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The Omni-Channel Effect

A guide for business owners from Square and Atlantic Brand Partners

HEMLINE

As vice president of **Hemline**, a fashion retailer with 30 physical stores and a booming e-commerce arm, **Gabi Holthausen** manages operations for boutiques across seven states. When customers visit in-store, they receive personalized service and styling. In addition, each boutique has its own social media accounts and a text messaging tool to connect with customers anytime, anywhere.

THE KEBAB SHOP

When **Wally Sadat**, CMO of **The Kebab Shop**—a fast-casual restaurant chain with 27 locations—and his team aren't selling Mediterranean food to hungry customers, they're using social media to expand into new markets and engaging with customer feedback across platforms.

AREA15

Mark Stutzman, CTO of **AREA15**, and his colleagues built a massive experiential entertainment complex in Las Vegas that visitors enjoy physically and virtually. Visitors participate in activities such as wandering through a bamboo volcano, and they order lunch from the venue's food hall via QR code. People who can't make it to Las Vegas can experience the exhibits on AREA15's website or social media accounts.

Fashion boutiques, Mediterranean restaurants, and an immersive playground. These businesses couldn't be more different, but they have one thing in common: **an omnichannel strategy is key to their success.**

For businesses looking to grow, expanding their presence to more channels and providing customers with a seamless experience across them is a powerful way to bring themselves closer to their communities, grow their brand, evolve, and adapt.

Holthausen, Sadat, and Stutzman are only three of more than 600 business leaders whose experiences contributed to this research.

Square and Atlantic Brand Partners surveyed 618 business owners and decision-makers to get to the heart of how omnichannel strategy is impacting brands, on both business and human levels. Read on for inspiration and advice on how to use an omnichannel strategy to shape your business for the better—no matter what obstacles come your way.

STATS AT A GLANCE

96% of businesses say having an omnichannel strategy is important.

The majority (32%) have a presence on **5+** **channels**

The No.1 reason for investing in an omnichannel strategy is to reach new customers.

The most popular channels are a website, social media, and a physical space.

86% are considering adding more channels in the future.

Channels they'd most like to add are **a mobile app, virtual events or live streaming, and social media.**

45% added new channels to their business during the coronavirus pandemic.

Channels most likely **added during the pandemic** were social media, virtual events or live streaming, and a website.
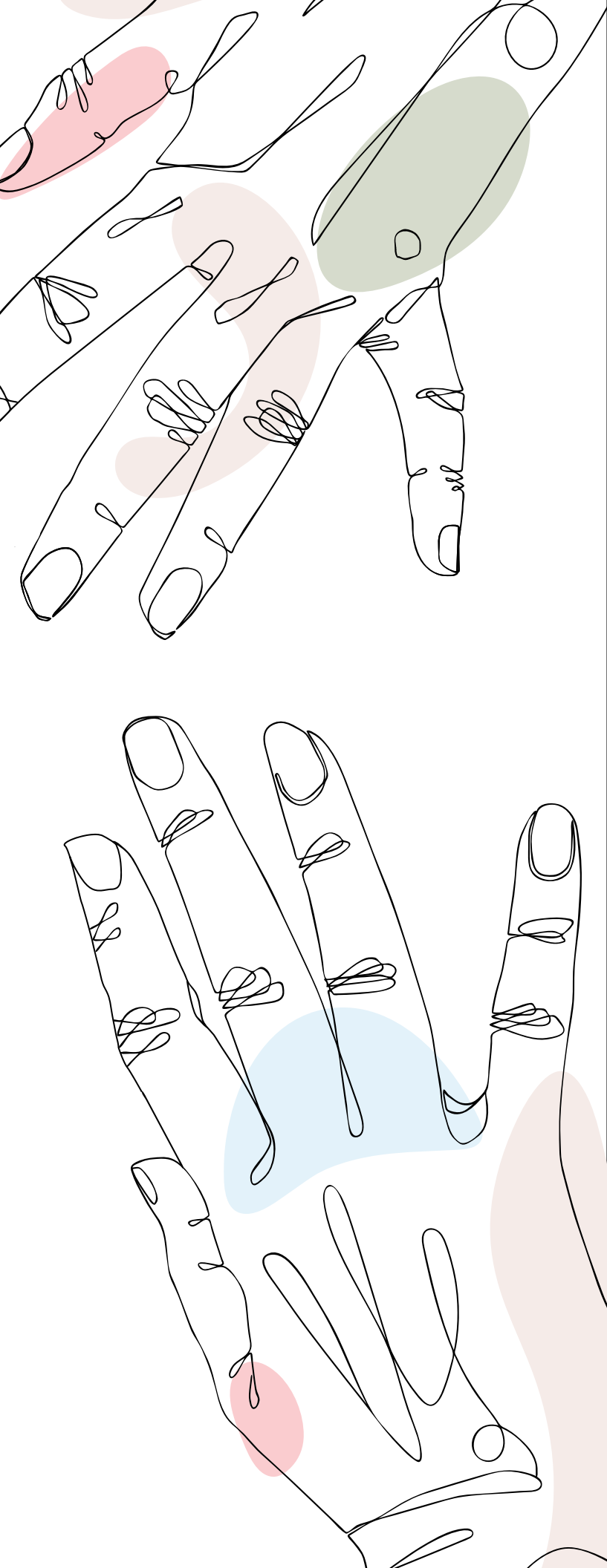
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Many of today's businesses have adopted an omnichannel strategy. In recent years, you have likely made efforts to have a presence across multiple channels, with all of those channels integrated, so that customers have a seamless experience no matter where they interact with you—online, offline, or anywhere in between.

