# Omnichannel Retail Moves
## FROM CHANNEL
### to Platform

**6 WAYS**
TO WIN WITH
A CENTRALIZED
COMMERCE
PLATFORM

retail
**TouchPoints**
WHITE PAPER

# Table of Contents
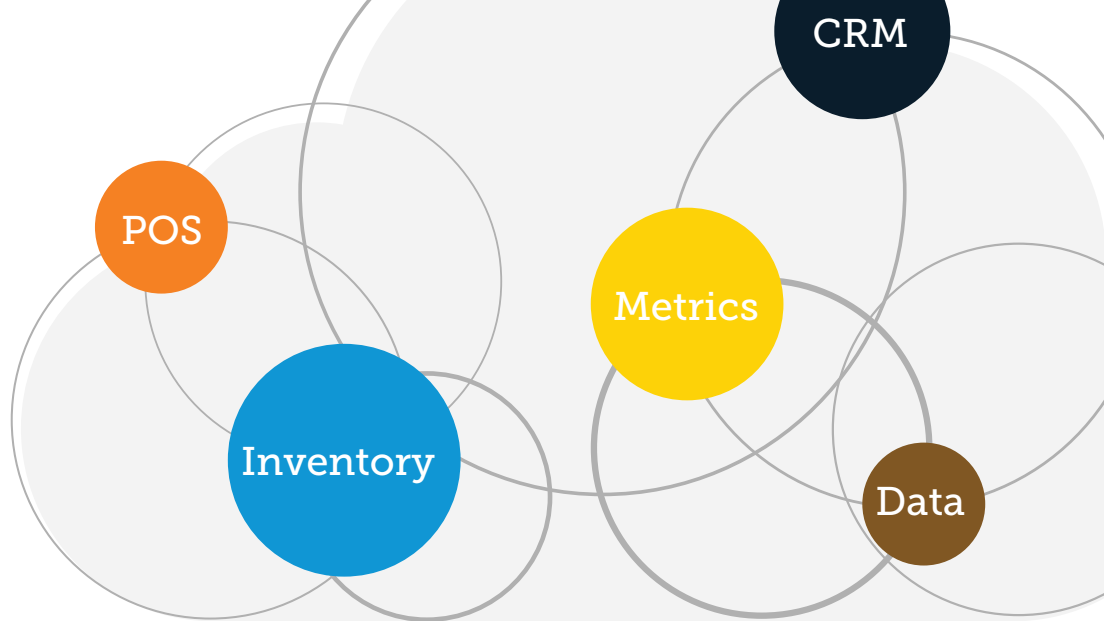
# Introduction

A seamless omnichannel strategy is a vital element in the marketing arsenal for today's retail brands. Most retailers (88%) said they have omnichannel goals in place or are working toward them, according to a recent Omnichannel Survey Report conducted by Retail TouchPoints.

But delivering true omnichannel shopping experiences is challenging and disruptive. Retailers must integrate back-end and front-end processes and unify various channel operations, all while keeping an eye on consistency and consumers' needs.

Retailers face a number of hurdles in seeking the omnichannel brass ring. For example, while 71% of customers want to find out if a store has an item in stock, only 32% of retailers were able provide that information, according to a Forrester consulting thought leadership paper titled Customer Desires Vs. Retailer Capabilities: Minding the Omnichannel Commerce Gap. Additionally, as many as 40% of retailers said they had difficulties integrating back-office technology across channels.

## Focusing Beyond the Channel

To best deliver a consistent omnichannel experience, retailers must alter their business strategy from a siloed channel approach to a centralized commerce focus.

"The explosion of information and selling channels cries out for a different kind of systems architecture," noted an RSR report titled Omni-channel 2013: The Long Road to Adoption. "We can no longer survive on point-to-point integration. There are just too many integration points and they multiply every time another channel erupts."

While **71% OF CUSTOMERS** want to find out if a store has an item in stock, only 32% of retailers were able provide that information.

- Forrester

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Analysts from Gartner agree that retailers must rethink their business models. According to the company's Agenda Overview for Retail, 2014, "Retailers need to provide the basic technology infrastructure to enable the customer to have a seamless shopping experience across channels and key touch points — for example, implementing a single master data system and integrating product and customer information across channels."

