Experts weigh in...

BEST PRACTICES for OMNICHANNEL RETAIL SUCCESS

The latest technologies and best practices
for meeting consumer expectations

CGS ®

DIGITAL DISRUPTION

The rapid rise of Internet and mobile sales is forever changing the way companies and suppliers deliver products across a growing number of sales channels including online, catalog and wholesale, as well as sales through company-owned retail stores, outlets, consignment inventory, international franchisees and global distributors.

Forrester forecasts:

In 2017, 60% of all retail sales will involve the internet

EXPOSING THE GAPS

Today's discerning consumer has high expectations for anywhere-anytime access to lifestyle and fashion products, and retailers and brands have responded by establishing new processes and paradigms.

For example, with growth in ship-from-store scenarios, retailers are managing products and inventory as it "leaves through the front door with the customer and is shipped out the back door directly to the customer's home," says Isaac Krakovsky, partner, Kurt Salmon.

Through the FRONT DOOR

More consumers are ordering online and picking up merchandise in the store

Through the BACK DOOR

Consumers are also ordering online from the store and having goods packed up and shipped directly to them

SUPPORTING OMNICHANNEL COMMERCE

There is so much that has not been integrated. From an organizational and an IT perspective, things are in silos for many brands and retailers, and there continues to be high reliance on spreadsheets to manage information. It's time to take all of these disparate back-end solutions and get everyone on the same page." - Paula Levy, Chief Strategy Officer, Demand Worldwide.

Tom Enright, Research Director, Retail Supply Chain, Gartner Inc., says it is not sustainable for retailers to rely on using homegrown, short-medium term methods of managing omnichannel fulfillment.

94% of companies
are encountering barriers
to successful execution of their
omnichannel plans

6%

94%
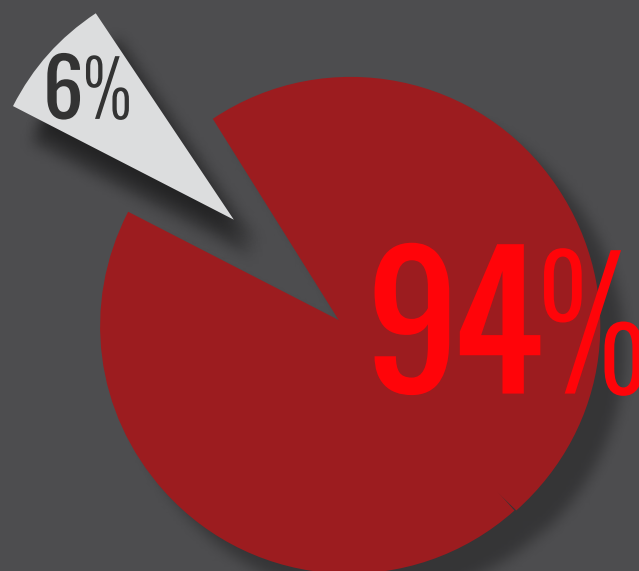
"Retailers have found ways to…. handle the relatively small volume of omnichannel fulfillment they are conducting today, **but as that volume grows, they are not going to be able to keep up.**"

Tom Enright, Research Director,
Retail Supply Chain, Gartner Inc.,

SEAMLESS OMNICHANNEL OPERATIONS

"Technology solutions today have disrupted how we think about fulfilling online. Software can enable retailers and brands to take orders online and fulfill them from store inventory, direct-to-consumer warehouse inventory and in some cases directly from the vendor or manufacturer." -Isaac Krakovsky, partner, Kurt Salmon

A crucial attribute of omnichannel commerce is real-time visibility into a unified view of inventory.

"Currently many retailers don't have this integrated view with their existing systems. You need seamless IT and software to do this. You can't have one system dropping the ball." says Tom Enright, Research Director, Retail Supply Chain, Gartner Inc.

Gartner's **Tom Enright** recommends that retailers:

1. **Implement a single pool of inventory** per product to which all channels have access, and introduce fulfillment prioritization rules among online, home delivery, store requirements and wholesale orders.

2. **Retailers must remove duplicate data sources** across the system landscape and replace them with an architecture that allows data to be held in a single source.

SUPPLY CHAIN OPTIONS

There are many options when selecting a supply chain solution to support omnichannel commerce. For example, omnichannel merchandise planning enables lifestyle brands to see an aggregate view of demand and inventory. In turn, businesses can devise product purchasing plans to meet demand across all channels rather than source goods piecemeal to satisfy disparate distribution points. Also, with a single, rolled-up view of inventory, they can better match their merchandise to the highest-margin selling opportunity.

Advanced omnichannel warehouse management technology is also empowering retailers to fulfill individual items direct to consumer. To compete in an omnichannel business environment, picking and packing of single units is just as important as efficiently shipping cartons.