So even if you haven't heard of the phrase omnichannel strategy, you're probably already using one or making a strong start towards building one. And you're not alone. The majority of the businesses we surveyed had a presence on five or more channels, with the most popular being a website, social media, and stores or offices.

The majority of the businesses we surveyed had a presence on five or more channels, with the most popular being a website, social media, and stores or offices.

Number of channels:
- Two channels: **22%**
- Three channels: **26%**
- Four channels: **20%**
- Five or more channels: **32%**

Most popular channels:
- A website: **72%**
- Social media: **67%**
- A physical space: **59%**
- In-person events: **46%**
- Newsletter/email marketing: **37%**
- A mobile app: **31%**
- Virtual events or live streaming: **27%**
- Alternative ordering and delivery options: **22%**
- Quick Response codes (QR codes): **17%**
- A pop-up space: **15%**
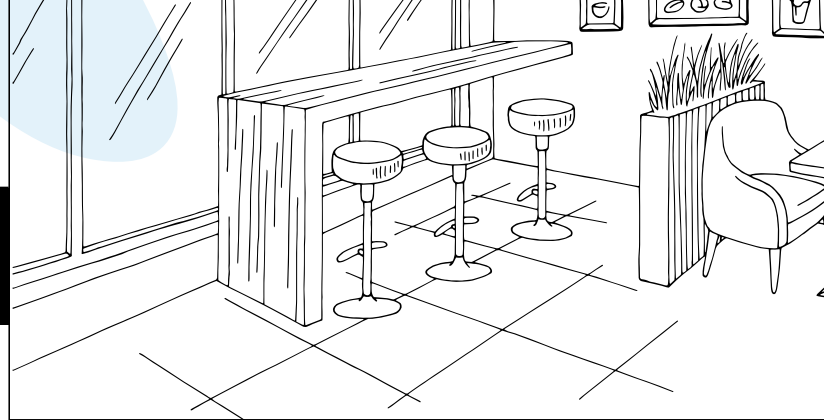
And the data suggests that business owners will expand into even more channels:

86%
of respondents are considering adding channels in the future.

Channels most likely to be added:
- A mobile app: **37%**
- Virtual events or live streaming: **32%**
- Social media: **31%**
- In-person events: **28%**
- A website: **26%**
- Newsletter/email marketing: **26%**
- A pop-up space: **22%**
- A physical space: **22%**
- Alternative ordering and delivery options: **22%**
- Quick response codes: **20%**

Time and budget have kept some businesses from expanding across channels, but the benefits of doing so are clear. Respondents told us that in addition to providing a seamless experience for customers, expanding across channels helped them reach new customers, stay top of mind with existing customers, and promote their business in a new way.

