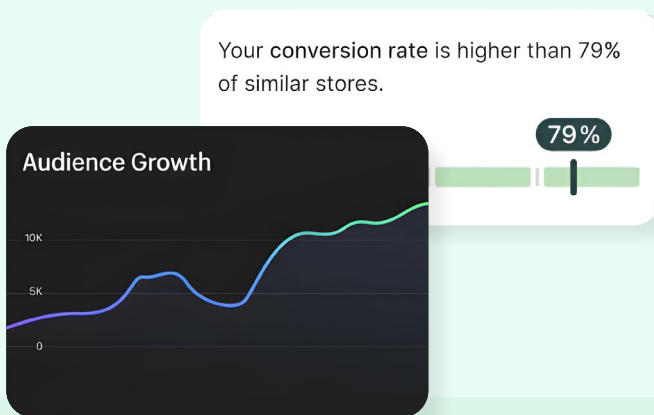
Shopify Audiences is one such tool. It empowers retailers to target digital ads to prospect lists based on millions of intent signals from across the full Shopify ecosystem. Drawing from rich information on customer purchasing behavior, Audiences can create lists of people who are likely to be interested in a retailer's products, even if they haven't purchased complementary products in the past. These insights are combined with what Audiences knows about a retailer's store and its products to make hyper-relevant target lists, which plug automatically into the retailer's existing ad campaigns to fine-tune them with precision.

Once prospects targeted by Shopify Audiences visit a retailer's site, they can be segmented based on any number of criteria, such as preferences, demographics, and shopping history. This allows retailers to send relevant promotions and recommendations to them.

Your **conversion rate** is higher than 79% of similar stores.

79%

Audience Growth

10K

5K

0

As these retailers enhance their tracking capabilities across channels, they will also be able to:

Identify the conversion paths that produce the most valuable customers.
By investing resources in high-performing channels, retailers concentrate on improving customer experiences that increase sales.

Test synergies across products and brands.
Retailers can experiment with different ways to combine their brands to create a value-driven shopping experience for customers. For example, a retailer could offer a loyalty program that rewards customers for shopping across brands.

Orchestrate customer interactions in real time.
Retailers can respond to inputs from customers as they happen, regardless of which channels they use.

Track changes in customer behavior across all channels.
The ability to quickly identify and respond to shifts in customer behavior can mobilize marketing efforts.

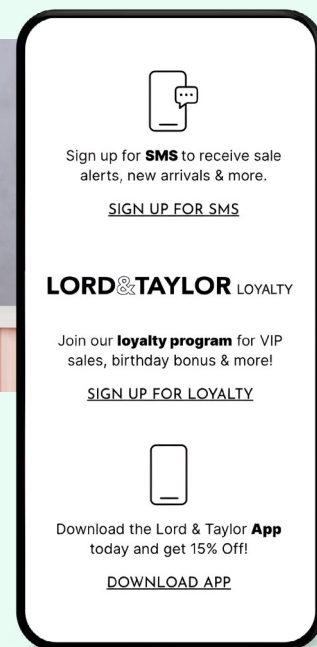**Segment customers based on key attributes.**
Dividing customers into groups based on their interests, demographics, buying behavior, and other factors opens the door to personalization.

Personalize the shopping experience

Historically, multibrand retailers have excelled at striking a balance between a shopper's competing priorities by offering competitive pricing, a wide selection of products, one-stop shopping, and service across multiple brands. However, today, customer priorities and preferences have become highly subjective.

Value might map to price for a bargain hunter. On the other hand, 55% of consumers are willing to pay more for eco-friendly products. For others, the guarantee of inventory availability and the convenience of curbside pickup are key incentives.

As shoppers make purchase decisions based on any number of factors, retailers can build comprehensive, multilayered profiles of each customer. Like Lord & Taylor's ecosystem for customer communication, touchpoints can include SMS messaging, a loyalty program, and a branded app. The profiles based on interactions with these channels and more help retailers create a shopping experience tailored to each customer's unique preferences.

Sign up for **SMS** to receive sale alerts, new arrivals & more.

SIGN UP FOR SMS

LORD & TAYLOR LOYALTY

Join our **loyalty program** for VIP sales, birthday bonus & more!

SIGN UP FOR LOYALTY

Download the Lord & Taylor **App** today and get 15% Off!

