

OMNICHANNEL TRENDS

The post-pandemic era of omnichannel continued to come into focus in 2023 as the once-rising tide for curbside pickup retreated in dramatic fashion, leaving BOPIS (buy online, pick up in store) and in-store stock visibility at plateaued levels from 2022. Those trends speak to the value consumers have found in convenience, as well as their comfort and interest in returning to stores.

Only 25.3% of retail chains in the Top 1000 in 2023 continued to offer curbside pickup as an option. That was down from 46.1% in 2022, while more than half of the Top 1000 offered it in 2020 and 2021.

That same path of reversion did not apply to BOPIS and in-store stock checks. BOPIS fell less than two percentage points to 78.3% in 2023, while in-store stock status stayed flat at 65.4% among Top 1000 merchants. Both rates were higher than in 2020 and 2021.

Meanwhile, at the category level, Automotive Parts/Accessories and Office Supplies retail chains were most likely to have both BOPIS and in-store stock status, with 100% of those companies in the Top 1000 using them as parts of their omnichannel strategies.

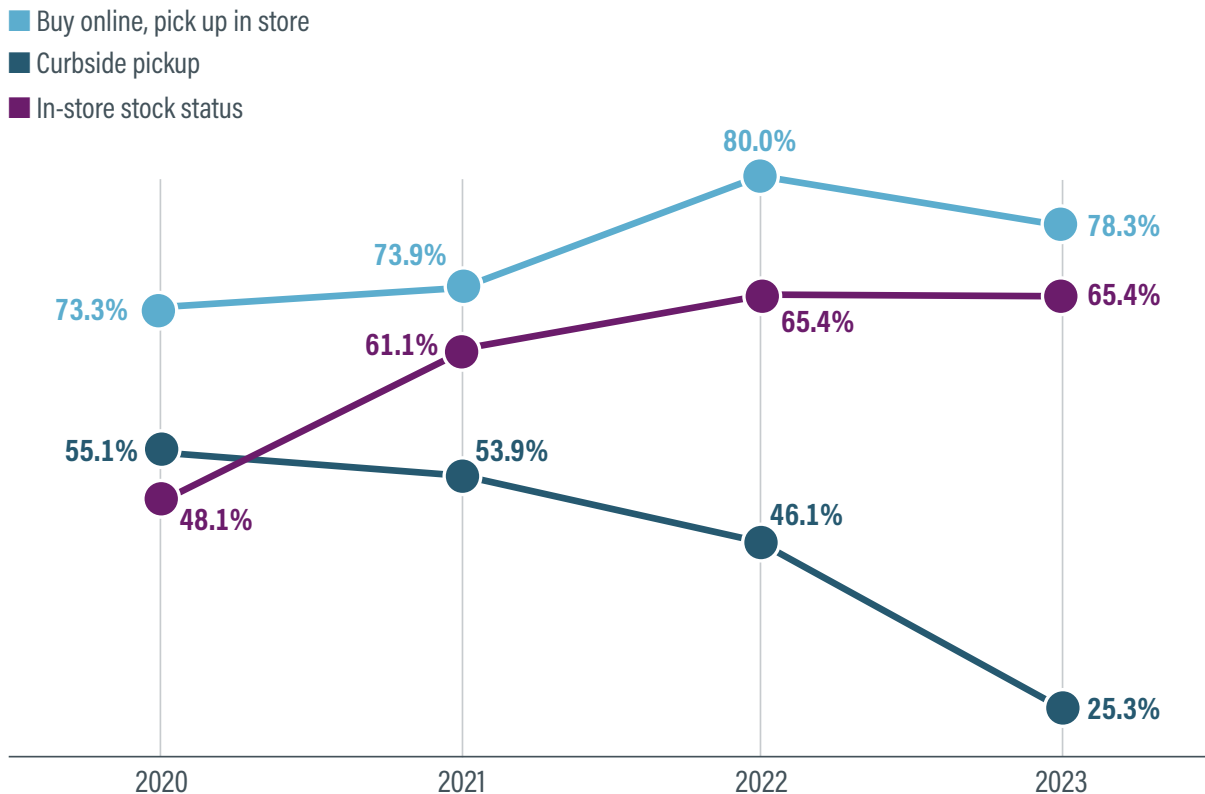
Office Supplies retailers were also outliers for curbside pickup, with a 50% rate of availability in the Top 1000. Just behind that was Food/Beverage at 45.5%, a level that confirms big grocers still see it as a priority.