With so many channels to choose from, and platforms within those channels—e.g., the myriad social media sites you might adopt—choosing the right ones for your business can be daunting. Knowing how important it is for business owners to overcome these hurdles, Square has developed **tools** that communicate with one another, so customer data, marketing, and insights are centralized in one dashboard. Making expanding to new channels and managing existing ones easier.

A website is the most popular channel on which businesses have a presence, and for good reason. Consumers do 70 percent of their purchasing research online (Source: Internet Live Stats). If you already have a website, keep it up to date and engaging **by showcasing your brand's personality.**

Of businesses who have a website:
- **73%** use it to provide information about their products or services.
- **60%** say it has connected them with new customers.

Creating an account on a new social media platform is easy and usually free and has helped businesses increase connection with their customers by providing entertainment, information, and inspiration. More advanced businesses can consider social selling or paid promotion to boost the following they've built organically. And, with 70 percent of Americans using social media (Source: Pew Research Center, "Social Media Use in 2021"), **you can find your customers**, whether they're Gen Z or CEOs. If you're not quite sure how to get started or what to share once you do, most platforms have **resources for businesses**.

Of businesses who have a social media presence:
- **57%** say it increases the frequency of connection with customers.
- **42%** say their social media accounts entertain customers.
- **41%** say their social media accounts inspire customers.

Technology has eliminated the need for businesses to have a physical space, and the coronavirus pandemic has pushed more customers to interact with businesses from home. Despite these facts, brick-and-mortar storefronts are increasingly important to consumers. In 2021, 62 percent of consumers said it's important for brands to have a physical store, an increase of nearly 22 percent from the previous year (Source: Wunderman Thompson, "The Future Shopper Report 2021"). As a result, businesses are experimenting with new ways to interact with their customers face-to-face, including pop-up spaces—short-term destinations for consumers to interact with your business—and special events. They are learning that they can bring their brand to life and their customers together in person without the commitment of a permanent store or office.

Of businesses who have a physical presence:
- **51%** say it brings their business to life for customers.
- **52%** say it allows a place for customers to interact with each other.

Increasingly, brands must establish customer communication channels in order to ensure a seamless customer experience. As such, email marketing and newsletters are growing in popularity with 47 percent of U.S. adults subscribe to at least one newsletter (Source: The State of Email Newsletters:

2021 and Beyond, What If Media Group). According to our survey, respondents were most likely to say newsletters provided education to their customers, and rated newsletters as the number one channel for customer loyalty. And while followers expect businesses to post on social media frequently, newsletters can be sent weekly, monthly, or even quarterly, which makes them a good option for businesses who can't dedicate enough time to social media. **Here are 11 tips** on how to start and grow an email newsletter.

Of businesses who publish a newsletter(s) or use email marketing:
- **57%** say it provides education to their customers.
- **52%** say it drives customer loyalty.

Mobile apps are the channel that businesses said they would most like to add in the future, a wise choice considering that smartphone users in the United States use 45 apps, on average, per month (Source: Sensor Tower). Launching an app usually requires hiring an outside developer and can prove costly, but it can also take your business to new levels of success. Apps provide another platform through which customers can purchase your products, and they allow flexibility for when, how, and where customers can interact with your business.

Of businesses who have a mobile app:
- **53%** use it to receive orders for your products or services.
- **53%** say it allows flexibility for when, how, and where customers can interact with their business.

Many businesses and customers hosted virtual events or live streaming for the first time during the pandemic, but the channels have staying power. Most event marketers (93 percent) plan to invest in virtual events moving forward (Source: Bizzabo, 2020). Like in-person events, virtual events exceed at bringing brands to life. Unlike in-person events, they're not bound by geography, meaning even more people can experience your brand.

Of businesses who host virtual events or live-stream:
- **61%** say it connected them with new customers.
- **48%** say it brings my business's brand to life.