## New Commerce Platforms Take Center Stage

Increasingly demanding consumer expectations have rendered legacy master data solutions obsolete. Taking their place are new platforms that offer out-of-the-box, cloud-based capabilities. They build powerful, centralized caches of data that advance and enrich how customers interact with a brand and how associates can market the brand. When product information is controlled and disseminated from a single platform, retailers can be confident that no matter what and where they sell, customer-facing data will be consistent across all channels.

With a vigorous, centralized commerce platform, data such as purchase history, inventory, POS and CRM is continually updated and transferred between channels. All solutions required to impact the omnichannel experience feed from the same platform.

Ultimately, a unified back-office data source will provide an influential front-end powerhouse of omnichannel customer connectivity.

This white paper details six key benefits to a centralized commerce platform. Each strategy is strengthened with a real-world example:

1. Unify product, pricing and inventory information

2. Create consistent, any-channel marketing messages

3. Improve product availability

4. Increase conversions

5. Expand partner ecosystems and revenue streams

6. Improve cross-channel metrics

When combined, these tactics provide the increased consistency, efficiency and convenience to exceed consumers' evolving demands for a successful cross-channel brand experience.

With a **VIGOROUS, CENTRALIZED COMMERCE PLATFORM,** data such as purchase history, inventory, POS and CRM is continually updated.

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# Unifying Product, Pricing and Inventory Information

Today, 73% of cross-channel consumers experience price and promotion inconsistencies between stores and websites under the same banner, as indicated in the April 2014 Omni-Channel Insights survey report from CFI Group. In addition, as much as "78% of the time," consumers received information from call centers that differed from data delivered by other channels. Retailers that re-focus from channel to platform can avoid these troublesome cross-channel inconsistencies.

Regardless of access point, new omnichannel commerce platforms provide truly unified, consistent, single-brand product information, including:

- Product catalogs
- Inventory per location
- Multiple, high-resolution images
- Videos
- Lifestyle features (selling points)
- Geographical pricing

- Competitive data
- Purchase history
- Up-sells and cross-sells
- Product reviews and ratings
- Customer testimonials
- Other consistent brand data

With powerful new commerce platforms in place, merchants also can achieve sometimes-elusive back-office consistency — pulling product, pricing and inventory information from a unified source.

**73% OF CROSS-CHANNEL CONSUMERS** experience price and promotion inconsistencies between stores and websites under the same banner.

- CFI Group

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# Case in Point

## Walgreens App Delivers In-Store Promos
## and Inventory Updates

In an effort to create a more personalized experience for cross-channel shoppers, Walgreens recently upgraded its mobile app. The new app offers an extended array of personalized and store-specific promotions to customers who shop via mobile and in-store channels. The app offers extensive product information and delivers inventory transparency to in-store shoppers that previously was available only to online users.

Some of the features of the new Walgreens app include:

- In-store inventory

- Store maps

- Barcode scanning

- Weekly ads

- Paperless coupons

- Coupon viewer/ manager

- Loyalty rewards earned across channels

- Photo editing and printing

- Pharmacy chat and refill reminder

Walgreens customers "live in a digital world," said Rich Lesperance, Senior Director of Personalization and CRM for Walgreens, in a press release. "We are always looking for ways to provide a top-notch customer experience, whether that's through a mobile device, online or in-store. With more than 100 million Balance Rewards [loyalty] members, providing our customers with an easy and convenient way to save while on the go is another example of how we're helping people get, stay and live well."
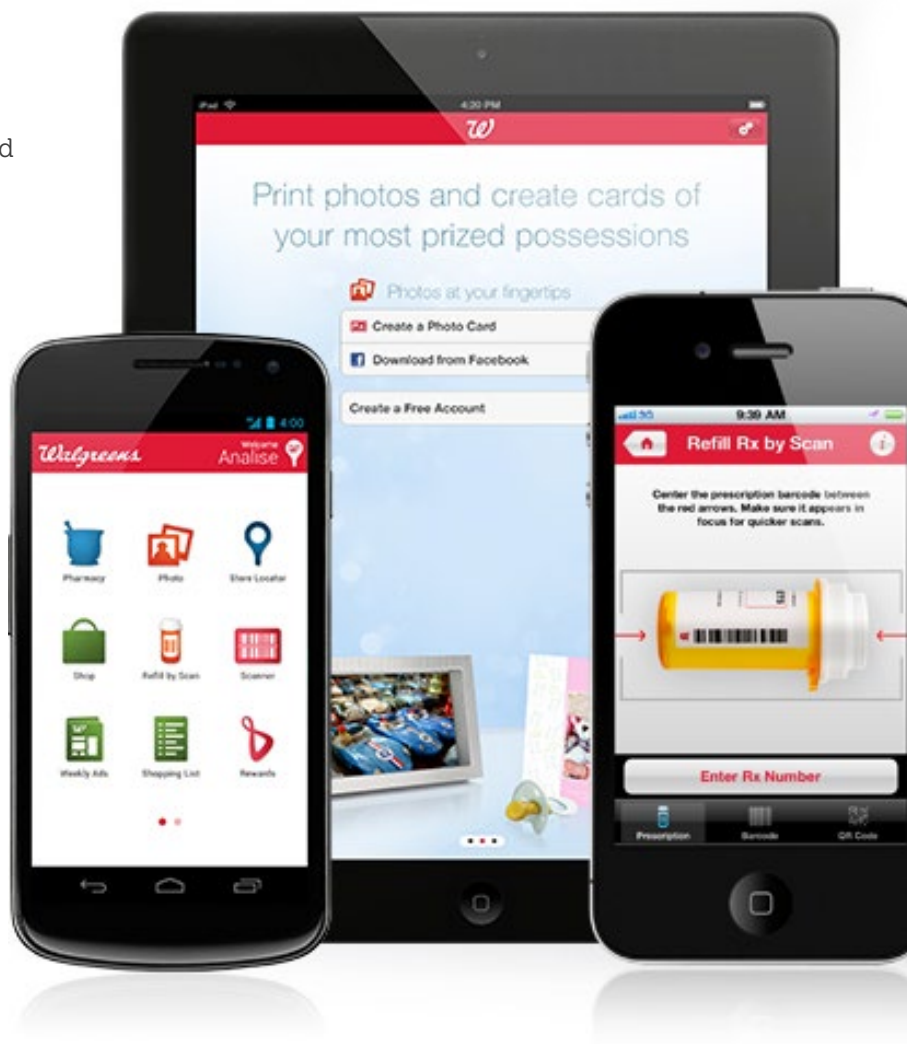
# Create
## Consistent, Omnichannel Marketing Messages

Without consistent messaging across channels, retailers will ultimately be unable to deliver omnichannel experiences to consumers. And retailers have a long way to go in this area, as noted in the e-tailing group report titled Investing for Impact in an Omni-Channel Climate: Only 15% of multichannel retailers are currently delivering consistent messaging across all channels.

Retailers that lack a centralized, cross-channel messaging capability cannot effectively deliver a price promotion, new tagline or updated marketing message across the enterprise. Because different teams often manage their respective processes within siloes, shoppers may receive conflicting marketing messages, which causes confusion and brand abandonment.

The key to building a foundation of consistent cross-channel messaging is to start at the back end. Back-end processes that draw from a single data hub can share and deliver the same marketing messages across the enterprise. One promotion can now be pushed to as many or as few touch points as needed, with ease, speed and consistency.

In addition, centralized data facilitates increased brand awareness, which in turn boosts the bottom line. Several online-only retailers have recently moved into the brick-and-mortar environment to drive this message home: New stores opened by Amazon, Clearly Contacts, Google and Warby Parker are building brand awareness, which drives an uptick in both online and offline sales.

**ONLY 15% OF MULTI-CHANNEL RETAILERS** are currently delivering consistent messaging across all channels.
— the etailing group

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## Case in Point

### Apple Depends on Centralized Brand Data

### for Cross-Channel Consistency

Consistent cross-channel brand messaging relies on centralized data. Retailers can take a cue from Apple, which is a forerunner in providing consistent messaging across channels and tailoring communications to specific touch points. The company delivers unique offers, promotions and information to consumers based on the combinations of channels (e.g. in-store via Apple stores, online via Apple.com or iTunes, mobile via the App Store or iTunes, etc.) they use to complete the buying cycle.

Unified commerce data allows Apple to market to various channels differently, with the same brand message, based on what people buy in those channels (hardware, apps or content – music, movies, books, etc.), how they buy it, and what others have purchased, reviewed or recommended.

# Improve
# Product Availability

New commerce platforms help improve product availability by allowing order fulfillment from the same central inventory and tracking within one system. This 360-degree view of inventory is required for cross-channel inventory alignment.

Inventory availability "is at the heart of the omnichannel strategy," noted an Aberdeen Group report titled Omni-Channel Retailing 2013: The Quest for the Holy Grail. "In the ever-evolving omnichannel environment, a single-channel approach is a recipe for failure. By aligning inventory needs, retailers can ensure that customers find their desired products in their preferred channel." Retailers also must ensure that they can "fulfill orders from the desired channel quickly and efficiently."