DOWNLOAD APP

83%
of shoppers are happy to share personal data in exchange for personalized experience

32%
of retail exectutives can translate personal data into tailored experiences

While Accenture reports 83% of shoppers are happy to share personal data in exchange for a more personalized experience, only 32% of retail executives say they possess the capabilities to translate profile information, purchase history, and service interactions into tailored experiences that "make shoppers feel like VIPs." Google reports that on average, retailers are only investing 0.7% of their revenue in personalization, while best-in-class retailers are investing 30% more.

Opportunities to capitalize on personalized customer experience include the following:

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Product recommendations

Using recent browsing patterns and purchase history—enhanced by demographics such as age, gender, income, location, and even psychographic personality traits—retailers can identify additional products customers may be interested in purchasing. Amazon reportedly earns over a third of its sales from cross-sells thanks to personalized recommendations. According to McKinsey, cross-selling increases sales by 20%. Profits, meanwhile, go up 30%.

Recommendations via subscriptions

Personalized recommendations can extend to products included in curated subscription packages. One approach can be to identify products for autostock subscriptions, as Staples does. Another is to introduce a customer to new products in subscription boxes, as a channel for product discovery. Delivered weekly, monthly, or at other regular intervals, subscriptions offer customers value and variety—and predictable, recurring revenue for retailers.

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Rewarding app experience

Loyalty programs and apps both represent a deep connection with customers and an opportunity for personalization. Both put retailers in customers' pockets, metaphorically, in the case of loyalty programs, and literally, in the case of mobile apps. Both also enable retailers to learn about individual customer preferences and even get a deeper view of their lifestyles in general.

McKinsey research has found loyalty programs can raise revenue from active customers by 15% to 25% annually, by increasing either their purchase frequency or basket size or both. Insider Intelligence expects mobile commerce to account for almost 43.4% of all ecommerce in 2023, up from 41.8% in 2022.

Loyalty programs

Retailers can personalize their loyalty programs in a variety of ways. They can incentivize earning opportunities that align with a customer's preferences. On the flip side, they can personalize rewards and exclusive benefits. Retailers who focus on personalizing the customer experience for their most loyal customers have been shown by McKinsey to reduce marketing and sales costs by around 10 to 20%.

Experiential rewards

Taking it a step further, they can also develop experiential, human-centric rewards. For example, through Neiman Marcus InCircle, loyal customers can eventually unlock InCircle Concierge, which helps customers plan premium vacations, score tickets to in-demand events, and get choice restaurant reservations.

Five emerging tech-driven strategies for multibrand retailers

Mobile apps

Retailers can personalize mobile push notifications by pairing real-time customer location with recent purchase history. Starbucks uses general location data to promote surprise "happy hour" offers, and Sephora uses even more precise geofence-based notifications to encourage airport-bound members to replenish beauty supplies that don't make it past TSA.

Always-on support

A unified customer profile is essential not only for expediting service interactions on whichever channel a customer uses to reach out but also for personalizing these interactions. Modern consumers expect to be able to communicate with retailers across at least 10 different channels, depending on the type of inquiry, and more than 85% expect conversations with customer service representatives to move seamlessly and in real time between channels. However, currently, only 15% of shoppers say retailers offer them a personalized service experience.

25%

increase in revenue annually due to loyalty programs

43%

of all ecommerce is expected to be mobile sales
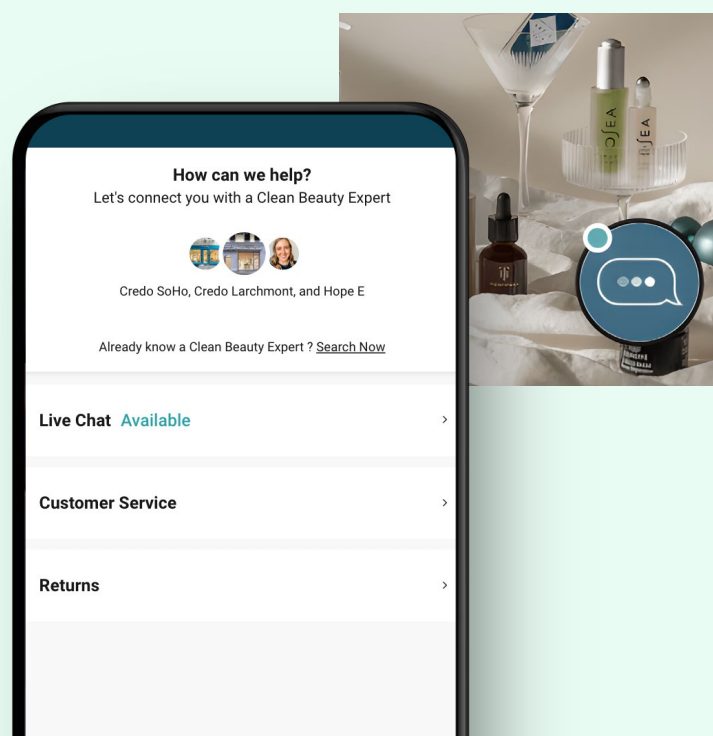
Setting chats up for success

