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Profitable Omni-Channel

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Learn to:

- Understand the demands of the “new boss”
- Create profitable omni-channel operations
- Drive superior customer shopping experiences with a more Intelligent Store
- Develop resilient cross-channel supply chain fulfillment operations

**Wayne Usie
Lee Gill, Glen Ceniza,
Vali Fayen**



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**Wayne Usie, Lee Gill, Glen
Ceniza, and Vali Fayen**

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Profitable Omni-Channel For Dummies®, JDA Software Special Edition

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Introduction

Welcome to the brave new world of omni-channel retail. It's not like anything that has disrupted retail before — and it's here to stay.

So just what is *omni-channel*? *Omni* means *all*, and the term *omni-channel* reflects the way today's consumers take their own paths to purchase through any of the retail channels you offer. That may be brick-and-mortar stores, but it also could be any of the ever-increasing number of virtual channels, such as online, mobile, and social networks. Transforming to an omni-channel business model, in which all the channels are well integrated and function seamlessly, is no small feat for retailers. It's no surprise that few are doing so profitably today.

About This Book

Profitable Omni-Channel For Dummies, JDA Software Special Edition, provides insights into what omni-channel retail is all about and presents some helpful suggestions for mastering this transformation and providing customers with superior brand shopping experiences — profitably! This book is a simple primer on how to transform your business to compete in the omni-channel world. You meet your new boss — the consumer — and take a look at the big picture on delivering profitable customer commerce. And you become familiar with the four pillars of omni-channel success — the store, digital commerce, fulfillment, and planning — that together form the foundation for an omni-channel enterprise. So sit back, grab a cup of coffee, and dig in. Enjoy the wild ride to omni-channel transformation!

Icons Used in This Book

You may notice a few icons used throughout this book in the left margins of the pages. Here is what they mean.



Odds are you won't want to miss any of the information shared in the pages ahead, but please pay extra attention to the point being made next to this icon.



In the paragraph next to this icon, you find a helpful tip for successfully moving into omni-channel retailing.



You may want just the basics, which is certainly fine, but if you like to dig into the more technical details, the paragraph next to this icon is right up your alley.

Beyond the Book

This book provides a basic overview of the journey to omni-channel retail transformation. For more information and other helpful insights, here are some online resources to check out:

- ✓ For more information about how JDA Software can help you transform your business for profitable omni-channel retail, visit <http://www.jda.com>.
- ✓ For handy information in a magazine dedicated to Internet retailing, visit <https://www.internetretailer.com>.
- ✓ To learn more about multi-channel retailing, read this newsletter: <http://multichannelmerchant.com>.
- ✓ For industry analysts' views on all things retail, visit www.idc.com/prodserv/insights/retail/ps/omnichannel.jsp. Or visit www.rsresearch.com.

Chapter 1

Meeting the “New Boss”

.....

In This Chapter

- ▶ Understanding the new consumer
 - ▶ Sharing the back story
 - ▶ Making a profit
-

To sell your goods, it used to work for you to analyze your past sales, add in your merchandising plans, and ship everything to your stores through your distribution network. Then your customers could come and buy your products.

Not anymore. There’s a new boss in town, and she’s got a long list of new demands. This chapter introduces the new consumer, takes a quick look back at how retailing rocketed into a radically different reality, and begins the discussion of how to do things the new way while turning a profit.

The New Consumer



Your new boss may be the toughest one yet. She wants things done her way, precisely when and where she wants. She won’t accept excuses — either you provide what she wants every time, or she’ll find someone else who will. What makes matters worse is that she wants you to take your tried-and-true business processes and turn them inside-out, just for her.

The new boss says she decides what she’s going to buy — at what price — and it may not even be through one of your stores. It may instead be on your website, over a marketplace, on her mobile device, through her social network, or perhaps by way of one of your selling partners. These channels, shown

in Figure 1-1, are used for reaching the people who might want your goods, and as you can see, some of them are relatively new to the picture and quite different from your old ways of doing business.

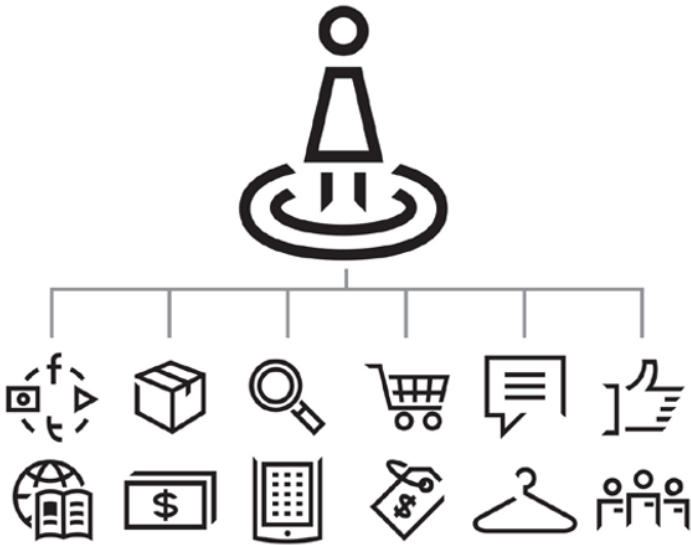


Figure 1-1: The channels people use to shop.

Forget about your standard store hours. Your new boss demands that your products be available day or night, over any one of your channels, and through any one of her devices.

Also, don't expect her to come and pick up her order from your store. Oh, that might occasionally suit her needs to collect her order in-store, so you'd better be ready for that possibility. But she's also quite likely to tell you to ship it to her home, her office, or to a secure locker at the train station so she can pick it up on her way home from work.

You had better be quick about it, too. If she happens to be in a major city, she's going to expect you to get her order to her within a couple of hours, or at least overnight. Oh, and don't try to pass those extra delivery charges on to her — she got past that little play long ago.



Yes, your new boss is a pretty demanding character, and nothing will change that — she’s here to stay. She’s the new consumer.

How in the World Did This Happen?

Up until about ten years ago, the older ways of doing business worked pretty well. You had good suppliers, a well-organized distribution network, stores in convenient locations, and a dedicated staff to serve your customers. Life was good.

Then a guy named Jeff Bezos, and a few others like him, decided they were going to put up “virtual stores” on this new thing called the Internet. Jeff felt that if he could give people a larger selection of books than you had in your stores, and at cheaper prices, they wouldn’t mind waiting a few days to get them. It turns out he was right.

Soon, there were a lot of these virtual stores on the Internet, and they started taking some of your business away. So you figured you’d better put up one of those virtual stores, too. Because the volumes at your virtual store were small initially, and shipping customers their small orders was a whole different ballgame than your normal store replenishment network, you may have outsourced the fulfillment of these so-called electronic commerce, or e-commerce, orders to third-party providers who were better equipped for this new phenomenon.

Of course, the downside was that all the extra expenses from duplicate inventories and shipping costs meant you weren’t making any money at this e-commerce stuff. But you consoled yourself with the fact that Jeff Bezos wasn’t making any money, either. Besides, it was such a small part of your business that it wasn’t worth worrying about, and you were just glad to have that e-commerce base covered.

