

COLUMNS

Dirty truth about omnichannel retail

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Eric Olafson is senior vice president of store solutions at Demandware

By **Eric Olafson**

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If you are anything like me, retail executives, you roll your eyes every time you hear some pundit talk about your need to "do omnichannel."

Why? Because to be a true omnichannel retailer, you must first deal with the dog's breakfast that is your actual IT landscape: the hopelessly nightmarish amalgam of technology running each and every one of your stores, none of it talking to the other.

The dirty secret of omnichannel retail that is, secret to all but the people who suffer it every day is that the smooth, polished, we've-got-it-all-together exterior that retailers present to consumers masks the reality that most of the time, retailers do not have it all together and do not know what is going on with their inventory behind the scenes.

Why do retailers not know what is going on?

Taking stock

Real-time inventory visibility is one of the most perplexing, intractable issues facing retailers and until that is addressed, omnichannel retail will remain a pipe dream.

A January study by Retail Systems Research found that two-thirds of retailers have inaccurate inventory levels in stores.

Indeed, retail executives tell me all the time that they do not trust their inventory reports. The negative effects of this are many, not the least of which are disappointed customers and missed opportunities to maximize margin and revenue.

Another recent study by Boston Retail Partners found that "the risk of losing customers due to disappointing shopping experiences caused by flawed omnichannel architecture is deadly."

The problem is that each store is, essentially, its own independent data center that requires constant maintenance and upgrades.

The inventory information stored in these independent data centers is only intermittently updated usually at day's end to a central database, which leaves retailers in the dark with respect to what item is where.

So why do they not just fix it?

Retailers have invested billions in their store technology, are loathe to rip and replace it and even if they wanted to,

they have no idea how to go about it.

The complexity of pulling together real time inventory data from hundreds of stores dwarves the data management of selling exclusively online.

Simply put, retailers know they need to undo the past if they want to succeed in the on-demand, real-time, omnichannel future that consumers demand, which requires that retailers view the business in total.

What might that future look like?

On track

Imagine if every transaction every computer keystroke, tap on mobile phone or in-store purchase was updated in the cloud in real time.

Retailers could track goods in store, in warehouse, on reserve and in transit, letting them react in real time to demand fluctuations.

This 360-degree view of inventory is 180 degrees opposed to the way that retail operates today. However, retailers know they need to rethink the foundation of their in-store technology.

A cloud-based point-of-sale system, coupled with a cloud-based commerce platform that centralizes management, supports a real-time view of inventory and customer information, and helps merchants maximize profits while maintaining customer satisfaction.

As Boston Retail Partners notes, "real-time inventory is an essential component for enabling customer engagement and meeting the customer's buy anywhere, pick up or deliver anywhere' expectations."

RETAILERS, I FEEL your pain. I know that you know you need to provide a unified commerce experience for your customers.

Until now, many retailers have taken a stopgap approach, implementing small, incremental improvements in an attempt to get you closer to where you need to be.

But that is faux omnichannel.

The truth is that until store technology is fully integrated into a unified commerce platform and all that it encompasses, omnichannel will remain an elusive goal.

Eric Olafson is senior vice president of store solutions at [Demandware](#), Burlington, MA. Reach him at eolafson@demandware.com.

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