RESEARCH

Retailers can no longer afford to operate within channel silos: report

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Mulberry offers new shipping options

By *JEN KING*

Over the next three years, 250 percent more retailers will transition to a single order management solution to support unified commerce across all channels, according to a new report by Boston Retail Partners.

Before ecommerce took off in the 1990s and 2000s, the evolution of retail technology was stunted due to a lack of network technologies which caused a decentralized environment of data centers. Now that retail technology, especially mobile commerce, has advance and become commonplace, many retailers are still "chasing" omnichannel capabilities but have yet to fully integrate disparate legacy systems.

"Most retailers are currently operating multiple channels for transactions (Web, mobile and bricks-and-mortar stores), however many of these channels are operated as independent operations with separate systems," said David Naumann, director of marketing at Boston Retail Partners.

"Retailers realize that there is a better way and according to our research, 663 percent more retailers are planning to implement a single commerce platform for store, mobile

and Web in the next few years," he said. "With a single order management system, retailers have a single version of the truth across all channels to enable visibility and availability of accurate inventory and customer information.

"This enables retailers to have singular view of the customer's shopping behaviors and history which is the cornerstone to building a persona-based shopping experience. Additionally, a single order management solution simplifies the ability to handle orders, inventory and fulfillment across channels and enables the buy anywhere, fulfill anywhere and return anywhere shopping experience consumers want."

Boston Retail Partner's "Order management is the new POS" report is a supplement to its "2015 POS/Customer Engagement Benchmarking Survey." To understand the impact mobile has on retail, Boston Retail Partners surveyed top retailers in the United States to explore the current state of mobile in relation to retail capabilities, priorities and processes.

For the benchmark, Boston Retail Partners sent surveys to more than 500 leading North American retailers. The majority of respondents represent specialty retail, and 58 percent of respondents have annual sales of $1 billion or more.

Order up
In the report, Boston Retail Partners discusses how retailers are planning to incorporate a single order management system and how this will positively affect operations and the consumer experience.

A centralized, single order management system offers retailers a holistic approach to consumer experience that stretches across channels. Referred to by Boston Retail Partners as "unified commerce," this combines retail silos to transform the organization, business processing and technology to fit the demands of the consumer.

Commonly, consumers shopping online will place items in their cart, but often abandon the items to shop elsewhere or visit the retailer's physical location. In the latter, if the consumer visits the bricks-and-mortar store and identifies herself, by opting in, the sales associates will be able look up her shopping history, including the abandoned items, in real-time.

Thus, unified commerce transcends channels and enables an in-store interaction to be guided by the consumer's digital footprint.
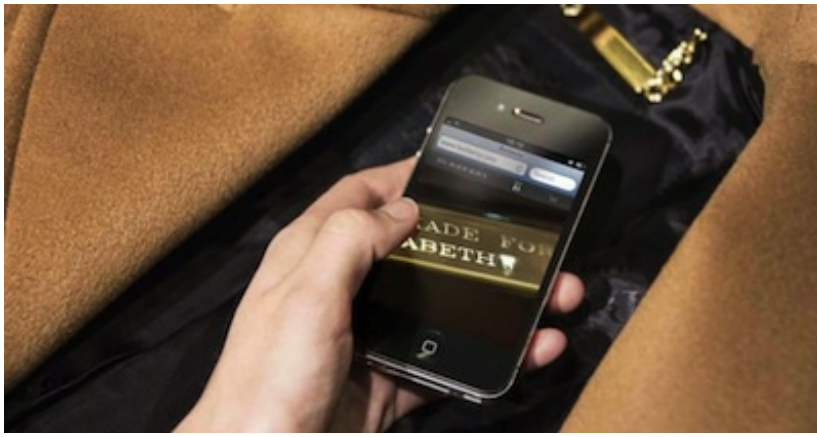
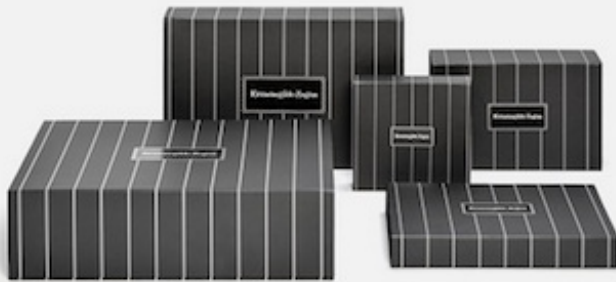*Following the consumer's digital footprint*