Aberdeen found that as many as 77% of retailers and consumer experts identified responsiveness for order delivery across all channels as a crucial part of their omnichannel strategies. With centralized inventory data, retailers can best leverage powerful tools, such as Distributed Order Management, that help increase multichannel responsiveness.

With the ability to tap into a centralized inventory, retailers can incorporate the benefits of mobile and online channels, by providing a virtual merchandising experience. With virtual merchandising, retailers can expand inventory selection and availability, and promote an endless aisle of products at a store location.

The benefits of virtual merchandising and customer-centric channel strategies unified within new commerce platforms were highlighted in a recent webinar sponsored by iQmetrix, presented by Retail TouchPoints. "Virtual merchandise can be managed at the back end with the implementation of a unified product catalog and in-store drop shipping," said Alen Puaca, Creative Director at iQmetrix. At the front end, Puaca encouraged retailers to "install interactive screens in multiple form factors, publish rich product information with engaging media, foster integration with staff and/or consumers' mobile devices, and implement iBeacon technology in-store."

Inventory availability **"IS AT THE HEART OF THE OMNI-CHANNEL STRATEGY."**
- Aberdeen

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## Case in Point

### Walmart DOM Strategy Extends

### Cross-Channel Product Access

Walmart has made huge investments in innovative technologies such as Distributed Order Management (DOM) to deliver omnichannel experiences to customers. With DOM, Walmart has turned its large geographic network of stores into a significant advantage in the race toward omnichannel dominance.

When any brick-and-mortar store is out of stock, the in-store experience falls flat. At Walmart, the enterprise-wide DOM system provides associates with real-time view of inventory in all stores and distribution centers. Customers can now choose how they prefer to receive a product: by traveling to the closest store for instant gratification; ordering, paying and receiving delivery at home or in a store; or ordering online, with the same delivery options.

Walmart's goals are lofty. The company wants to know about "every product in the world [and] every person in the world" and wants the ability to "connect them together in a transaction," said Neil Ashe, President and CEO of Global e-Commerce for Walmart, during a quarterly financial call. Increased product availability through DOM is helping Walmart advance toward this goal.

# Increase Conversions

Forward-thinking retailers with unified product information, consistent cross-channel messages and optimized product availability are moving the needle on profitability. Their centralized commerce platforms create cross-channel efficiencies that trigger opportunities to increase conversions. They consistently connect with and deliver to customers beyond the physical store via email (online conversion), social media (online conversion) or branded mobile apps (mobile conversion and loyalty programs). Staying connected across different media increases engagement, loyalty and opportunities for impulse buying.

"Consumers who connect with retailers via multiple selling channels are more profitable than ones who don't," noted RSR in the Omni-channel report. For example, in 2013 47% of retailers said multichannel customers are "significantly more profitable than single-channel customers," compared to 28% who said so in 2009. Therefore, "creating a consistent customer experience remains the most valued capability for retailers." Because of this new reality, "customer visibility, customer insights and a single customer interaction platform that crosses channels all present huge opportunities for both retailers and the technology companies serving them."

In 2013 **47% OF RETAILERS** said multi-channel customers are "significantly more profitable than single-channel customers," compared to 28% who said so in 2009.

- Retail Systems Research

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## Case in Point

### Amazon Goes Social with Twitter

As one of the world's biggest e-tailers, Amazon is a leader in leveraging centralized data to increase conversions. Amazon is now extending its conversion and data-capture reach to Twitter. The company recently entered the social shopping space with a new feature called *#AmazonCart*. The hashtag allows Twitter users to add items to their Amazon shopping carts automatically — and impulsively — without manually clicking a link to add desired products.

