A roadmap to Omnichannel Championship
This E-book will assist retail business and IT managers to understand which are the key elements that must be considered on the retailers’ path to becoming omnichannel champions:

- Discover which are the most critical omnichannel capabilities to develop
- Learn how to define an omnichannel strategy
- Learn how to define an omnichannel roadmap and implementation plan

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A Roadmap to Omnichannel Championship
If you ask customers if they want retailers to be omnichannel ready, they will probably not recognize the word. But if you ask them how much pain they experience from a lack of omnichannel capabilities, every customer will recognize the value of a seamless channel integration. One of the most common ways retailers fail, is when a customer shows up at a store to return or exchange an online purchase. Refusing that transaction is way of saying you are not a customer.

It is clear then that retailers no longer need evidence that omnichannel capabilities are decisive factors for success in retailing today. Nor do they need to be convinced that omnichannel functions will play an even larger role in the future. And this is why today’s leading retailers are putting the consumer at the center of how they Buy, Market, Sell, and Service. A commitment to customer centricity that is at the very heart of a seamless shopping experience.

However, this does not mean to imply that retailers are omnichannel ready. In fact, industry studies find that most, if not all retailers, have a long way to go to become true omnichannel champions. And this is probably due to the fact that a truly omnichannel transformation encompasses nearly every technology, system and process in the retail enterprise, making this process a daunting task that can take many years for most retailers.

Consumers don’t see channels. They see retailers.
The following critical capabilities have been identified as driving successful omnichannel retailing:

- Customer centricity
- Product and pricing consistency
- Unified commerce
- Organizational alignment

According to RIS, $45 million are lost in sales for every billion dollars in revenue because of lack of cross-channel integration.
Consumers today are more informed, empowered and digitally dependent than ever before. This translates to a shopper that expects a converged retailing experience: seamless and consistent interactions whether at home, on the go, or in the store. In this reality, retailers must provide a smooth, integrated consumer shopping experience.

With this objective in mind, retailers need to place the customer at the center of their strategies, throughout the entire customer lifecycle. This requires a complete understanding of their customer’s relationships with them, a deeper understanding of their needs and priorities, and the ability to act on the insights in a timely and contextual way.

According to the RIS News Retail IQ Report Maturity Ladder for the omnichannel platform readiness, leading retailers in this field are shifting from targeting segments to engaging individual shoppers in a personalized way and measuring customer engagement at different levels including tracking behavior across channels, social media, and participation with the brand.

A single view of the customer then becomes critical with attributes that identify a wide range of activities, and act as input into all core retail functions and processes, most critically marketing and merchandising.

Customers have taken back the power and are controlling brands.
As consumers spend more time researching and comparing products across multiple channels, the importance of high quality products and pricing information becomes paramount for retailers. Leading retailers are therefore investing more in advanced product and pricing information management, seeking benefits that allow to:

1. **Reduce time-to-market for new product or promotion launches**
   Product life cycles are getting shorter, so retailers need to get new products into the hands of customers quickly, which means streamlining the processes for creating, approving and distributing consumer-ready product information. Frequent and more complex promotions also require a quick process of creation and communication. Retailers need then to effectively manage product and promotion information changes across all formats and channels. These changes can occur rapidly and very often, so retailers need to respond to any changes as and when they are needed, including in real time.

2. **Support larger product catalogs**
   Many retailers are increasing the complexity of their assortments and the number of SKUs they sell. This increase can be by a factor of 5 to 10 times in the online channel. The industry calls this the "endless aisle". This results in a huge amount of information that must be created and maintained efficiently.

3. **Ensure a consistent cross-channel customer experience**
   No matter which channel a product is being sold through, retailers must ensure that customers receive a consistent experience. This means for example that their products have the correct and most up-to-date information across online retail sites, print catalogs, store displays, kiosks, and mobile. Failure to do so can often result in consumers being misled into buying the wrong products or products that do not meet their specified expectations, which in turn affects return rates, customer satisfaction, and brand advocacy metrics. And ultimately margin.
With omnichannel being imperative it has become clear that a centralized channel management is critical to succeed. Order Management has become a new buzzword as the key enabler for this holistic commerce strategy. It is precisely the lack of a single centralized platform that is usually pointed out as one of the most important reasons for failing to achieve a solid omnichannel progress.

The adoption of an unified Order Management System (OMS) provides retailers with benefits in 3 main areas:

1. **Distributed order management**
   It provides a single view of orders across the enterprise and an interface for capturing them, including order processing workflows, intelligent order routing algorithms across all fulfillment centers, and inventory allocation logic. Furthermore, distributed order management must support processes to handle a variety of order scenarios that can include recurring orders, pre-orders and back orders, partial shipments and drop shipments as well as order modification and order cancellation.

