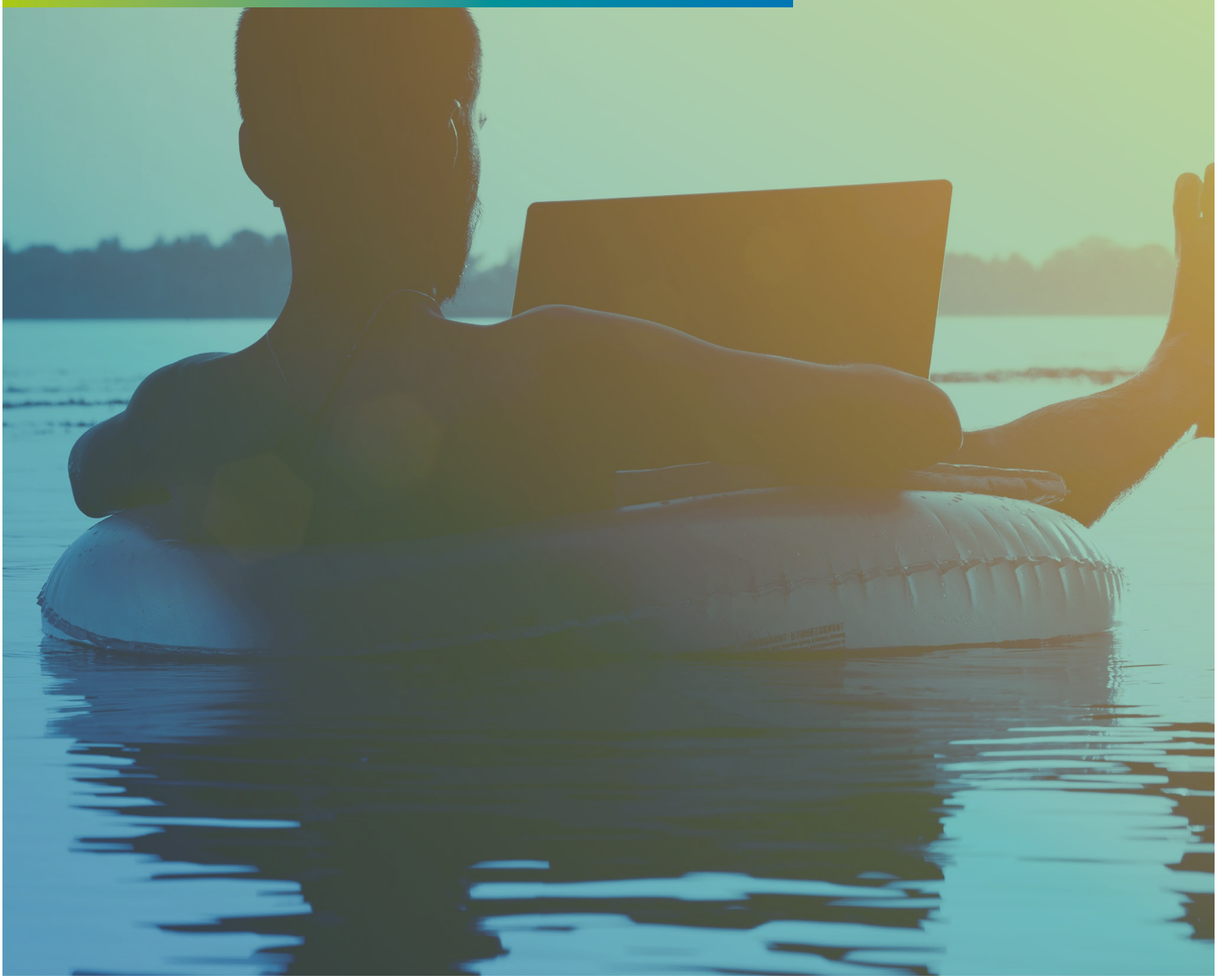
Omnichannel means Omni-Convenience

This enables high customer satisfaction



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AROMA® ENJOY CONNECTED COMMERCE

arvato BERTELSMANN Arvato Systems

EXECUTIVE SUMMARY

Increasing customer satisfaction is the only path to success in modern retail. This requires optimal omnichannel processes - tailored to the customer - because it is now true that convenience beats brand.
The complexity of omnichannel operations can be solved by a single source of truth. This requires a technical and structural setup that is focused on transparency and centrality.

