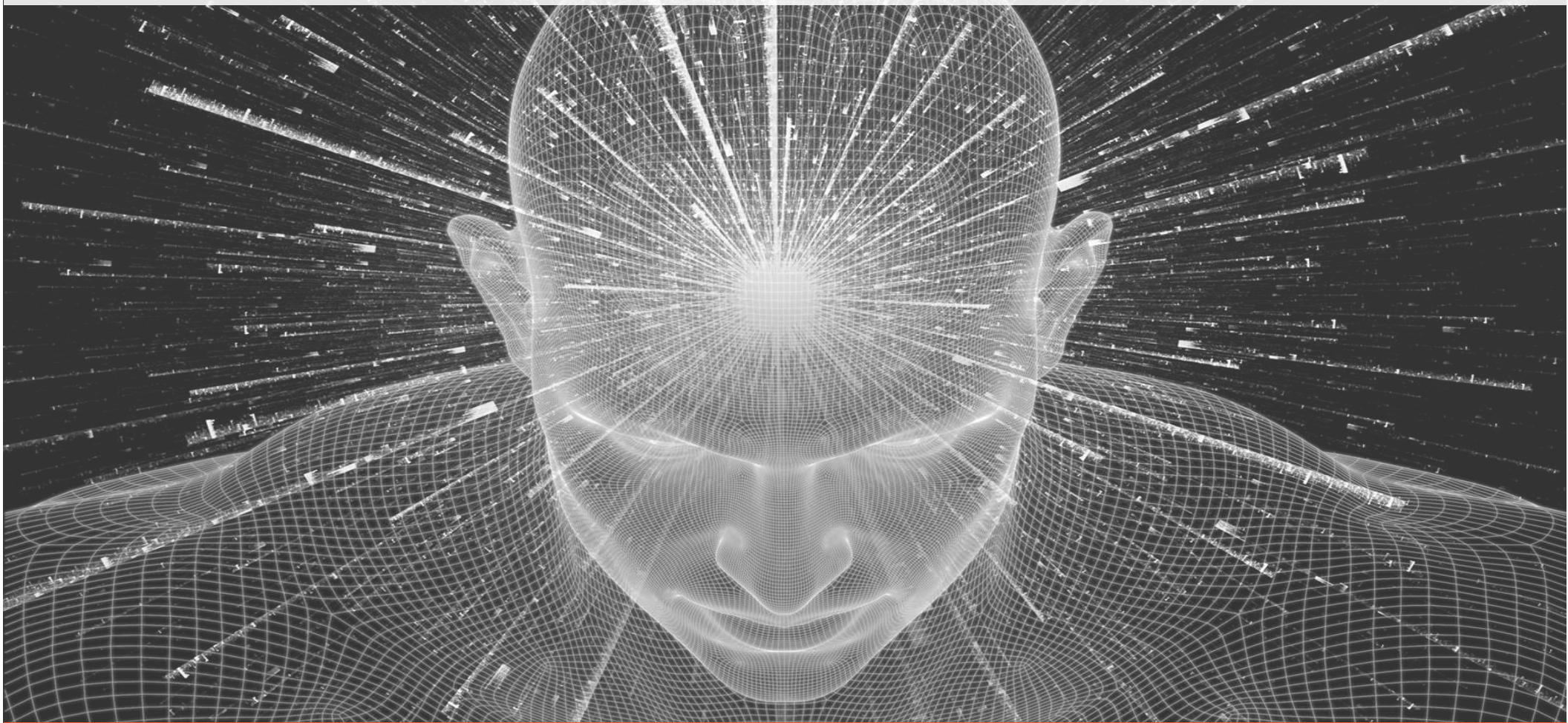




OMS – The Brains of the Operation



BRP SPECIAL REPORT

A supplemental report based on the findings from the 2018 POS/Customer Engagement Survey

Gold sponsor:



“Customer expectations are exceeding retail capabilities – creating a ‘great digital divide.’ Retailers realize that unified commerce is a retail imperative, but executing the strategy is challenging. The answer may be utilizing an order management system (OMS) as a unified commerce platform.