Then a couple of funny things started to happen. First, people began to realize that they liked the convenience of shopping online and having their orders delivered to their doors, especially as life got busier. Retailers noticed that e-commerce

sales were growing at a much faster pace than their store sales, and a little panic crept in.

In response, retailers started putting a lot more focus on their own e-commerce and mobile sites to create more engaging and compelling online shopping experiences. They tried to be more like their e-commerce competitors. Perhaps you were one of those retailers.

Then Jeff Bezos upped the game. He realized that retailers had an advantage with their physical stores. People often like to see and feel products before they buy them — trying them on or trying them out. So he told his customers to go to your stores and do just that but then buy from him at cheaper prices. He also said if his customers bought one of his prime annual memberships, they would receive their orders in two days for free all year long.



This was born a new industry term— *showrooming* — and retailers hated it. They had to bear the costs of the brick-and-mortar stores, inventory, and labor while Jeff reaped the sales. In their panic to combat showrooming, many retailers made some poor choices. Some decided they wouldn't allow Wi-Fi in their stores, or they would block it to try to keep people from buying from Jeff while in their stores. Of course, trying to deny new technology, especially to the very people to whom you're trying to sell, is never a good idea.

Others simply stated they would match any online price. This killed margins and ignored the fact that, for many consumers, the real issue wasn't price; it was the convenience of shopping from home and having their purchases delivered to their door.

Eventually, a few smart retailers (such as you) started to realize that stores aren't the problem. Your stores, in fact, are a big advantage. Not only do you have merchandise on-hand for shoppers to touch and feel, as well as to purchase and immediately take home, but also you have associates available to answer questions and help shoppers find what they're looking for. Those associates can connect shoppers with the right products, whether in that store, another of your stores, in a distribution center (DC), or directly from your supplier.



The combination of all the new technologies at consumers’ fingertips and the realization that stores should be at the heart of the shoppers’ paths to purchase are what transformed the old multiple channel shopping model into the new omni-channel retail model. When your channels are integrated and working hand-in-hand, you can give the new boss what she wants when she wants it and gain an edge over an online-only competitor. But you have to transform your business to do it profitably.

Getting to Profitable Customer Commerce

The problem with getting your new boss what she wants when and where she wants it is that your business model isn’t set up that way. Your supply chain is set up to deliver bulk product to your stores, optimizing volume purchases and logistics cost. Your infrastructure isn’t set up to handle the many-to-many processes of buy anywhere/deliver anywhere/return anywhere that the new boss demands.

It worked fine initially to outsource those pesky little e-commerce orders. But that arrangement doesn’t work when the boss wants to buy something online, then pick it up in a store of her choice. Or, what if she wants to buy an item that is out-of-stock in one store and have it shipped to her home from another store? For that to really work well, all the processes from taking the order to delivering to her doorstep have to be tightly integrated to provide the seamless shopping experience she demands. Yet you still can’t ignore the fact that you must do bulk replenishment shipments to your stores.

To learn how difficult this transformation is, we asked more than 400 CEOs from corporations in eight countries how they were doing at this. We weren’t entirely surprised to find that only 16 percent of the CEOs said they were delivering on omni-channel demand profitably. We may not be math gurus, but we’re pretty sure that means 84 percent of the CEOs we spoke with globally don’t think they’re making any money at omni-channel fulfillment. And we’re certain that’s a big problem.



The solution is to transform the four pillars of omni-channel — the store, digital commerce, fulfillment, and planning — into an integrated platform to deliver profitable customer commerce. The basics on these concepts (and the challenges that they pose) are outlined in Chapter 2, and there are additional details on each of the areas in Chapters 3 through 6.

The key is that all four of these integrated capabilities are focused on one thing — satisfying the new boss. And if these are done in a truly integrated fashion, you will not only accomplish this objective, but also you'll do so profitably!

Chapter 2

Discovering Profitable Customer Commerce

.....

In This Chapter

- ▶ Discovering the omni-channel journey
 - ▶ Looking into the complexity of channels
 - ▶ Understanding the four areas of omni-channel operations
 - ▶ Finding a way to turn a profit
-

The old bankers' mantra, "Turnover is vanity, profit is sanity, but cash is reality," could very well be applied to this new era of omni-channel retailing. After all, the focus will have to shift from chasing revenue to ensuring profitability — but the customer is still king!

This chapter delves into the complexities and challenges of the journey known as *omni-channel retailing*. Omni-channel retailing is the art of seamlessly accommodating all the various paths to purchase, meeting the consumer's increasingly particular demands, and making all your retail channels work well together. This chapter outlines the four major components of omni-channel operations and begins to paint the picture of how to make it all work together harmoniously and profitably.

Mapping the Omni-Channel Journey

Retailing has long been about offering customers a great product at an attractive price, where the known cost of sale allowed a profit to be made. It's a pretty simple concept, and

it has served the consumer goods and retail communities very well for decades.

Then something disruptive came along. Advances in technology have allowed the creation of a new boss — the empowered consumer — who is able to access unprecedented choice 24/7. With the consumer now calling the shots, retailers have had to respond by providing capabilities that satisfy the new omni-channel shopping journey.



It's wise to never lose sight of the consumer perspective, and the consumer cares little about such concepts as omni-channel retailing. Consumers quite simply don't think in terms of channels on this journey; they think brand, and they expect their brand experience to be seamless and easy. A typical omni-channel shopping journey is shown in Figure 2-1.



Figure 2-1: The omni-channel shopping journey.

Retailers have seen greater pressure on price as pure-play e-commerce retailers attempt to buy market share and offer an ever-increasing array of options for customer order fulfillment. According to a recent study by Forrester

- ✔ 73 percent of consumers expect to “click-and-collect” or purchase online while picking up in the store.
- ✔ 86 percent expect to be allowed to return online orders in the store.
- ✔ 89 percent expect to be able to view in-store inventory online.

Most retail operations haven't been set up to handle these kinds of requests — meeting high customer-service expectations and doing it profitably. Retailers will have to transform their operating models to be able to respond to these and the many other demands of the empowered consumer.



Customers also expect retailers to get a little personal, to meet their very individualized needs. Retailers can now capture two types of customer data:

- ✓ **Structured:** Retailers can track buying preferences from sources such as their websites and loyalty cards.
- ✓ **Unstructured:** Sources, such as social media, give insight to what customers are saying about retailers.



This data allows retailers to better serve their customers through personalized offers. Getting this right will drive top-line revenue, as well as brand loyalty.

Channel Complexity and Business Focus

To understand the profound changes that are overwhelming retail — and the fundamental transformation in business structure that's needed to respond — it's helpful to examine how channels have evolved and become more complex and how that's changed where businesses must focus their attention.

Although these changes have impacted retailers the most, research by Forrester indicates that 76 percent of consumer-goods companies now offer some form of direct-to-consumer capabilities as well. Also feeling the impact are third-party logistics providers (3PLs) that serve these two industries.