Albertsons and Amazon Fresh received the highest rates of satisfaction from customers using their curbside experiences in a study released by the research firm Ipsos in January.

“Big-box retailers who sell groceries are making significant ecommerce and infrastructure investments to streamline the ordering and fulfillment processes, from signage and parking to staffing,” said Silvana Daehn, vice president at Ipsos’ Channel Performance. “Their goal is to make the buying of groceries and other household items a single, seamless transaction.”

Through that lens, curbside remains a vital solution, worthy of ongoing investment, even when BOPIS has been a higher priority more generally.

SHARE OF RETAIL CHAINS* IN THE TOP 1000 OFFERING OMNICHANNEL FEATURES



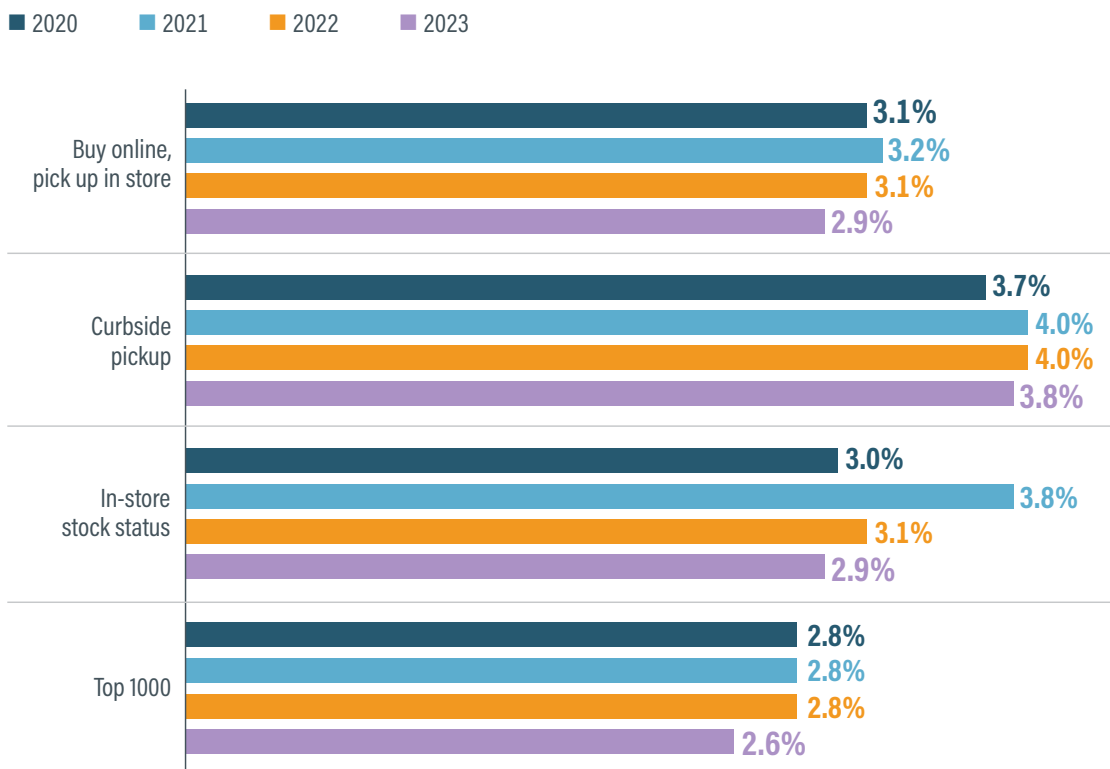
*For retailers with data for all four years. Source: Digital Commerce 360

Speaking to Digital Commerce 360 in March, Sabrina Callahan, vice president, ecommerce at Sam's Club, noted that she sees BOPIS as an important part of the membership-based chain's omnichannel portfolio going forward. Though it launched curbside pickup nationwide in 2020, its emphasis in 2024 has been on mobile app features such as Scan & Go for self-checkout and leveraging data to personalize recommendations for additional purchases when members order online and via the mobile app when in stores.

