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4 Challenges Facing Retailers Today and How to Overcome Them

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KEY TAKEAWAY

If you're a retailer hoping to grow your business and thrive, it's essential to stay ahead of the curve and avoid problems before they sabotage your success. Here are four big challenges facing retailers today and the steps you can take to avoid them.

Constant disruption has become the norm for the retail sector, with changing technologies, an increasingly saturated market, and a global pandemic creating continuous chaos in recent years. If you're a retailer hoping to remain relevant, scale, and increase your ROI, it's essential to stay ahead of the curve and be prepared to face challenges head–on, before they poke permanent holes in your business. To help you stay afloat and thrive in today's turbulent market, here are four common challenges facing retailers — and what you can do to overcome them.

Challenge #1: Ever-Changing Consumer Habits

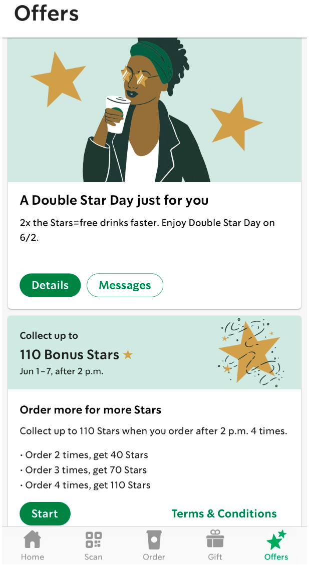
Solution: Creating a Seamless Omnichannel Experience

Consumer behavior is constantly evolving. The pandemic showed shoppers they could get almost anything online, while creative solutions like BIPOS (buy online, pick up in-store) proved the popularity of hybrid options. Now that consumers have become accustomed to shopping across multiple channels, retailers must be ready to meet customers where they are and adapt to their evolving needs. This requires the creation of a solid omnichannel strategy, one that provides customers with a consistent experience across all touchpoints.

> 59 percent of shoppers say they would choose a competitor that offers a seamless shopping experience if given the choice. –Rev Chat

How do you do this? First and foremost, you need to make sure that your customers can start a shopping interaction on one device and resume it seamlessly on another. When a shopper moves from their smartphone to their laptop, for example, they want to see the same products at the same prices. They want their shopping cart to remain intact, and they definitely don't want to reenter information that they already provided on the previous device. They also don't want to be thrown off by a drastically different look and feel — i.e. the branding must be consistent. Essentially, they want to shop from smartphone to laptop to tablet to store without feeling any kind of disconnect.

Starbucks is a brand that has been doing this brilliantly for quite some time now with its rewards program. Whether members decide to buy their java by app, online, or in-store, they're able to access their rewards points and have updates to their accounts made in real-time across all channels. At the same time, the app streamlines the buying experience by connecting mobile and in-store experiences, allowing customers to place their orders ahead of time so they can bypass the line in the store. In addition to being addicted to pumpkin spice lattes and caramel macchiatos, customers keep coming back because they love getting what they want, when they want it, where they want it, and how they want it.


Offers

A Double Star Day just for you

2x the Stars=free drinks faster. Enjoy Double Star Day on 6/2.

Collect up to
110 Bonus Stars ★
Jun 1–7, after 2 p.m.

Order more for more Stars

Collect up to 110 Stars when you order after 2 p.m. 4 times.

- Order 2 times, get 40 Stars
- Order 3 times, get 70 Stars
- Order 4 times, get 110 Stars

Example: Starbucks Rewards

Challenge #2: Standing Out in an Oversaturated Market

Solution: Improved Customer Experience (CX) Through Personalization

Shoppers want to feel special — plain and simple. They want to know that the brands they love value them as customers and will go above and beyond to make sure they're happy. One of the best ways for retailers to make this clear to their customers is to invest in CX. In fact, a whopping 86 percent of shoppers say they're willing to pay more for a great customer experience, which means they won't hesitate to look elsewhere if you're not giving them exactly what they need from the get-go.

