



Beyond Omnichannel: Optimizing Payment Processes at Online and Offline POS

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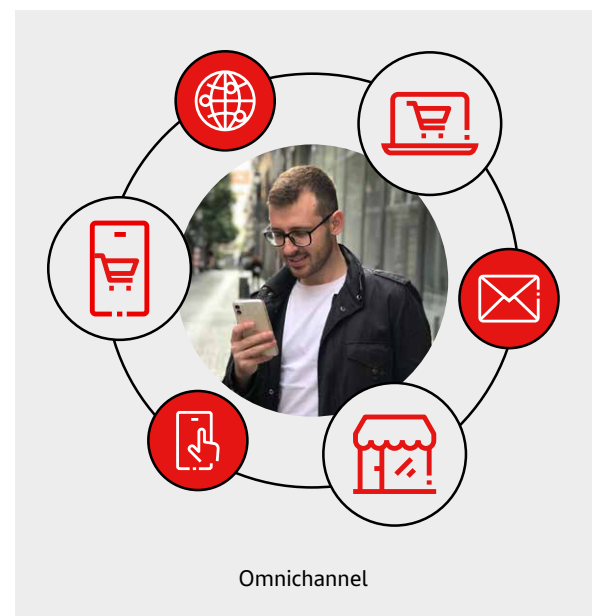
1. Omnichannel and digital retail – what exactly is it?

Omni is the Latin word for “all” or “every”; omnichannel in retail thus describes the presence on all channels (online and offline) to offer customers a smooth and consistent cross-channel shopping experience.

The term omnichannel has been the buzzword of the retail industry for several years now and is, therefore, on everyone's lips. The concept of networked stores, which are accessible to customers via all channels at all times, has only become importance in recent years. The pandemic has also shown: Although digitization in retail is well on its way, most companies are still a long way from end-to-end digitization. These changes are also clearly visible in B2B, as a recent study by McKinsey shows: Even when personal contact with the contact person was possible again thanks to falling infection figures, customers still wanted to maintain the cross-channel mix.¹

The challenge: For the mobile and connected consumer, online, offline and mobile have long been a common world

in retail. They do not differentiate between the retailer's various channels, but want to be able to obtain information and buy products anytime and anywhere.



While retailers are gradually implementing the new omnichannel requirements, the desired customer himself has long been two steps ahead: he already demands perfectly functioning digital commerce with convenient shopping options – regardless of the channel.

An example: The customer sees a product on Instagram that interests him; he finds out about features and ratings in the

¹ McKinsey: „Omnichannel in B2B sales: The new normal in a year that has been anything but, March 2021

online store; checks the availability of the product in the retailer app and reserves it; he picks up the product in the store and pays; a complaint is clarified via social media; the product is replaced in another store; and as compensation, the customer receives a voucher for his next online or offline purchase.

There is, however, still a huge gap between aspiration and reality in retail – as was also evident during store closures as a result of Corona. Digital commerce poses a challenge to the industry and definitely requires a new mindset and a clear focus on the customer's wishes as well as their cross-channel journey.

With the omnichannel approach, the focus is much more clearly on the customer than before. In times of transparent prices and high competitive pressure, customers must be convinced in other ways than purely on the basis of price – the decisive factors here are convenience, added value and an emotionally positive buying experience. On the retailer side, a cross-channel, networked merchandise management system and preferred payment solutions are absolutely essential. Fulfilling customer requirements and wishes brings significant advantages for the retailer.

How digital is your retail?

- ✓ **Single-Channel:** The retailer sells exclusively through one sales channel: online only or offline only.
- ✓ **Multi-Channel:** In this case, several sales channels are used. Example: A retailer with a brick-and-mortar store also operates a separate online store.
- ✓ **Cross-Channel:** In this type of development, there are points of contact between the channels. Example: Customers can order goods via the online store and pick them up in the store.

- ✓ **Omni-Channel:** The retailer uses all sales channels. This means that customers can always choose the channel that is most convenient for them at the time in question. Regardless of which channel the customer chooses, the retailer always has the same information about the customer.

2. Omnichannel services: What customers already demand today

Customers today want a convenient shopping experience, and in times of high uncertainty about hygiene and regulations, they also want it to be with as little contact as possible. This demand can be met in a variety of ways through the digitization of retail. These omnichannel cross-channel methods include:

2.1 Endless Aisle

The "endless aisle" solves one of high-street retail's weaknesses. Until now, if a product was out of stock, customers went away empty-handed or had to try again at other stores or at a later date. With "endless aisle" they can order the desired product quickly and conveniently from the shop's online store via tablet connected to the POS terminal, for example, and simply have it delivered to their home.