2. **Inventory visibility**
   An OMS provides a trusted source of inventory data across the enterprise by consolidating in as close to real time as possible the available inventory from all disparate systems into a single, enterprise view of inventory that can be used across the selling channels to determine whether a product should be made available for sale, and if so, when and how it can be fulfilled. In addition, as orders are created in each channel and inventory is reserved, the OMS can consider these transitional states and make available only inventory that can truly be promised to the customer.

3. **Store fulfillment**
   It allows associates to fulfill orders from physical stores, whether scheduled in advance or handled during downtime. Stores can be used to increase speed for the customer and Ship-From-Store can be a relief valve to redirect orders that the fulfillment center cannot handle during peak selling events. Used strategically, store fulfillment enables creative digital selling strategies to drive store sales and inventory turns.

   But Ship-From-Store is only one opportunity for incremental revenue. Other store based fulfillment models such as In-Store Pick-up and Ship-To-Store will also boost customer satisfaction and revenue.
Critical Omnichannel Capabilities
Organizational alignment

Although IT plays a key role in any omnichannel strategy, it is a big mistake to consider that it is the only element which has a direct influence in achieving the omnichannel objectives. Forgetting the importance of proper organizational alignment becomes a typical failure reason, even after high IT investment that has not been supported by an organization transformation. Traditional retail business functions and processes are no longer valid. Goal re-definition, business process re-alignment and new success metrics are required.

1. Get top level commitment
In the omnichannel model, transactions, orders, and information flow across different departments within the retailer’s business. Without a chief executive with oversight across all departments and functions, and a strong commitment to omnichannel success, it will be difficult to make the needed changes and allocate the required budget and staffing.

2. Tear down the silos
Even after a retailer has implemented omnichannel solutions, the online and offline organizations may continue to operate as standalone (even competing) organizations within a single enterprise. To achieve true omnichannel success, this model has to be changed.

3. Develop an omnichannel compensation plan
One area that illustrates the need for an organization alignment is sales attribution. For example, who gets the credit and how does the retailer manage compensation in an order online and pick-up in-store scenario? It’s unlikely that Employee A would enthusiastically support the retailer’s omnichannel goals if Employee B is the one compensated for commerce Employee A helped fulfill. Retailers must fundamentally reinvent their compensation schemes at the store, district, and regional management levels to solve these situations and incentivize omnichannel success.

4. Realign the IT organization and align IT with the business organization
The IT department needs to be structured to support cross-channel processes and it needs to stay tightly aligned with the operational side of the business. Because delivering an omnichannel experience requires a high degree of flexibility and consistency across the organization, IT needs to make cross-channel data and process flows a high priority.

5. Adopt new metrics
Traditional retail metrics fail to fully measure omnichannel success. Omnichannel retailers require new metrics company-wide to promote behaviors aligned with the needs of the omnichannel consumer.
Although many people seem to believe that physical stores are dead, the reality suggests a very different picture, one in which stores continue to play the leading role in building customer loyalty and supporting financial performance. Consumers value the retail store experience on multiple levels and continue to make the vast majority of their purchases in stores. And, importantly, the value of stores extends well beyond brick-and-mortar to help increase volume and revenue across all channels.

That’s not to say that retail is business as usual. It’s not. The advent of new retail channels has increased competition, costs and price pressures. The shift to an omnichannel shopping experience means the value of physical stores’ traditional role—as standalone venues accountable only to the customers on-site—has changed. The reality is that physical stores are becoming cross-channel hubs and their operational excellence will be the key factor that will determine omnichannel winners and losers.

To ensure that physical stores play their new role as a seamless omnichannel stage, brick-and-mortar retailers will need to rethink their traditional strategies.

1. **Optimize store locations**

   Stores are generally not set up to meet consumers’ proximity need, which typically results in the duplication of inventory and higher operational costs. Optimizing the store network by location supports new consumer shopping behaviors and promotes a more efficient supply chain and cross-channel operations.

2. **Leverage store formats**

   Build a portfolio of store formats that emphasizes different customer shopping stages. For example, large flagship stores can be the best option during the first research stage. Smaller formats closer to target segments’ areas of residence can attract convenience shoppers and provide for efficient store fulfillment.

3. **Enable customer decisions**

   Break the sale into smaller pieces thus providing more freedom and making each of them a customer decision: check-out, payment, delivery. In true omnichannel, each of them is an opportunity to offer the best shopping experience.
4. Prepare for store fulfillment
Store fulfillment represents a huge opportunity for retailers but it also results in important operational challenges. New zones, for example for picking, packing and shipping activities, or different schedules, SLAs or metrics for these activities will be necessary. Higher inventory management accuracy will be also required to facilitate picking activities, so retailers will need to provide them the proper tools that make this possible.