The example of Ship-from-Store clearly shows the advantages that efficient omnichannel processes offer retail companies:

- More cost reduction
- Better customer service
- Stronger customer loyalty
- More customer satisfaction

Within three months, new features can be implemented and improved, resulting in a perfect shopping experience for the customer in the form of:

- POS always at the customer (stationary, online, mobile)
- Optimal delivery and efficient returns handling
- Individual service

Trading companies are supported by a powerful order management system, that masters the complexity of omnichannel, is more time- and cost-efficient in their processes. They also become more resilient in the event of changes in customer behavior, regulations and laws, or events affecting society as a whole, such as a pandemic or climate change.

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The year 2020 has made clear:

Omnichannel is no longer a freestyle activity, but a duty for every company that wants to hold its own against the competition. In modern retailing, the customer must be seen as the linchpin of successful strategies, because he is the sole decider of how and where he makes purchases. Old-fashioned pedagogical approaches of trying to educate the customer to brand or company loyalty are doomed to failure.
Just like one-dimensional concepts that focus solely on the lowest price as the predominant decision criterion, for example.

Increasing customer satisfaction is thus not one possible path to success, but the only one.

This is only achieved through optimal, smooth processes that comprehensively accommodate and meet the customer's individuality through their flexibility. An appropriate set-up of all the (technical) processes then ultimately results in first-class service. Which means nothing other than that every single customer feels that they are being treated in the best possible way and hat their expectations and needs are being met in full.

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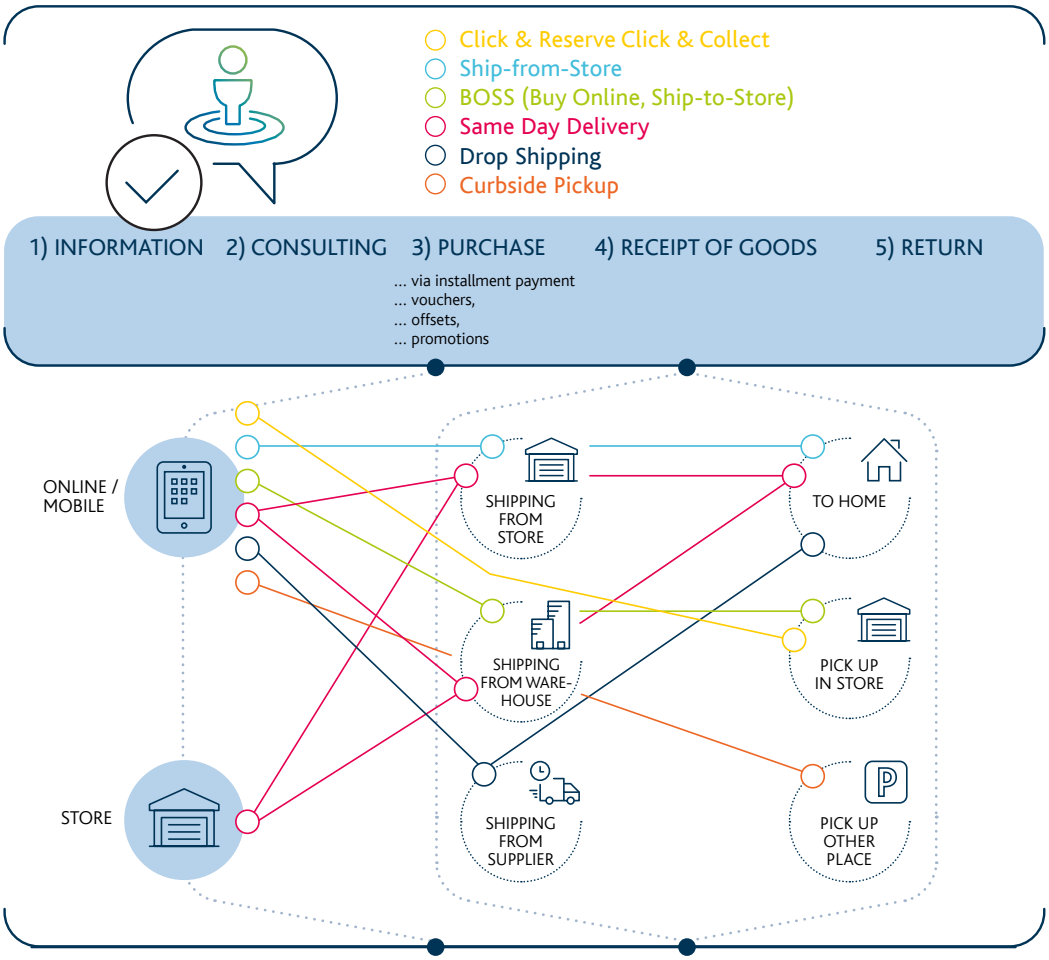
Omnichannel means omni-convenience

