

RESEARCH

Unified commerce is Holy Grail most retailers are still seeking: report

March 25, 2016



Image courtesy of Neiman Marcus

By SARAH JONES

While 85 percent of retailers consider unified commerce a top priority, most are not making enough of an effort in upgrading their infrastructure to achieve a fully seamless shopping experience.

[Sign up now](#)

Luxury Daily

According to a new report from Boston Retail Partners, retailers have attempted to reformat their outdated systems to accommodate cross-channel capabilities, leaving many with “faux omnichannel.” As the consumer comes to expect a uniform service across channels, retailers are at risk of losing clientele if they do not implement a more holistic system.

“There are several factors that have made 'faux' omnichannel a reality,” said Ken Morris, principal at [Boston Retail Partners](#).

“First, the accelerated and elevated customer expectations for a seamless experience has caused retailers to scramble to get omnichannel services in place as fast as possible,” he said. “Second, retailers’ legacy systems were not designed to deal with the complex cross-channel visibility and access to data that is needed to support a seamless customer

experience.

"Third, many retailers have been focused on other priorities lately, like payment security, and haven't invested the resources to effectively develop a unified commerce platform. And lastly, retailers have made very significant investments in hardware, software and services to support omnichannel over time and they cannot simply write-off that investment but need to make the transition as investment dollars permit."

Holistic approach

Of the 60 percent of retailers who say they are making inventory visible across channels, 80 percent say they could use improvement. When communication between channels is flawed, issues can arise that affect the shopper.

In many cases, the retail system of today is a multichannel one, with brands aspiring toward omnichannel. Unified commerce is a step beyond omnichannel, when all channels will be interconnected.

The Holy Grail of retail means that a brand will be able to recognize a consumer however she chooses to connect, allowing the retailer to deliver a customized experience catered to her.

In practice, this would mean that if a consumer browsed online before going to a store, and then opted in via her mobile device when she got to the store, the retailer would be able to pull up her virtual shopping cart and use it to inform her bricks-and-mortar journey. This would work the other way as well, as ecommerce or a mobile application would be able to suggest a second look at items looked at in-store, allowing clients to easily buy through whichever channel is easiest for them.



Image courtesy of Bloomingdale's

The consumer has come to expect that a brand will recognize her and deliver suggestions and promotions aimed specifically at her. Real-time retail allows brands to respond immediately to a consumer's actions in a meaningful and personalized way.

There are a number of key benefits to unified commerce.

For one, allowing consumers to convert via the channel and fulfillment method of her choice boosts customer satisfaction. Managing one set of inventory can also reduce costs when compared to organizing products in silos.

Click and collect can improve the in-store experience and help sales, as customers who enter the store to pick up online merchandise spend an extra 20 to 40 percent on other items on their visit.

One of the major challenges to unified commerce is the manner in which retailers have upgraded their systems for today's digital world. Building out from the legacy system, brands would add technology in a way that treated the channels as separate entities rather than a cohesive unit.

With the addition of ecommerce, retailers often set up a separate system, staff and inventory. This meant that systems performing the same functions within stores and online, such as order management, merchandising and CRM, were completely different and unconnected.

Not only are these separate systems hurting retailers' chances at achieving unified commerce, the cost of maintaining two parallel systems is greater.

In the past, networks were unreliable, leading stores to keep channels apart for a reason. With upgrades in technology, a connected system is now more reliable and achievable.

Boston Retail Partners points to banking, in which a consumer's transaction at an ATM, online, via mobile app or in-person is all interconnected seamlessly within their account.



Enabling consumers to shop online from in-store can boost satisfaction

Combining channels will also give a retailer the opportunity to glean more useful insights from its clients. Currently, the channel-specific data is partial or unreliable.

Having a single version of data, whether about a customer, product or inventory, along with immediately accessible analytics, will help to deliver a seamless shopping experience.

Based on brands polled for Boston Retail Partners' 2016 POS/Engagement Survey, retailers are offering cross-channel services, but many cite a need for improvement. Across every category, including click and collect, buying online and shipping from store and inventory visibility across channels, the number who were satisfied with the service as implemented was outnumbered by those who had implemented capabilities that needed more work.

Rather than trying to update existing systems, Boston Retail Partners suggests starting from scratch, building a single commerce platform to handle all transactions.

So far, only 18 percent of retailers have implemented a unified commerce system, and of those, two thirds say it needs improvement. This shows that retail has a long way to go to get to nirvana.

“Without a unified commerce platform, retailers are limping along with systems that can't effectively deliver what customers now expect,” Mr. Morris said. “These ineffective, disconnected systems and manual processes to deliver omnichannel capabilities are a recipe for disaster, as it leads to over-promising and under-delivering to its customers.

"The financial impact of lost customers due to poor service is significant, and it is significantly less expensive to keep customers than to acquire new ones," he said. "Retailers today are literally crossing a busy downtown street based on yesterdays traffic information."

Room for improvement

The number of department stores displaying a real-time inventory has quadrupled since 2013, according a recent report by L2.

The increase exemplifies the heavy investment that department stores are making in omnichannel to compete with Amazon, Net-A-Porter and other pure players. Although retailers are making advances on various fronts, a number of obstacles in both technology and implementation are impeding true omnichannel experiences ([see story](#)).

When it comes to omnichannel retailing, department stores perform better on average than their monobrand peers, according to a new report by ContactLab and Exane BNP Paribas.

Multibrand retailers as a whole are reaching 50 percent of their full omnichannel potential, higher than the collective mega brands such as Louis Vuitton and Gucci and beating out premium, jewelry and high-end labels. Consumers who shop both in-store and online spend 50 percent more in a year than those who buy in bricks-and-mortar boutiques alone, making it financially smart to create an omnichannel shopping experience for clients ([see story](#)).

"Retailers can no longer afford to operate within channel silos," Mr. Morris said. "Now is the time for retailers to transform the organization, business processes and technology to align with the new shopping behaviors and expectations of today's customers.

"A unified commerce platform is the new imperative for handling orders, fulfillment and inventory across channels in real-time," he said. "Retailers still have a long road ahead to achieve a successful unified commerce platform, but increased customer satisfaction and profits will make it worth the effort.

"If they don't retool, they will be replaced by more nimble brands that perhaps move from the eComm world to the physical store. Hello, Amazon."

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.