Quick Response or QR codes were created nearly two decades ago, but not until recently did they become mainstream. Because many customers have preferred a touchless experience during the pandemic, QR codes have replaced paper menus, check-in kiosks, and more. Now that more people are familiar with the technology—QR interactions have grown 94 percent since 2018 (Source: Blue Bite, "The State of QR in 2021")—we'll see QR codes used more and **more creatively** in the future.

Of businesses who use QR codes:
- **53%** use them to provide free or enhanced tools or services to customers.
- **51%** use them to provide information about products or services.

Of the 24 percent of businesses who said they provide alternate ordering and delivery options, such as order ahead or curbside pickup, nearly half of those added them during the pandemic. While the past 18 months have made these services necessary for some businesses, they're also part of a growing consumer trend. More and more consumers demand convenience with 97 percent of consumers say they have backed out of a purchase because it was inconvenient for them (Source: NRF, "Winter 2020 Consumer View").

Of businesses who provide alternate ordering and delivery options:
- **63%** say they use them to receive orders for their products or services.
- **46%** say it allows flexibility for when, how, and where customers can interact.

HEMLINE'S STORY:

STAYING CONNECTED WITH CUSTOMERS ANYTIME, ANYWHERE
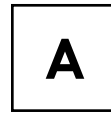
According to Wunderman Thompson's "The Future Shopper Report 2021," shoppers—younger shoppers, in particular—want "maximum flexibility in how and when they buy." Its research shows that 64 percent of shoppers prefer to shop with brands that have a presence both online and offline, and 59 percent of consumers wish brands would communicate seamlessly with them across all digital and physical channels.

The fact that shoppers want access to brands nearly 24/7 wouldn't surprise Gabi Holthausen, the vice president of Hemline, a women's clothing boutique. Hemline has 28 brick-and-mortar boutiques, and each of those boutiques also makes itself accessible to customers via the shophemline.com website, social media accounts, text message, and in-person and virtual events.

Many of the channels that Hemline has a presence on today weren't around when the brand launched in 1994. Holthausen explains that its expansion across channels has been organic. "We go where our customers are," she says, and how the channels work together is more strategic, so that customers "see that same story, anywhere they go." Hemline is always looking for new ways to make its brand more accessible and get products to its customers faster and better.

How successful has your omnichannel strategy been in allowing customers more access to your business? (% very successful):

53%	**Awareness:** It allows customers who didn't know my business to become more familiar with it.
51%	**Physical:** It allows customers to interact with my business even if they are unable to do so in-person.
44%	**Time:** It allows for customers to interact with my business even when we are closed or unavailable.
43%	**Geographic:** It allows customers to order products or services from any location or more locations.
40%	**Perception:** It has made customers who didn't think my business was "for them" think differently.
38%	**Emotional:** It makes customers who might have been intimidated to interact with my business feel more comfortable.
32%	**Cost:** It allows customers who may not be able to afford my products or services to still benefit from our content, insights, or expertise.

For Hemline, in-store visits remain critical to its business. The stores are where its customers come for personal attention, where the boutique owner likely knows their name. And they are where Hemline can appeal to customers on a hyperlocal level; as Holthausen says, "Each store is tailored to the individual location … if you walk into a Nashville location, you're going to see things that are really relevant to that area's style and demographic."

If the stores are hyper-local, the brand's website, shophemline.com, is quite the opposite. Available to shoppers across the country, the website has been of significant benefit to Hemline as its sought to grow during the pandemic and safely reach customers online.

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Social media is **"where each store can be creative and communicate with customers,"** says Holthausen, **allowing each franchise location to create a personality.**

Each Hemline store also has its own text messaging tool to communicate one-on-one with customers. For Hemline, it's "one of our most significant tools because it allows our franchises to keep that personal experience that you have in-store … and allows them to translate that back into an at-home experience because it is so personal," says Holthausen.

These channels and others have enabled Hemline to develop an incredibly loyal customer base. According to Holthausen, "The customers are more loyal to us because they're able to communicate with us better, and [an omnichannel strategy] allows us to reach out to them in so many different ways than we were before."

THE KEBAB SHOP'S STORY:
BUILDING BRAND LOYALTY ONE REVIEW AT A TIME

The team behind The Kebab Shop has been growing its business for the past 14 years, expanding from one San Diego restaurant in 2007 to more than 20 locations across California and Texas today. But, in reality, it wasn't just a business the team was growing; it was brand loyalty, and that played a massive role in the business's success.

