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DIGITAL: more than a 'buy' channel for retailers

For too many retailers, the term "digital" has literally translated to "eCommerce." While few would dispute that online ordering to home is a must-have retail capability today, 93% of Dutch retail trade still takes place in the physical stores. And while many digital teams are celebrating double-digit online growth rates, this is often coupled with flat or declining store sales in the wider business. Simply put, many retailers stand over the enablement of only a channel shift.

Deloitte Digital has been monitoring retail and consumer shopping trends for three years through our annual digital influence study, and recently released the **Dutch edition of "Navigating the New Digital Divide."** The numbers are clear: digital influence continues to accelerate and shift the ground under the feet of retailers large and small alike. Here are a few to think about:

- Today, digital interactions **influence 30 cents of euro spent** in Dutch retail stores, or 24 billion. This number is expected to double in the next 2-3 years.
- Dutch consumers who used digital both "before" and "during" their shopping journey were **48% more likely to convert in-store** versus those consumers who did not use digital.

- **70 percent** of shoppers say they no longer turn to retailer or brand advertisements for inspiration. Instead, they look to independent bloggers, friends and family, or even strangers, for trusted information about products—expressly because these influencers are not tied directly to brands.
- Social media users are **three times more likely to spend more** than non-users on purchases as a result of a digital shopping experience.

Despite these statistics, we find a noticeable divide separating shoppers' digital behaviors and expectations from the experiences retailers are actually providing. This gap, coupled with the deceleration of investments in the Netherlands and the potential impacts to talent and capabilities are cause for concern. According to a 2015 Harvard Business Review study on digital evolution, the Netherlands was classified as a "stall out" – a country that achieved a high level of evolution in the past but is losing momentum and risks falling behind. We must keep the investment and focus on delivering continuously better customer experiences to avoid losing digital talent and market share to foreign competition.

Digital will soon play a role in all but the most impulsive and urgent segment of shopping trips and retailers must avoid evaluating their strategy and investments through the traditional channel-specific lens. While performance measurement of

the online experience is necessary, we must evolve out of separate P&Ls for online and offline. Online orders do not compete with offline orders. Online visits do not compete with store visits. In the end, omni-channel strategy for retailers should simply boil down to the effective and efficient allocation of inventory and content across all the possible transaction mediums.

This strategy does require specific choices for specific retailers in their specific categories – determining how to 'win' among increasing competition. The digitally-enabled consumer experience requires reinvention and a full omni-channel offering. For some, employing digital to enable competitive pricing will be the primary focus. For others, it will be about combining the best of physical and digital to create more unique, valuable, or convenient experiences. In a world where everyone is always online, there is no offline. So it's not about digital business, it's just business. It's not about eCommerce, it is simply commerce.

