5 OPERATIONAL STRATEGIES

to Power Your Omnichannel eCommerce Success

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Today's retail customers are demanding. They want what they want, when they want it. They expect online purchases to arrive within days of hitting the buy button. They also expect to be able to shorten the wait even further if they want, through options like buy online, pick up in-store or curbside pickup.

Offering these types of seamless omnichannel experiences is critical for retailers. **But the truth is, most are far off from reaching that ideal state.** Despite the demand for multichannel services like buy online pickup in-store (BOPIS) having grown 500% in just the last few months due to the coronavirus pandemic, many retailers admit they are still unable to fulfill these types of multichannel requests.[1] In a survey by Offers.com, the biggest reason consumers weren't using BOPIS more was because not all products were available for pick up.[2]

Even for retailers who have been able to provide an omnichannel experience, many have been scrambling to do so. "At the start of the pandemic, retailers were forced to get really scrappy with fulfillment," says Rob Garf, Vice President of Strategy and Insights at Salesforce Retail. "But now, they need to move from scrappy to scale — to be able to automate the process and do it profitably."

However, the complexity of the technology and the skills needed to achieve true omnichannel operations and experiences have been holding many retailers back. But, there are unified omnichannel eCommerce platforms on the market today that can significantly simplify the technology aspect, make scaling easy, and provide all the critical components of a seamless omnichannel eCommerce operation.

The key is knowing what operational capabilities you need and understanding how to evaluate if a given platform can deliver. To help, **we've outlined the 5 most strategic operational areas you need to address to deliver a seamless omnichannel experience for your customers — and for your business.**

1.
STRATEGIC INVENTORY MANAGEMENT

Inventory management is the backbone of any retail omnichannel strategy. Without the right inventory, you can't sell products and generate revenue. If you understock your inventory, you run the risk of making customers wait, having to split shipments, or losing sales entirely from customers who are ready to buy now. This can lead to missing out on a tremendous amount of revenue.

As many as 70% of online shoppers say that they would search for an item elsewhere if it was unavailable, rather than wait any length of time for it to come back.[3] The impact of this customer behavior, according to Retail Dive, is that retailers have lost nearly $1 trillion in sales because they don't have on hand what customers want to buy.[4]

Overstocking is also expensive to your bottom line. Overbuying, buying the wrong type of products, and misallocating inventory accounts for an estimated 53% of unplanned markdown costs for retailers.[5]