David Russo, vice president at BRP

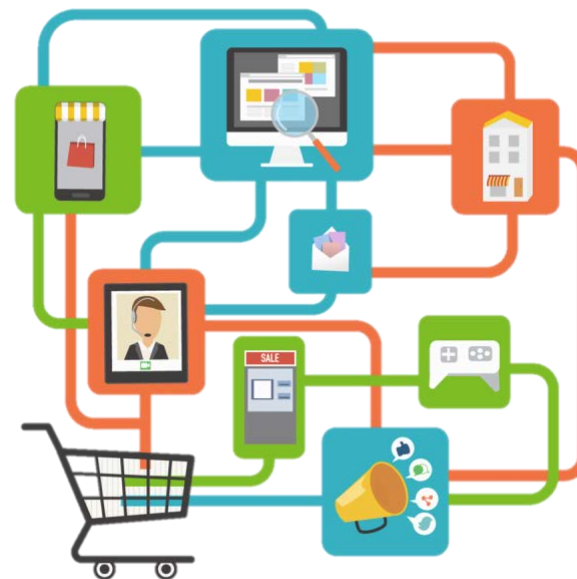
Introduction

The traditional retail model is being disrupted as consumer expectations and shopping behavior rapidly evolve. A customer journey that remains in only one channel, whether online, mobile or in-store, is no longer the norm. Customers expect to move in and out of a multitude of different channels including in-store, online, mobile, and social media, and they expect a seamless and frictionless transition from one channel to another. This creates a new requirement for retailers to host a single shared shopping cart that moves with the customer (Exhibit 1).

Along with the single shared shopping cart, the new retail model demands that retailers offer buy anywhere, ship anywhere, pick up anywhere, and return anywhere capabilities. Buy online and pick up in-store (BOPIS) is now just table stakes with customers.

Customer expectations will only continue to rise, fueled by an upsurge in mobile shopping. This is driving demand for increased digital capabilities bundled with personalization within the store. Unfortunately, retailers are not always keeping up with customer expectations. This gap between consumer demand for digital capabilities within the store and most retailers’ current ability to support this is what we call the ‘great digital divide.’ Consumers say that digital influences up to 75% of pre-store visits and is leveraged in 46% of their in-store shopping experiences; however, less than half of retailers deliver on the most important digital capabilities that customers desire.¹ To meet rising customer expectations, retailers can no longer rely on legacy systems that are not designed to accommodate today’s retail environment. Many retailers have cobbled systems and processes together as a ‘just get something done’ approach in an attempt to deliver a

Exhibit 1
The Move to a Single, Seamless Shopping Cart Enabled by Unified Commerce



¹ The Retail's Digital Crossroads: The Race to Meet Shopper Expectations report conducted by Incisiv and sponsored by BRP and Wind, stream, 07/24/18, <https://brpconsulting.com/download/2018-retail-research-report/>

seamless customer experience across channels. The unfortunate result of this quick fix approach is a ‘faux’ omni-channel model that doesn’t execute as promised and risks disappointing customers. To fix this problem, retailers need to rethink old paradigms and adopt a new approach to unified commerce. To support this desired experience and increased capabilities, retailers need a robust order management solution that can serve as the anchor for the single shared shopping cart and operate as the brains of a unified commerce platform.