Back when there was only one channel — the store — it made sense for the business to focus on perfecting the internal processes that fed the store. The offer was localized — not personalized — and fulfillment was carried out by the customer.



Here's an interesting irony. If you turn back the clock far enough, you arrive at a time when customer service was more intimate, where likes and dislikes were probably known by the shop owner. This atmosphere evaporated as retail began to scale from shops to supermarkets to malls, and the role of the sales assistant created greater distance from the customer. Retailing is now going full circle, using technology to get closer to customers through personalized engagements.

As the business model evolved, even if you had another channel, such as a catalog business, or had just launched your shiny new website, these were separate, independent channels that had their own unique support processes. It still made sense to focus on perfecting these internal processes separately. “Build it and they will come,” so to speak. Life was still pretty simple.

A number of factors have conspired to end retailers’ simple (or at least less complex) life. These factors have eroded retailers’ internal focus and forced them to instead focus outside the enterprise as they direct their now much more complex businesses.

New kinds of competition

Retailers have always had competitors nipping at their heels, but it typically was on a fairly level playing field. That all changed with the arrival of pure-play digital competitors. The entry costs associated with opening an online store were minimal compared to a physical store, and this opened the floodgates to many new small-to-medium-sized competitors.

It also rapidly created giants, such as Amazon and eBay, selling an enormous breadth of products, which were extended further through online marketplaces. Pure-play e-commerce retailers offered highly competitive prices, made possible by the fact that they didn’t have the cost of stores and also enjoyed lower headquarters costs. One could also argue that the losses these retailers recorded in the early days helped exacerbate their distinct price advantage.

The door also opened for international online competition — substituting a courier for a store. Improved customer order fulfillment, either delivery or collection, proved to be a game-changer. This was made possible by new, extremely efficient supply chains able to deliver when and where customers wanted at a time to suit their lifestyles.



Clearly, the winner in all this has been the customer. But these developments have also proved to be a healthy catalyst for traditional retailers to rethink their business models.

Online growth

It's no surprise to any retailer that consumers like choice, convenience, and lower prices. So it's equally unsurprising that the pace of growth in the online channel has far out-paced that of traditional channels. In fact, online sales passed through the \$1 trillion mark back in 2013, and by 2025 they're predicted to grow to \$4 trillion, which would be a fifth of all retail sales. With this kind of scale and pace of growth, retailers have had to move from a more tactical response to strategic investments in the store, supply chain, and technology.

Empowered consumers

What really tipped the scales was the growth in the number and capabilities of mobile devices — smartphones and tablets, and before long, smart watches, too. These devices have really broken down the channel silos because they allow customers to stand in your store and check product reviews, delivery options, and competitors' prices on their mobile devices, before making their purchase decisions. This ability to easily cross channel boundaries has forever changed retail from multi-channel to omni-channel. You can no longer keep channels separate.



This means the consumer is now the one calling the shots. If she doesn't like your price, she can order from your competitor — while standing right there in your store. Or she can try to negotiate with your store associate to match the lowest price she found online.

She also may try to negotiate for other options such as free delivery or installation or options offered by online competitors or the store down the street. The power is now firmly in her hands, so retailers have to get used to it — and adjust accordingly.

Fulfillment options

With control of the shopping process firmly in their hands, it's only a short step for empowered consumers to want fulfillment done their way, too. Consumers expect to be able

to view an accurate picture of your store inventory on their smartphones, place an order, and pick it up from the store on their way home.

Or, maybe a consumer finds a dress she likes in your store, but the color or size she wants isn't available in that store. She expects to be able to order what she wants right there and either have another store or the distribution center (DC) ship it to her home or office or arrange for her to pick it up at a store near her next destination. Or, perhaps she ordered three different sizes of the same dress online so she can try them on and see which one fits her best and then wants the flexibility to return the two she doesn't want to her local store or to a DC.



Most retail supply chains aren't set up to provide real-time inventory visibility across the entire enterprise. When channel processes are separate and inventory is segregated, cross-channel workflows are slow, error-prone, and expensive, if possible at all.

Customers are driving even greater complexity in fulfillment. Delivery anywhere — home, office, commuter station, or lockers — is hard, but it's harder still when customers want to shrink the time from order to receipt from days to just hours, and soon minutes.

Old, disconnected technology

It's not only supply chain processes that are old and challenged when trying to meet the omni-channel shopping needs of today's consumers. Retail systems, particularly those developed in-house, served a comparatively simpler retail model, oriented toward a single store channel.



Multi-channel trading through e-commerce has added complexity through the creation of business silos and also through the need to understand customer data from all channels and manage multiple fulfillment options. Older technology wasn't designed to handle this complexity.

Understanding the Challenges of Omni-Channel

Let's face it — transforming your business to a totally new omni-channel structure won't be easy. There are way more questions and challenges than you may even want to think about.



It's best to begin by breaking the omni-channel concept into the four major areas of operations: the store, digital commerce, fulfillment, and planning. Some of the challenges facing these four areas are outlined here. Chapters 3 through 6 share some of the solutions to the challenges.

The store

Your stores are probably designed to have checkout stations upfront, a light storeroom in the back, and all the rest of the space dedicated to merchandise shelves and displays. So what happens when you decide to let shoppers buy online and then pick up in the store, which is sometimes called *click-and-collect*?

How will it work if you start shipping online orders from your stores? Where do you put the picked orders? Where do you manifest the parcel shipments? Where do you handle the customer and/or parcel pickups?

What if you're a grocer? Where will you store picked frozen and refrigerated items until the customer comes to take them home? Will you opt to scramble to pick them when the customer shows up, and hope the buyer doesn't mind the wait? Whatever you decide, you're bound to find that you have less and less square-footage left for merchandise, which makes space and assortment plans more critical.

Perhaps you want to leverage your stores to combat show-rooming. Maybe you'll add more display and demonstration areas with kiosks so store customers can immediately order what they've just tried out in any color, style, or variation. Or maybe you'll decide to boost engagement by adding a cafe, a

coffee bar, or an entertainment area. What do ideas like these mean for your space planning?

Space isn't the only question, either. How will your team accomplish all these new tasks within the store? Your store staff is probably trained to sell, stock shelves, and handle checkouts. So what happens when you need them to pick orders, manifest parcel shipments, give demonstrations, handle customer pickups and returns, or whatever else you might be adding to their list of responsibilities?

How do you train or hire for these new skills? How do you schedule these tasks in with the rest of normal store operations? How do those doing the picking know if they should pick the order from the store shelf, the back room, or a promotional display? What pick path should they take to be most efficient? Can they pick more than one order at a time to increase productivity? The questions go on and on — do you have the answers?



A concept called the *Intelligent Store* helps you allocate the correct amount of space to all zones. The right assortment is closely mapped to the DNA of the shoppers who frequent that store. Advanced, integrated systems plan the right amount of inventory and labor, schedule the right associates with the right skills for each task, and direct associates to complete all the new in-store tasks efficiently, on a step-by-step basis.