To ensure inventory levels are just right, you need real-time visibility into all your inventory, including in-store and distribution center inventory as well as in-transit inventory. You also need technology that can help with inventory allocation, available-to-promise calculations, safety stock configurations, and access to estimated delivery data across fulfillment channels.
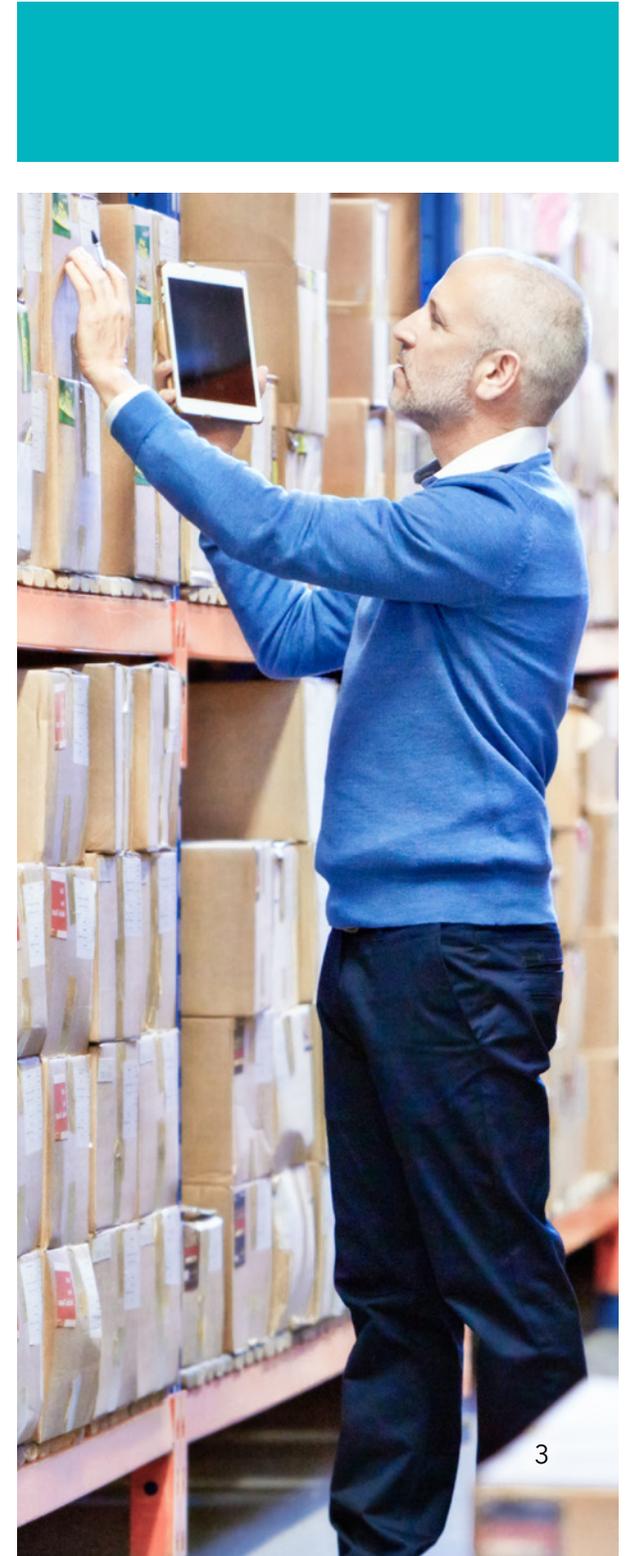
With real-time visibility into planned and actual inventory across all channels, you can start to make more strategic and informed decisions about inventory in addition to fulfillment and delivery. You will also have the agility to make strategic pricing decisions based on the demand you see for specific products. This improved decision-making and agility will ensure that you're maximizing your potential to sell the most products possible at the best or highest price while limiting the amount of inventory you must markdown, helping to grow your bottom line.

INVENTORY INSIGHTS DELIVER A POSITIVE IMPACT

Leading retailers who have taken advantage of Radial Omnichannel Technology capabilities have achieved:

>30%

margin increase on items nearing markdown

33%

potential average of inactive items sold

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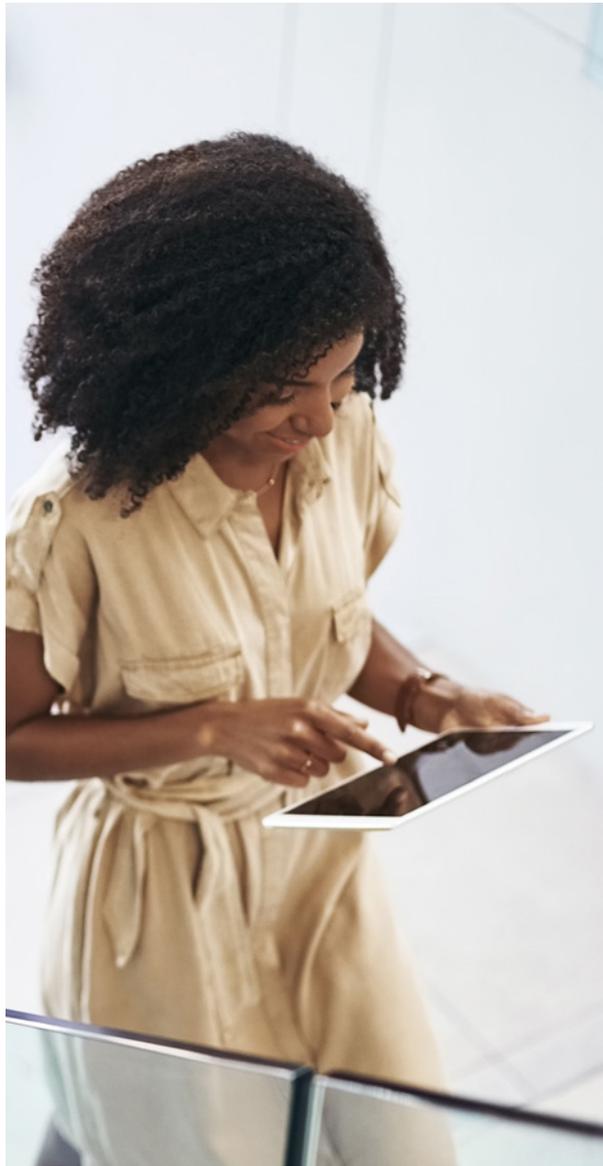
2.