Credo, a personal care and beauty multibrand retailer, uses chat to learn more about its customers and activate their buying journeys. It asks users to specify the area of expertise they need help with, and allows users to connect with a representative from a specific Credo store to build local relationships.

Facial recognition

Although the debate around privacy issues is ongoing, identifying customers entering stores quickly and unobtrusively can alert sales representatives of customer profiles to flag opportunities to provide support, and accelerate checkout through contactless payment and age verification. Mastercard recently launched its biometric checkout program. With 74% of consumers having a positive attitude toward biometric technology according to a study by Idemia, Mastercard's President of Cyber and Intelligence Ajay Bhalla explains, "The way we pay needs to keep pace with the way we live, work and do business, offering choice to consumers with the highest levels of security."

> The way we pay needs to keep pace with the way we live, work and do business, offering choice to consumers with the highest levels of security.

Ajay Bhalla
President of Cyber and Intelligence, Mastercard

The path to personalization in marketing outreach

Personalization is a key differentiator for multibrand retailers, but in marketing communications, it can be challenging to implement at scale. One way to approach it is incrementally, starting with audience segmentation. This involves dividing customers into groups based on shared characteristics, such as demographics, purchase history, or browsing behavior. Once customers are segmented, retailers can deliver more relevant and targeted communications.
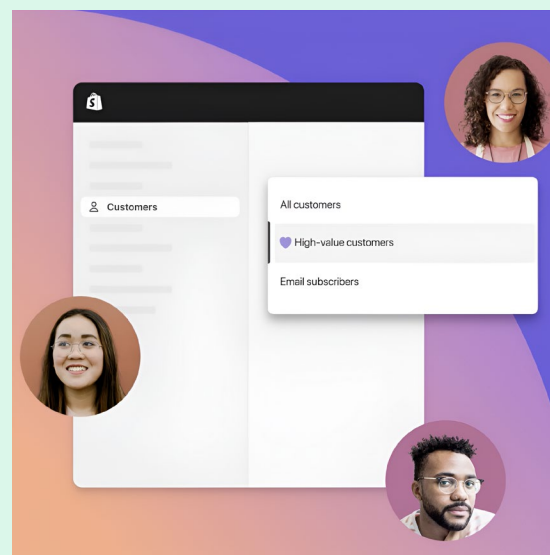
Optimize search and discovery

Multibrand retailers have a unique advantage over single-brand retailers. The wide variety of products they offer and the robust inventory they stock can be a major draw for customers, as it allows them to find everything they need in one place.

However, with consumers approaching the entire internet as their personal shopping cart, it can be a challenge for multibrand retailers to ensure they are getting the right products in front of the right customers.

Retailers have long used search result filters to help shoppers find the products they are looking for.

However, even as consumers scour the internet to research and comparison shop, 61% of shoppers say they are overwhelmed by online product assortment, and find it difficult to navigate to the right product or the right fit for the occasion.

Beyond filters, there are new ways retailers can help customers make informed buying decisions that map to sophisticated buying preferences—allowing customers to discover new products they didn't know they wanted. Some of these methods include:

Using natural language processing to understand shopper intent

With AI, retailers can understand what shoppers are actually looking for, which they may otherwise have difficulty inputting into a search bar. For example, if a shopper searches for "running shoes," they might be looking for a specific type of shoe, or they might be looking for the latest innovations and trends in trail running.

Or they may know they need running shoes that help them run with low arches, but have no idea how to search and filter for shoes that fit that criteria. By allowing shoppers to search using natural language and speaking in full sentences, AI helps retailers better understand shopper intent and the problem they're looking to solve, then provide products and solutions that are more likely to meet their needs.

