

Why You Can No Longer Define Your Strategy by Channels

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Consumers move seamlessly across the physical and digital worlds—and expect businesses to do the same. Director of Performance Marketing Matt Lawson talks to Google’s VP of U.S. Sales, Retail & Telecom John McAteer about the shifts he's seeing as brands work to deliver truly integrated experiences.

Matt Lawson: How have you seen retail change in the last few years?

John McAteer: There have been huge changes. New Forrester research says that at least 58% of non-grocery retail sales are expected to be digitally influenced this year. And even more striking, 2017 will bring in an additional \$86B in non-grocery retail sales that are influenced by digital. That’s almost the size of the entire furniture category!

At the same time, more retailers closed stores here in the U.S. in the first quarter of this year than in all of 2016. Digital is quickly changing the role of stores.

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How is mobile changing consumers' shopping behavior?

For retailers with touchpoints across the physical and digital worlds, mobile has created a big opportunity. In just a few short years, store traffic has decreased 60%. But when people do go to the store, they're spending more—20% more, according to industry research. Driven largely by mobile, we have more educated, purposeful shoppers that have done their homework before going to stores.

The reality is that today's consumers interact more with your brand on digital than they do in person. And to them, there is "no line" between offline and online. It's a non-line world.

Given this shift, what do retailers need to do to meet consumers' rising expectations in a “non-line” world?

Your customers today expect consistent and relevant experiences whether they're visiting a local store or browsing on their mobile phone. If a consumer starts a purchase online, then heads into a store for help, they want store associates to be able to see the items in their shopping carts. Marketers need to offer truly orchestrated experiences across channels to delight consumers and address their needs.

Best Buy connects the online and offline experience really well. They've set up the online and store experiences to [mirror each other](#)—they know that customers have done research on digital before they enter a store. That's why they've brought their Blue Shirt expertise online with buying guides and video tutorials. And they've also aggressively increased their investment in mobile, adding a version of Shopping Ads called Local Inventory Ads. Now, when a person is looking for Beats headphones, they know Best Buy sells them, at what price, and which nearby store has them in stock.

So how should retailers be thinking about their organizational structures in a non-line world?

Marketers shouldn't be defining their strategy by channels. And responsibility for stores and digital can't be completely separate. Everyone needs to put the customer at the heart of their marketing strategies. Historically, the emphasis has been on stores and physical locations. And that made sense when the store was the main touchpoint consumers had with your brand. But with the bulk of your customer's touchpoints now on digital and with many purchase decisions being made before he or she even enters the store, it no longer makes sense.

“Everyone needs to put the customer at the heart of their marketing strategies.”

I'll give you an example from one of the clients I work with. Last year, Home Depot realized that mobile accounted for over 50% of their online traffic, and that 42% of online orders were being picked up in-store. That kick-started internal conversations about how to best reach and serve their customers going forward. They started by reorganizing their marketing teams, moving from two separate online and store teams to one cross-channel team aligned by category. Now, part of the team focuses on strategy, planning, and budgeting, the other part on activation and execution.

The reality is that most retailers are still measuring digital and offline in silos. How should retailers be thinking about measurement?

Measuring digital is no longer as simple as it once was. As consumers move across channels, it's inevitable that there are going to be gaps. And marketers need to evolve measurement strategies and KPIs to account for that. Part of that is embracing an experimental mindset.

Sprint, for example, knew their consumers were starting with search, but they didn't know how to value the true impact of search. Instead of waiting

for perfect data, they ran a test. Sprint turned off search advertising in certain markets while significantly increasing their search presence in others. And it partnered with Google to measure the metrics they really care about: store visits and sales. They saw a 32% increase in store sales and a 26% increase in digital sales driven by search.

What will success look like in a non-line world?

The businesses that succeed in the future will be the ones that figure out how to meet all of these new consumer expectations for seamless, frictionless cross-channel experiences. The businesses that can innovate, truly understand today's consumer journey, and address consumers' needs at every touchpoint are going to find themselves in a position to win.

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