"Members have specifically told us they will pay more for convenience, but we don't want them to pay extra," Callahan said. "We're also saying if that's that important to them, we have to lean in."

CONVERSION RATE OF RETAIL CHAINS WITH OMNICHANNEL OFFERINGS

For share of retail chains* in the Top 1000 offering BOPIS and curbside pickup



*For retailers with data for all four years. Source: Digital Commerce 360

HOW THE RIGHT OMNICHANNEL STRATEGY HELPS CUSTOMERS, AS WELL AS RETAILERS

An executive conversation with **Sumit Mittal**, senior product director, Blue Yonder



Adapting omnichannel strategy to meet customer needs can involve goals beyond boosting customer satisfaction and retention. Digital Commerce 360 spoke with Sumit Mittal, senior product director at the supply chain management company Blue Yonder, about the decisions retailers are making right now that can please shoppers, but also optimize operations and even reduce waste.

What omnichannel choices do you see retailers making that drive the most return on investment in today's environment?

In today's environment, retailers are increasingly focused on omnichannel strategies that deliver the highest ROI and provide meaningful and satisfactory consumer experiences. Gone are the days when the focus was solely on becoming omnichannel or providing omnichannel options to demanding customers. Now, the conversation has shifted to optimization and how advanced technologies can improve a retailer's return on investment and achieve new levels of success.

We see major wins with retailers who enhance their inventory and fulfillment decisioning capabilities to meet consumer expectations and beat the competition.

What are some examples of the resulting capabilities when the right decisions are made?

Retailers need to innovate quickly and create a technology architecture that enables scale, speed, agility and resiliency. Critical capabilities include having real-time inventory availability — inventory visibility at the enterprise and local level, plus real-time sourcing for accurate available to promise starting at search. Click-to-get shopping supported by a full workflow that is seamless to the customer, along with seamless omnichannel experiences regardless of the shopper's preference. And lastly, inventory & fulfillment optimization — pre- and post-sourcing optimization to fulfill and deliver while balancing cost, speed and experience.

How can improved inventory visibility play a role in improving business outcomes and customer experience?

Improved inventory visibility directly enhances business outcomes and customer experience by ensuring accurate stock levels, reducing stockouts and enabling timely order fulfillment. This leads to increased customer satisfaction, fewer lost sales, optimized inventory management and —

ultimately — improved profitability. Moreover, advanced analytics not only improve decision-making and visibility but also explain why these decisions are made, meeting the modern demand for transparency.

Can better decisions at the order and inventory management levels have an impact on waste reduction and sustainability outcomes?

Of course — better decisions at the order and inventory management levels have a significant impact on waste reduction and improving sustainability outcomes. In a recently conducted 2023 Blue Yonder survey, 200+ U.S. retailers shared that 63% of them face significant challenges with the management of returns as customers turn to online shopping options. With a robust AI-powered supply chain, it is now possible to optimize inventory levels, minimize overstock and stockouts, reduce product spoilage and facilitate more efficient use of resources. This helps retailers cut costs and increase productivity — all while reducing their carbon footprint.

Have you seen improved visibility have an impact on the returns process for retailers as well?

In a recent release by the National Retail Foundation, almost \$428 billion in lost sales for US retailers are accounted by ineffective returns management. Other concerns include order wastage, inefficient transportation routes, all of which add on to the waste reduction we see today.