The initiative exemplifies Amazon's continued efforts to remove obstacles that stand between shoppers and their buying behaviors, both planned and unplanned. In addition, the tweets themselves become social advertisements for both Amazon and the product supplier.
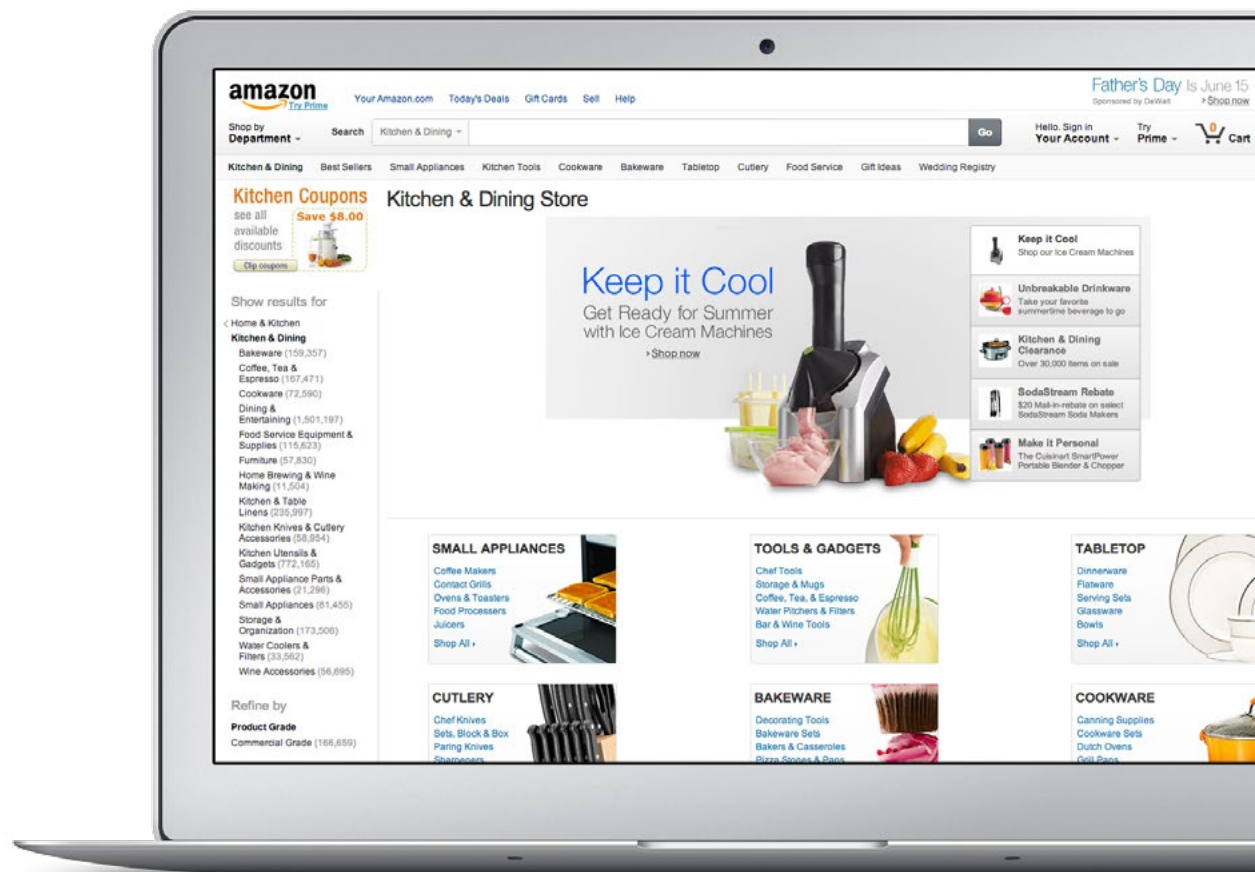
# Expand
## Partner Ecosystems and Revenue Streams

Sophisticated commerce platforms seamlessly integrate third-party data to augment the retail business. Partners can easily incorporate their product libraries, pricing, product photos and media into existing commerce initiatives. To ensure data compatibility, consistency and scalability, all APIs are curated before integration. Retailers and their vendor partners benefit from increases in revenue and new business.

"Over the past few years, APIs... have recast how B2B and B2C companies are sharing information and reaching new customers," noted a Forbes article, titled: Ready For APIs? Three Steps To Unlock The Data Economy's Most Promising Channel. "Increasingly, a company's APIs represent a business development tool and a new go-to-market channel that can generate substantial revenues from referrals and usage fees. Given the strategic importance and revenue potential of this resource, the C-suite must integrate APIs into its corporate decision making."

As more data sources and customer interactions are added to a commerce platform, the "smarter" and more complex the platform becomes. Retailers can better understand their customers to better match buyers with specific products and services. They can also increase product variety, available stock and nearby delivery points to boost efficiency, convenience and customer satisfaction.