"Food is 20 percent of what we do," says Wally Sadat, The Kebab Shop's chief marketing officer and co-founder. The remaining 80 percent is the team's dedication to creating a culture that benefits customers and employees alike. For Sadat and his team, this is not so much a growth strategy as it is a passion. Their number one goal is to bring Mediterranean food to all. As Sadat says, "I tell everyone who wants to get into the restaurant business … you genuinely have to love people eating your food."

Growing a business means growing a brand.

|	
95%	**Agree:** Creating a strong brand for my business is important to me.
94%	**Agree:** My business is always evolving.
82%	**Agree:** I don't want my business to be defined by products and services but rather by our ideas, values, and expertise.
76%	**Agree:** My business transcends a single category.

That kind of passion resonates with customers, especially right now. The percent of consumers who say they have an emotional connection with brands has risen 37 percent since 2020 (Source: MBLM , "Brand Intimacy Covid Study, Summer 2021").

Sadat and his team couldn't have built The Kebab Shop's brand, culture, and personality without an omnichannel strategy. In their restaurants, visitors enjoy food, design, music, and camaraderie with the staff. Customers can also order directly from the website. Social media introduces The Kebab Shop in new markets and allows staff to stay connected with customers outside of their restaurants. Recently, The Kebab Shop started testing social selling in which customers order directly from a post.

Perhaps the most powerful channel for The Kebab Shop is one they don't manage at all with third-party customer review sites. Sadat or his employees respond to every single review they get. And that, in turn, has driven business, most notably from customers who left a negative remark. As a thank you for helping it fix a problem or issue, The Kebab Shop will often send them a gift card. Once customers activate the gift card with their phone number, they're back in the restaurant's loyalty pool. As Sadat explains, "We've trusted our customer feedback since the beginning of our company."

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We've trusted our customer feedback since the beginning of our company.
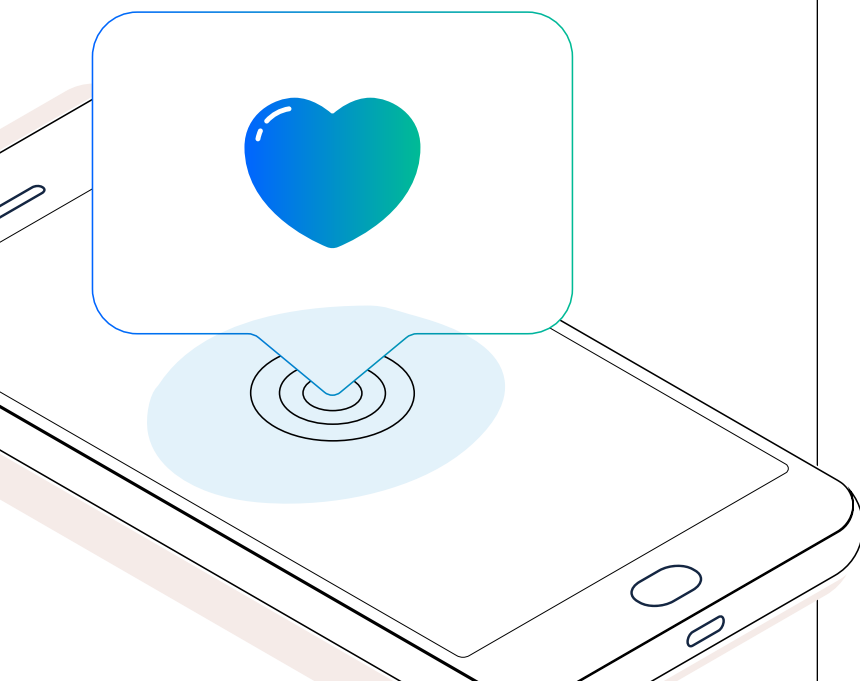
AREA15'S STORY:
PANDEMIC-PROOFING YOUR BUSINESS

W hen Mark Stutzman and his colleagues opened AREA15, an immersive entertainment and events complex, during the coronavirus pandemic, expectations for immediate success were tempered. After all, the future of in-person, gatherings was murky at best.

