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Why are so few retailers achieving true omnichannel functionality – and is it even possible?

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By A LUXURY DAILY COLUMNIST

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In an ever-changing retail environment, retail organizations need to evolve continuously to meet the shifting demands and preferences of their customers.

While the retail industry is constantly abuzz with the term “omnichannel,” many retailers still struggle to attain industry-leading, unified retail experiences. And considering the fact that customers who shop across multiple channels spend, on average, 3.5 times more with that retailer, there is a strong economic incentive for retailers to change their approach.

Omnichannel is real, so why deride or deny it?

Omnichannel. It is overused, overplayed. Been there, done that. Or is it? How can it be overused and exhausted, when, in fact, there are few significant examples of a seamless shopping experience in North America?

Under Armour CEO Kevin Plank was recently quoted as saying that "... the idea – or the cliché – of omnichannel retail is a reality."

Sure, some retailers are evolving in that direction, offering more unification across channels in the end-to-end purchase journey, but it is rare to see large Fortune 500 retailers shouting their complete omnichannel experience achievements from the rooftops.

So, if we have been talking about omnichannel for years, why has not anyone successfully achieved it?

Well, omnichannel is broad. It encircles the entire organization and, as a result, challenges such as the fast pace of technological change, cumbersome legacy systems, misaligned goals, too many or not enough operational processes, siloed management structures and rapidly changing consumer expectations all contribute to the constantly moving and slow evolution of omnichannel goals.

These barriers to omnichannel achievement require significant trade-offs of valuable resources such as time, money and people.

Consequently, it becomes a nonsensical term that people use flippantly throughout the industry, while those working within organizations are acutely aware of the difficulties inherent in achieving this omnichannel ideal.

What if omnichannel became not a state of achievement, but a mindset?

The inherent belief within the retail industry is that omnichannel has an endpoint: at some point, a retailer will achieve a state of "omnichannel bliss."

Omnichannel, which is fundamentally derived from customer centricity and the convergence of channel-shopping behavior, is an outlook that retailers must adopt to become closer to their customer and remain a sustainable, relevant business in the future.

One thing that is certain is that change is inevitable, and the speed at which it is occurring is becoming difficult to manage for complex organizations.

Becoming omnichannel is not putting up an ecommerce site. It is being able to step into the shoes, the hearts, the minds of your shoppers to truly be where they are, when they need and want you to be.

Who owns the customer experience?

Omnichannel ownership poses another sharp challenge within an organization.

Retailers such as Kohl's and Lowe's have tried to circumvent this challenge by creating C-level roles that are responsible for the customer experience. This approach is a step in the right direction, but the responsibility to embed incentives and metrics that represent customer satisfaction should not lie solely at the C-level.

In omnichannel organizations, each person within a retail organization owns part of the customer experience.

Every role in the customer journey, from the buyer defining assortment, to the marketer building a campaign, to the ecommerce merchant who displays it online, to the financial analyst maintaining payment providers, and finally to the fulfillment partner ensuring on-time package delivery plays an integral role in the customer experience, ultimately affecting long-term loyalty.

Moreover, change management is essential when dealing with initiatives that cross departments and functions.

Organizations have feelings and cultures that live and breathe. If retailers ignore that, they stumble over crucial steps toward reaching the mindset needed for the transformation to a wholly omnichannel enterprise.

Be different – throw out the rulebook

Retailers often say they want to be more omnichannel. Their vision of that often includes activating options such as in-store inventory visibility, and providing customer service via Twitter.

Although these have their merits in an omnichannel world, there is no one-size-fits-all approach to creating a more seamless purchase journey.

Leading omnichannel-oriented retailers such as Apple do not follow the crowd when creating an experience. They do not implement technology-driven customer experiences for the sake of sparking buzz in the industry. They start with the experience their customers want, then weave and blend technology throughout it.

Retailers need to connect with their customers to learn what they think, feel and do in their experience with the brand.

Indeed, retailers that are pushing the envelope are doing this. But without this approach retailers are missing the opportunity to rapidly ideate, test and refine the concepts and strategies that enhance a purchase journey.

Rooting your omnichannel mindset with a customer-centric approach enables retailers to successfully use their technology, their processes, their people and their systems as differentiators for their brand.

Culture change on horizon

Rapid innovation and customer-centricity need to be a mentality within every department.

Digital integration, which is a huge component of omnichannel, is risky. There is no proven path to success, so inevitably retailers will make mistakes.

The ability to fail fast and fail safely needs to be embedded within the fabric of retail organizations. This is a cultural change that should be congruent with everything from performance management to organizational design.

Additionally, retailers must accept that the trade-off of resources and risk is required to move towards an omnichannel outlook, since true innovators must be willing to

challenge the paradigms in retail.

Last March, Canadian sporting goods retailer Sport Chek stopped printing paper flyers for two weeks and, instead, shifted that investment to targeted Facebook advertising. This was a huge bet that paid off in double-digit sales lift – a risk that was supported from the top C-level executives down through the entire organization.

A RETAILER'S success in adopting the omnichannel mindset will depend on its willingness to invest in change, openness to shift in thinking and capacity to deliver.

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