

Unified Omnichannel Retailing: Still a Distant Thought?



WHITEPAPER

Abstract

Retailers which are successful in today's competitive market must be flexible enough to keep updating their business and technology strategy according to the changing customer needs and behaviors. Customer behavior and expectations towards shopping are increasingly changing at a fast pace and they want brands to be omnipresent!

The adoption of omnichannel retailing (being available at all possible touchpoints) is transforming the way traditional retailing business operates which has gradually brought fundamental behavioral changes to consumer decision-making processes. Brands are trying to understand and make the best path for consumers to provide them with the best buying experience as they use multiple channels to browse through the products, get information, and finally purchase.

This whitepaper listed down the various trends, challenges, and possible digital interventions in omnichannel retailing that companies are continuing to adapt to stay relevant in the competitive curve.

Key Takeaways

02

Introduction

02

Customer Journey and Business KPIs for Omnichannel

03

Trends in omnichannel commerce

03

Impediments to Create Omnichannel Commerce

04

Digital Technologies and Innovation Interventions

- Reimagined Business Processes:
- Business Model Transformation
- New Products and Services
- Solid Core

07

Conclusion



Introduction

Platform unification across all channels has become more important than ever which is having a groundbreaking omnichannel strategy. This constitutes maintaining the same characteristics and journey when the buyer hops from one channel to another to complete the transaction. What if a customer starts shopping on a mobile device and then transfers to their laptop to complete the transaction only to find an empty cart? These sorts of disconnections make customers abandon and switch to competitors that no retailer would ever want to happen at any cost. Hence, there is a dire need for services or platform solutions that ensure a smooth transition between multiple platforms of the brand, and hence, omnichannel unification!

Omnichannel extends the power of multichannel by integrating all the touchpoints with the seamless flow of data amongst the systems which builds a unified experience and brings consistency. Innovation, customer-driven, convenience, coordination, consistency, seamless shopping, cross-channel integration, and Unified commerce are a few of the terms used frequently here which if implemented effectively lead to Increased sales, customer loyalty, greater experience, and reduced cost.

Imagine a new-age store of an omnichannel brand where customers can just walk in, grab the products and do free checkout without standing in a queue. The embedded technology will automatically deduct the money from their e-wallets and send the receipt online. Also, the true integration of their systems and channels enables customers to return products on any channel of their choice. What a convenience!

Understanding their customers' behavior and offering them according to their choice is a big issue for companies. Becoming multi-channel and now omnichannel enables customers to pick their favorite touchpoint to connect with brands, also on the other side, brands also get to understand their consumers better. This all calls for unified business communication that fulfills end-to-end transactions.

As there are multiple channels in question, channel integration, while keeping the same consistency and flavor across channels is the basic prerequisite to claim the omnichannel and make customers transit from one channel to another uneventfully.

Customer Journey and Business KPIs for Omnichannel

It is imperative to understand the different stages involved in a typical customer journey during purchase.

Awareness: At this stage, the prospect identifies the personal needs of a product or service and starts browsing about the same on different channels (search engines, social-media, and review sites.). At this moment, brands should have built the capability to be on top of search results, and strong SEO and needs to be available on all social media touchpoints to make an impact in customers'

mindshare. Count of unique visitors, frequency on which they visit the brand, social media engagement metrics, and cost per impression are a few of the KPIs that business measure at this stage.

Consideration: Here, the prospect starts finding the suitability of the product, compares and evaluates the specific product with other brands that exist in the market, and proceed to the next stage which is decision-making. Length of visit, product recommendations, and offers are the main KPIs here.

Decision: This is when the prospect qualifies for the opportunity and adds the product to their cart to purchase. That makes it critical for brands to provide a flawless journey while a customer is browsing, adding, and finally making an order which leads to higher conversion rates, otherwise the cases of "cart abandonment" happens. Conversion rate, basket size, cost per acquisition, and average order value (AOV) are the main key KPIs.