Shopify and Google pioneer AI search in retail

Shopify's new AI capabilities not only enable retailers to automatically generate robust product descriptions and meta tags, but they also empower shoppers to surface exactly what they are looking for based on natural language searches informed by customer profiles. Shopify's Retail Search, in partnership with Google, provides better results for even the broadest queries, including non-product and semantic search to effectively match product attributes, user intent, and store content.

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Using live chat and chatbots for product recommendations

Many retailers use chatbots to provide customer service. In fact, 64% of shoppers prefer messaging a brand over calling for support. These same chatbots can also be used to personalize the shopping experience and accelerate checkout.

Shopify surfaces sales opportunities in chat

To help merchants create personalized conversations, Shopify's Inbox app identifies conversations likely to lead to a sale with automatic message classification. From a single chat, a support representative can chat with customers while they shop as well as send product recommendations and discount codes based on a quick view of a customer's profile and cart contents. It also enables representatives to collect a customer's email so conversations that begin on live chat can continue after the customer leaves the store.

64%

of shoppers prefer messaging a brand over calling support

Creating contextual storefronts

Site navigation and homepage promotion are essential for product discovery, but a one-size-fits-all approach won't work for all markets. By customizing navigation and messaging to specific locations or audiences (e.g., B2B), retailers can create a more relevant product discovery journey for consumers. Shopify's contextual storefronts allow retailers to automatically serve up variations to different audiences.

92%

of Gen Z shoppers rely on influencers to inform their purchases

Working with influencers

By working with influencers, multibrand retailers can get their products in front of a wider audience. Ninety-two percent of Gen Z shoppers rely on influencers to inform their purchases across virtually every category. Working with influencers can range from partnerships with celebrities and social media juggernauts to niche creators with small but devoted followings. Shopify Collabs enables retailers to attract influencers by offering incentives and managing ongoing relationships with them.

By staying ahead of the curve on these trends, multibrand retailers can ensure they provide the best possible search and discovery experience for their customers.

Five emerging tech-driven strategies for multibrand retailers

Embrace brand storytelling in immersive experiences

Consumers are more likely to buy from brands they trust and feel connected to. In a world saturated with shopping opportunities, storytelling is essential for multibrand retailers to differentiate themselves.

Compelling brand narratives create an emotional connection between a company, its products, and its customers. They encompass core values, selling propositions, media coverage, and the entire range of interactions that take place in sales and support. Storytelling also attracts customers to brand channels even when they aren't in the mood to shop, inspiring them to live their best lives and building a sense of community and belonging.

Content marketing and immersive experiences take storytelling a step further by providing valuable, relevant content that educates and entertains. They can also help brands increase brand awareness by creating buzz and excitement around their products and services. And, of course, they can help brands drive sales by providing customers with a compelling reason to buy.

With an omnichannel mindset, examples of content-centered experiences include:

