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Making Omnichannel Work:
The Devil's in the Details

A holistic approach can bridge the divide between digital and physical storefronts

By Glen Bradley

The Challenge: Delivering an Effective Omnichannel Experience

Shoppers want a consistent experience across a company's properties, whether they're shopping online, from a smartphone, or in a brick-and-mortar store. But delivering that experience isn't easy.

In a Periscope study released earlier this year, 78 percent of retailers surveyed admitted that they lack a consistent brand experience across their channels— and 39 percent say their digital channels suffer from a lack of internal coordination. Only 6 percent were completely satisfied with their omnichannel experience.

The evolution of e-commerce is partially to blame. Traditionally, retailers built their supply chain to support physical stores; that all changed with the rise of the Internet. Retailers built new infrastructure to support online stores without using their existing capacity, believing that it was better to get a site up and running than to take the time to extend their infrastructure.

But now, smartphone shopping has made it possible for shoppers to buy something online and then pick it up in-store. Between that new demand, free shipping, and competition from market leaders like Amazon, it's

become very costly to support a true omnichannel experience—even for major retailers.

Unfortunately, it's not negotiable. Consumers expect a fully integrated cross-channel experience. Shareholders expect ROI, and leadership expects you to meet customer service demands.

Driving the Seamless Experience

Many retailers are under pressure to make omnichannel support live up to customer expectations while remaining efficient and cost-effective. If you find yourself in that situation, you're not alone. Across the board, CEOs in a 2016 JDA survey indicated that they plan to increase investment in omnichannel readiness more in the next 12 months than in the next 3 years. (The study, called "The Journey to Profitable Omnichannel Commerce," surveyed top retailers across the US, the UK, Germany, China, and Mexico.)

In fact, e-commerce tops the list of IT investments in the JDA study, at 53 percent of the total investment—even ranking above supply chain, order management, and customer data. Retailers are chasing technology as if it's the only way they'll be able to make a difference.

We'd like to respectfully suggest an alternative.

Using a holistic approach to bridge online & off

Point B's Approach

At Point B, here's what we've found: how you execute is just as important as the products you deliver—and the experience you deliver is even more important now that brand loyalty is in decline. Buying new technology can't fix either problem.

What *can* fix it is taking a holistic view of the challenge and investing time to fix underlying issues in your organization, people skills, processes, and tools. Systems enablement is key, but no one technology will drive excellence unless the technical component is integrated into new processes.

The solution is to dive into the details. If you support all channels, you may need to take a close look at your efforts—and you may have some hard decisions to make. You'll probably need to establish processes that aren't segmented by channel, so that you can both improve efficiencies and deliver a seamless experience to your customers. You may also need to put in place new systems that enable a newly defined ecosystem of skills, organizational design, and lean processes. Finally, you'll need to blow apart any organizational silos that impede one-store mentality. Here are a few of the steps we recommend.

✓ **Change the way you think about inventory management.** It's imperative to execution. Retailers have to move away from treating online and physical store inventories separately. That's an expensive and outdated way to do business, and it makes it harder for you to determine customer demand. In-store inventory accuracy has traditionally been a weakness for retailers. It must be addressed with technology, such as item-level RFID, as well as methodical improvements to inventory-take processes. Accuracy is vital to satisfy online shopping

acquisition channels (Google), fulfill online demand and improve delivery speed to the customer, as well as improving online purchase/in-store pickup. Think of your storefronts as online order distribution centers.

✓ **Make your end-to-end processes channel-agnostic.** Making a step-change improvement to your processes isn't enough. You need to streamline processes, reduce the segmentation inherent in channel-specific fulfillment, and focus on "one store" from wherever the customer engages. Those processes also need to take into account reverse logistics. Too often, returns are an afterthought in terms of execution. With store inventory now a key feature to omnichannel fulfillment, getting first-quality returns back on the shelf can generate revenue you thought was lost.

✓ **Invest in organizational design and change management.** That's the only way to create sustainable change, and it starts by collapsing organizational silos. Integrate any organizations that are devoted to specific channels—after all, there is only one store. Update your employee rewards and your metrics for both the physical store and your online presence. Rethink both organizational structure and individual roles to ensure that they reflect new goals.

The Bottom Line

Shopping has changed forever. Physical stores and digital marketplaces will co-exist, and the retailers who succeed will be those who invest in transforming their processes and people as much as in technology. It takes focus, attention to detail, and thoughtful strategies to prioritize between fire-fighting and sustainable and scalable remediation.

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