If companies really want to take omnichannel seriously, they can only do so if they enable their customers to shop in a way that is fully characterized by convenience. Classic brand loyalty is disappearing more and more, and customer retention through image cultivation is also becoming increasingly difficult due to the growing diversity and increased individualization within the target groups. Customer convenience has therefore become the decisive competitive factor - convenience beats brand. How pleasant, enjoyable and hurdle-free is the shopping process for customers? To answer this question, you have to take a close look at several areas and consider the corresponding shopping experience. After all, omnichannel is ultimately only possible if you also achieve omni-convenience for customers. How customers obtain information, how they pay for, receive, and return their purchased goods, and also what service they expect and use - all this should have as many equivalents as possible in the company's offering.



PAYMENT SERVICES: All common payment methods incl. installment payment / offsetting of vouchers, discounts and promotions, etc.
DELIVERY OPTIONS: Individual delivery ... to other place (e.g. workplace) ... to places with remote opening mechanism
... in a specific time window / Fastest possible delivery (within a few minutes) / Environmentally friendly delivery (C02 optimized), etc.
RETURNS OPTIONS: Voucher recalculation / Splitting of discounts and promotions, etc.

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Transparency and centrality through a single source of truth

In order to be able to effortlessly control and thus master the resulting complexity, a structural and technological setup is required that is geared towards transparency and centrality. This is achieved by a modular, but omnipotent order management system that acts as a cockpit from which the individual features and services can be implemented and activated. The order management system thus acts as a control center. It is a single source of truth with consistent databases that can be accessed by all employees - in the interests of the customer. This enables a proactive rather than reactive service offering. For example, a central dashboard shows how long orders take to travel from their „birth" to completion and which process steps take how long.

This allows problematic orders to be identified at an early stage and weak points to be resolved - before a customer makes an angry complaint. The entire order flow, from creation to completion including delivery, payment, returns and customer communication, is continuously monitored and optimized. The omni-channel order management system thus also provides the basis for good service in customer care and in stores: processes such as click & collect, click & reserve, pick-in-store, ship-from-store, and endless aisle (shelf extension) are comparatively easy to implement once this basis has been created. To this end, employees are provided with interfaces and apps that use the central data and functions of the order management system.

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But what does complexity mean in retail today and what are the requirements for the omnichannel system for a unique shopping experience?

Companies need a central and, as far as possible, ***up-to-date overview of all inventories both in the stores and in their own warehouses and the warehouses of suppliers.*** *This also includes all items that are in transit as well as so-called „service items", such as an assembly service, which may not have any physical stock, but nevertheless cannot be available at all times and in all places. In addition, a* ***central overview of all orders and their respective processing status*** *must be established - from the „birth" of an order in the e-commerce store, for example, through processing in back-end systems. This includes the division of a customer order into different delivery orders, the handover to logisticians, packaging and handover to carriers, the status of transport and handover to the customer, the current payment status, the returns status, and even any customer communication regarding the order.*

The central consolidation of all relevant data allows all employees to have an optimal overview and enables them to deliver convincing customer service *- across all touchpoints in the branch, in Customer Care or through business partners such as suppliers. Of course, a good overview is only a necessary but not a sufficient step for convincing customer service: employees must also be enabled to respond to customer requests and flexibly adapt orders. For example, they must be able to flexibly and easily cancel an order in full or in part, change the delivery location, or adjust the payment method. Today, a potent omnichannel system must be able to support all these functionalities in order to achieve omni-convenience for the customer and thus stand out from the competition.*

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Ship-from-Store as pareto and prime example

When the use of just a few measures contributes to the majority of the overall success, then one likes to speak of the Pareto principle. According to this principle, it is sufficient to turn a small adjusting screw to achieve a disproportionately large effect. A good example of such an adjustment screw is ship-from-store.