Shoppable content

Shoppable content is a powerful tool that can fully engage customers with a retailer's shopping experience. For example, REI's expert advice and outdoor adventure checklists span multiple brands, including their private label. Their content becomes immersive when they inspire a reader to engage with a shopping experience. REI has taken it a step further by providing the same shopping filters customers use to find clothing and camping equipment to pinpoint relevant content. As a result, shopping preferences and content synchronize within customer journeys.
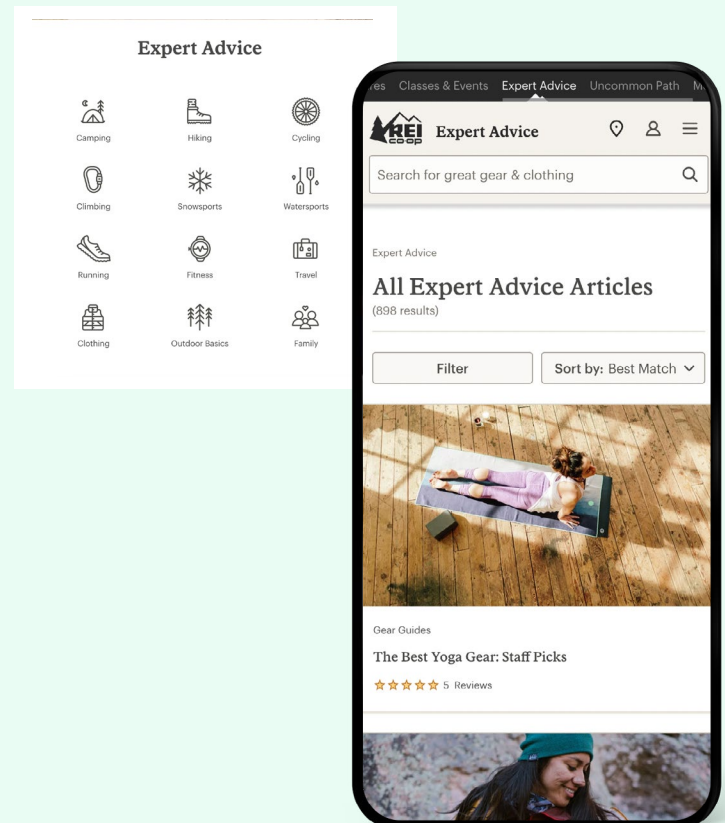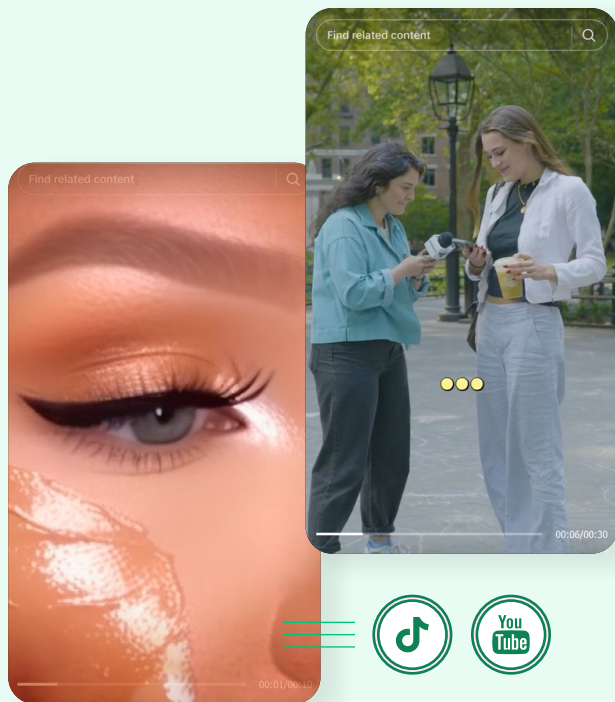
Streaming video

Streaming video content, such as demos, classes, and tours, can help customers learn more about products and services. Livestreaming can also be used to create a sense of community and engagement. Shopify empowers retailers to embed product links throughout a livestreaming video on YouTube, and retailers can make the experience even more immersive with customer representatives in the live chat, engaging with viewers in real time, answering questions, and even offering promotions.

Virtual reality (VR) and augmented reality (AR)

Virtual tools, such as virtual fitting rooms, have been shown to increase engagement when customers shop, with customers spending 20% more time browsing during their session while their likelihood of making a purchase goes up by almost 20%. Brands are also experimenting with VR and AR for immersive storytelling. For example, Nike virtually transports customers into a supply chain journey that allows them to explore how their products are manufactured.

In-store interactions

Immersive experiences are not limited to screens. Lululemon offers a wider range of digital training services, from a fitness app to an AR fitness mirror. However, to build local communities around its brand, Lululemon has been opening experiential stores that offer more than just products. These stores feature yoga classes to create a community around the brand. The stores also offer personalized styling sessions and other services tailored to the local market.

Embracing storytelling, content marketing, and immersive experiences is crucial for large multibrand retailers. These strategies allow retailers to differentiate themselves from competitors, engage and educate customers, and ultimately drive sales.

Five emerging tech-driven strategies for multibrand retailers

Keep stretching on flexible fulfillment

Flexible fulfillment has emerged as a key differentiator for retailers in the rapidly evolving retail landscape. The ability to meet customers' needs through various fulfillment options not only enhances the shopping experience but also provides a competitive advantage.

Curbside pickup and buy-online, pickup-in-store (BOPIS) options in particular have seen a surge in popularity. Pioneered by retailers like Nordstrom and Target, in some instances long before the COVID-19 pandemic, these services have been integrated into the omnichannel retail strategy. As of 2023, despite varying retailer adoption, it has become a deciding factor in the path to purchase.

