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Omnichannel Consumer Engagement Takes a Star Turn Along the Consumer Journey

If you have ever taken a product questionnaire to determine what is the best fit for you, or clicked on a chat window to get answers from a customer service agent, then you have participated in omnichannel consumer engagement (OCE).

OCE refers to a series of activities, typically digitally enabled, aimed at attracting consumers and keeping them engaged throughout the purchase and engagement journey. Any technology or service that supports the consumer's journey to a purchase decision can have an application for OCE (see Figure 1). Think of it as a way to spark sales by making the consumer's life easier, with little to no active in-person engagement required from the brand and retailer.

For brands and retailers, OCE can pay off in lower customer acquisition costs and higher customer lifetime value. It is also becoming table stakes in a post-COVID-19 economy that favors companies willing to upend traditional business models. Some industry insiders view the current moment as an inflection point, with long-term success tied to a business's ability to master OCE.

Working behind the scenes

So where does OCE come into play? It depends on the stage of the consumer journey. OCE has a role in all of them, but three in particular stand out:

Awareness. At this stage, OCE helps put a product in context — think Instagram posts showing a power tool in use or a blog explaining different ways to cook with a popular seasoning. While affiliate marketing plays a strong role in monetizing such content, those activities are not considered part of OCE. The role of OCE in this part of the journey is showcasing imagery and relatable content to tie the product back to the brand.

Consideration. OCE helps consumers refine their choices. Chatbots, video-based demos, reviews and testimonials add depth to product descriptions for online shoppers. Virtual try-ons and questionnaires help consumers determine which selections are appropriate for their individual circumstances. Reviews and testimonials can also help convert a consumer, especially if they offer real-life examples of how a product performs.

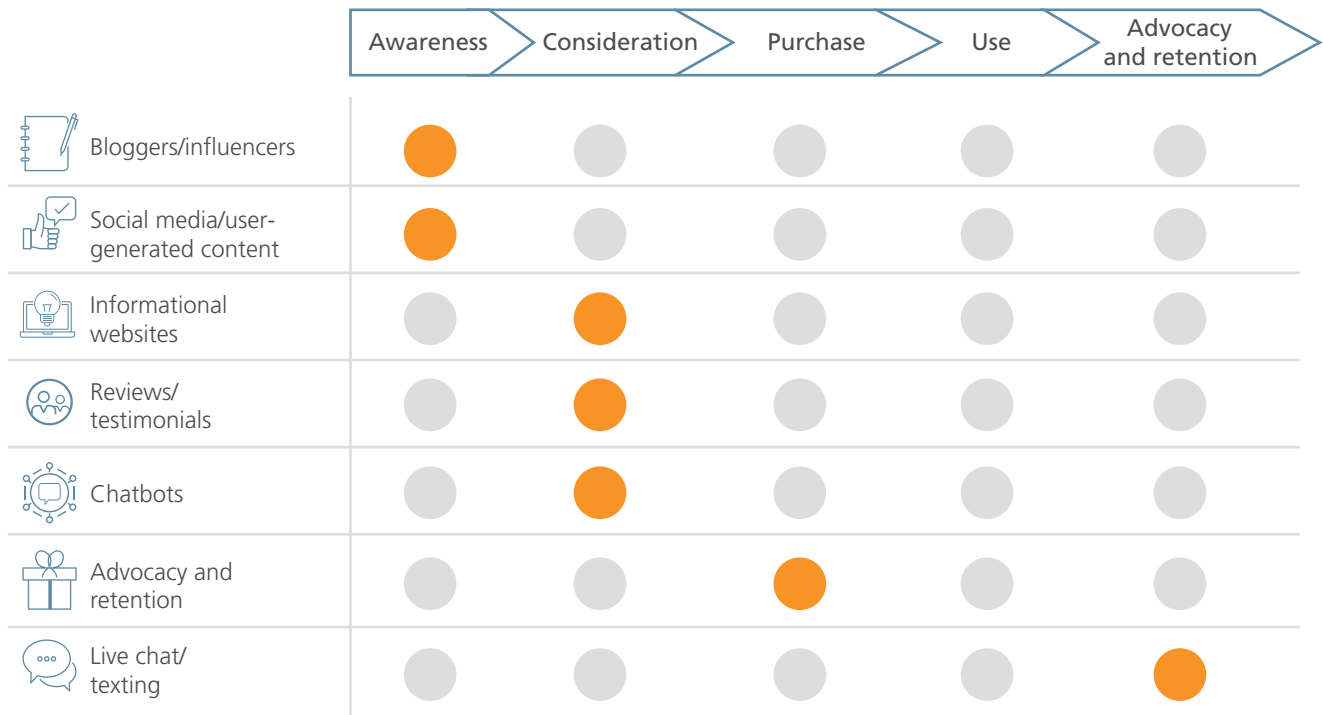
Advocacy and retention. Here, the emphasis is on making a consumer feel valued. Live chat and text messaging can speed up customer service while appealing to consumers who prefer those modes of communication. And for consumers who become customers, a rewards program can be an effective way to convey appreciation and keep them coming back.