Digital commerce



Customers now fully expect to be able to shop online their way, using any combination of the many touchpoints and devices available to them both in-store and remotely. They want products tailored to their needs and lifestyles. They expect brand consistency, with nothing less than a seamless shopping experience across all touchpoints along with the ability to easily continue or amend the shopping journey.



These days you, as a retailer, can capture a wealth of customer information from online sources, learning about likes and dislikes, cart abandonment, and browsing history. This gives you the ability to make personalized offers that are relevant, timely, and non-intrusive — and you can push through the offers in multiple ways online and in-store as the customer

is detected. Tapping into social sentiment gives you further insight to what's being said about the brand. And you can achieve even more success in your offers by placing customers into segments of similar characteristics.

Fulfillment

Back in the old days — before omni-channel — fulfillment was comparatively simple. Your product had a linear flow, following the supply chain operations reference (SCOR) model of Plan-Source-Make-Deliver. Inventory went from factories through DCs to replenish stores. Sure, the occasional hiccup occurred, but everything was quite predictable. Then omni-channel happened, and suddenly inventory flow was no longer linear or predictable. It became dynamic, multi-directional, and unpredictable.



With omni-channel, anywhere that inventory resides has become a potential fulfillment point — it can ship direct from a manufacturer, from the warehouse, the DC, or the store. The supply chain may have been designed to move bulk, but it now picks, packs, and dispatches singles. And retailers must also deal with reverse flow in the form of customer returns, particularly in the fashion industry.

In the early days of e-commerce, when the numbers were small and channels were often separate, this wasn't that big of a problem. You could always do a work-around if a special request came up. But things are different now.

With growth in online, mobile, and other forms of e-commerce far outpacing growth in store revenue, consumers are demanding more choice in fulfillment. Work-arounds just don't work anymore because order and inventory flow has become too complex and dynamic. You might be making a delivery to a consumer's home, office, or a secure locker. Or the consumer may want to pick up in the store, at another store, or even through a drive-through.



Not only is it hectic to deliver through all these options, but also it's expensive. Parcel shipments, couriers, and home delivery fleets are a lot more expensive, compared with doing bulk replenishments to stores. It's also many times less efficient to pick orders in stores than in the DC. No wonder CEOs

tell surveyors that they can't deliver on omni-channel demand profitably. Just as bad as failing to make a profit, your brand can easily be damaged if a courier delivery is late or missed, even though that's beyond your control.

The solution to this complex and dynamic omni-channel fulfillment challenge is to

- ✓ Synchronize all physical and digital supply chain operations
- ✓ Have real-time visibility of inventory
- ✓ Map lead times for order fulfillment locations
- ✓ Have the ability to understand the cost components of all of this

Yes, the solution sounds simple enough, but things are never quite as simple as they seem. You can find more detail about how to create this resilient supply chain in Chapter 5.

Planning



Planning in the complex, dynamic, and variable world of omni-channel is also much different than what it was with previous practices and systems. When all you had to do was replenish stores, it worked just fine to base your forecasts on shipments out of the DC. Not anymore.

For example, say a customer comes into one of your stores and finds a blouse she likes, but you don't have it in her size at that location. Your store associate saves the sale by locating the blouse in her size in a nearby store and arranges for it to be delivered to her home. Because both stores were likely serviced by the same DC, traditional planning systems would say to replenish the DC for that item. But a traditional system would have no clue where the real demand came from, which was the first store. For optimal planning for inventory and labor, it's critical to know where demand is generated, especially as you move into new fulfillment options such as buying online and picking up in-store or shipping from the store.

An accurate picture of demand is also critical for enterprise-level planning for financials, merchandising, assortments, and

space usage. It also feeds into price life cycle planning and supply chain network design.

Planning excellence means a lot more than considering the broad scope of planning affected, however. In the fast-paced world of omni-channel commerce, today's new SKU can be tomorrow's hot item and the following day's has-been. So you can't base your forecasting and planning on shipments, because that's yesterday's news. It's like trying to drive a car by only looking in the rearview mirror.



Your forecasting and planning have to pull in near-real-time data from all the many channels, touchpoints, social networks, and open marketplaces. That's how you determine what demand is right now and where it will likely be in the near future. This is what drives intelligent planning in the future: immediate, multi-variant analytics.

For all these new planning capabilities to be effective, they must happen at the enterprise level, not in silos of physical or digital operations. In the past, planning has centered on the product, focusing on sales in a time period and specific location. But you now have a new dimension to plan around — customer data.



Understanding customer data can help you more precisely map the right assortments to each store. When you're planning by customer segments, looking at whether they bought the way you planned — and if not, what they bought instead — it will also help you refine future plans. In this way, product and consumer data will merge, just as business silos will.

Profitable Customer Commerce

With all these many new channels and more complicated customer expectations, it's more challenging than ever for retailers and consumer goods companies alike to actually turn a profit while providing the consumer what she wants. Most companies aren't structured to handle the many new challenges and ways of fulfilling customer orders.

As you transition from yesterday's models, you're not likely to have the advanced, integrated systems needed to support these new requirements. Fortunately, there are solutions to the challenges facing the four major areas of omni-channel operations, and they're spelled out in more detail in Chapters 3 through 6.

Chapter 3

The Intelligent Store

In This Chapter

- ▶ Looking at the impact of omni-channel retailing
- ▶ Seeing what enables omni-channel retailers
- ▶ Understanding the intelligent store
- ▶ Managing the workforce

The role of today's store is vastly different from what it was in the past, and it's servicing the customer in entirely new and different ways. This chapter explores the evolution of the store from traditional to omni-channel retailing and examines what's required to succeed in this complicated environment. It also reviews the latest technologies designed to empower the next generation of retailers.

Grasping the Impact of Omni-Channel Retailing

There's been more change in the last 15 years of e-commerce retailing than has been experienced in any other era of retail. Because this change has been fueled by the rise of e-commerce channels, retail is often oversimplified into either online or brick-and-mortar.

Brick-and-mortar classifies retailers that have a physical presence and offer face-to-face customer experiences. The history of retail isn't quite as simplistic as the term implies, though, and can be defined along a number of eras and turning points:

- ✔ The corner store at the turn of the century evolving into the large mass merchant department store in the 1940s

- ✔ The growth of the mass merchants and shopping malls from the 1940s to the 1970s
- ✔ The boom of the big box retailers (also known as “category killers”) in the 1980s and 1990s
- ✔ The explosion of online retailing known as e-commerce in the 2000s into today



The defining change across each of these eras was the progression in the retail shopping experience. The very definition of each era was synonymous with how the consumer shopped — from shopping at mom-and-pop corner stores to mass merchants to shopping malls to buying online.

Each of these eras has been marked by generations of successful retailers that drove revolutionary ways to change the shopping experience for the consumer. As you can see, change is nothing new, and how the consumer wants to shop continues to shape how retailers and retail technologies adapt. The key difference now and into the future is that the consumer isn’t just shaping but truly driving the change in the shopping experience. As you can see in Figure 3-1, today’s technology-savvy shopper is driving this change through a multitude of shopping options.