Many retailers have began implementing this degree of service, but many still involve manual components that are not working well, according to Boston Retail Partners' findings. Of the retailers surveyed in the 2015 POS/Customer Engagement Benchmarking Survey the ability to "buy anywhere, ship anywhere" has been implemented by 32 percent of retailers, but nearly half thought improvements could be made.

Silos needing improvement proved to be operating inventory and orders across a retailer's network of stores and on the Web due to separate, multiple channels. Challenges include lost revenue due to backorder cancellations and inventory shortages, lost sales opportunities due to fulfillment options across channels, increased cost of special orders, inefficient merchandise distribution, high carrying costs and lower consumer satisfaction.

A single commerce platform may remedy the dissatisfaction with current operations that present the aforementioned challenges. In the survey, 663 percent of retailers are working toward this goal for in-store, mobile and Web.

Order management solution (OMS) offers a single unified commerce platform, and 250 percent of retailers surveyed acknowledge this as a best practice. Only 20 percent of the retailers surveyed have implemented an single order management platform to allow for unified commerce.

Shipping options from Zegna

OMS has evolved over the years and can now support unified commerce through the inclusion of online purchasing, in-store pick-up and ship from a bricks-and-mortar location, rather than a distribution center. Some retailers have created a single cart "capture hub" approach that lists a consumers behavior across channels.

Benefits of adapting this strategy include cross-channel inventory visibility and availability by enabling an "endless aisle" and the ability to "save the sale" by selling products across channels to provide consumers with more fulfilling options to shop.

Also, flexible ordering and delivery options meld with the consumer's preferences and availability. Other benefits include simplified and flexible technology that allow for real-time interaction to support on-demand services expected by today's consumer as well as personalizing the individual's experience through persona-based data points.

One of the most interesting benefits, according to Boston Retail Partners, is the glass pipeline, or "make the invisible visible." This means that a unified OMS allows the brain to

react to stimuli immediately and when a problem arises, such as an item being out of stock, the OMS can identify the problem in real-time to ensure that the chain is functioning efficiently.

All in one basket
Siloing guided selling tactics is harmful across industry sectors and channels.

Guided selling tactics are used by the majority of beauty marketers to encourage discovery, exploration and decision-making, but brands often make tactical missteps that diminish effectiveness, according to a recent report by L2.

L2's "Beauty: Guided Selling" Insight Report found that ecommerce sales in the beauty sector have increased in part by the incorporation of guided selling practices ranging from content blended with personalization to interactive tools and navigational filters to a combination of approaches. These tactics have helped widen the consumers' scope by inspiring the purchase of new products, rather than relying on ecommerce to simply replenish favorites (see story).

Also, within the next two years, approximately 300 percent more retailers plan to deploy mobile point-of-sale tactics into in-store strategies, according to a recent report from Boston Retail Partners.

After slowly coming to terms with the importance of mobile in a bricks-and-mortar setting, retailers are now embracing the opportunities this technology presents. Mobile devices have become omnipresent in the lives of consumers and have had a significant impact on retail and the shopping experience, causing retailers to adapt to catch up with modern behavior (see story).

Creating a seamless experience is just one of the benefits of adapting a brand's business model to a united commerce platform solution.

"Achieving a unified commerce platform is imperative for a retailer to truly provide a seamless experience for its customers," Mr. Naumann said.

Final Take
Jen King, lead reporter on Luxury Daily, New York

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