

What Brick-and-Mortar Retailers Can Learn From Payless's Departure

Blending online and offline fulfillment options is not only possible, it's an absolute must.

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For more than 60 years, Payless ShoeSource catered to customers on the hunt for budget-friendly footwear. Many people credit the retailer with being the pioneer of "BOGO" (buy one, get one). More recently, Payless sought to attract customers through its big-name collaborations with the likes of Martha Stewart and designer Christian Siriano. And, just before the 2018 holidays, it created its influencer-duping "Palessi" ad campaign to promote its product quality and value.

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But while consumers might want to "feel good to pay less," consumer shopping preferences evolved more rapidly than Payless could keep pace with. Debt mounted, and the retailer declared bankruptcy for the second time in two years, announcing in February the imminent closing of all its U.S. stores.

True, the company did emerge stronger after its first reorganization almost two years ago, but it couldn't right the ship, so to speak; it couldn't develop omni-channel capabilities. The bottom line is that today's brick-and-mortar

retailers can learn a thing or two from outgoing companies like Payless.

That lesson? Marry the best of physical and digital shopping experiences, then prioritize a seamless and convenient customer experience as you do so. Above all: Don't isolate ecommerce from traditional shopping methods.

The conundrum Payless represents

Payless actually tried to move out of the brick-and-mortar bubble, throwing its weight behind efforts to improve Payless.com. And it had some initial success: Targeted email programs drove traffic to the site. Free shipping was offered on minimum purchases. In-store offers were extended to online orders.

Yet, when it comes to size-specific items like footwear and apparel, consumers face a tricky choice deciding between in-store and online options. Visit a store location to browse and try on clothing items; or order several options online, hoping something will fit. The problem is, consumers' desire for fulfillment flexibility is hindered in the case where physical and digital are disconnected.

Instead, a *unified approach* is what bridges the gap, providing consumers with more opportunities to easily buy what they want. Here's how to achieve that:

Implement click-and-collect options as the link between physical and digital.

The appeal of online shopping is convenience, as well as the visibility it offers into a wider pool of inventory than what can be bought in stores. However, 60 percent of consumers

expect free shipping from retailers, according to the National Retail Federation, and that is hard to accommodate with discount price points. If a retailer can't offer free shipping to comply with consumers' online preferences, it should at least make orders available for same-day pickup in-store.

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This leverages store inventory, which is an amazing alternative. In fact, retailers should make in-store pickup the new "free shipping."

Other options, like buy online pickup in store (BOPIS) and click-and-collect choices (lockers, curbside pickup, drive-up service) offer customers the ability to acquire exactly what they're looking for, in as little as two hours, at no additional cost.

In North America, over the holidays, BOPIS activity was up 46 percent, yet only 27.5 percent of U.S. retailers offered this type of fulfillment. Even as ecommerce grows and the world grows increasingly digital, stores still have an important role to play – and that's as a fulfillment agent.

Enable real-time inventory visibility across channels.

Connecting online and offline retail operations gives retailers a more unified view of the business. With a robust order management system (OMS), inventory can flow between the two more accurately and efficiently.

Take for example Canadian retailer Browns Shoes (a client of OrderDynamics). The majority of purchases are made in-store, but the ecommerce site is responsible for 10 percent of all sales. Because of the OMS, the retailer knows how and from where to route online orders in the most efficient and

profitable way.

And in the case of click-and-collect orders, accuracy is guaranteed because of the unified view of total inventory.

Create a culture of omni-channel with consistent experiences.

The effort to blend in-store and online experiences must be backed by the right technology, but in many ways, in-store associates are the ones driving omni-channel adoption and success. In implementing BOPIS offerings, retailers should ensure there is internal buy-in so that sales associates promote it to customers and provide quality service at each touchpoint.

Aside from BOPIS, associates can “save the sale” by viewing inventory in other locations. Alternatively, they can offer to ship directly to the customer’s home if it’s not in stock nearby. If the staff isn’t on board and the company culture doesn’t embrace these initiatives, customers won’t either. The customer experience should be frictionless between channels. That consistency is achieved when retail team members are committed to providing quality customer service.

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Retail today is a bit of a juggling act and everything feels equally important at the same time. Product assortment, store layout, loyalty programs, promotions – the stakes are high to stay competitive. However, retailers simply cannot drop the ball on accommodating consumer shopping preferences, both in-store and online. With better online inventory visibility and a few more in-store and online blended options, the Payless story could have ended differently.

For retailers as a whole, writing the rest of their success

story depends on executing omni-channel well.

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