



OMNI-CHANNEL RETAIL SOFTWARE

White Paper

MAXIMIZING RETAIL SALES BY IMPLEMENTING AN OMNI-CHANNEL STRATEGY



Executive Summary

The retail industry has seen a great deal of disruption in the last decade with consumers having so many choices of merchandise, price, location and delivery option. The new consumer wants to see a unified interface with a brand and wants to have a consistent experience across channels. This is the omni-channel approach from a retailer's perspective.

'Omni-channel' is not a mere buzzword but a concept and a strategic alignment of processes and technology aimed solely at serving customers. In retail terms, omni-channel can be said to be a customer-centric approach of doing business with the ability of a retail brand to unify the shopping experience across multiple channels in a manner that is seamless to the customer. So a customer can use any channel to engage with the retail brand during her shopping journey and even switch between channels at will, however the experience will be a holistic one and not limited to the channel.

This kind of a business process strategy implementation on the one hand, has proven to be a challenge but on the other hand ensures retailers the benefits of maximizing sales and profits – the ultimate goal of the retail business. This whitepaper aims to explore ways in which retailers create a new level of value through the seamless application of technology across multiple customer touch points.



The Omni-channel Opportunity

The retailers who have been able to thrive are the ones that are strategically responding and adapting to digital transformation by creating a superior retail experience for their customers, building modern retail supply chains, and, most importantly, designing and implementing effective omni-channel retail strategies. Omni-channel allows retailers to boost their availability, drive sales and traffic, and integrate digital and physical retail touchpoints.

An omni-channel retail strategy improves the overall customer experience and provides more avenues for customer purchase - whether it is on mobile, web, or in brick and mortar stores. The availability of multiple purchasing channels also leads to an increase in sales and traffic. Researchers found that while multi-channel shoppers spend, on average, 15% to 30% more with a retailer than consumers who use only one channel, omni-channel shoppers will spend 15% to 30% more than multi-channel consumers and exhibit stronger brand loyalty, often influencing others to patronize the brand. The research also found that consumers provided with a seamless experience across multiple channels shop more frequently and make more purchases across a relatively broad number of product categories. Further another study also found that 75% of consumers are more likely to visit a store if they come across information on the web.

Another potential benefit of a well-defined and effective omni-channel strategy is getting shoppers back into the brick-and-mortar stores. Despite the predictions for the demise of brick-and-mortar retail business, research continues to show that consumers still desire the social interaction, the touch- and-feel factor, surprise discovery of new merchandise and instant gratification that are delivered with the in-store shopping experience. With an intelligent omni-channel retailing strategy, one channel can drive another to promote channel-agnostic revenue goals. Thus leveraging multiple channels, omni-channel enables retailers to increase revenue of individual channels thereby boosting the overall revenue of the business.



Additionally, omni-channel retail allows consumers to initiate and complete purchases on different channels. A customer can now see that an item is available in the physical store, and reserve it online to pick it up from the nearest store location. This constant information flow creates a better retail journey for customers, allowing retailers to build a relationship with their customer-base and are able to engage with them immediately and on a personal level through a variety of purchasing channels.

Becoming a successful omni-channel retailer is challenging. It requires retailers to build multiple touchpoints, standardize and unify their customer experience, integrate their online business presence with their physical one, and create a better retail experience for each customer - all in one place.

The framework to designing an effective and holistic Omni-channel Strategy

Here's a framework incorporating various aspects of the business for retailers to use for basing the designing a holistic and true omni-channel retail strategy that can be implemented to maximize retail sales.

Business Strategy

For a real business transformation, retailers would need to have a holistic view of their business. This means they would have to get rid of siloed operations competing for revenue. They should further work to advance from being product-centric to customer-centric organizations. This requires a radical change from the typical inside-out thinking that is entirely centered on the retailers' objectives, to an outside-in thinking, which is understanding the consumers' objectives and using that as the focal point for the business. For this retailers must gather, categorize, prioritize and really understand their consumers' rational and emotional preferences and buying habits. Further retailers need to use this information to correlate their channel and use case scenarios with their consumer personas or profiles because consumers are not homogenous and the need or appropriateness of a particular channel may not hold true for every consumer use case.

