



**SELL MORE –
CONNECTED
RETAIL**

White Paper

The Ultimate Goal of Any Business is to Sell More

In the retail industry this is done primarily through

- Increasing the number of customers and
- Increasing the share of their wallet your business obtains.

This is becoming more difficult in this era of the ultra-connected customer, due to increasingly easy access to information on products /services and competitor pricing.

Through mobile devices, they have access to information anywhere and anytime? Including while in-store shopping. This real-time access allows customers to seamlessly shop across channels as they traverse from awareness, to transaction, to delivery, to after sales care. Providing them the freedom to shop anywhere at any time.

To meet these "anywhere/anytime" seamless expectations, retailers have huge challenges to enable their organizations. New business processes, organizational structures and technology are required on the customer engagement side, blurring of the lines between the physical store and digital world by the use of ibeacon, virtual changing rooms, virtual stores, pop-up stores, endless aisles, holograms, mobile apps, mobile payments and so forth. While determining and implementing the right mix of customer engagement technology is absolutely necessary, it is all for nothing if your supply chain is not Omni- channel ready.

The Omni-channel supply chain will look different depending upon what capabilities a specific retail requires, but the basics concepts are the same:

- Network wide inventory visibility - enables customer to make decisions where to purchase.
- Seamless channel purchase and returns - enables customers to decide when and where.
- Speed and cost effectiveness of delivery options.

**WHAT DOES
AN OMNI-
CHANNEL
SUPPLY CHAIN
LOOK LIKE?**



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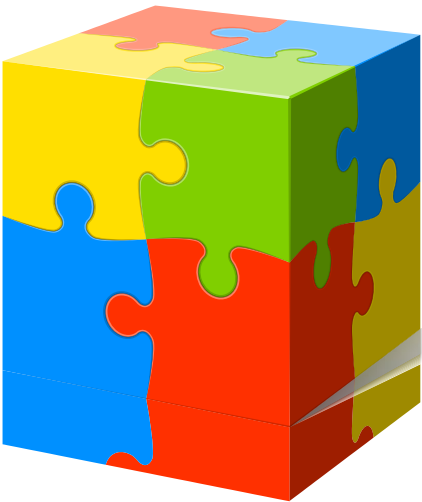
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The Challenge

The above concepts maybe simple to understand but are extremely difficult to implement. This is due to the fact most retailers have run their various selling channels in silos and have a myriad of disconnected legacy systems. To overcome these obstacles requires a major multi-year endeavor. This typically requires organizational realignment, new business process, physical store / distribution configuration changes and major IT enablement investments.

The risk for supply chain practitioners is they need to clearly articulate a supply chain capability strategy to sell to their organization to secure the resources and funds. Then, maintaining the focus and commitment of the business over the multiple years it takes to deliver; no small challenge in an industry where the supply chain is generally viewed as a cost center and not as a strategic enabler.



Getting Started

The first step is to articulate the Omni-channel supply chain strategy, which is fairly straightforward. The difficult part is to understand when specific capabilities are required to support the business evolution, in order to keep up with customer expectations. Then the million-dollar question, “how long it will really take to develop and deliver the capabilities”?

Regardless of the sequencing of the various capabilities the first foundation block is one pool of inventory. This is a huge strategic move that allows the supply chain to free up working capital through improved inventory optimization, but more importantly it enables all the other capabilities to ensure that inventory is available when and where the customer wants it. Surprisingly, a significant number of retailers still have separate store and e-commerce inventories. I was talking to a retailer the other day that has 3 separate inventory pools (catalog, store and e-commerce)

Moving to one pool of inventory can be challenging due to:

- Organizational Structures: Inventory “owned” by each channel, and business leaders who are worried about channel sales cannibalization.
- Channel Inventory physically stored in different distribution centers.
- Channel perpetual inventory stored in different IT legacy systems.
- Inventory has channel specific internal product codes and product hierarchies. As a result, achieving one pool of inventory can be very difficult and time

Capabilities

The capabilities that an Omni-channel supply chain need to support are well known; however, how they are implemented will need to be tailored to each retailer's specific business model. These capabilities include but are not limited to:

- Network wide inventory optimization of Customer orders.
- Order online pickup in-store
- Reserve online purchase in-store
- Purchase in-store deliver to home
- Deliver to lockers and 3 party solutions
- Return via any channel regardless of purchase channel
- Speed of delivery; Standard free delivery (3 to 5 days) Premium delivery same day, next day, named day & time

The above illustrates a few of the challenges for supply chain practitioners to deliver an Omni-channel supply chain. The major difference in this latest supply chain transformation is the increased requirement for IT enablement. The supply chain either has a capability or does not - muscling through with people will not cut it.



**IS YOUR
SUPPLY CHAIN
READY?**

About the Author



Ian Rogers is an accomplished business leader with 20+ years in Retail and Supply Chain Management, Portfolio, Program, and Project Management. Ian's expertise comes from working in multiple countries (Canada, UK, US, China) and in multiple sectors including manufacturing and multichannel retail (office products, mass merchandising, lifestyle brands). Over the years Ian has worked with companies as both a senior line leader and as a management consultant in Supply Chain and IT. This broad-based experience provides him with the ability to take a holistic view, thereby understanding the potential impact changes in one area of the business will have on other areas.



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