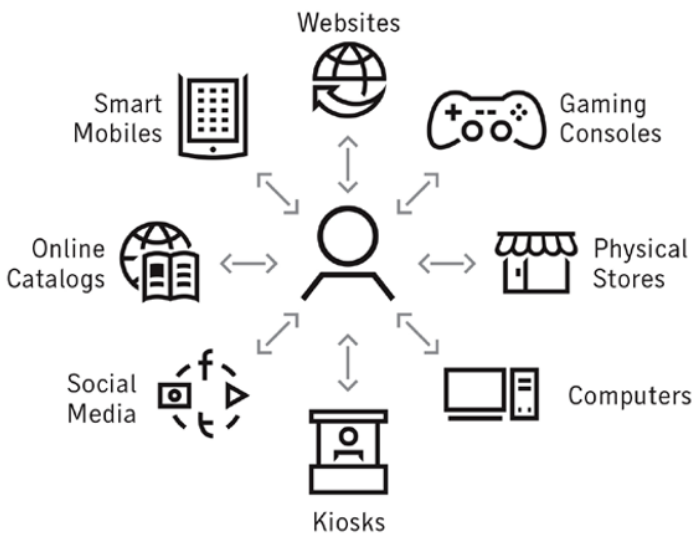


Figure 3-1: Technology-enabled shopping options.

Today's retail shoppers are part of a technology-savvy generation. Technology has empowered them to be far more intelligent shoppers than ever before. A consumer shopping journey today often involves

- ✔ Online research for product availability
- ✔ An in-store visit to examine a product and speak to a store associate
- ✔ A perusal of the reviews online
- ✔ Comparison of pricing online
- ✔ A careful balancing of price and availability with how fast the consumer can get the product
- ✔ The return of products the consumer doesn't want or isn't happy with

Additionally, the omni-channel shopping journey is defined by a diverse set of channel combinations:

- ✔ Buy online, ship from a fulfillment center
- ✔ Buy online, pick up in-store
- ✔ Buy online, ship from store
- ✔ Buy in-store, fulfill in-store
- ✔ Buy in-store, ship from that store or another store
- ✔ Buy in-store, ship from a fulfillment center



Successfully supporting these paths to purchase and channel combinations is more difficult than ever for retailers. Beyond that, today's shopper also demands competitive pricing, product availability, and differentiation of service across these diverse retail channels. Look further at these objectives and you discover just how difficult these challenges can be for retailers.

Competitive price

There has always been price competition, but pricing in the omni-channel world has become even more so because shoppers can digitally check pricing across both online and store retailers. What's more, what once happened through at-home

scanning of newspaper ads now happens instantly and continuously, even while the customer is in your store. Store retailers find it all the more challenging to compete with online sellers because they're incurring the additional overhead costs of maintaining store real estate and labor to service the consumer.

Product availability

Having the right products in the right quantities has become a make-or-break requirement for retailers. Today's consumers know they can always find their products online in real-time on their mobile devices.

Retailers can't simply play it safe by overstocking merchandise, either. Real estate within the store comes at a premium. Filling up valuable space with excessive safety stock limits selling space that could otherwise be used for faster-selling inventory that increases inventory turns.

Differentiating service

Perhaps the primary objective of the store is to provide an intimate shopping experience for the consumer that makes her want to buy more and return in the future. She may also choose to go into a store instead of shopping online because she needs expert guidance on her purchase. This is an advantage of a physical store, but it requires skilled labor to service and sell to the consumer.



None of this is new to retail store operations. What *is* new is the additional set of tasks taking place in the store as it becomes a fulfillment center for online sales. Today's omnichannel shopper demands instant gratification and wants products as soon as possible. More and more online transactions are now shipped from the store, picked up in the store, or returned in the store. All these activities add significant labor requirements compared with the traditional brick-and-mortar model.

Understanding the Enablers for Omni-Channel Retail

New-generation stores serve roles vastly different than their predecessors. Three key trends have emerged in the retail store landscape:

- ✔ Retail showrooming
- ✔ Stores serving as fulfillment centers and distribution hubs
- ✔ Legislation driving retail labor reforms

Retail showrooming

Showrooming describes what happens when omni-channel shoppers walk into a retail store to touch and feel a product and then comparison-shop online for the best price. It can be very costly to retailers because of the potential of sales lost to competitors, along with the overhead associated with customers moving product, unboxing product, and so on.



Showrooming needn't be a bad thing, though. For well-prepared retailers, showrooming can be an opportunity. The more consumers who walk into your stores, the more opportunities you have to sell products. The key is *sales conversion*, the process of converting shoppers into actual buyers.

Aside from price, several key components turn showrooming into an opportunity to improve sales conversion:

- ✔ **Visual appeal of the merchandise:** The layout of the store and promotional and inventory displays must be designed to entice the consumer into buying. Doing so requires an accurate forecast of what items consumers will want to buy. Successful sales conversion depends on having the right product in stock at the right time when consumers are in the store shopping for it.
- ✔ **Intelligent assortment, space, and floor planning:** All space within the store comes at a premium. The most successful stores are the ones that maximize their selling space to enable higher selling, greater profit margins, and increased inventory velocity — while also minimizing space devoted to slower-selling items.

✓ **Great customer service:** Perhaps the most effective way to convince shoppers to buy is to provide great customer service, and the store is the ideal place to deliver that service. This requires the right number of associates with the right skills scheduled at the right times to serve the needs of shoppers. You need an accurate forecast to pull that off.



You use your forecast to align store labor in order to serve shoppers most effectively, so it's essential that the forecast project not only the time of day consumers will be shopping in the store but also which departments customers will be visiting. Without this predictive data, it becomes very difficult to determine where to allocate store associates throughout the day.

An accurate labor schedule is vital because store labor is costly. The most successful stores will be the ones that can construct labor schedules that place the right amount of resources in the right departments at the right times. A retailer that doesn't have enough associates on the store floor at the right times may have lower labor costs but will surely sacrifice sales conversion. On the other hand, if a retailer attempts to overcompensate by adding labor across the board, it will unnecessarily raise its labor costs.

Constructing an accurate schedule is a complex, multistep process. It starts with forecasting projected sales, sales locations, and intraday shopping times, and then calculating how much labor is needed to service those projections. As if that's not complicated enough, the process must take into account all the associates, their skills, and work availability, matching these variables to the labor needs spelled out in the forecast.

The difficulty here is that as stores get larger, with more departments and associates, the combinations and calculations necessary to construct an accurate schedule become quite complex. It is, in fact, far too complex and time consuming to be done accurately and consistently by an individual. Later in this chapter, a section titled "Powering the Next-Generation Intelligent Store" explains how next-generation workforce-management systems contain algorithms that drive extreme accuracy, simplicity, and consistency to this process.