Consumers take the spotlight

As brands and retailers experiment with OCE, demand for solutions is picking up. In 2020, the U.S. OCE market reached an estimated \$15 billion in value, with annual growth forecast

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Figure 1
OCE technologies and services



Source: L.E.K. interviews, research and analysis

● – Primary stage of consumer journey impacted

at 12.7% over the next five years (see Figure 2).¹ The trend reflects a broader surge in ecommerce (including digital services) along with technological advancements like voice recognition, natural language processing and artificial intelligence (AI)-based image processing.

However, the strongest driver may be changing consumer habits. The COVID-19 outbreak pushed more shoppers online, which in turn pushed store closures to a record high in 2020.²

Meanwhile, consumers are spending more time on their smartphones, which they use to access brands via social media, dedicated apps and other channels.

In this environment, OCE is finding a receptive audience. The numbers tell the story:

- Nearly two-thirds of consumers say they are open to having augmented reality (AR) help them shop³
- By 2023F, retail is forecast to account for more than 70% of chatbot conversations⁴
- Among U.S. consumers, close to 20% say they have shopped from social media⁵

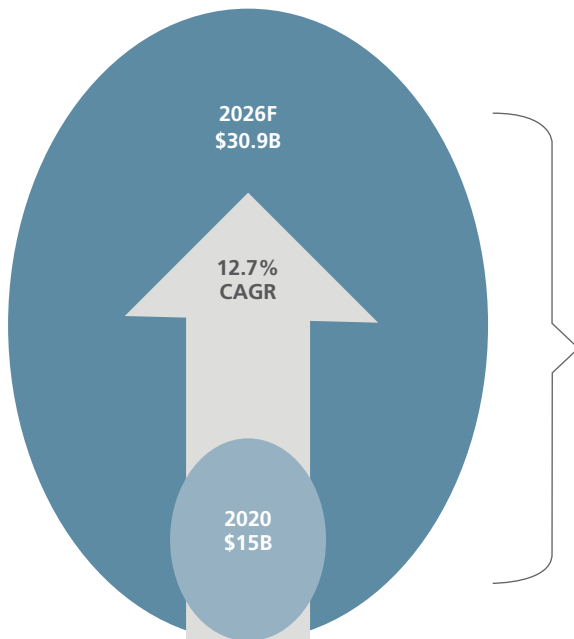
Providers are scrambling to respond — but so far, the landscape remains fragmented. North America is the largest geographic segment in the market for OCE services. Players include familiar names like IBM, Oracle and Salesforce. There’s also Burlington, Mass.-based Nuance Communications, which in April 2021 announced its pending sale to Microsoft.

Smaller OCE companies tend to operate in one of three general segments. One is experience optimization and personalization, which delivers what consumers see on the front end, such as digital agents or advertisements. Then there are process and automation providers — mainly AI-driven — that automate different aspects of OCE, from pricing to lead scoring and decision support. The third segment includes data managers focused on the large volumes of data required to support OCE. They help with data parsing, monitoring, extraction and more.

Brands and retailers flip the script







To understand where the OCE market is headed, it helps to see how brands and retailers are putting solutions together. Let’s look at a few examples.