In 2022, 67% of US shoppers used BOPIS, and by 2025, it is expected that 10% of all sales will be fulfilled this way. However, the number of retail chains in the top 1000 offering curbside pickup decreased from 54.7% in 2022 to 44.1% in 2023. Despite this decline, demand for curbside pickup is growing even faster. In 2022, 18% of US ecommerce shoppers picked up their most recent purchase via curbside, which is a 66% year-over-year increase. These findings suggest consumers are increasingly interested in curbside pickup, but retailers are not keeping up with demand.

18%

of US ecommerce shoppers picked up their purchase via curbside

66%

year-over-year increase in curbise pickups

While home delivery remains popular, there are several arguments to be made in favor of multibrand retailers supporting BOPIS:

Customer loyalty
With 71% of shoppers expecting BOPIS to be permanently available, retailers build customer loyalty by offering a convenient and flexible shopping experience.

Lower shipping costs
BOPIS can help retailers and customers save on shipping costs, which can be a deterrent during online checkout.

Better inventory management
Retailers can manage consumer fulfillment more effectively by merging online and in-store inventory.

Recurring revenue
Flexible fulfillment can further streamline subscription services. With 79% of shoppers expressing interest in auto-replenishment services for household staples, such as home care and pet supplies, pickup (or delivery) become ingrained in shopping routines.

Competitiveness
BOPIS allows retailers to differentiate themselves and become more competitive.

Security
With 30–50% of Americans reporting at least one expected-to-be-delivered package stolen, curbside pickup eliminates the need for long delivery windows, reducing the risk of theft.

Shopify helps multibrand retailers to offer curbside pickup by activating the option on digital orders and setting pickup locations. Inventory is cross-referenced and customers are provided with pickup codes. JB Hi-Fi adopted Shopify and saw a significant decrease in click-and-collect waiting periods, dropping from as long as 14 hours to most orders ready for pickup within an hour. Many customers even find their orders ready to pick up five to 10 minutes after placing them.

Retailers are now exploring other variations of BOPIS such as buy online, pickup at curb (BOPAC), buy online, return in-store (BORIS), and reserve online, pickup in-store. Nordstrom recently opened Nordstrom Local locations in New York and Los Angeles to facilitate these types of transactions at smaller express hubs. These strategies focus on different aspects of the customer experience, from outside handoff to reverse logistics.

Flexible fulfillment strategies provide significant opportunities for retailers to differentiate themselves and gain a competitive advantage. By understanding and responding to consumer preferences and behaviors, retailers can enhance the shopping experience and drive growth.

> **Every item of stock you see on the website is physically in a store. It's not an alternative online warehouse. It's not just interconnected, it's a reflection of what's going on in bricks and mortar. We're able to look up the stock availability in real-time via API, specific to a store location.**

Simon Page
CIO, JB Hi-Fi

How Shopify can help

Unlock limitless opportunities by building with Shopify

Technology is a means for retailers to achieve their commerce goals—they shouldn't be held back by the platform they choose.

Shopify is the partner for enterprise retailers looking for sustainable, long-term success in a rapidly changing market.

What this means for you and your business:

Improved unit economics
By utilizing Shopify's best-in-class components and focusing resources on building true differentiation, enterprises can optimize costs and enhance profitability.

Agility and speed to market
Shopify's managed runtime, kernel extensibility, prebuilt components, and powerful APIs empower engineering and business teams to be highly productive and responsive to market demands.

High-conversion experiences
Shopify offers the world's highest converting checkout, enabling retailers to maximize their revenue potential.

Superior customer experiences
A cohesive platform that seamlessly integrates front and back-office operations, providing a consistent experience for customers across all channels.

Full branding and customization flexibility
From custom themes to flexible, headless SDKs as well as rich branding and UX extensibility controls, Shopify enables retailers to fully own their brand and create unique, tailored customer experiences.

Reduced maintenance costs
With Shopify's world-class operations and engineering teams constantly monitoring and improving the system, retailers can save on maintenance expenses and focus on growth.

System security and customer trust
Shopify's 99.99% uptime and strong security defaults offer a reliable experience and peace of mind for retailers and their customers.

Shopify's enterprise solutions are purpose-built to address the unique needs of enterprise retailers, reducing work, costs, and risks while accelerating time to market. By choosing Shopify, retailers partner with a world-class R&D commerce team committed to making commerce better for everyone.