5. Embrace showrooming
The showrooming phenomenon remains a major factor for many retailers, but smart merchants can implement policies to ensure that an in-store shopper doesn’t jump ship to chase rock-bottom prices. While showrooming is here to stay, strategies that engage showroomers actively and integrate online and offline channels can counter its effects.

6. Empower the store staff
Store associates are a vital link to the realization of any omnichannel strategy today. Most importantly, they must be equipped to fully serve the needs of the customers. That doesn’t come from store technologies alone, it starts by making sure that critical customer and product information is easily accessible.

According to eBay Enterprise, with a potential of 20% or more incremental sales, a $50 million online retailer is leaving more than $27,000 per day on the table until ship-from-store is implemented.

by associates from across all areas of the company.
Before starting to define an omnichannel roadmap, a clear strategy must exist.

1. Define a vision
What are the omnichannel goals you are envisioning? What do you want your shopping experience to be in the next 3 and 5 years?

2. Select the capabilities
Determine what is needed to execute the vision. Examples of capabilities might include: supporting scenarios like cross-channel buying and returns, creating a great shopping experience in the physical stores, enabling the shopper to access product information, prices, reviews and other pertinent data online. It’s whatever the retailer wants the customer to be able to experience and access when they’re shopping.

3. See what market leaders are doing
Although no retailer has completely mastered the art of omnichannel, it is clear there are some leading retailers that have demonstrated themselves to be ahead of the rest. We can talk about Nordstrom, Apple, Macy’s, Walmart and Target, that were for example ranked as the top 5 retailers in omnichannel strategy and execution in the RIS 2013 Custom Research’s Omnichannel Readiness.

Learning about what they are doing and adapting it to the business reality can be a valuable input that retailers can use for their own strategies.
4. Assess the current omnichannel readiness

The following signs show that the retailer is not mastering the Customer Centric capability:
- Lack of a single customer view
- Customers are segmented into well-defined profiles but not across channels
- Nobody owns the customer experience and it is not defined internally
- Nobody is responsible for ensuring that customer data is properly collected, is clean and useful

The following signs show that the retailer is not mastering the Product and pricing information consistency capability:
- There is nobody responsible for the product, assortment and price decisions across channels
- Product assortment is difficult to select across channels
- Product and price information is difficult to share across all channels

The following signs show that the retailer is not mastering the Unified Commerce capability:
- Lack of a single view of inventory and orders across the enterprise
- Cross-channel demand can’t be well determined and planned
- No owner of the customer order and fulfillment processes exist and these processes are not properly defined internally
- Demand can’t be captured in all channels, regardless of that channel’s ability to fulfill the order

The following signs show that the retailer is not mastering the Organization Alignment capability:
- Inventory can’t be identified and promised to an order, no matter where it may be found
- Lack of clear mechanisms to measure success of inventory and order management processes
- Store fulfillment is not possible
- Single-channel organization silos exist
- Sales attribution process is unclear
- No alignment in financial and supply chain processes and functions across channels

According to RIS, 6.5% is the amount of revenue lost by lack of omnichannel readiness.
Retailers know about the importance of omnichannel, but they also know the big effort it requires. Few retailers today are omnichannel ready and, in fact, it will take the vast majority of retailers many years to transform their back-end and customer-facing capabilities into a seamless shopping experience across all channels in an efficient and cost-effective way.

To achieve omnichannel retailing, retailers require multi-year, multi-phased strategic planning. Although retailers will need to prioritize some initiatives, it is very important that the roadmap includes initiatives to progress in parallel in all the critical omnichannel capabilities. The retailer will also need to make a cost and ROI analysis of each initiative that allows to find internal funds.

**1. Roadmap initiatives for Customer Centricity**
- Determine the most painful experience for customers today. Survey customers to know which of the shopping experiences does not meet their expectations. Focus on cross-channel opportunities which are missing, undervalued, or prohibited.
- Consider building a plan to unify the customer vision. Identify the redundancy, inconsistency, data quality issues.

**2. Roadmap initiatives for Product and Pricing Information Consistency**
- Consider having a unified repository for products and pricing information and a plan to ensure consistency across all channels.
- Decide which products to make available for omnichannel services. A cost-based analysis will need to be done to determine which products will be profitable.

**3. Roadmap initiatives for Unified Commerce**
- Consider a re-definition of all channels:
  - how they are implemented, goals, bridges and incentives that will allow consumers to seamlessly move between them.
  - Consider a plan to prepare the physical stores for their new role.