Delivery and Use: This includes the process of how delivery is done, how seamlessly the prospect can trace the product, and how are they receiving the delivery at their chosen place, and within the estimated timeframe. This can be only achieved if all the parties involved - order management system, supply chain, customer relationship management (CRM), logistics, and transportation should have a 360-degree view of the customer data in question to have a streamlined transaction. Customer lifetime value (CLTV), customer retention rate are the KPIs that brands measure to see the benefits of their omnichannel strategy.

Advocacy: This is when after a successful purchase, the customer is likely to talk about the brand to his friends/family which ensures the advocacy of the brand and makes them repeat and loyal customers. Net promoter score (NPS) - indicator of customer satisfaction, media mentions are a few of the KPIs to count here.

Trends in omnichannel commerce

Trend #1: Personalized Customer Experiences

Trend #2 Digital Technologies is Enabling Omnichannel

Trend #3: Commonality of Cross-device Usage

Trend #4: Unification- Digitalization in physical Stores while Connected Online by Being Immersive

Impediments to create omnichannel commerce:

While delivering an unmatched seamless customer experience across all channels is the key message of the omnichannel business, the fact stills seem distant from reality, some of the challenges that brands face during this journey are called out here:

- ▶ **Uncertain omnichannel strategy leads to failed investments**
- ▶ **Absence of Scalable and Adaptable systems**
- ▶ **Siloed Data and systems integration**



- ▶ Lacking in understanding end-user preferences
- ▶ Increased complexity of supply chain and operations
- ▶ Disconnected customer support system

Digital technologies and Innovation Interventions:



Let's discuss the digital inventions brands are adopting keeping all the benefits of omnichannel in mind has been bucketed under four broader segments.

Reimagined Business Processes:

Reimagined Purchase Journey:

User-Interface Design (UI/UX): For e-commerce brands, the very first interaction that an end user would come across is to see how appealing the website/app is and how easy it is to traverse through. Being the main space, it empowers users to scan, explore, find, like, share, return, and finally purchase so it becomes crucial for brands to uplift the user experience to many notches! Personalized carts, easy access, and easy checkouts are a few of the processes users expect here.

New-Age customer support: AI-enabled chatbots and conversational commerce are the key differentiators that are making brands stand out from their competitors. Omnichannel strategy enhances customer representative efforts by unifying the various channel's data at a central place that arms the agents with the recent and latest whereabouts of customers which reduces back-and-forth conversations.

Contactless browsing using QR code: Brands leverage the use of QR code technology, which enables users to scan the QR code of the brand from their smart device and can quickly start countless browsing of products and making purchases etc. round the clock.

Dynamic Pricing: Brands use analytics engine platforms to automatically change the prices of products and ensure that they are offering optimal prices at any moment.

Dynamic Personalization: Ability to provide personalization at all touch points to the extent that individual shopper sees the unique version of the website which is highly & dynamically personalized just for them.

Customer loyalty platforms: Brands are shifting from traditional to new-age loyalty solutions which can tie with financial services and cater to different rewards including cryptocurrencies etc. for the new-age customers.

Evolved Business Processes:

Efficient Operations with Intelligent automation: Retailers who heavily rely on manual efforts to run the business operations demand automation of their systems and processes which leads to streamlining manual processes end to end with improved efficiency and agility.

Integrating Order Management system (OMS): High order volume, Multiple input channels, untrained staff, unavailability of a centralized system to record, etc. are the main reasons why businesses easily tend to lose track of orders. It is imperative to have a centralized order-management system that gives a single detailed dashboard of end-to-end orders - history, recent and future orders.

Inventory Management system: The flow of inventory stock should be centralized in a way that the brand can fulfill the customer's order from any store across in case not available at the channel customer is ordering from. AI/ ML driven Demand forecasting models can be considered to cater the demand planning and forecasting.

Analytical Insights and Visualization:

Computer vision analytics: Usage of a high-resolution camera and harvesting the images and data to process many use cases like taking a scan of inventory in different departments in the store, checking the moods and emotions of the customer, traffic-analysis, scanning stock-outs, etc. which leads to a reduction in human physical involvement and promotes automation.

Sustainability tracking dashboards: There is more pressure on businesses from consumers, governments, and investors to provide greater transparency around carbon emissions and net zero targets in the short and long term. End-to-end tracking of sustainability across organizations with AI/ML-led ESG (Environment, Social, and governance) reporting alike solutions with benefits of real-time ESG metrics tracking, End-to-end ESG disclosure, cost savings, and improved brand perception is the key to growth.