INTELLIGENT ORDER ROUTING

Once you have visibility and insight into your inventory needs, you can also make better decisions about how to get your inventory into customers hands as quickly and cost-effectively as possible. The key is having a robust order management solution (OMS), which can support intelligent and accurate order brokering to ensure you route orders to the best source location. This enables you to optimize inventory and profitability while satisfying customers.

"Retailers need a pulse on where their inventory is coming from to prevent shortages during peak times and during surges," notes Prashant Bhatia, SVP of Technology Services at Radial. **"An order management system with intelligent routing capabilities takes the guesswork out of predictions to provide the best customer experience possible."**

Having intelligent order routing can not only provide cost savings when fulfilling orders but can also allow your business to scale more quickly. For instance, a Radial case study highlights how Hibbett, a leading athletic-inspired fashion retailer with over 1,000 stores across America, was able to launch and rapidly scale their online presence because they were using Radial's OMS technology that allowed them to integrate inventory across their distribution center and their 1,000+ stores and dropship. As a result, Hibbett generated 5% of its revenues online in the first 90 days of launching.[6]

3.
COMPREHENSIVE STORE FULFILLMENT

Another key component of being able to meet demands for a seamless omnichannel shopping experience comes down to having the appropriate fulfillment capabilities and being agile enough to adapt to new or different fulfillment channels as needed.

"An agile fulfillment operation allows retailers to provide customers with products on-demand," says Bhatia. "It allows companies to staff on-demand, serve multiple clients, and better handle the constant ebb and flow of orders, saving time and money."

Since the pandemic, having fulfillment agility has become even more critical.

Garf notes that Salesforce is "forecasting that traditional carriers are going to be over capacity by 5%, which means 700 million packages are at risk for being late. So retailers need to start now in being really creative about fulfillment."

Greater fulfillment agility has also allowed retailers to use stores as fulfillment centers as a way to mitigate reliance on carriers and expand access to inventory, especially during peak seasons. For DSW, Designer Shoe Warehouse, having the agility to fulfill approximately 50% of their online orders by more than 500 stores, plus dropship over 200

brands directly to customers, has enabled them to expand size availability to online customers and therefore increase eCommerce conversions.[7]

"At the end of the day, the most important thing for a customer is to be able to find their size in a shoe they just fell in love with. So, turning more than 500 stores into online warehouses was a really big deal in terms of assortment, availability, customer loyalty and sales," says Brian Seewald, VP, Digital at DSW Designer Shoe Warehouse in a Radial case study.[8]

Having an OMS with flexible and agile fulfillment capabilities allows you to provide customers with numerous options for fulfillment, which improves the customer experience, and gives you the agility to meet customers' demands, even in peak seasons, without incurring higher shipping costs that are often associated with shipping orders from fulfillment centers. In fact, leading retailers have seen a 20%-30% potential increase in incremental revenue just from using Radial Ship-from-Store.

Finally, a comprehensive fulfillment solution also increases overall operational efficiency while improving the customer experience. Using employee downtime to help with picking, packing and shipping or delivering orders can cut down on operational and fulfillment expenses. At the same time, high-touch services such as same-day delivery by store associates when inventory is in not only offers customers same day service but also further reduces shipping time and expense.