Stores as fulfillment centers and distribution hubs



One of the distinct advantages brick-and-mortar retailers have over pure-play e-commerce retailers is the proximity of inventory. Today's omni-channel shopper demands instant gratification and wants her product as soon as possible. Because stores are often distributed geographically, store retailers have product in closer proximity to the consumer. That offers the ability to deliver the product more quickly.

To successfully capture online sales, there's a trend toward retailers offering in-store pickup and ship-from-store fulfillment options. This kind of store-based fulfillment has its consequences, though. Conventional stores aren't designed to be efficient fulfillment centers in the way that distribution centers (DCs) and warehouses are.

DCs are designed both structurally and procedurally for logistic efficiency, with optimal receiving, storage, put-away, picking, staging, and shipping of inventory. In-store fulfillment can hurt the efficiency of these processes, adding labor costs and time delays that may defeat the purpose of offering in-store fulfillment options in the first place.

In the section titled, "Powering the Next-Generation Intelligent Store," check out the information on how logistics technology that has been the foundation for DC efficiency is making its way into the store, driving greater logistics efficiency for in-store fulfillment.

Legislation driving retail labor reforms

It's important to note the political consequences of the omni-channel evolution in retail. There are all kinds of uncertainties around scheduling for such variables as promotions, holiday traffic, inbound shipments, weather changes, and other labor demand spikes. To deal with those uncertainties, many retailers have resorted to putting associates "on-call" to avoid the financial penalties of certain labor legislation, such as minimum shift laws.

Recently, the New York attorney general has begun to question the legality of on-call scheduling practices, claiming they're illegally subverting the minimum shift laws. Legislation addressing this question is taking hold across other states, too. Further exacerbating the issue is legislation emerging in California that requires retailers to give penalty pay to employees whenever schedules are modified within a week of the start of work shifts.



The crux of the problem has been the challenge of accurately forecasting labor demand. Historical traffic patterns can still be used quite reliably to predict labor needs for normal sales activities. But it's quite difficult to forecast labor demand for non-standard activities such as unloading an inbound shipment, staffing for the first day of a promotion, adjusting for sudden severe weather, staffing a new store, and so on. The financial penalties associated with minimum shift laws add to the magnitude of the challenge.

Making things even more daunting are two other retail trends:

- The rise of omni-channel, and the changing role of the store, has created the need for more skilled and knowledgeable workers. In order to attract and retain these workers, you likely need to pay more and also devote more attention to their scheduling preferences.
- The national push for higher minimum wages could prove costly. Many states and municipalities have raised the minimum wages in their jurisdictions or are considering doing so. On top of that, major retailers such as Walmart and McDonald's have independently raised their pay scales, putting pressure on other retailers to do the same. This not only puts upward pressure on overall labor costs, but also it increases the penalties imposed by minimum shift laws, and it exacerbates the consequences of overstaffing due to poor scheduling.



A straightforward approach can help retailers avoid minimum shift penalties and eliminate the need for controversial on-call shifts. All you need is accurate labor forecasting and precise labor scheduling.

Can it really be that simple? True, it requires sophisticated techniques to solve this problem. The good news is next-generation software technologies leverage advanced

algorithms to model these trends. The right tools can bring new levels of accuracy to forecasting and scheduling, and that eliminates the need for manpower-buffering and on-call scheduling.

Powering the Next-Generation Intelligent Store

Technology for retail stores started with point-of-sale (POS) systems. Over time, POS systems became more powerful and paved the way for in-store back office applications to track inventory balances and employee time.

The challenge with those systems was that they became difficult to manage for large retailers. If a retailer has hundreds or even thousands of stores with in-store applications, managing software deployments, configuration, and versioning becomes extremely complex.

There's also the problem of maintaining near-real-time data visibility. The fact that omni-channel buying is done centrally requires a near-real-time, centralized view of all store inventory and labor availability. You can't do that with a bunch of separate in-store applications. It requires enterprise-wide technology platforms.

Enterprise software is designed to serve the needs of all stores in a centralized model. But this brings its own set of challenges because the software must be able to perform and scale to meet the load volumes of all stores in the organization. What you need is a platform architecture of immense scalability and engineering, because you need to meet load volumes that are potentially thousands of times higher than what conventional in-store applications are intended to handle.



Cloud computing can help tackle this challenge. Cloud technology — which allows for applications to be hosted in one offsite location accessed via the Internet — brings with it a potentially infinitely scalable infrastructure that can meet the immense processing and data storage requirements for enterprise store applications.

Cloud service models also take the burden and responsibility for deploying, managing, and scaling the applications away from the retailer. Those burdens belong instead to the cloud service provider, which in many cases is the software vendor.

Store Logistics Operations of the Future

Conventional store inventory management software was designed for maintaining and calculating inventory balances. Put simply, this involves logging the receipt of inventory, adjusting the balance when inventory sells, and counting the inventory at periodic cycles.

As stores transform into complex omni-channel fulfillment operations, next-generation store enterprise systems will leverage many of the technologies that have been utilized in highly efficient distribution centers. Yes, these store logistics operations systems will still provide very accurate inventory balancing, but they'll also optimize the flow of inventory, which is paramount for efficient distribution. Inventory flow is optimized for high performance throughput — this includes overseeing inbound processes such as unloading, receiving, and storage or replenishment, as well as outbound processes such as picking, staging, manifesting, and shipping.



Store logistics operations systems offer many advanced features for improved efficiency. One example is *wave planning*, which enables the grouping of orders, lines, and directed work processes for better visibility, control, and efficiency in the fulfillment process. Then there's *task interleaving*, the software-driven assignment of tasks to workers in a way that maximizes each trip they make. This is likely a foreign concept in conventional store operations, but it's a well-established best practice in efficient distribution centers.

For example, if an associate has completed a task in one area of the store, there may be ten other tasks that could be accomplished along his work path. Task interleaving takes this path into consideration and mixes in additional tasks in the most efficient sequence. The associate can then complete more work with less time and travel.



Another pervasive problem in store operations is *floating inventory*. Retailers may know they have a product in stock because they track both the balance they received and how much they've sold. But what happens if the selling shelf is empty, and the retailer has no idea where the stock is? Store logistics operations systems address this problem by keeping track of the balance of inventory by location. These tools direct efficient work processes that track and move inventory from storage locations to selling locations when balance thresholds are triggered.

All of this didn't matter as much when in-store fulfillment was a rarity. But when orchestrating the hundreds, if not thousands, of orders and associates involved in omni-channel store fulfillment operations, these processes become incredibly complex. It's easy enough to understand the concept of eliminating wasted time and motion, but actually making that happen requires very sophisticated, latest-generation software.



Next-generation software helps solve the efficiency challenges as omni-channel stores evolve into complex fulfillment centers and hubs for distribution. This software drives new levels of efficiency in a variety of key areas:

- ✓ Inventory receiving and unloading
- ✓ Inventory management
- ✓ Reverse inventory logistics, such as returns, repair, and recovery
- ✓ Inventory put-away and storage
- ✓ In-store picking, packaging, and shipping
- ✓ Automation and robotics

Leveraging the Latest Generation of Workforce Management

Retail is being transformed by the way consumers shop in the omni-channel era, as well as by the new labor legislation being enacted as a consequence. Perhaps the most important

investment you can make is in your associates. Store associates are far too important to omni-channel retail success — and soon to be too costly due to rising wages and excessive overtime pay — to not make these investments.