2.2 Click & Collect

Click & Collect also focuses on customer convenience: it allows the customer to place an order in the online store and pick up the goods in the high-street store. Another version of this is "Click & Reserve", in which the goods are put aside ready for further inspection in the store. "Click & Collect" is one of the most widely used services in omnichannel retail. According to a survey by infas quo, 17 percent of

respondents have already made use of this in textile retailing.² Advantages during a pandemic are above all minimum-contact shopping and the payment process – retailers were able to record sales and continue to operate their business despite high infection figures.

2.3 Fast 1-Click Payments

Long waits at the checkout are a thing of the past with 1-click payment. The prerequisite here is that the customer saves the payment data – in the app, in the online store or in the local store. The data can then be used for the next purchase, online or offline, and payment can be accelerated significantly as a result.

Beacons are mini transmitters that are installed in the retail store and contact customers who walk by or enter the store via push message and app. This works using BLE (Bluetooth Low Energy) technology. Customers can, for example, be notified of individual discounts or receive directions to the desired product.

2.4 Enabling convenient returns

Returns have been a vexing issue for customers and retailers alike. Both fear the time and costs involved. On the retailer side, the risk of fraud is another point to consider. In many cases, returns are much easier and safer for both sides if items purchased online can be returned to the retailer's stores. Despite the advantages, in-store returns are still rare. For example, only 134 of the 1.000 top-selling online stores in Germany offer this³ – there is still a lot of room for improvement.

2.5 Check availability

A convenient shopping experience across channels is also

enabled by real-time information about availability in the high-street store. This allows customers to get information online in advance, and if they want to try on or try out the product on site, they can be sure that it is actually in stock in the store of their choice.

2.6 Loyalty programs

More and more customers want to be notified about relevant special offers such as coupons or rewards, in addition to a personalized and individual customer approach. Digitization in the retail sector makes this possible quite easily. Modern card-linked loyalty programs and beacons are convenient options that also bring significant benefits for retailers.



When it comes to the future of digital commerce, the focus is clearly on the customer and their "journey" to purchase. Retailers should definitely offer clear added value such as individual solutions that enable convenient shopping experiences. In this way, retailers can also prove themselves to their market competitors. It is already foreseeable that services such as "Click & Collect" or "endless aisle" will be standard services in the future and not differentiating features.

3. Merchant benefits of cross-channel digitization of commerce and payments

The omnichannel purchasing process is becoming more convenient, more personal, and faster for consumers. While the focus is primarily on user satisfaction on the part of the customer, cross-channel digitization also offers clear advantages for retailers.

² Infas quo: „Click & Collect: Ein Ass im Ärmel des Textil-markts!?, January 2021

³ EHI-Studie: "Omnichannel-Commerce 2019", October 2019



3.1 Increase user satisfaction

Omnichannel is well on its way to becoming the new standard in retail. The Coronavirus pandemic in particular has shown what opportunities retailers can and should use to successfully counter the mostly stationary restrictions. Customers are demanding services that smoothly link or overlap online, offline and, above all, mobile. For them, these have long since become normal. And, long-term positive customer loyalty is only possible if these are met. If, on the other hand, a customer goes away empty-handed in a store because his size is sold out and the goods are not delivered to his home – despite the store's online store – the retailer loses sales and probably also a customer. The market competitors are enticing customers particularly with mobile and online solutions – and with just one click the customer is lost.

3.2 Detailed customer profile

Uniform systems such as merchandise management and payment solutions, which interlock across all channels, give retailers a much sharper profile of their customers than would be possible without omnichannel. Without these solutions, the online and offline information about a customer cannot be compiled and does not provide a uniform picture. Artificial intelligence (AI) can also be used to create a very holistic picture of the customer. The retailer

thus knows, both in the high-street store and in the online store, which products suit the customer, which offer might attract him, which payment methods he prefers, etc. – this data can be used perfectly for a targeted, as well as individual approach and can demonstrably increase sales.

3.3 One payment solution for all channels

Whether in a retail store, an online store, mobile shopping via smartphone or social shopping via social networks – the payment process must be secure and convenient these days. Omnichannel solutions make this possible and are also intelligently networked. This means that the configuration and maintenance effort for the retailer is significantly lower than with separate solutions for each individual channel. In addition, the uniformity increases the customer benefit.