"Over the past few years, APIs...**HAVE RECAST HOW B2B AND B2C COMPANIES** are sharing information and reaching new customers."
- Forbes

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# Case in Point

## Verizon Sells a Mobile Lifestyle

The Verizon Destination Store, a new retail experience unveiled in 2013, introduces mobile customers to the benefits of wireless technology in their daily lives. In essence, Verizon is selling its phones as just part of a greater mobile lifestyle.

The new format encourages consumers to shop based on how they use their phones. The stores feature several interactive lifestyle zones, such as fitness, sports, music and gaming. Customers engage with specialists while trying out wireless gadgets, apps and other technologies geared to that lifestyle. Each sale brings new revenue streams to third-party partners marketing to photographers, music lovers, multimedia and business users, homemakers and other user types.

Verizon is also integrating cross-channel systems for a more unified shopping experience. With access to the same cart the shopper left at home on her PC, store associates can continue the shopping experience in-store, making the interaction consistent, streamlined and personalized.

# Improve
## Cross-Channel Metrics

Retailers are only as effective as the data they use. The first step in improving cross-channel analyses is to marry data from previously siloed channels into a unified commerce hub. Retailers can then apply powerful metric tools that mine a better understanding of the type of cross-channel customers they serve — not simply what these customers buy and where.

"Whereas the analytics of the past focused primarily on what product was selling when and where, retailers now know that they must understand how products and services are being selected and purchased, and who is doing the purchasing," stated RSR in the omnichannel benchmark report. "The primary barriers to executing an effective omnichannel strategy center on fragmentation: Fragmented systems, fragmented organizations and fragmented metrics."

As a result, key retail investments during 2014 will include more effective metrics, according to Gartner in its Agenda Overview report. This initiative will entail "moving from alignment of business and IT to the business value of IT — for example, ramping up on multichannel business intelligence by incorporation of more customer-centric metrics to balance the traditional product-centric ways of measuring for efficiency and effectiveness."

**KEY RETAIL INVESTMENTS IN 2014** will include "moving from alignment of business and IT to the business value of IT."

- Gartner

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# Case in Point

## Warby Parker Taps Cross-Channel Data
## to Better Understand Customers

Warby Parker opened its first physical store in 2013 to increase brand awareness and better understand its customers. The online magazine Business of Fashion reports that Warby Parker stores utilize sophisticated sensors that replicate online analytics to track how the retail space is used. "In partnership with analytics startup Nomi," the article noted, "[Warby Parker] plans to marry information collected in-store with online data trails to create a single, unified view of their customers, online and offline, and deliver a seamless omnichannel experience."

Analytics drawn from the in-store experience, combined with online and mobile data analyses, will drive an enhanced understanding of the cross-channel Warby Parker customer.

# Conclusion

The smartest omnichannel retailers are integrating back-end and front-end processes with centralized commerce platforms to deliver consistent information and a consistent experience, regardless of how and where consumers interact with their brands. They are unifying product, pricing and inventory data; creating consistent messages; improving product availability; increasing conversions; and expanding partner ecosystems and revenue streams.

Powerful metrics continually reveal changing and expanding consumer behaviors. As a result, these retailers can adapt quickly, intelligently and consistently to consumers' evolving needs to deliver an integrated brand experience that is truly omnichannel.

Retailers still utilizing technologies that target only the in-store, online or mobile experience must evolve now to centralized commerce platforms that advance and expand retail capabilities across the entire enterprise.

By integrating back-end and front-end processes into a centralized commerce platform, retailers are able to **DELIVER A CONSISTENT CUSTOMER EXPERIENCE.**

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# About iQmetrix

At iQmetrix, we are passionate about retail. Our purpose is to create great experiences for retailers, their employees and the end consumer. Our products bridge the gap between physical and virtual retail channels, offering the latest in retail management and customer experience technology. XQ Interactive Retail brings elements of online and mobile shopping experiences into the physical store to engage and educate shoppers during the purchase process. RQ Retail Management is a complete system for managing all aspects of a store chain operation, including POS, ERP, inventory and HR. When integrated specifically for wireless retailers, XQ and RQ allow users to effectively manage back-of-house operations and the in-store customer experience. Founded in 1999, iQmetrix is a privately held software as a service (SaaS) company with offices in Canada, the U.S. and Australia. www.iQmetrix.com

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# About Retail TouchPoints

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, insightful editorial blog, special reports, Web seminars, exclusive benchmark research, and a content-rich Website featuring daily news updates and multimedia interviews at www.retailtouchpoints.com. The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.

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