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4.
COMPLETE SET OF CUSTOMER CARE TOOLS

Another critical component of being able to provide a successful omnichannel eCommerce experience is whether your customer care capabilities are omnichannel as well. In fact, companies with the best omnichannel experiences retain 89% of their customers on average versus only a 33% retention rate for companies with weak omnichannel customer care tools.[9]

"Customer service isn't a department, it's a strategy," says Garf.

Customers who need assistance want the experience to be seamless no matter what channel or device they are using. And the best way for retailers to meet this expectation is by being able to equip customer care agents with the tools they need to construct a 360-degree view of the customer.

Tools like interaction analytics that provide data on what customers are looking for when interacting with an agent, chat options and business intelligence can all help construct this view.
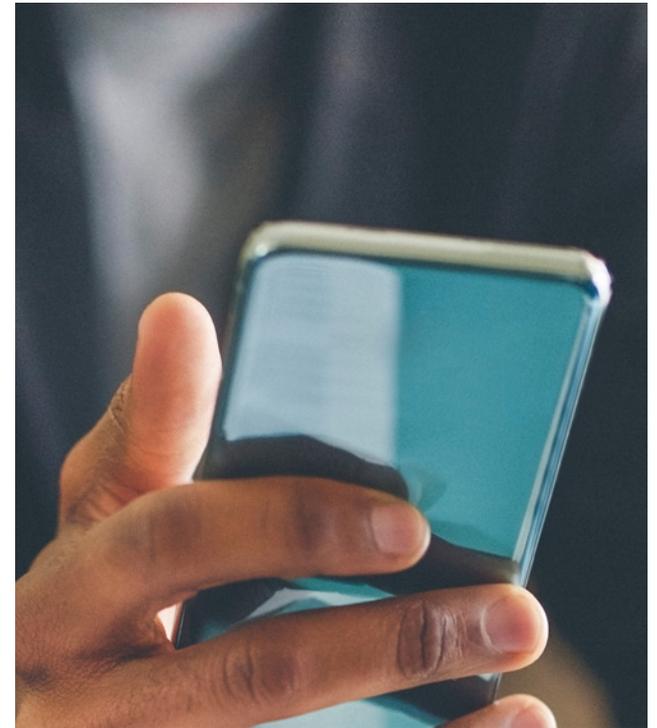
"Customer service isn't a department, **it's a strategy.**"

ROB GARF
Vice President of Strategy and Insights at Salesforce Retail

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For Hibbett, a company that had never operated a Customer Care center before it launched its online presence, Radial's OMS allowed them to not only service a range of channels but also provided self-service and interactive voice response (IVR) options, which allowed agents to seamlessly manage the most critical contact, even across multiple channels.[10]

"Omnichannel technology connects shopper touchpoints across channels and helps agents to recognize customers as loyalty members and provide personalized service," notes Bhatia.

Increasing customer loyalty also has the additional benefit of increasing your revenue as loyal customers tend to spend 67% more.[11]

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PRASHANT BHATIA
SVP of Technology Services at Radial

5.
BUILT-IN BUSINESS INTELLIGENCE

The final linchpin in being able to deliver a seamless omnichannel experience to your customers revolves around having the business intelligence you need to help improve forecasting. Predictive reports can provide insights and direction on which actions you should take in the future to optimize business. And, they can provide insights that let you be more agile in your decision-making.

"An OMS takes the guesswork out of predictions to provide the best customer experience possible," said Bhatia.

Taking the guesswork out is particularly important when it comes to order management, where getting inventory just right can depend on seasonal demand, supply chain complexities and other factors. Having business intelligence that allows you to handle merchandising demand effectively results not just in happier customers because the products they want are in stock, but also limits markdowns.

