Questions & Challenges before
Omnichannel Retailers

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"The best way to predict future is to invent it"

- Alan Kay

Omnichannel

The world of ecommerce and its success in the ability to connect with the customers better has reformed the retail industry. While multi-channel interfacing emerged as a mainstream model, Omnichannel retailing, as a strategy, pushes the brands to be more sensitive to the needs and demands of the customers. The winners and losers in the Omnichannel arena are not determined by the size or popularity of the brand, but largely on who reaches out, learns and understands the customer better. The numbers are also in favor of Omnichannel advocates as retention of customers among the companies with strong Omnichannel strategies is a staggering 89% in contrast to 39% of the ones with a weak strategy according to a study by Aberdeen Group.

With the rise of Omnichannel retailing, the term "customer satisfaction" has truly taken a new definition. A 2015 report by Aspect Software shows 76% of the customers consider prompt customer service as a true test of their value to a brand. With the markets pouring with brands every day, it has become essential for every one of them to take up Omnichannel's holistic strategy. While many researches have substantiated omnichannel's inevitability from the customer's point of view, has the industry paid proper heed to what the retailers have to say? As there is no magic involved in omnichannel's "whatever, whenever and wherever" ideology, it would be fair only if the difficulties and challenges of the backstage processes are identified and discussed enough.

Following are 3 of the prominent challenges that retailers face and questions that every one of them should ask themselves while trying to run their business the Omnichannel way.

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GROWING EXPECTATIONS- SHRINKING BOUNDARIES

The boom of globalization all over has facilitated the retail industry more than ever. For a customer with an Internet connection in India, the World Wide Web is a one huge marketplace and a purchase from an US store is just a click away. As Internet brings people closer, they get more exposure to experiences across the world and it naturally leads to an increase in their expectations. The retailers have to rethink the way they approach their customers, not necessarily from just their country, as online shopping has broken the shackles of boundaries. Even for the brands operating within their regions, a broader customer perspective is a must. Devising an extensive global brand strategy for their Omnichannel approach is whole new challenge as the diversity of the customer expectations has to be accommodated in accordance to the ever-changing times. Some of the critical questions that they must answer are:

➡ How can the localization of pricing be done to withstand the global competition in line with customer demand?

➡ How efficiently has the company spent its time and resources in devising personalized offers to its audience?

➡ What channels are most optimal within local demographics?

ALL IN ONE- ONE IN ALL

An Omnichannel customer who, having browsed for a product online, walks into any of the brand's stores for the actual purchase expecting a seamless transition of that product from their online cart to their shopping bags. This everyday process demands a complete co-ordination between the analysis of the user data, intelligence of the in-store systems and inventory efficiency that is tied together by an effective supply chain management. The bigger the brand, the more challenging it gets to address the customer's demand, including the fulfillment of out-of-stock items.

The problem for the retailers with this obvious challenge is the not-so-obvious solution to bring their business into one tightly-knit unit. The inventory side of the business in an Omnichannel retail is world on to itself and its efficiency parameters depends on many dimensions that may or may not be under the direct control of the business owners.

It is implied that efficient inventory management is the central theme for a successful Omnichannel implementation, but only a few retailers are able to understand the existential "how much efficiency is too much efficiency?" question. A business owner thinking seriously about implementing an Omnichannel solution has to make sure that they maintain the equilibrium between the right size and capability of the inventory, manpower and system to satisfy the needs of an ever-growing market. Though the scope is wide and the parts to address are aplenty, the retailers, irrespective of the nature of their business, have to address these questions to begin with:

➡ How can an optimal, sequential strategy be formed to manage all the background processes and fulfill every ecart-to-cart request?

➡ How can this resultant model be scaled for complete inventory visibility and fulfilment?

TAMING THE DATA BEAST

A 2014 report by RetailNext shows that digital shopping amounts to $294 billion with a 17% annual increase rate and 2 out of every 3 customer webroom (researching online) before the actual purchase. With technology occupying every facet of life, data management has become one of the biggest operations of the retail industry. The biggest challenge that many retailers, especially the small and the medium sized ones, face in streamlining silos of raw data is the increased technology expenses. With thousands of clicks and millions of bytes of unstructured user data pouring the databases' way at any given hour of the day, businesses should be prepared to collect, cleanse, streamline and process as a part of their everyday operations.

As the Omnichannel strategy is powered by the user information coupled with predictive analytics of buying patterns, companies must find an efficient strategy to harness the freshly-organized data with their everyday sales strategies to accommodate the customer and inventory dimensions of it. A technology-driven, integrated approach is mandatory to gather and process information from all channels. A thorough understanding of the market and the technologies available is absolutely essential for the brands to leverage the available technical expertise to their favor. The notable questions here are:

➡   How efficiently has the brand integrated its channels with their data management framework?

➡   How sensible is the brand in using such large volume of user data to boost their sales?

As multi-channel interfacing didn't necessarily offer customers the seamlessness in transitioning from one medium to other, Omnichannel retail bridged this gap by effortlessly weaving technology across multiple channels and created a comprehensive shopping experience for the customers. This e-revolution has pushed even the staunchest analog-only advocates in fulfilling people's need in every available medium. Even when the absolute implementation of Omnichannel interfacing appears to be a giant leap in the retail world, the dawn of this era is indeed a logical evolution in the ever-growing retail needs of this global village.

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