

Omnichannel Retail: Winning in a Customer-centric World

Technology and imagination combine to optimize the modern shopping experience.

An omnichannel retail strategy is easy to describe but considerably more challenging to achieve.

Under an omnichannel strategy, customers interact with retailers via multiple channels – including in-store, online, mobile, social and phone. But it doesn't benefit either the customer or the retailer if these interactions are isolated from each other in a given channel. Ideally, all interactions between a customer and a retailer across all channels should be integrated into a single omnichannel experience.

This ideal, however, remains difficult for many retailers to pull off. In fact, according to a 2014 survey by Retail Systems Research, only 5 percent of retailers say they have achieved their omnichannel goals. And 37 percent haven't even clearly defined an omnichannel strategy.

Part of the challenge is inadequate real-time integration between the disparate IT systems that support different channels. Another hurdle is entrenched processes that remain specific to a given channel, still another is the need to think creatively and strategically about what

makes an omnichannel experience more pleasing to the customer and more profitable for the retailer.

Common Mistake

According to ARC Advisory Group, one common mistake retailers make is assuming that an excellent omnichannel experience is one in which the customer experience is similar for each channel.

But as ARC analysts Chris Cunnane and Steve Banker assert in a report titled *The Truth about the Omnichannel Experience*, this is not the case. "Omnichannel retailing is not about replicating a single experience across channels," they write. "Instead, it is about optimizing each unique experience through a variety of channels."

That's why Cunnane and Banker encourage retailers to put product availability and fulfillment capabilities at the forefront of their omnichannel strategy. "Without the customer, there is no experience," they note. "But without the product, there is no customer."

John Seebeck, vice president and general manager of eCommerce at CDW, agrees. "Having a single view of the customer across online

and in-store channels is obviously very important for optimizing the customer experience," he observes. "But it's equally important to be able to give a customer who shows up with money the product they want, regardless of where they choose to do business with you."

To achieve that objective, retailers have to transform the numerous "mini-inventories" they have across various stores and distribution points into a single virtual inventory from which they can draw as required to fulfill customer demands.

"When customers walk into a retail location, they expect instant gratification," Seebeck notes. "The question facing retailers is the extent to which they can meet that expectation across their other channels as well."

Omnichannel in Action

Seebeck offers a classic example of how adaptive inventory allocation can work in an omnichannel environment. A customer shows up at a retailer's local store with a promotional flyer, only to find that the item he or she wants is out of stock. In an omnichannel environment, a store employee can immediately offer to place an online

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– Sunitha Ray, Retail Specialist at Capgemini

3%

THE PERCENTAGE OF ORGANIZATIONS THAT ARE **EXTREMELY EFFECTIVE AT SUPPORTING OMNICHANNEL CUSTOMER INTERACTION.**

SOURCE: Forrester Research

order for the customer, ensure that the sale price is honored and waive shipping charges. If the customer agrees, the employee can place the order with the customer on the spot – and perhaps even offer the customer a related product or an upgrade while doing so.

Without such omnichannel capabilities, the customer may have to wait for the employee to search the store's inventory, wait still longer while the employee checks inventories at other stores and then finally be told to try ordering the item online himself or herself. In this scenario, the customer is likely to walk away without making a purchase – and may even be permanently lost to a competitor.

"An example like this illustrates that omnichannel is not just about systems. It's also about processes and organizational structure," Seebeck says. "Those issues can be tough to tackle for companies where store teams and e-commerce teams have historically been very separate."

One Size Does Not Fit All

Sunitha Ray, a retail specialist at Capgemini, a global IT services consultancy, notes that different types of retailers have different imperatives. "For a premium fashion retailer, it is probably important to offer customers a high-touch experience across channels that include a lot of personal attention when the customer visits a store," she explains. "In grocery retailing, however, just the opposite

is most likely true. The customer only wants one thing: to get in and out of the store as quickly as possible."

That's why a grocery retailer's approach to omnichannel is more likely to combine high-tech and low-tech elements to speed the shopping experience. This can be done by leveraging the web to allow customers to create personalized "pick lists" for their store visits – and then providing the customer with a mobile app that makes it easy to find everything on that list. A customer's in-store shopping history can also be captured at the checkout line so that email or mobile channels can be used to offer discounts via coupons.

Digital signage can also be employed to streamline the shopping experience – and to keep posted prices aligned with promotions. Digital signage also offers the advantage of reducing labor costs and human error, both of which are costly to retailers.

But, as Ray points out, a low-tech element is important to optimizing the shopping experience as well. "Retailers can use customer data to create smaller, more customer-friendly store layouts that make it easier for people to find what they need regardless of which one of your stores they happen to walk into that day," she remarks. "Using digitally gained insight to create a better real-world shopping environment is one of the biggest merchandising opportunities omnichannel offers." ■

5 Ways Omnichannel Drives Sales

Omnichannel customer service can help retailers drive sales growth in a number of ways. Here are just a few:

1. Mobile point-of-sale:

Many retailers already use tablet-based mobile POS to keep sales staff close to customers. New mobile payment technologies such as Apple Pay may further transform POS. By making in-store payments directly from their smartphones, customers can seamlessly transition from mobile browsing to bricks-and-mortar buying.

2. Proximity couponing: Retailers are partnering with credit card companies to detect when customers are shopping near their stores (such as buying a meal at a mall food court). That activity can trigger a time-sensitive discount offer that gets the customer into the store and looking at merchandise.

3. In-store social interaction:

Customers often consult their social networks about a potential purchase while they're still in the store. Retailers can capitalize on this by incentivizing customers to let their networks know when they've made a purchase with an e-coupon reward.

4. Social-driven displays:

Some retailers are tracking trends on social apps to drive their in-store video displays. This gives their content empirical credibility – allowing shoppers to make their fashion choices with greater confidence.

5. Omnichannel gift cards.

Only about one-third of retailers have the ability to honor gift cards across all their channels. But doing so offers significant benefits – including up-selling and more flexible access to available inventory.

Short on time and staff? Learn how CDW can help augment your retail technology efforts.