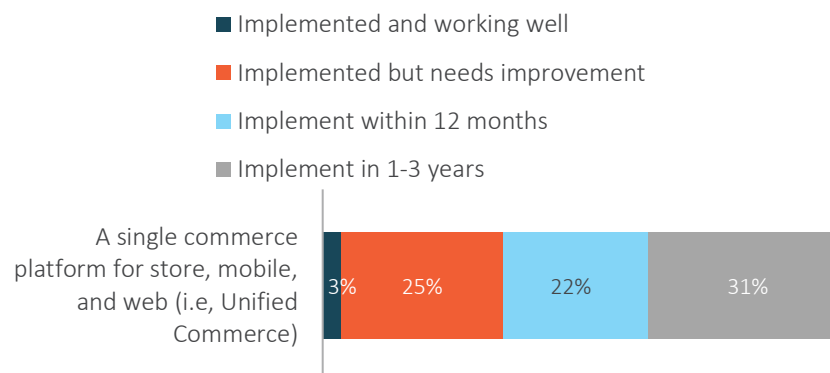
A Unified Commerce Platform is a Retail Imperative

A common, real-time platform for all customer engagement points is a key tenet of unified commerce. Unified commerce goes beyond omni-channel, putting the customer experience first, breaking down the walls between internal channel silos and leveraging a unified commerce platform. It is not simply the future in-store or Web platform, but combines in-store POS, mobile, Web, order management, call center and clienteling into one integrated platform. Unified commerce, with a common commerce platform, supports all customer touch points and channels. This eliminates integration issues and supports real-time visibility, enabling an enterprise-wide, unified view of the customer, inventory, fulfillment, etc. Unified commerce has become the new retail imperative.

While retailers understand the importance of moving to a unified commerce model, it can be a daunting project when considering the scope of a commerce platform that enables and supports every customer touch point – in real-time. An additional complexity is the rapidly evolving landscape of software vendors looking to best position their solutions for unified commerce. Throughout this evolution, more capabilities are being moved out of point solutions like POS and being centralized, or in many cases, enabled as web services. Retailers are embracing this move to centralized capabilities as they realize that it is key to accelerating their path to a unified commerce platform that is integrated, scalable and flexible to support evolving business needs.

Retailers’ implementations of unified commerce have increased significantly in the past year, 28% this year compared to 9% last year. However, 89% of those implementations still need improvement (Exhibit 2). Demonstrating the recognition of this need for a new platform and the importance of a seamless customer experience, an additional 53% of respondents plan to implement unified commerce within the next three years.

Exhibit 2
Unified Commerce Implementation Status

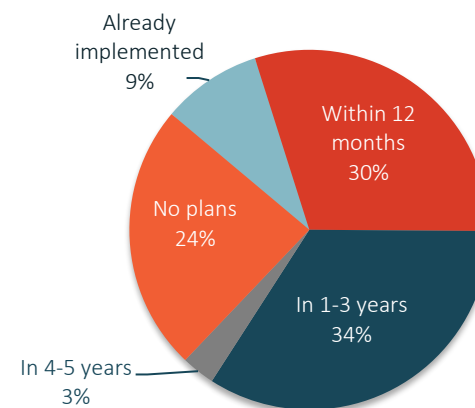


Order Management System as a Platform for Unified Commerce

An order management solution (OMS) is foundational to a unified commerce platform, and retailers realize this with a reported 64% planning to implement a single order management platform within the next three years (Exhibit 3). 9% of the retailers surveyed have already implemented a single order management platform to facilitate unified commerce, allowing them to engage customers wherever and whenever they want to shop.

Order management solutions have evolved over the years and can now support unified commerce order fulfillment scenarios, including buy online, pick up in-store or buy online, ship from store. Some retailers have started utilizing their OMS as an enterprise wide order capture hub or 'single cart,' which allows retailers to view and access their customers' order history, wish lists and purchase behavior across channels. This approach has the added benefit of enabling the retailer to control a customized set of business rules within a central engine to support complex requirements at every touch point and the flexibility to quickly adapt to changes. The OMS can be viewed as the brains of the operation with all transaction and customer data coming in and going out of the system to run the business.