Executive Sponsorship

Adopting a customer experience strategy that is becoming a truly customer-centric retailer which in turn will lead to modifying cross-departmental processes to achieve a seamless omni-channel strategy starts with boardroom buy-in and executive sponsorship. As studies consistently show that omni-channel shoppers spend more on an average than their single channel counterparts, implementing an omni-channel retail strategy is important but requires a significant investment. While many retail leaders believe that deploying omni-channel is a prerequisite to compete, directors and CEOs require a business case which can bring them the ROI for their investments. If retailers are not able succeed with the business case or gain executive sponsorship, they need to stop, retrench and try again.

Business Processes

Omni-channel success necessitates that along with the business strategies, business processes also become more consumer-centric, cross-functional and integrated. This often demands a shift in the organizational culture where all departments must be reoriented to support the end goal of the company and not just goals that benefit individual departments. Omni-channel adopters must look for cross functional champions and teams to design and deploy business processes that are unified and holistic. This change is definitely profound, and as a matter of fact retailers wisely understand that they need to reorganize their company hierarchies to enable a seamless omni-channel implementation.

Clear Objectives

While enabling the retail organization to be truly transformed into an omni-channel retail business is the ultimate business objective, there are some intermediate objectives that need to be achieved in order to lead to final wholesome goal. Some of these could be:

- Integrate important channels such as physical, online and mobile followed by other channels that could be used to better deliver frictionless buying experiences.
- Deliver consistent customer experiences from channel to channel, with continuity in branding and content along with optimizing the strengths of each channel.
- Facilitate consumers' need to engage with their favorite brands using the channel that is most convenient for them at any given moment.
- Create seamless customer journeys which allow cross-channel engagement continuity to contribute to the overall consumer experience.
- Enable consumers to access and switch channels simultaneously and interchangeably while maintaining the seamless availability of information across channel.

CRM

For omni-channel to succeed, it is imperative to achieve a holistic or often called a 360 degree view of each customer. In order to facilitate that kind of information, developing strong customer-brand relationships becomes a prerequisite. Further, this also assists in enabling the delivery of personalized and consistent communication across channels enhancing the brand with every engagement. To empower retailers with such capabilities, it is necessary for an underlying system or process that allows recording and managing all customer facing processes. For most organizations this role will be played by the CRM system and most retailers will define their use cases in terms of marketing, sales and service.

Marketing

Marketing has a very important role to play in the organization for creating and implementing a holistic omni-channel strategy. The content and messaging that is required to build the information will create awareness, stimulate their interest, facilitate their desire and probe them to take an action such as a purchase will be a marketing prerogative. Moreover, the kind of messaging that needs to be used for individual channel while maintaining a consistent overall brand experience as well as aiding and managing customer interactions and engagement across channels to enhance customer relationships are marketing initiatives that need to get aligned with the objective of making omni-channel a success in the organization. Along with offline, online marketing channels are growing to be more influential in the customer shopping journey. Also channels like social media and social commerce coming to fore as a significant customer engagement and shopping platform. This marketing will have to effectively manage all these aspects to seamlessly build and drive the retail brand across channels.

Sales

Since, due to omni-channel there are multiple sales opportunities to consider including enabling a commerce anywhere approach, online ordering with in-store pickup or returns or home deliveries, and so on, the focus should be to optimize as many sales opportunities as possible to avoid missing out on the chances to increase sales. Using an omni-channel strategy that enables top-of-mind awareness also involves making the brand information and customer experience portable so that consumers who use their mobile device for any activity during their shopping journey are also accounted for. The entire essence of omni-channel is to use each and every sales channel as an opportunity to increase sales either through the same channel or another channel, while ensuring the transition is smooth and seamless, and the customer experience flawless.

