

# The evolution of omnichannel retail

Many retailers are realising that in the post-pandemic climate, simply having an online and physical presence is not enough, and the omnichannel approach is swiftly evolving.



Michael Zaharieff, co-founder of Luxity. Source: Supplied

The shopping experience is being redefined due to the effect that Covid-19 has had on online sales together with customers' demand for fully integrated and automated technology. It's important to acknowledge this shift in customer behaviour, notes Michael Zaharieff, co-founder of Luxity, a South African pre-owned and authenticated luxury reseller. Initially a purely online retailer, Luxity expanded into brick-and-mortar 2016.

"We have noticed that previously, customers used to do their research online to compare specs and read reviews, then bought the products they wanted in a store, perhaps because they were nervous about delivery times or online return policies," he says.

"Now, the environment has shifted completely: customers find that they're overwhelmed by the wealth of information online. They'd rather explore everything they want to know about a product in a store and then make their purchase online where they can easily compare prices once deciding on a product."



Amazon opens doors to first physical clothing store

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## Technology can make or break a brand

Retailers today have been forced to improve their offering across multiple channels as customers become more discerning

about how they interact with brands, demanding a consistent experience.

“Increasingly, SA customers have a sense of technology entitlement,” asserts Zahariev. “Just because they trust a brand, it doesn’t mean that they’re willing to put up with clunky technology on its website. Consumers expect the interaction with a brand to be seamless and consistent no matter how they choose to interact.”

He explains that this is proving difficult for larger companies which often rely on a variety of systems that are typically not interlinked, nor available in the cloud. “This gives smaller, independent stores an advantage if they can make their online shopping experience easier, seamless and more automated than the big retailers.”

Additionally, Zahariev says that it’s proving easier to replicate in-store experiences or negotiate good lease terms for e-commerce companies than it is for larger corporations to bridge the digital divide, giving rise to a host of new omnichannel-focused platforms [like Egg](#).

## Social commerce continues to grow

Another retail trend to watch is the growth in sales through social media platforms like Facebook, Instagram, TikTok and Twitter. There has been a noticeable shift to social commerce recently. In America, [half of all](#) purchases occur on social media. This is set to continue, with social commerce sales expected to grow three times faster than traditional e-commerce and reach [\\$1.2tn by 2025](#).

“Woolworths is a good example of a retailer that has integrated its social media with its digital and physical offerings,” comments Zahariev. With 3.5 million followers across seven social media platforms, Woolworths boasts the largest social media following [of any SA retailer](#). “At Luxity, WhatsApp sales account for more revenue than direct online sales. Customers prefer conducting the entire sales process through direct chat and only leave the chat app to make payment.”



Woolworths bolsters social commerce capabilities to boost sales

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## AR starts to play a role

Platforms like Snapchat are making it easier for brands to incorporate 3D assets and augmented reality (AR) try-on shopping tools on their websites and apps.

Burberry is the latest luxury brand to take advantage of these fast-growing tools with the inclusion of a three-dimensional, true-to-scale model of its Lola bag on the website. This not only gives customers a 360-degree view of the bag (including the inside) but also allows them to see how it would look with their outfits – all from the comfort of their homes.

“AR became increasingly popular during pandemic-induced lockdowns when brands had minimal in-person interactions with consumers and needed innovative ways of engaging while their target audience was forced to stay at home. With data from Shopify showing that products with AR content had a 94% higher conversion rate than those without, the technology is quickly becoming the next frontier to a brand’s e-commerce offering,” shares Zahariev.



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18 Oct 2021



### Seeing stores as a stage

“Digital is the place to be for sales, but customers still want to experience the products in person and AR only goes so far,” states Zahariev. “There’s the touch-and-feel element, as well as the trust factor that legitimises the brand or product.”

He believes that, with online purchases increasing as a percentage of overall sales, many retailers could opt to centralise and only have a few “experiential” stores in the [near future](#).

“Think of it like a stage: you’ll be able to go to the store to see how the product looks and works,” says Zahariev, “but most of the items on display won’t be available for purchase. That will have to be done online, allowing the retailer to dedicate more real-estate to education and experience by minimising the space needed for stock.”

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