With improved visibility, retailers can track inventory more accurately and efficiently. By quickly integrating returned items into available stock or processing them for resale or liquidation, retailers can optimize inventory levels and minimize stockouts or overstock situations.

The ability to control what is visible for retailers is also beneficial — by allowing retailers to customize their own rules in the returns process, it helps streamline the operations, minimize errors, reduce processing times and enhance customer satisfaction at the same time.



Remote appointment/consultation options were significantly less common among all store-based retailers, though it appeared among 40% of Jewelry retailers, 34.8% of Housewares/Home Furnishings retailers and 25% of Health/Beauty retailers.

As for the conversation rates associated with these omnichannel choices, curbside pickup held the highest average at 3.8%. Behind it, BOPIS and in-store stock both shared a rate of 2.9%.

TESTING TIKTOK SHOP

TikTok Shop arrived as one of the biggest changes to the ecommerce landscape in 2023. Some retailers are taking slow, considered approaches when deciding to sell on the marketplace, while others are jumping in confidently thanks to existing experience in live shopping and social media.

Newegg Commerce Inc. is one of the ecommerce brands that embraced TikTok Shop from the beginning, integrating it into 2023 holiday plans. The electronics retailer held a 24-hour livestream shopping event on the platform for Cyber Monday, achieving what it referred to as great success.

“TikTok is a great way to get Newegg in front of people who have not shopped from Newegg before,” director of Newegg studios Drew Roder said.

TikTok Shop is accessible through shoppable videos fed to users through the “for you” page. Creators can tag products in videos and live feeds that viewers can purchase directly within the app. TikTok users can buy products recommended by influencers and creators on the app, who make commissions based on sales they’ve promoted. It also has a “Shop” tab set up more like a traditional ecommerce website, and it offers a fulfillment service, too.

TikTok has potential to continue playing a large role in shopping decisions, especially for younger female consumers. In fact, it already has 150 million users in the U.S. alone.

“TikTok users have proven themselves to be voracious consumers,” Ellyn Briggs, brands analyst at Morning Consult, told Digital Commerce 360. One in three U.S. consumers browse TikTok Shop at least once a week, according to survey results from Jungle Scout’s Q1 consumer trends report. That number is even higher for Gen Z and millennial consumers, it said.

Newegg was already generating millions of dollars in live shopping through TikTok and other streaming platforms before the launch of TikTok Shop, Roder said. The benefit of TikTok Shop is that it compresses the purchase experiences, removing roadblocks from a potential customer’s journey.

“Someone can see a product introduced to them by the company that sells it and they don’t even have to go to another website,” he said. “They can go from awareness to action, the whole funnel, in 30 seconds.”

Newegg pursues relationships with repeat customers and takes requests on item categories to bring into its TikTok Shop, he added. In other words, “engagement is the name of the game on TikTok,” he said.

For example, Newegg said a short TikTok video of a neck massager received 19.7 million views organically, leading to “hundreds of thousands of dollars” in sales.

However, that success isn’t necessarily replicable in other categories.

NightCap, the scrunchie designed to prevent spiked drinks, gave the platform a try but no longer sells on TikTok Shop.

“In the beginning, TikTok Shop was great for us,” CEO and co-founder Shirah Benarde said.

At first, the app pushed NightCap’s videos out, and they regularly went viral. Then, as the marketplace became more saturated, views took a nosedive, she said. NightCap’s account would be flagged for violating rules like mentioning the word “website” or “Amazon,” she said. The account would be banned for 24 to 48 hours at a time after these instances. Ultimately, selling on TikTok Shop wasn’t viable for NightCap, which is focusing on its direct-to-consumer website and Amazon sales now instead, she said.

TikTok Shop seems to be a better fit for some categories than others, according to Roder. For consumer electronics, it’s a good match, he said.