Control Tower: Omnichannel demands the eco-system which provides end-to-end visibility, and captures real-time data across the business units. It keeps track of the data among parties & provides a centralized view of all the transactions which encourages collaboration, and transparent & sustainable business.

Machine learning data and AI algorithms: Retailers are using these techniques extensively to drive use cases like improved product search, personalized recommendations, targeted promotions and marketing, Market basket analysis to make better combos of products to the customers, map better delivery routes for fast delivery, Streamline processes and cost optimization. Using data algorithms, brands are in a better position to offer users personalized experiences & stay relevant and close to them with increased sales.

Business model transformation

Livestreaming commerce: This is a new concept catching up fast in the market which gives the ability to explore and buy products through live streaming organized by the brand.

Immersive Commerce: Metaverse, Augment reality (AR), and Virtual reality (VR): These technologies are continuing to take hot seats that how retailers can evolve from the 2D “click and buy” experience to the ability which customers can feel, experience, and touch the product. For Example, Brands are empowering customers with AR apps where they can try on products on them without actually wearing which helps in impulse buying and empowers decision-making.

Technological solutions are in the testing phase that can track customer behavior in metaverse space to know the demographics and how they are moving in the virtual spaces, which areas they are mostly stuck in, how long, and how they are engaging with products & making purchases.

New products and services

Focus on D2C(direct-to-customer): Pandemic-like situations have given a boost to D2C strategies as brands find it more beneficial to reach customers directly. In addition to selling their goods and services on the marketplace, juggernauts like Pepsi are continuing to build websites/apps to reach their customers directly and fulfill their needs.

Digital Supply chain: Disruption in the industry, mismatch demand and supply, labor shortage, inflation costs, Cross-border restrictions, and geopolitical conditions are a few of the factors impacting traditional supply chain and hence the issues of poor planning, out-of-stock, over-stock, increased inventory cost occurs. brands are leveraging digital technologies in end-to-end design and development of supply chain.

- ▶ Technologies like blockchain to provide transparency in transactions,
- ▶ RFID-like techniques to trace end-to-end merchandising.
- ▶ Sensors and actuators-enabled technology (IoT) to enable real-time tracking of items like perishable food products and their conditions enable to gather data which are further utilized.

Solid Core

Legacy modernization: The apprehensiveness of moving from traditional monolithic systems to the new age is driving costs up and productivity down and making it hard for a business to scale its value growth. Instead of doing a total revamp, brands are suggested to take the iterative approach and see the changes coming gradually.

Network Technologies (5G): Retailers are continuing to invest in reliable connectivity & network which empowers the ability to maintain the whole gamut of Omnichannel.

Cloud or hybrid migration: With humongous data being generated every second, managing storing, and getting insights from this becomes a tedious task, hence businesses are quickly adopting cloud technologies to effectively store, manage and process this data. Reducing cost, accessibility, scalability, simplifying workflows, and Improved efficiency are a few of the KPIs achieved once the systems are migrated to the cloud.

Cybersecurity and Processing fee: Aware of the fact that fraudulent activities costing retailers collectively billions of dollars of losses. Hence, the implementation of secure systems, not exposing the customer's data and methods of payment is critical, including the choice of payment operators with less processing fees and strong security with 2-factor authentication is essential.

Conclusion

The future that we see with retailers adopting omnichannel to sell their services/products has started in existence as they continue to adopt more groundbreaking roadmaps to stay abreast with the latest customer expectations. Future benchmarking of peers in the industry will be based on the enhanced holistic consumer experience. That's clear that each Business customer's base has a different priority and hence the expectations from the brand, so businesses should think holistically about how best they can meet their customer demands and make them stick with the brand - in-store, online, or hybrid.

Adoption of omnichannel should be a gradual process instead of a one-time revolution as it takes time with several stages identified from silos operations to multi-channel with the minimum level of integration between channels to omnichannel with full integration & unification across channels and is so called the nirvana stage to achieve optimal customer experience.

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