

Omni-Channel Is Crucial...There Is No Turning Back

Over 80% of Retailers Have Implemented Omni-Channel Capabilities.

Most are Achieving Sub-Optimal Benefits...Here's How to Achieve Omni-Channel Success.

Most brick-and-mortar retailers must offer omni-channel services as a key offensive weapon to leverage the advantages of their physical stores over e-commerce-only retailers and to bridge the gap between their offline and online channels. Omni-Channel services include many services known as BOPIS (buy online, pick up in store), SFS (ship from store) or ISF (in-store fulfilment)

Problem is, despite its necessity, an omni-channel strategy is fraught with challenges at every turn. To put it simply: How you approach and execute omni-channel can mean the difference between success and costly financial and customer service headaches.

30 Retail Executives Shared their Omni-Channel Experience

To get a better understanding for those challenges and how to tackle them, HRC Retail Advisory interviewed senior executives at 30 North American retail chains, with annual sales of \$250 million to \$20 billion and a median sales volume of \$2.6 billion. The chains - 79% public, 21% private – represented a range of sectors, from apparel and footwear to accessories, food, home furnishings and beauty.

Specific Issues Addressed in HRC's Omni-Channel Study

The questions we posed were straightforward: How are you using omni-channel to meet the customer promise while optimizing inventory and related costs? How is your physical store meeting the challenges commonly associated with that e-commerce shift? What are your barriers to omni-channel and fulfilment capabilities? Are you making good use of predictive analytics to inform inventory decisions?

Most Retailers are Struggling with Omni-Channel

What we heard was concerning. In fact, the study results would give any retailer pause if they were looking to adopt omni-channel strategies. For one thing, BOPIS is often unreliable, due to inventory inaccuracies at a local store level. Inefficient and costly freight practices create delays, for another. We found that most retailers don't optimize customer order systems, causing split shipments and expensive freight costs. And almost 80% of retailers are not effectively allocating inventory to local stores, to align with store-level customer demand across all channels. Finally, few retailers are effectively integrating predictive analytics tools into their operational practices.

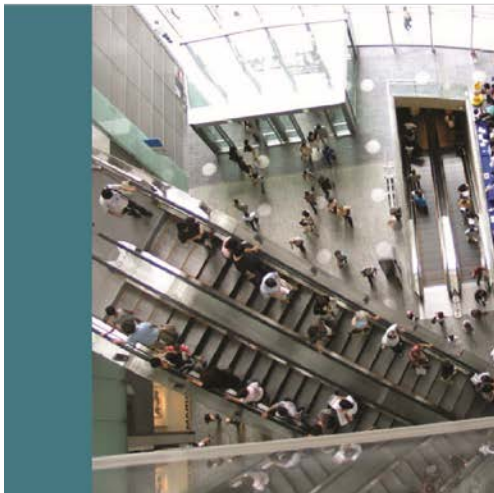
How to Avoid the Omni-Channel Pitfalls

While omni-channel is imperative for your business, if not done right, it can cause financial and customer-service related problems. And those challenges will undermine the very benefits that omni-channel can offer.

But it doesn't have to be that way.

HRC makes Five Key recommendations to Achieve Omni-Channel Success:

1. **Offer omni-channel capabilities that are most important to your customer.** If your most desired customer experience is the ability to order, pick up and return orders from anywhere, then make that a priority. Prioritize the most important capability to improve customer experience and retailer profitability.
2. **Assess accuracy of inventory.** Ensure the organizational, process or systems barriers and issues are effectively ensuring the accuracy of your store-level inventory.
3. **Redefine the role of the store.** Identify and address the impact of omni-channel strategies on store-level roles, compensation, order-picking, packaging and fulfillment.
4. **Integrate inventory across channels on a timely basis.** Identify and eliminate barriers that prevent all inventory across all channels and at all locations from being accessed, shared and leveraged efficiently.
5. **Develop success metrics and an omni-channel scorecard.** Considering the complexity of omni-channel and the need to maintain profitability, retailers should define performance and execution success before implementing or expanding omni-channel.



For more information about how HRC Retail Advisory can assist your retail chain to improve the effectiveness and profitability of your omni-channel and your inventory optimization efforts, please contact

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