The conventional methods of planning and scheduling labor by using spreadsheets and gut feel are proving to be far too inaccurate, inconsistent, and simplistic to meet the more complex needs of omni-channel retail, while also maintaining compliance with new legislation. The latest-generation workforce management (WFM) systems have very sophisticated algorithms that holistically plan the workforce through accurate forecasting and optimized scheduling.

Today's best WFM systems forecast and schedule store workforces by evaluating an unlimited number of demand variables such as store department traffic, promotions, seasonality, fulfillment tasks, customer shipments, labor regulations, union contracts, and many other factors. They also consider softer, lifestyle-oriented variables such as associate scheduling preferences and vacation or personal time requests, as well as the impact of local events and weather changes.

Modeling is used to compare all these variables with historical trends and events, as well as labor budgets, to create accurate store-by-store labor forecasts and optimized schedules for service and non-service labor. You can achieve unprecedented levels of precision in forecasting and scheduling, which in turn enables higher customer service levels at lower labor costs in each store.



Optimized scheduling based on much more accurate holistic forecasts eliminates the need for manpower-buffering and on-call schedules. It helps you comply with labor laws, which reduces the risk of potential penalties. Perhaps most important for long-term success, next-generation systems allow for lifestyle scheduling, which helps attract and retain the skilled workforce you need to serve today's more knowledgeable and demanding omni-channel consumer.

Chapter 4

Intelligent Commerce

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In This Chapter

- ▶ Making advance preparations
 - ▶ Getting a single view of the omni-channel consumer
 - ▶ Knowing how to build relationships
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It's kind of a paradox. Even with the rise of retail channels that don't involve a direct interaction between the customer and a live human being, successful retailers are creating customer relationships that can feel more personal than they have in years. It's all about gathering knowledge and acting on it effectively. This chapter highlights the preparations needed to create that personalized experience and explores secrets for building successful, long-term relationships.

Preparing for a Long-Term Relationship

Today's omni-channel commerce environment is kind of like a first date. From the initial commitment, expectations are high. We realize the first minute and the first impression could have an enormous influence on our future relationship, so we make a mental note to detail the car to ensure a comfortable experience for our date. And although we haven't yet met in person, we've listened carefully and begun to understand our date's preferences. Perhaps she likes seafood and is a fan of local, casual fare.

Based on what we've learned, and despite the many unknowns, we courageously opt for an innovative plan. We check to see if the local crab cake food truck is stopping

nearly on date night. We also prepare for the contingencies that might arise throughout the evening. What if she has a penchant for dessert? Where would we go? Might she agree to a walk in the park if the night stays cool and clear? All the preparations are intended to not only ensure a successful evening but also lay the foundation for a potential longer-term relationship.

What do clean cars, crab cakes, dessert options, and walks in the park have to do with successfully executing omni-channel commerce? More than you might guess. Retailers are consumers, too, so most naturally recognize the growing expectations of retail. Have you ever abandoned a site when asked to provide personal details, when the retailer hasn't yet earned your trust? Or have you discarded your cart when steps to complete the purchase become too burdensome? That's a sign that you've been dealing with a retailer that didn't do all the prep work needed to lay the foundation for a long-term relationship.



Whether a Millennial, Gen X, or Baby Boomer, the vast majority of people complete research on their computers or mobile devices but still visit stores to complete their purchases. People shop in tunnels, in the air, and some, unfortunately, may even do so while sitting in traffic. They explore online options for products and services equally, with the expectation of a frictionless, personalized, buying and returns experience, wherever they shop and receive delivery.

For retailers and direct-to-consumer providers, what seemed unfathomable a few years ago, or even six months ago, has become the norm, and the expectation evolution continues unabated. Personalized product recommendations are the standard, and integrated social media have become a minimum requirement for doing business. It's practically passé to show zoom-in product images because consumers increasingly expect marketing and informational videos.

E-commerce volumes continue to expand and double-digit growth is projected for the near future. That places a significant burden on business-to-consumer (B2C) providers to continuously scale their operations, to increase their responsiveness to demand, and to quickly incorporate new processes into their site flow.

Just remember that most challenges can also be seen as opportunities. New requirements, changes in expectations, and increasingly particular demands offer an opportunity for you as a retailer or direct-to-consumer provider to develop a unique personality through which you can build your relationship with this new consumer.

The omni-channel consumer wants more than a conduit for products. She wants to experience a relationship with a retailer who knows her, a business she can trust to understand and cater to her needs. It takes nothing short of delightful customer experiences to generate long-term relationships with the omni-channel consumer.



This is where *Intelligent Commerce* comes into play. This is a strategy to deliver a delightful customer buying and returns experience, whether the consumer engages online, on the phone, or in the store. The result is an experience that reflects the individual's unique personality and enables exceptional service reflecting the brand. Intelligent Commerce empowers associates to interact knowledgeably with omni-channel consumers at every touchpoint to maintain a consistent brand image and to build enduring customer loyalty.

A Single View of the Omni-Channel Consumer



To deliver on the Intelligent Commerce promise, retailers and direct-to-consumer providers must know their customers. They must understand that omni-channel consumers have powers that simply weren't feasible just a few years ago, when the product was king. These days, an unhappy customer faced with a difficult returns process or unfriendly service in the store can shout through social media as loudly as the happy customer extolling the pleasure in her positive buying experience — and she's more likely to do so. The old adage that “a happy customer tells a friend; an unhappy customer tells the world” becomes much more dangerous in the digital world of Instagram and Twitter.

Fortunately, retailers and many direct-to-consumer providers have been collecting detailed customer data for years. By

leveraging omni-channel commerce technology, B2C providers can give call center customer service representatives and store associates real-time access to a true 360-degree view of virtually all customer activity, empowering them to

- ✓ Identify those customers who represent long-term potential versus those who are great one-time guests.
- ✓ Convert sales based on knowledge of previous purchases.
- ✓ Cross-sell and up-sell additional products and services.
- ✓ Facilitate successful returns and exchanges to secure repeat business.



With this kind of knowledge, associates are empowered to treat customers as friends and neighbors rather than anonymous strangers. Intelligent Commerce capabilities become the means to identify the right story for the right customer, delivering the frictionless experience the omni-channel consumer demands.

Building Relationships

Building relationships starts with an understanding that today's consumer has vast choices, with potentially easier-to-buy, cheaper options available from online giants, consumer goods manufacturers selling direct to consumers, and from a variety of brick-and-mortar competitors. As such, the consumer can never be taken for granted.

At every interaction point, the consumer must receive service reflective of both her importance and uniqueness. She must be encouraged to engage further, through transparency and consistency in experience, price, and service. After trust is established, these customers become advocates for the brand, offering positive feedback on social networks and through online collaboration tools such as blogs.