On the face of it, nothing changes for the customer whether the goods ordered online are sent to them from e-commerce warehouse A, supplier B or a stationary store C. In all three cases, the delivery address is the same. In all three cases, the delivery address is the same. But a lot changes for the retail company, because the place where an order originates is decoupled from the place that handles the logistics tasks. In the past, these locations were firmly tied to each other: Those who ordered online received their goods from the e-commerce warehouse or from the supplier, and those who shopped in the store received their goods in the store. Omnichannel means that any order location can be combined with any delivery location as desired. This gives retail companies relevant advantages:

- For cost reduction
- For better customer service
- For stronger customer loyalty
- For more customer satisfaction

Branches become potential delivery points and can take over the fulfillment of the order from their existing inventory - in effect, they act as the company's decentralized warehouses. Companies can thus decide which warehouse they want to hip orders from based on various criteria: The criteria for which branch handles the order, i.e. packs and ships the goods, can be defined as desired.

The options are as follows:

→ The nearest store at the customer's delivery address. The result: shortest delivery route, smallest CO2 footprint and therefore the most environmentally friendly option.

→ However, if the top priority is to deliver as quickly as possible, shipments can also be made from a nearby warehouse if it is closer to the delivery address than all connected stores.

→ Shipments are made from the stationary store that has the largest stock of the ordered item. This reduces the amount of stock on site.

→ Shipping from e-commerce warehouse to keep immediate process costs as low as possible.

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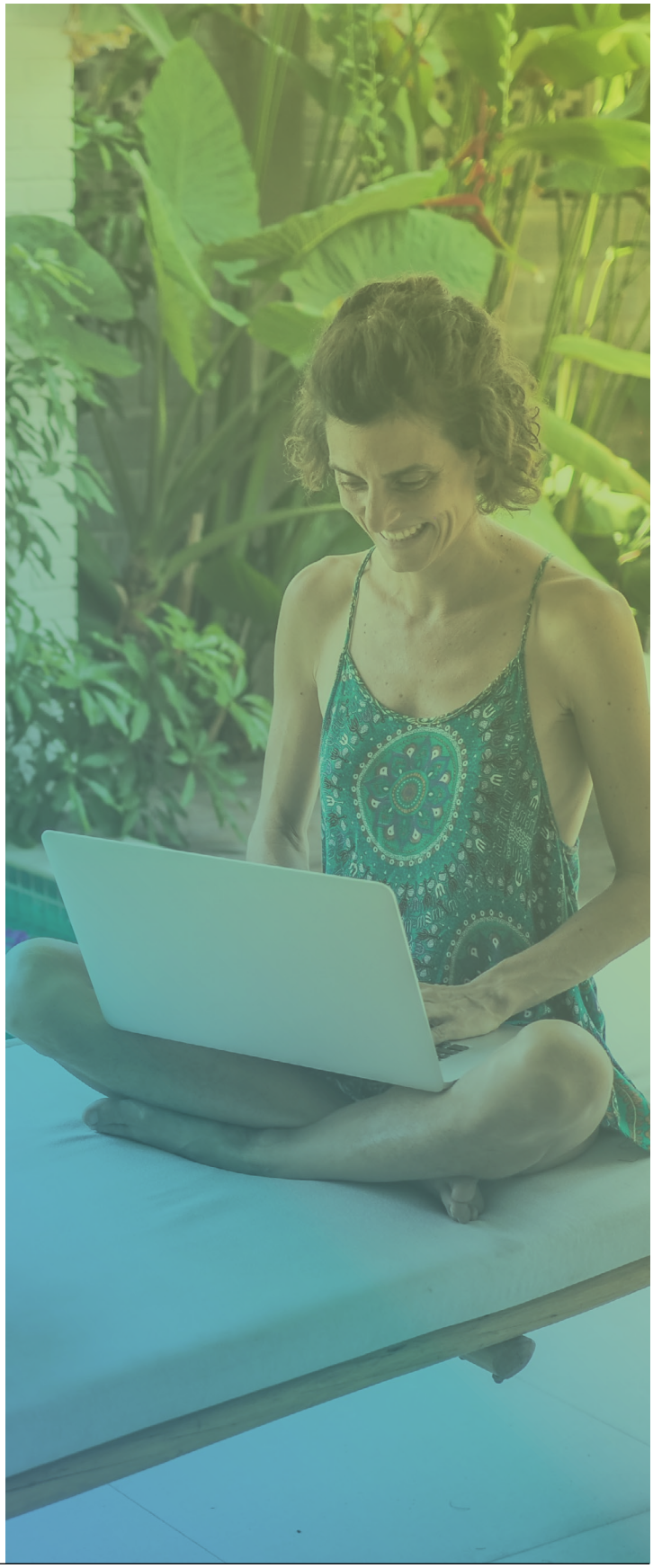