The key to giving your customers exactly what they want is personalization. Today's consumers simply don't have the willingness to wade through irrelevant messaging — close to three-quarters say they're frustrated by impersonal shopping experiences and will only engage with messaging that's clearly tailored to their interests. And nearly half say they'll head straight to Amazon if the brand they're shopping with does not provide personalized product suggestions.

> 58 percent of customers say they will abandon a business due to poor customer experience. –Martechcube

One of the best ways to create these hyper-personalized experiences at scale is to leverage dynamic creatives and data-driven technologies such as dynamic creative optimization (DCO). DCO is a type of programmatic advertising technology that gives marketers the ability to optimize dynamic creatives in real time using data that's collected when an ad is being served. Ads are updated automatically based on a broad range of data triggers, such as location, weather, gender, device, buying history, and where the user is in the sales funnel.

Remember, there are 2.1 million online businesses in the U.S. alone — and more than 9 million across the globe. No matter how strong your products or services may be, you'll be usurped by the competition if you're not doing everything you can to stand out from the crowd. Of all the challenges facing retailers today, this one will always loom large.

Challenge #3: Managing Data (& Making the Most of It)

Solution: Automating Data Collection

Of course, dynamic creatives and automated marketing tech like DCO are only as good as the data driving them. Poor personalization strategies can be just damaging as having none at all — 77 percent of shoppers say receiving push notifications or text messages for promotions they're not interested in is extremely irritating. To deliver an experience that makes each customer feel recognized as an individual, retailers must be able to convert the data they collect into smart, actionable insights that can be leveraged to drive personalization. And this requires smart data management.

> 75 percent of American consumers say they're more likely to be loyal to brands that understand and interact with them on a personal level.
>
> –Acquia

But the days of manual data gathering and analysis are long gone. Today, the only way to efficiently and effectively manage vast amounts of data is to lean on automation solutions like data management programs (DMPs). Initially, DMPs were used mostly for media buying, however in recent years, more and more marketing leaders have been leveraging them to expand campaign reach by creating hyper-targeted, data-driven personalized strategies. And they can be easily integrated with DCO platforms.

Automated retail analytics platforms such as Alloy and DataWeave can also be helpful for generating actionable insights. In addition to customer data, they can analyze info such as supply chain movement, inventory levels, consumer demand, and more.

But best way to ensure you're using the tools that are the most effective for your business is to partner with experienced digital solutions provider like Theorem. Our automation solutions have helped some of the world's biggest businesses collect, manage, and analyze their data, including U.S. media titan Advance Local.

Challenge #4: Customer Retention

Solution: Building a Loyalty Program

Loyalty programs are powerful tools when it comes to customer retention. In addition to making faithful shoppers happy by offering discounts, deals, and other feel-good perks, they maximize customer lifetime value by incentivizing shoppers to spend more money and buy more often. They're also relatively inexpensive to implement, and when done right, can help boost revenue by creating a better overall customer experience.

> More than 80 percent of consumers say belonging to a loyalty program influences their decision to buy again from a brand.
>
> -Yotpo

The key to creating a successful loyalty program is making sure that the perks you provide offer value to your customers. And because value can mean different things to different audiences, it's critical to let first-party data inform your strategy.

% SALE
%
LOYALTY CARD
%

This means that your loyalty program's incentives — whether they're points, discounts, freebies, or other perks — must closely align with your audience segments' preferences. Once again, personalization pays off — statistics show that customers are eight times more likely to be satisfied with a loyalty program that is closely tailored to their interests. So dig into that data to reward your customers with incentives that will truly make them want to come back for more.

It's also essential to make sure your loyalty program is easy to use. Because while your customers want to be rewarded for remaining faithful to your brand, they don't want to do any extra work to reap those benefits. If you set up a points-based rewards system, for example, make sure it's straightforward and easy to understand. And avoid the common pitfall of requiring shoppers to scan a physical loyalty card — let them redeem their perks via a phone number or email address.

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