4. Prerequisite for targeted omnichannel solutions: The 3 pillars of convenient digital payments

It should have become clear that the introduction of omnichannel systems is worthwhile, regardless of industry

and company size. Not least for the simple reason that the convenience of cross-channel shopping has long been normal for customers and is in demand.

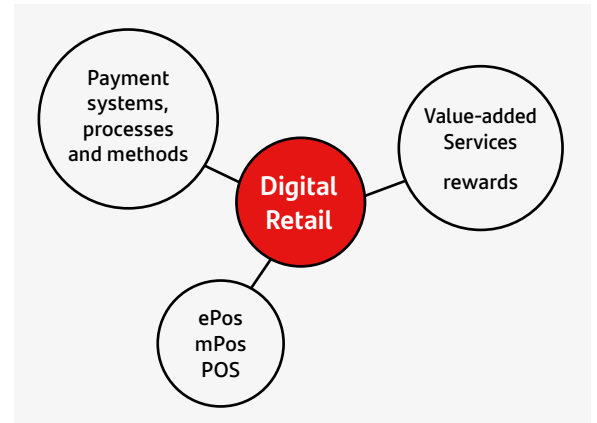
From a company's perspective, however, the investments are often shied away from because enabling a goal-oriented, convenient shopping experience is definitely a challenge. Three things play a decisive role in the satisfaction of a consumer in digital retail: convenience, added value and security.

Payment solution requirements

Customer requests	Retailer requests
Simple and quick at any POS	Easy to implement and use
Cross-channel payment solutions	Cross-channel customizations
Privacy and security	Security and customer focus
Loyalty benefits	Customer loyalty

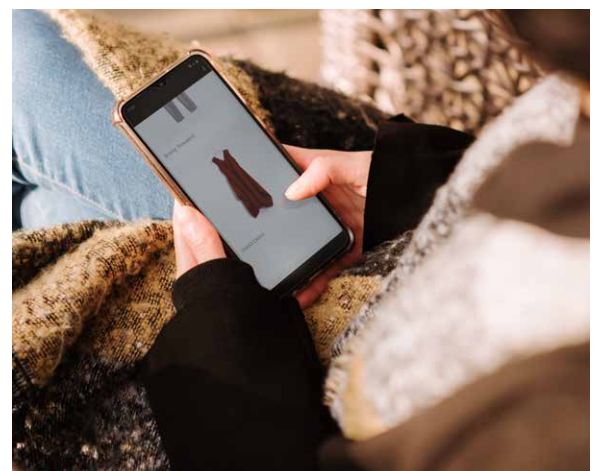
An important prerequisite for all three points and thus for omnichannel commerce itself, is to create an intelligently networked payment process. This convenient payment strategy is the key to success and a prerequisite for an omnichannel customer experience. When establishing an optimal and omnichannel-enabled payment solution, it is particularly important to consider the payment systems, the point of sales, and the value-added services, which are referred to here as the three pillars of payment in digital retail.

These illustrate that this is the foundation of digital retail and a prerequisite of omnichannel commerce. Without these points, such a cross-channel experience is possible, however, only in rare cases is it purposeful and satisfying for the customer. On the contrary, digitization of retail creates new demands in payment transactions.



4.1 Offer the right payment methods

Online, offline or mobile on a smartphone – today's consumers expect secure and convenient payment methods everywhere and more than ever before. The choice is now enormous. While Germany is still more attached to cash and payment on account than almost any other country, payment by smartphone or credit card is much more popular in other countries. It is just as important to keep these country-specific features in mind, as the latest developments: According to a report by Gardner, the number of users of mobile payment systems worldwide is expected to double to almost 2 billion by 2024, compared with less than 1 billion in 2019. ⁴



⁴ Gardner Report: „Payment Acceptance will never be the same after the COVID-19 Pandemic“, October 2020

It is important to offer customers exactly the payment methods they want and trust. In this respect, it is important for retailers to know their customers and their preferences precisely. A recent study shows that this is not always easy to identify in relation to the German market: payment preferences are very heterogeneous and depend on demographic factors or product characteristics.⁵ Here, it is important to take a close look at what the customer really wants and on which channel he prefers which payment method.