Boston Retail Partners (BRP) stresses the importance of having a common view of omnichannel activity and delivering a "unified commerce experience." This experience "goes a step beyond omnichannel, putting the customer experience first, breaking down the walls between internal channel silos and leveraging a single commerce platform," says BRP.
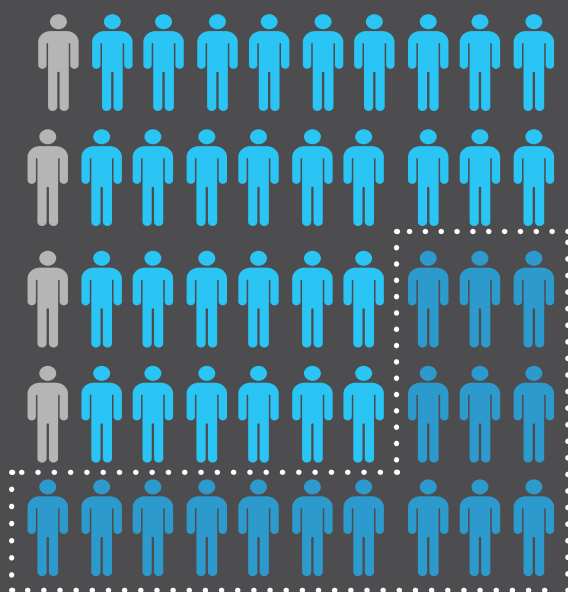
93 % of retailers intend to adopt a unified commerce model

39% are already implementing supply chain solutions to support it.

OMNI-CHANNEL+ STRATEGY

Aerosoles, an innovative leading ladies' footwear business operating via numerous channels, uses integrated technology to power its omnichannel strategy, operations and core business processes.

The company uses CGS' BlueCherry Enterprise Suite to support its "Omni-Channel+" strategy of meeting consumer expectations and fulfilling demand across wholesale, internet, retail and direct channels.

"Our strategy leverages investments in CGS software to utilize pooled inventory for fulfilling multichannel needs. We are also using the solution to maintain organizational efficiencies during the growth of single unit pick orders for our e-commerce and dot-com business." - Tom Reeve, Vice President of Technology and Business Solutions, Aerosoles.

"Mastery of omnichannel order fulfillment has got to be at the top of the list because if you're not fulfilling orders, what are you really here for?

Retailers are fulfillment businesses, and you need end-to-end visibility and integration to fulfill orders as accurately and rapidly as possible.

That's what the consumer expects."

– Paula Levy, Chief Strategy Officer, Demand Worldwide

BEST PRACTICES FOR ONGOING SUCCESS

Omnichannel success requires crystal clear visibility into the brand or retailer's real-time inventory position — at every store and distribution center, back into the supply chain.

This can include real-time insight into the work-in-process status of global production partners. It also entails a seamless view into product development and sourcing so that changes to fabrications, colors, silhouettes, trim, order quantities and shipping can be made more flexibility and fluidly in response to actual demand and market trends.

Such streamlined operations enable consumer lifestyle products businesses to offer more frequent releases of more innovative products at reduced costs and shorter cycle times.

To attain this visibility, some companies take a modular approach, implementing multiple software packages to meet their needs in different areas, such as product lifecycle management, supply chain mgmt., assortment planning, order mgmt. and warehouse mgmt.

Businesses are implementing end-to-end solutions to minimize visibility gaps

DATA ACCURACY

For those embracing omnichannel best practices, the bar is getting higher. For example, today it is still commonplace for companies to only update store inventory data at the end of the business day to obtain counts of available merchandise.

In the omnichannel world, that is not enough. Omnichannel best practices require retailers to update on-hand information as close to real-time as possible. Nightly batch processing of inventory on-hand forces the omnichannel retailer to set out-of-stock thresholds artificially low so as not to disappoint online customers who want to pick up a product in their local store. This is because with the available information, the retailer cannot be absolutely certain the unit will be in stock from one hour or day to the next.

Paula Levy, Chief Strategy Officer, Demand Worldwide

"From planning and merchandising to sourcing, product development and inventory, everyone needs to be working with synchronized information and working collaboratively to meet financial goals and consumer expectations."

THE OMNICHANNEL STANDARD

A Forrester Consulting report, "Consumer Desires vs. Retailer Capabilities: Minding the Omni-Channel Commerce Gap," provides sobering evidence of this inventory visibility issue.

> **You must have accurate information to present to online customers with confidence.** If you don't, you could lose them as a customer for a period of time, or maybe forever."
>
> **- Isaac Krakovsky**
> Partner, Kurt Salmon

10% of retailers offering in-store pickup of online orders cannot fulfill those orders due to inaccurate store inventory.

51% cannot fulfill 2-10% of these orders.

52% cite inventory accuracy issues as a major barrier to the rollout of pickup-in-store programs.

With more accurate ability to leverage real-time inventory data, the retailer could continue selling merchandise through all channels until the very last unit is purchased.

Today's leading enterprise software solutions, such as CGS' BlueCherry® Enterprise Suite, deliver omnichannel capability to plan, produce, purchase and fulfill orders — all in one integrated solution.

With so much at stake and so much to gain as omnichannel commerce proliferates, lifestyle brands and retailers should expect nothing less.