Exhibit 3
Single Order Management Platform Status



Benefits of a Unified Order Management System

Utilizing a unified order management system as the platform for unified commerce provides many benefits to help solve cross-channel challenges for retailers, including increased sales by offering more purchasing options and reduced costs by simplifying the store-level technology environment. Key benefits include:

Single shopping cart

Customers want access to a single cart to quickly and easily shop across channels via phone, computer, or even in the store – they want to “start anywhere and finish anywhere.” A unified order management system enables retailers to identify the customer and gather, analyze and disseminate customer, product, pricing, and inventory data across all channels, including the ability to track a customer's order across all channels to provide a seamless and frictionless shopping experience.

Cross-channel inventory visibility and availability

The most significant benefit is increased sales driven by enabling ‘endless aisle’ capabilities and the ability to ‘save the sale’ by selling merchandise across channels or even selling merchandise that is not normally carried within the chain. Cross-channel inventory availability can also reduce inventory management costs and enhance customer service by giving customers further purchasing options. Providing shoppers with more fulfillment options in addition to the added purchasing choices will also enhance customer satisfaction.

Flexible ordering and delivery options

By offering customers the ability to purchase an item online and pick up in the store, the customer benefits by spending less time at the store checkout since the item has already been picked and purchased. Retailers can also benefit from increased store traffic by customers picking up items at the store, which may result in additional shopping. Studies have shown that when customers visit stores to pick up items previously reserved or purchased, they spend an additional 20 to 40% on other items.

Simplified and flexible technology

A unified order management solution also offers retailers a leaner, more flexible store-level technology environment. Current technologies allow for real-time integration and a dynamic systems architecture supporting the on-demand services expected by today’s customers. By centralizing systems to either a data center or the cloud, there are fewer devices and licenses to maintain, application updates can be centrally deployed and there is only one system to secure.

Headless commerce architecture

Leveraging an OMS for unified commerce enables a headless commerce architecture. Headless commerce, a common practice for e-commerce, is the concept of leveraging the same commerce application or platform for all commerce touch points. All commerce channels leverage the same platform and set of web services, which leaves the user interface (UI) as the point of customization. A headless commerce architecture speeds development, increases consistency of implementation, streamlines integration and simplifies software maintenance.

Headless Commerce

Headless commerce leverages the same commerce application or platform for all commerce touch points – the only difference is the user UI. This concept speeds development, increases consistency of implementation, streamlines integration and simplifies software maintenance.

Customer experience personalization

The ability to have all channels access a singular view of the customer’s shopping behaviors and history is the cornerstone to building a persona-based shopping experience. Retailers can personalize the shopping experience by accessing customer context from all channels.

Conclusion

While there are many challenges to implementing an effective unified commerce solution, the cost of doing nothing is steadily increasing and may mean the difference between success and bankruptcy. Manual processes and disparate systems result in missed expectations, disappointed customers and lost sales.

The success of a unified commerce solution requires bringing together disparate software solutions and building the organizational practices to take full advantage of them. The centralized order management system is key, as this is the brains of the unified commerce platform. It provides the needed customer order visibility across channels allowing retailers to engage their customers, however they choose, while maintaining a consistent message and delivering upon customer expectations.

Unfortunately, the 'great digital divide' is likely to only increase as customer expectations grow. Customers expect a single cart that crosses all touch points and using your OMS as the brains of the operation may be the most effective approach to meet these needs. If you haven't already moved to a unified commerce platform, now is the time to act. We suggest you start by looking at a unified order management system.



About BRP

BRP is an innovative retail management consulting firm dedicated to providing superior service and enduring value to our clients. BRP combines its consultants' deep retail business knowledge and cross-functional capabilities to deliver superior design and implementation of strategy, technology, and process solutions. The firm's unique combination of industry focus, knowledge-based approach, and rapid, end-to-end solution deployment helps clients to achieve their business potential.

BRP's consulting services include:

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Mobile POS
Unified Commerce
E-Commerce
Networks

Business Process Optimization
Payment Security
Customer Experience & Engagement
Merchandise Management
Private Equity

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