Thanks to flexible implementation and the option of billing in different currencies, it is always possible to adapt the payment system to the needs of the respective company – across all channels. For the customer, this facilitates simple and trustworthy payment. When choosing the right payment partner, the retailer benefits from optimal protection against default risks and from global support and alignment.

4.2 Convenient payment on all channels

Different payment options on different channels can quickly create uncertainty and dissatisfaction among customers. This affects the omnichannel shopping experience, and can also influence purchase abandonment. Therefore, it is crucial to offer unified payment solutions.

“At the end of the day, usability determines the success of a payment”, says Marion Laewe, Key Account Manager, Getnet Europe

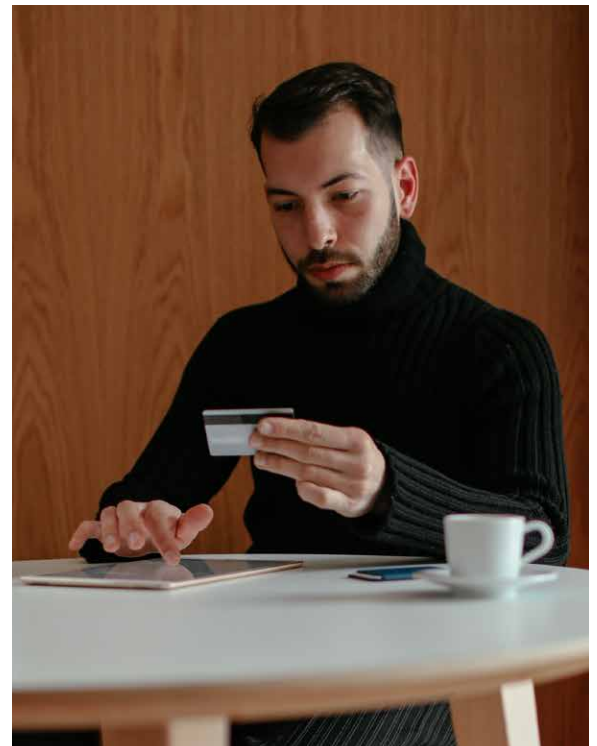
An optimal point of sale – tailored to the specifics of the channel in question – is now feasible for companies of all sizes thanks to the wide range of options available.

4.3 Creating added value with value-added services

Thanks to omnichannel commerce, customers can be reached in a targeted and personalized manner throughout the entire customer journey. From goodies that match

previous shopping behavior to optimally complementary product recommendations following a purchase, the options are diverse and can provide the right incentives to buy.

With such rewards and customer loyalty programs, retailers can set themselves apart from the competition and offer customers a perfect shopping experience across all channels – in line with the omnichannel approach.



5. Conclusion: What makes the omni-channel strategy succeed?

In digital retail, individual channels such as online, offline or mobile are not viewed and treated in isolation. The key to sustainable success is to ensure a consistent customer

⁵ ibi research: „Erfolgsfaktor Payment – Der Einfluss der Zahlungsverfahren auf den Umsatz“, February 2020

experience along the entire customer journey. The prerequisite for this is the creation of networked systems.

A central point is the enabling of convenient digital payment. In concrete terms, this means that in a unified omnichannel sales experience, payment must not trigger a break. Therefore, the most relevant payment methods must be offered, optimally tailored and available across all channels. This convenient payment integration, enables the possibility to obtain an accurate picture of the customer across channel boundaries and to retain them in the long term with personalized customer loyalty programs that are ideally tailored to them.

All models and services must be implemented in a sensible and professional manner, otherwise there is a risk of negative effects on customer satisfaction and trust.

6. Getnet Europe: the all-in-one payment solution for retailers

Getnet Europe offers retailers customized omnichannel solutions that are ideally suited to their requirements. Online, offline or mobile, Getnet Europe is the right partner for payment methods, risk and fraud management and consulting.

Getnet Europe Payment Solutions

- ✓ Full Payment Service Provider: Getnet Europe offers a comprehensive portfolio of payment services. Due to our expertise in the retail and e-commerce sector, we offer complete one-stop solutions and global payment processing for offline, online and mobile sales channels.
- ✓ Getnet Europe team for retailers: Our international employees have many years of experience and extensive market knowledge. As consultants, we know the specifics of the industry, but never forget the customer's point of view. Individual support is just as important to us as a relationship based on trust and transparency.
- ✓ Always one step ahead: Getnet Europe is constantly evolving as a payment service provider. We react quickly and flexibly to new market requirements and take the important steps today to meet the challenges of tomorrow.