Just as fulfillment is fully automated, all other processes, such as payment and remuneration, are highly automated and monitored.

Omnichannel processes such as Click & Collect, Click & Reserve, and shipping from the stationary store closest to the customer's delivery address also create new touchpoints. For example, the store can use an enclosed voucher or a discount promotion to entice customers into the store, where they can then redeem the voucher exclusively and see for themselves the excellent service on site.

Stores can of course also be used to accept returns. This reduces CO2 emissions, and items can also be returned directly to the shelf and sold (if they are returned in very good condition). In concrete terms, this saves process costs and time.

This shows how important and useful an organizational concept based on the „single source of truth" principle is. If all order data, inventories and order-related customer data are centrally stored and available, the best solution for the customer and the company can always be found for every purchasing process: automated, resource-saving - and saving.

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Ship-from-Store implementation

Using stores for omnichannel processes, including ship-from-store, is possible within three months with an order management system (OMS) that already comes with numerous functions natively (such as the aroma® solution from Arvato Systems). In concrete terms, this means that after around three months, both profit margins and the range and quality of customer service can be noticeably increased, and without, metaphorically speaking, open-heart surgery, but with a precise invasive intervention that immediately brings benefits and opens up a path - towards comprehensive, smooth and sustainable omnichannel processes.

From zero to hero in three months

In the said time, ship-from-store can be established with the necessary experience and expertise. To achieve this, the motto is to tackle and act instead of hesitating and procrastinating. In concrete terms, the following points, among others, are realized at the operational level:

- The core module of the OMS is applied to the existing IT architecture.
- The individual stores are stored centrally with their inventories.
- The respective sourcing rules are determined and implemented, for a high degree of automation. Thus, defined rules determine from which location the goods are shipped.
- Interfaces to other services, functions and features involved in the process are connected.
- The stores are equipped with the necessary hardware, such as printers and packaging materials.
- Store employees will be instructed and trained on the new procedures and services.

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CONCLUSIONS:
Retail companies stand still while customers keep moving on.

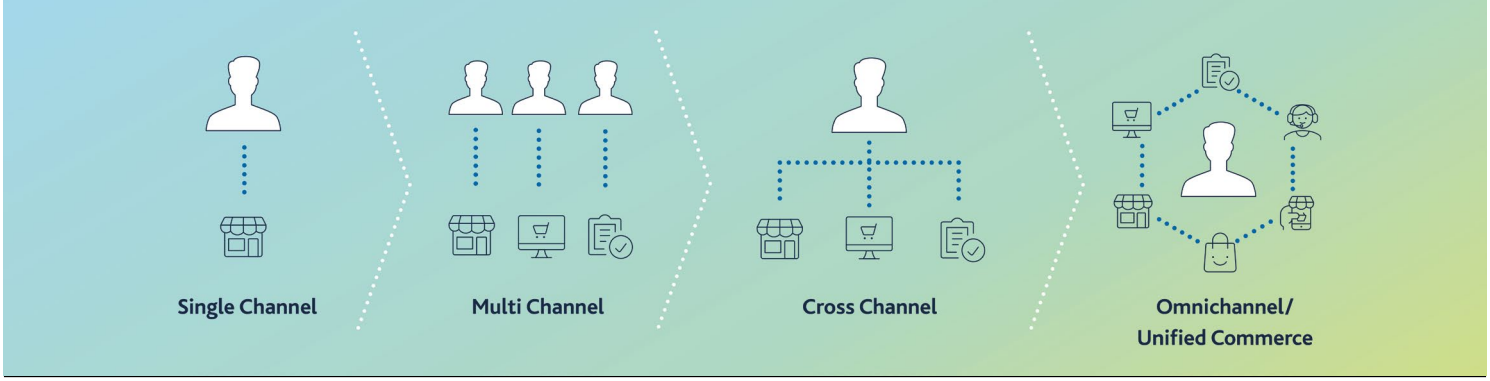
The ship-from-store example shows how companies can strengthen their resilience enormously, even against a once-in-a-century event like a pandemic. After all, even in the event of a lockdown and the associated store closures, the stationary stores can continue to process orders without a single customer in the store.