Service

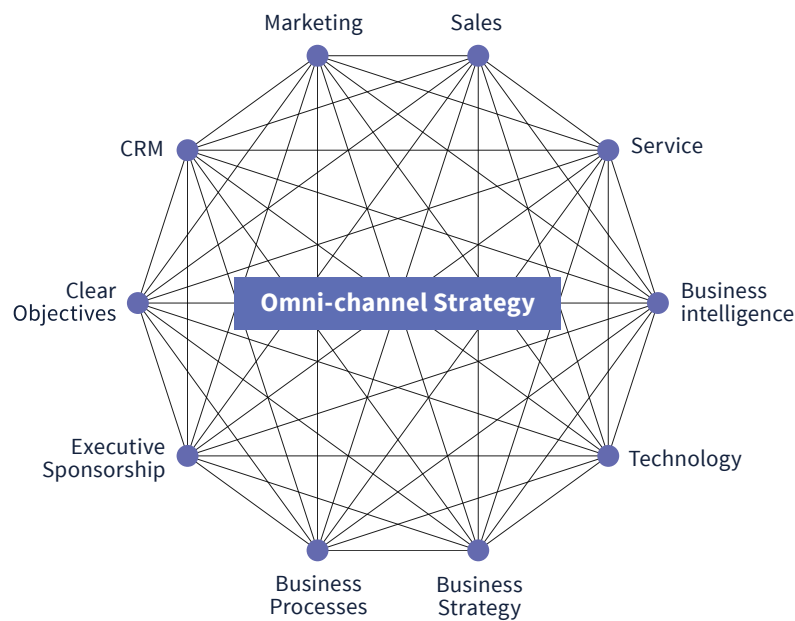
Omni-channel customer service is as implies involving a number of channels for the service delivery. As such, there is a need for evolving from a company only managed channel (normally the call center) to a mix of company managed and public driven communication channels such as social networks. For this evolution to take place it is important for retail business to embrace embraced social CRM to support social service, peer based communities and cross-channel escalation. From the customer service perspective, supporting and handling customer inquiries such as inventory availability, item in transit location, credit balance and transaction history across channels also needs to be integral part of the overall omni-channel strategy.

Business intelligence (BI)

Analytics offer the closed loop reporting necessary to design, monitor and mature an omni-channel strategy. Identifying the most significant and actionable performance indicators is often a difficult task. Omni-channel doesn't necessarily change retail performance measuring parameters, but it may impact how they are calculated. Some of top retail metrics include same store/channel growth, basket analysis, average ticket size, customer share, cross-sell/up-sell, RFM, GMROF, GMROI and CLV. As such retailers must best acquire omni-channel data, use that data to correlate performance of their metrics across channels and interpret customer preferences and trends, and based on these interpretations create certain omni-channel use cases to implement and boost their sales. Moreover, understanding customer preferences will also enable retailers to provide personalized communication and service for their customers.

Technology

Unifying siloed and disparate online and offline/in-store systems, applications and processes is a perennial challenge. In such cases, employing data governance techniques such as Master Data Management (MDM) is necessary in order to manage multiple views of the customer by standardizing customer data, consolidating data, eliminating duplicate data and even applying rules to prevent or reduce bogus data from being captured at various data entry sources. As the number of consumer touchpoints parallel expand, consumer expectations of retailers to deliver personalized and consistent shopper experiences across all channels and touch points grows. Thus using technology becomes essential to be able to seamlessly integrate channels, standardize and process customer data, facilitate information availability, monitor performance, aid forecasting, planning and decision making, thus better enabling an agile omni-channel business strategy implementation. The morphing of consumer and commercial technologies is a trend that retailers must incorporate in their technology strategies.



Summary

The spectacular rise of cloud computing, social media networks and mobility have led to an evolution of the channels, devices and methods consumers choose to use during their shopping journey. And if retailers expect to engage these consumers they're going to have to meet them at the channels the customers' are using and at the time their customers' prefer. Omni-channel retailing is no longer the future because the future is now here. Retailers who still choose to sit the sidelines will see their businesses deteriorate proportionately to the continued rise of omni-channel shoppers. Retail shoppers have more choices. Competitors are just a click away and consumers publicly share their shopping experiences through social networks that amplify a retailer's good or bad brand experience in a way that reaches to the masses and stays in the public record indefinitely.

It would not be an understatement to state that 'for most retail businesses and other entities 'omni-channel' should be their go to strategy. What this implies is, retail owners need to channelize their efforts in delivering a unified omni-channel customer experience throughout the shoppers' journey right from research through purchase to returns. Enabling omni-channel fulfillment options like click-and-collect, endless aisle, click-and-deliver, drop shipping and so on would definitely help the cause. To make it more impressive, adding new and innovative options such as 'reserve online, try in-store' or 'book online, pay in-store', could not only pave the way for retailers to have an edge above their competitors, but also prove to be 'deal clinchers'. Going the extra mile, omni-channel returns also need to be taken seriously. Offering a unified omni-channel experience and the challenges of getting that right should be top of mind for retailers looking to bolster their sales. However, retailers who are determined to get their fundamentals right to the 'T' as well as adopt forward looking, innovative omni-channel retail solutions would emerge trailblazers



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