"You would think that COVID-19 would have killed our business, because we are an immersive, experiential venue," says Stutzman.

The pandemic has shuttered stores and restaurants around the world. Early estimates predict that it's already sapped nearly 5 percent of the global GDP, equivalent to $4 trillion of economic output (Source: Statista, "Coronavirus: impact on the global economy"). Without relying solely on brick-and-mortar storefronts, how can brands survive and thrive in these challenging circumstances?

One of the primary ways that brands have acclimated is by embracing new channels to ensure they remain connected to their customers. According to our research, 45 percent of respondents added new channels to their business during the pandemic, the most popular being social media and virtual events. And the number one reason for adding new channels during the pandemic was to reach out to their customer communities in new ways.

Channels added during the pandemic:

- Social media or social selling: **48%**
- Virtual events or live streaming: **32%**
- A website or online store: **29%**
- A mobile app: **27%**
- Alternative ordering and delivery options (order ahead, curbside pickup, etc.): **24%**
- Quick Response codes (QR codes): **21%**
- Newsletter/email marketing: **18%**
- A pop-up space (a short-term space for selling products or services): **18%**
- In-person events: **15%**
- A physical space (store, office, salon, etc.): **12%**

Why did you add those channels?

- To reach out to my customer community in new ways: **61%**
- To deliver my products and services in new ways: **53%**
- To respond to customer demand: **47%**
- To expand the offering and services that my business provides: **46%**
- To replace in-person channels: **35%**

Despite the difficulties of the pandemic, AREA15 has become a pinnacle of entertainment in Las Vegas—a city known for performance and spectacle. How have Stutzman and company done it?

One of the many ways AREA15 has adapted is by introducing QR codes within the venue to track guests' food orders and create a more contactless experience. Each QR code is uniquely identified to a guest's location. Servers can then run food and beverage from AREA15's food hall to locations throughout the venue. This ensures guests remain engaged with the venue's entertainment offerings without ever having to move to a central location.

Beyond QR codes, AREA15 has also strategically doubled down on its most successful channels—those that its audience frequents the most. By meeting its customers wherever they are, AREA15 has continued to build relationships with customers who may not have otherwise been able to visit its physical venue in person. Ultimately, this audience-first mindset has helped it rise to the challenges of the pandemic.

"[The pandemic] has validated our omnichannel strategy," says Stutzman. "It has validated everything. We went into this thinking that we wanted to be wherever our customers are. Of course, that's all of the social channels, and it's search, it's the web, it's mobile—it's giving them as many ways to transact within the venue as frictionlessly as possible.

For us, the coronavirus pandemic has allowed us to try new things really quickly and see what works. However we can best interact with our customers, we're going to do that.

METHODOLOGY
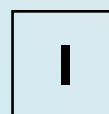
In July 2021, we surveyed 618 business owners and employees (who held manager positions or above) to uncover how an omnichannel strategy helped grow their business. Respondents had a range of positions (41% Owner/Founder, 21% C-level/Director, 35% Manager); owned or worked for small (49% 1—50 employees) and medium-sized (51% 50—1,000 employees) businesses; and represented different industries, including retail (13%), coffee shops, restaurants and bars (14%), beauty and health (10%), home and repair (7%), and professional services (33%). Results from the full survey have a margin of error of +/- 3.9% and a confidence level of 95%.

In addition to the survey, we interviewed leaders from three businesses who are using Square's technology to evolve their omnichannel strategy.

- **Wally Sadat**, chief marketing officer of The Kebab Shop
- **Gabi Holthausen**, vice president of Hemline
- **Mark Stutzman**, chief technology officer of AREA15

ABOUT SQUARE

Where others see challenges, business owners see possibilities. Square builds tools that let businesses bring those possibilities to life by enabling them to reach customers online and in person, manage their front- and back-of-house operations, and access financing. Square can help your business succeed—on your own terms. Learn more at **squareup.com**.

ABOUT ATLANTIC BRAND PARTNERS

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