The complexity of omnichannel commerce will increase significantly in the future, and new options such as social commerce are just the beginning. Companies should therefore be very careful, on the one hand, not to lose customers because their expectations and requirements are not met and, on the other hand, not to be left behind by competitors who are transforming their processes faster and thus gaining an unassailable lead.

To do this, they need reliable partners with the relevant expertise and an order management system that leaves nothing to be desired and takes their business to new levels. Our experts support numerous companies on their way to a sustainably successful future. As strong partners, we bring both experience and expertise from a wide range of projects that always have one goal: to always be close to the customer, nationally as well as internationally – omnichannel in perfection.

A FEW THOUGHTS ON:
Unified Commerce – Is It the Hot New Trend?

The concept of unified commerce often comes up when people talk about the further development of omni-channel commerce. The term is often used in conjunction with "seamless," which aptly describes the essence of it. A central back-end platform brings together all data on clients and their orders, making it available on all channels, both for employees in the retail company and for clients at any time and anywhere – and seamlessly.



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Two approaches, one goal

In this manner, omnichannel and unified commerce pursue the same goal: the retail processes need to function across channels without friction losses. Clients need to feel like everything is coming from a single source. Both approaches focus on client satisfaction and enable a high level of customer centricity.

Each system has its own database in the omnichannel approach, while the unified commerce approach is designed to give a boost to the handling of processes by coordinating all channels on a single platform. This makes this platform the "single source of truth."

A single platform? The costs should be considered

However, it should not be overlooked that the IT architecture of all systems would have to be adapted when implementing the unified commerce approach with this goal in mind. After all, a unified commerce platform still consists of various components, which will use interfaces to access the central database, the "unified" data.

OMS as the single source of truth

For this reason, the guiding principle of the unified approach can already be anchored in the existing omnichannel landscape and pursued through an order management system (OMS) as a single source of truth.

After all, an OMS needs to be able to integrate all channels so it can do its job – by managing and controlling the data flows from the various data sources. All systems interacting with the OMS can query the status of orders in the OMS and also transfer the corresponding data to the OMS when changes are made on their side. Even cash register systems can access the central database.

The advantages are clear. It is not necessary to reduce all existing and mature systems to one database. As a single source of truth, a modular OMS ensures a simplified IT architecture and even enables the implementation of additional retail approaches.

Two important terms in this context are:

- Headless Commerce – this refers to an eCommerce architecture in which the front-end, that is, the user interface, is separate from the back-end, that is, the business process logics and data storage. This allows multiple systems to access the same data in the back-end.
- Composable Commerce – the term describes an architecture in which the respective best or preferred applications of a software division can be combined to form an individual and modular platform.

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SUMMARY:
The unified commerce philosophy

Unified commerce is a philosophy, not necessarily a specific technical solution. Retailers can consider a modular OMS as a cost-efficient basis to this end and help their clients find a unique shopping experience by means of modern omnichannel features – modern eCommerce architectures, which can also be supported via this single source of truth can contribute to the continuous improvement of the customer experience.

In this manner, the OMS meets the core objective of modern commerce to map processes seamlessly and consistently for maximum client satisfaction and efficiency – in line with the unified commerce philosophy.

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About Arvato Systems

Global IT specialist Arvato Systems supports major companies through digital transformation. About 3,100 staff in over 25 locations epitomize in-depth technology expertise, industry knowledge and focus on customer requirements. Working as a team, we develop innovative IT solutions, transition our clients into the Cloud, integrate digital processes and take on IT systems operation and support. As a part of the Bertelsmann-owned Arvato network, we have the unique capability to work across the entire value chain. Our business relationships are personal; we work with our clients as partners, so that together we can achieve long-term success.

Deep process understanding in retail

Omnichannel starts with deep understanding of markets and sales channels. With Arvato Systems, you have a powerful partner at your side who draws its extensive know-how of brick-and-mortar and online retail processes from the Arvato group's many years of experience in the service and end-customer business.

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