SHOPPABLE VIDEO’S REACH EXPANDS

Traditional TV takes a back seat to other options for video-viewing consumers in 2024. Together, connected TV and online video account for more hours of watch time in U.S. households than linear TV, according to data from the media analytics firm Comscore. Connected TV includes app-based streaming content, which, like online video in general, can offer higher-quality tracking data, but also offers a wider range of interactivity and targeted advertising. Meanwhile, all three categories compete with games, apps, social media and other categories that are full of video living on many sizes of screens.

The challenge facing advertisers now is to figure out where and when potential shoppers are watching to drive sales in effective

ways. Meanwhile, retailers want to make every opportunity count, which is why they are interested in shoppable video.

Shoppable video experiences gained new visibility over the past year, with Disney, Amazon and Walmart all trying to reach audiences in new ways with transactions only a click away. The implications extend beyond the revenue streams for streaming platforms to retail media networks and omnichannel offerings as well.

DISNEY UNLOCKS VALUE FROM HULU

Disney launched a beta program for shoppable ads in January, beginning on Hulu. Disney reached a deal in 2023 to acquire the remaining share of Hulu that it did not already own from Comcast. In 2024, Hulu has steadily become part of the Disney+ platform's experience, where Hulu's ad tech will live as well.

"Our goal is to help audiences connect with the brands they love with the least amount of friction, without disrupting the content they're streaming," said Jamie Power, senior vice president, addressable sales at Disney Advertising.

With Disney's approach, streaming viewers are invited through ads to purchase products from the Gateway Shop, which is a new iteration of something called Gateway Go that Hulu debuted in 2020. In announcing the beta, Disney also announced Unilever as an early partner.

"Gateway Shop is a prime example of the holistic approach we take to building viewer-first ad experiences and formats," said Amy Lehman, senior vice president, advertising platforms at Disney. "Audience behaviors have changed, and advertising should reflect that and serve both viewers and marketers in new ways."

AMAZON'S GROWING AD CAPABILITIES

Amazon also made a big move in January, announcing the rollout of ads to Prime Video customers. In doing so, Prime joined Max and Netflix, which already launched ad-supported tiers. Amazon's shoppable video ambitions extend further, though.

Last November, Amazon tested shoppable ads during breaks as it streamed a Black Friday NFL game between the Miami Dolphins and the New York Jets. The ads featured QR codes and links selectable for Amazon's Fire TV Stick users. Either option redirected viewers to Amazon.com product pages for items including Columbia jackets and Nerf toys.

In the meantime, Amazon already hosts shoppable livestreams on Amazon Live, where hosts pitch products listed on the site. In addition, Amazon began enabling direct shopping experiences through Snap video posts in 2023, opening up options for in-video ads to display real-time pricing, Prime eligibility, delivery estimates and other details. Importantly, the new functionality offers purchasing opportunities to users without leaving the Snap app.

WALMART'S KEY PARTNERS

Walmart, which is Amazon's biggest retail competitor, may not have a streaming platform as big as Prime Video or streaming rights to NFL games. It does, however, have key partners and unique advantages of its own in shoppable video.

During the 2023 holiday season, the Bentonville, Arkansas-based retail giant released its own romantic comedy series, "Add to Heart." Streaming on TikTok, Roku and YouTube, the show included integrated ads for products in each episode.

Meanwhile, on the Peacock streaming platform, Walmart is getting shoppable ads into Bravo shows via NBCUniversal's Must Shop TV technology. There, the companies use artificial intelligence to identify objects on the screen and match them with buyable products that Walmart sells.

"Where we are right now is it's actually become a viable part of our medium mix, one that we can optimize like any other digital channel," said Jill Toscano, vice president, head of media at Walmart, speaking at the Shoptalk conference in Las Vegas in March.

Looking ahead, Walmart stands prepared to gain other important video assets through its proposed \$2.3 billion acquisition of the TV maker Vizio. Vizio has data on almost 18 million active users, in addition to screens that represent 20% of the U.S. TV market, according to Walmart. With that fully coming under Walmart's umbrella, the retailer's ad delivery and media network, Walmart Connect, would gain substantial targeting capabilities.

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