Having the right analytics can also help illuminate how your company is doing as a whole, improve day-to-day operations and help grow your bottom line. "Analytics can measure performance properly and can help drive the right behavior around where an order is placed, fulfilled and returned," says Garf. "Analytics are also critical for order management in order to calculate and automate the most optimal source of supply, which balances cost and satisfaction, especially when orders peak during in the holiday season."
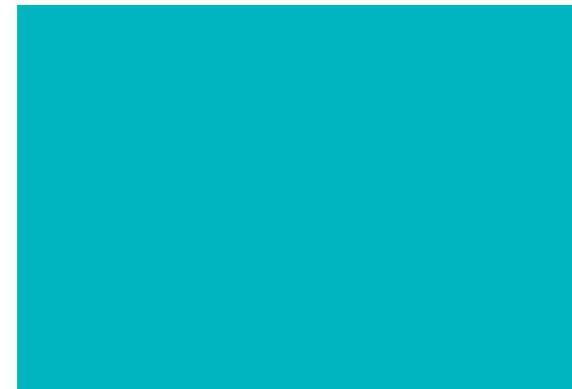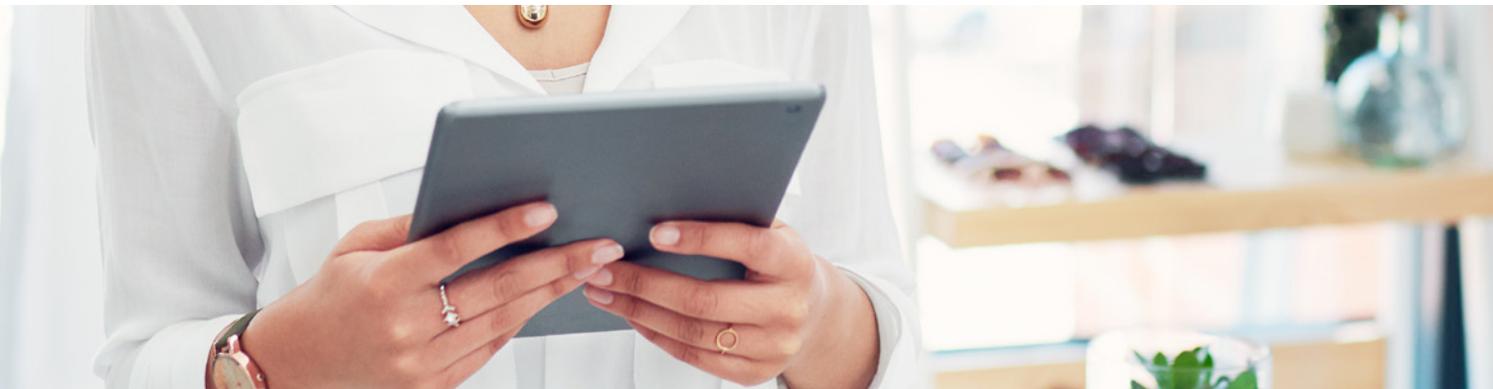
MASTERING THE OMNICHANNEL CUSTOMER EXPERIENCE

While each of the five pillars of retail technology discussed in this playbook are critical to achieving a delightful omnichannel experience for your customers, the most delightful experiences occur when all these capabilities work seamlessly together. Having a unified platform ensures that all your tools are connected and that processes are streamlined. It also ensures that you have visibility across the entire omnichannel lifecycle, can be agile, scale as needed, and can provide a seamless experience across multiple channels.

To get over the technical hurdles that may have been holding you back from realizing omnichannel eCommerce success, you also need an OMS that is simple and quick to implement and configure. This includes having a straightforward user interface that is easy for store associates to use, which is critical for successful ship-to and ship-from-store programs. It's also important that the platform itself is agile and allows for focused and fast updates so that as new channels and tools become available, you're able to keep up.

A platform that has these features, alongside the core capabilities discussed above, will not only ensure efficiency and profitability across all omnichannel operations, but enable you to deliver an exceptional customer experience every time.

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Radial is a leader in omnichannel commerce technology and operations, enabling brands and retailers to profitably exceed retail customer expectations. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and transportation options, intelligent fraud, payments, and tax systems and personalized customer care services. Hundreds of retailers and brands confidently partner with Radial to simplify their post-click commerce and improve their customer experiences. Radial brings flexibility and scalability to their supply chains and optimizes how, when and where orders go from desire to delivery.

Learn how we work with you at www.radial.com

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