**4. Roadmap initiatives for Organization Alignment**
- Identify a highly committed internal omnichannel task force that will help to execute the vision.
- Include a plan to train all required staff and hire talented professionals.
- Plan for a new compensation plan aligned with the new business goals and a new culture of collaboration across all departments.
Now that a roadmap exists, the next step is creating an implementation timeline and assigning the proper resources.

1. What will the project team look like?
The core team must be lead by a top C-level, visionary and clear organization leader, able to influence and mobilize the whole company to achieve the expected results. The rest of the members of this core team must belong to both business and IT groups. The core team should be involved through all phases of the project. This will aid in identifying the downstream impact of decisions.

2. What will the phases look like?
Define phases based on priorities that have been identified in previous stages and the selected execution strategy. For example, it could be possible to plan for a pilot in concrete geographies, stores (existing or new) or products. Define goals aligned with global business goals, assign a budget, staff and a timeline to each phase.

3. What are the initiatives included in each phase?
Identify all initiatives included in each phase and their activities. Define goals, assign a budget, staff and a timeline to each initiative.

4. How will progress and success be measured?
Since most initiatives can be cross-company, it is very important to define clear follow-up and measure mechanisms that consider this reality.
A Roadmap to Omnichannel Championship

Create an omnichannel implementation plan

Value of technology

Technology is used by retailers to advance in the development of the critical omnichannel capabilities and provides a way to accelerate the execution of the defined omnichannel roadmap.

According to the omnichannel requirements retailers are adopting modern commerce platforms that:

- Enable a truly single customer view across all channels
- Provide strong merchandising management for the centralized creation and maintenance of a vast amount of products and pricing data
- Include order management capabilities for a single view of all orders across the enterprise and the capacity to integrate multiple channels to support cross-channel scenarios
- Provide embedded analytics features for deep insights into channels performance and to potentially leverage Big data
- Are easy to adapt to very specific business requirements that provide a clear competitive advantage, highly scalable and Interoperable with other information systems and retail technologies
- Cloud and mobile ready to provide maximum business and IT agility

The adoption of a mobile POS to provide a truly assisted sale or other customer-facing technologies in the stores, such as self-checkout terminals, mobile POS, digital signage, digital couponing, mobile payments, kiosks or localization devices (beacons for example) amongst others will allow to improve the store shopping experience. Mobile solutions for inventory management will also help to improve stock management accuracy; a critical aspect if we think about store fulfillment.

The commerce platform will integrate with other existing systems like CRM or ERP, or can include a strong ERP foundation in order to seamlessly integrate other key processes such as supply chain or financial management.

Technology provides innovations that enhance the customer’s shopping experience across the entire purchase cycle.
Create an omnichannel implementation plan

Value of technology

Branded digital touchpoints:
- Kiosk
- Web
- Mobile

Traditional touchpoints:
- Stores
- Contact center

Commerce Platform
- Product Management
- Assortment Management
- Pricing Management
- Order Management

Corporate back-office systems:
- ERP
- CRM
- BI

Value of technology
- 3PL
- Distribution centers
- Physical stores
- Supply chain
The requirement for retailers to transition to omnichannel retailing is clear, but often the right path to get there is not. Finding the right solution for the business starts with defining the vision, identifying the capabilities that enable it, and then creating and refining a roadmap that takes business objectives and operational, technical and financial needs into account. 

The path to omnichannel retailing requires then a long-term roadmap, divided into manageable short term projects linked to clearly identified business goals and oriented to develop the key omnichannel capabilities, which include customer centricity, product and pricing information management consistency, unified commerce and organizational alignment.
About System in Motion

System in Motion is a software service company, dedicated to support companies in the deployment of their business strategy in China. System in Motion is the Openbravo Master Distributor in Greater China and Gold Partner. System in Motion also integrates CRM solutions, Web application, Reporting and Business Intelligence solutions, to provide full services to its customers. After 10 years of success stories, System in Motion is now taking the lead in several innovative Retail projects in China, in Omni-Channel, social commerce, goods traceability and customer engagement.

About Openbravo

Openbravo is the provider of the preferred Commerce and ERP Platform. A state-of-the-art. Commerce solution for agile retailers and a broad horizontal ERP solution for any industry, both built on top of an easily extensible web, mobile and cloud ready development platform, ready to power companies ideas for building smart enterprise solutions. Openbravo solutions are distributed exclusively through the network of global Openbravo partners. With 3M+ downloads and 1,000s of organizations using Openbravo solutions every day, Openbravo is a world leader in the Open Source enterprise software space. Openbravo has offices in India, Mexico and Spain.