Figure 2
The growing OCE market



Source: Mordor Intelligence, Statista, eMarketer, Forbes, L.E.K. analysis

Underlying trends driving growth include:

-  Increased smartphone usage — consumers are continuing to spend at least five hours a day on their smartphones, accessing brands through social media, websites, chats and phone calls
-  Continued growth of ecommerce industry, including digital services, growing 8%
-  Increased adoption by retailers — retailers are adopting multiple engagement platforms and solutions
-  Advancement in technology, particularly within voice recognition, natural language processing and AI-based image processing, that helps speed up automation throughout the consumer journey
-  Decreasing reliance on brick-and-mortar stores by retailers, including a record 12,200 store closures in 2020
-  COVID-19 and the drive to work from home accelerating the speed and scale of digital transformation, which also impacts how consumers engage with retailers

Mucinex

2020 was the breakout year for TikTok, a social media app focused on short-format video content. TikTok lets users add their unique perspectives to a theme free of onerous content rules. That proved an effective platform for #BeatTheZombieFunk, a challenge from Mucinex that encouraged consumers to watch a dance tutorial and record their own takes for the chance to win cash prizes and VIP experiences.

Mattress Firm

In February 2021, Mattress Firm introduced a digital tool to help consumers determine the best mattress for their needs. Developed in conjunction with SleepScore Labs, a sleep science company with data points from more than 70 million hours of observations, the tool takes consumers through a brief quiz and delivers product recommendations that address specific needs. The two organizations have announced plans to follow up with an app that consumers can use to track their sleeping experience.

Benefit Cosmetics

Brow Try-On by Benefit Cosmetics is an AR-powered app the company launched in January 2018. The app gives shoppers the chance to see how different eyebrow shapes, widths and colors would look on them. Then, once the consumer chooses a look, the app offers two ways to achieve it: Book an appointment at one of Benefit's in-store BrowBars or purchase the suggested products to recreate the look at home.

Whole Foods

At Whole Foods, conversational marketing — a consumer retention technique that primarily relies on chatbots — is gaining traction. The grocer also has a Facebook Messenger-based bot that can respond to messages as short as a single emoji. The tool connects with consumers by providing recipes, products and cooking inspiration.

Setting the stage for a virtual shakeup

The lively OCE market is prompting brands and retailers to reexamine the quality of their consumer journey. Businesses are challenging themselves to become at least as good at online engagement as they are with the in-person experience. The leading edge will be businesses improving their consumer retention rate by minor percentages, driving millions of dollars to the bottom line.

In the meantime, as solution providers throw their hats in the ring, investments are likely to pick up. Look for some consolidation too, as providers join forces to gain an advantage in this fragmented landscape.

It is worth remembering, though, that even the best-run companies can't do it all. Outsourcing to an agency with experience delivering OCE solutions for a slate of brands can be a productive and risk-controlled alternative to a big-budget internal development effort. Either way, given the diversity of OCE solutions that are available today, the only really unattractive option might be to simply continue waiting in the wings.

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Endnotes

¹"Customer Engagement Solutions Market — Growth, Trends, COVID-19 Impact, and Forecasts (2021-2026)," Mordor Intelligence, <https://www.mordorintelligence.com/industry-reports/customer-engagement-solutions-market>.

²Phil Wahba, "A record 12,200 U.S. stores closed in 2020 as e-commerce, pandemic changed retail forever," Fortune, Jan. 7, 2021, <https://fortune.com/2021/01/07/record-store-closings-bankruptcy-2020/>.

³Google Consumer AR Survey, Global, 2019, <https://www.thinkwithgoogle.com/consumer-insights/consumer-trends/ar-shopping-interest-statistics/>.

⁴Cem Dilmegani, "84 Chatbot/Conversational AI Statistics: Market Size, Adoption," AIMultiple, July 5, 2021, <https://research.aimultiple.com/chatbot-stats/>.

⁵"Shopping via Social Media on the Rise," Marketing Charts, Aug. 11, 2020, <https://www.marketingcharts.com/digital/social-media-114210>.

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