A loyalty program is one place to start, because it produces helpful data, but accomplishing this goal requires far more than that. It requires tools that help customers interact seamlessly and efficiently. It requires innovative experiences that deploy on mobile and desktop responsively, streamlining the path to purchase.

And because it takes (at least) two people to build a relationship, associates need technology that focuses their attention on each customer, providing immediate visibility to that customer's history, wish lists, and recent social media interactions with the brand. Personalization is the key to engaging customers and securing their loyalty, and there are a number of ways to make that happen.

Creating a seamless customer purchase journey

Just as that metaphorical first date requires planning to be successful — researching food trucks, ensuring the car is clean, brainstorming creative ideas to address the unknowns — the seamless purchase journey begins with easy-to-deploy workflows that enable customers to link not only to personalized product options but also to immerse themselves in an innovative experience that increases engagement and reach.



Omni-channel technology enables B2C providers to offer

- ✔ Lifestyle-oriented destinations combining rich content (such as video) with commerce to encourage repeat interaction and facilitate higher average orders
- ✔ Responsive design to optimize the user experience across ever-evolving mobile, tablet, and Internet-of-things options that drive conversations and consumer interactions
- ✔ Innovative interactions facilitated through open, standards-based interfaces with a broad ecosystem of complementary capabilities such as social networks, analytics, and campaign management
- ✔ Persona-based user experiences that enable quick training and empower each brand associate to make decisions that enhance the customer relationship while maintaining profitability

Personalizing the experience

Just as you take into account your date's preference for upscale restaurants or food truck fun, the optimal omni-channel buying experience must reflect the personal

preferences of each customer at every touchpoint and interaction with the brand.

With the right omni-channel technology, B2C providers can utilize

- ✔ Customer profiling capabilities that segment or classify customers, helping to deliver a consistent, personalized buying experience across channels and ultimately improve loyalty
- ✔ Rules-based personalization engines that increase conversion by constantly paying attention to customer behaviors and dynamically executing targeted marketing initiatives and promotions based on specific actions
- ✔ Closed-loop marketing analysis capabilities that measure and understand the effectiveness of marketing initiatives and customer trends, helping to increase revenue
- ✔ Flexible relevancy settings that enable merchandisers to influence the product search-results order, which can improve both the consumer's search experience and increase the margin yield



Intelligent Commerce is all about gaining deep knowledge of your customers (just like knowing your first date's preferences), then combining that knowledge with adaptive engines to respond to changing behaviors throughout the engagement. The result is a rich, lifestyle-oriented user experience that consistently delights customers and leads to improved profits and omni-channel customer loyalty.

Chapter 5

Intelligent Fulfillment

In This Chapter

- ▶ Transitioning to a different race
- ▶ Understanding the demands of consumers
- ▶ Eliminating bottlenecks
- ▶ Discovering profitable resiliency

Picture yourself as a long-distance runner. You're steady and efficient and, despite the occasional hill, you feel like you can go on forever. Now imagine that as you run, you suddenly are forced to sprint at constant, yet entirely random, intervals. You can do it, but not consistently. It feels unnatural and puts an incredible strain on your system, leaving you prone to injury. To adjust, you have to rethink how you train, how to build resiliency, and how you execute once you are in the race.

The transition to omni-channel retailing isn't dissimilar. Retailers accustomed to the steady rhythm of replenishment to their stores now must deal with consumers who can buy anything, anywhere, anytime, and who ask to have it sent just about anywhere. That radically changes the way retailers need to view inventory placement, fulfillment options, and the supply chain stress caused by increasing order variability. And that, of course, can have a big effect on profitability.

This chapter focuses on the changes your fulfillment operation requires to really succeed at omni-channel retailing. It explores the importance of understanding the source of demand, removing bottlenecks in the supply chain, and figuring out how to make the fulfillment operation work profitably despite radical change.

Changing the Rules of the Race

The challenge of profitability is what really influences the amount of change required as you change the type of fulfillment race that you're running. Moving from a slow and steady long-distance run to a fast and short sprint isn't just about changing the pace. While you may achieve the end goal of running faster, you're doing so at the risk of both short-term and long-term injury. The same is true when delivering to the individual consumer by using a fulfillment operation built for serving brick-and-mortar stores. Without the proper planning, strategy, and core fundamentals in place, you run the risk of shorting stock reserved for other demand or engaging in unprofitable transactions.

And as you can see in Figure 5-1, the matrixlike fulfillment required for omni-channel is much more complex than the linear approach traditionally seen with brick-and-mortar stores.



Figure 5-1: The changing role of the supply chain.



Intelligent Fulfillment is a strategy that aims to effectively integrate the previously siloed domains of forecasting, replenishment, transportation, warehousing, and order management. The goal is to end up with a cohesive and responsive approach for combating the supply chain stress caused by consumer-driven demand — and enabling profitable network resiliency.

Discovering True Consumer Demand

For the omni-channel consumer, choice is the key — the choice of what to buy, when to buy, where to buy, and where to receive or pick up purchases. Today, consumers want to be able to buy online and then

- ✔ Pick the product up in-store (also known as *click-and-collect*).
- ✔ Have the product delivered to a designated location (often with same-day or one-hour delivery options).
- ✔ Return the product to the store if not satisfied with the purchase.

Alternatively, customers may want to buy in-store, then

- ✔ Have the product shipped to a designated location such as their home or office.
- ✔ Have the product shipped directly from the manufacturer or from another store to a designated location (this is a typical solution if the first location is out of stock).

In still other circumstances, consumers may want to sign up for a subscription program and receive their products on a regular schedule, shipped directly to a home address.



Your challenge, then, is to figure out how to effectively service those options through proactive placement of inventory. To do so intelligently, your process must begin with a holistic understanding of consumer demand. While the notion of demand forecasting isn't new, the complexity created by omni-channel consumerism brings nuances you've probably not considered in the past, particularly in understanding the

point of fulfillment versus the true source of demand, and when those may be in conflict.

Consider the scenario of a consumer entering a store and not finding the item she's looking for. A store associate offers his assistance and is able to source the item for either home delivery or a later in-store pickup. The sale is saved, but when considering the replenishment of future inventory, it's not immediately apparent what the correct strategy should be.



A traditional solution might consider the source of fulfillment — in this case, a local distribution center — and would make plans to replenish there. But that plan fails to consider the store where the order was placed. A more complete and accurate approach would be to consider the true source of the demand, the store. Given that the store is where the customer tried to make the purchase, it makes sense to account for restocking that item in future replenishments to that particular store.

Removing Bottlenecks

Improved understanding of consumer demand creates a blueprint for intelligent inventory deployment across multiple fulfillment points. This creates an effective starting point, but there's still more to creating an appropriate level of profitable resiliency.

Supply chains, however efficient, still tend to operate in silos, creating unnecessary latency. As you strive to be cost-effective (and profitable) across the omni-channel continuum, you'll have to look internally to eliminate bottlenecks and increase supply chain efficacy.



Many times the planning process doesn't have visibility into upstream and downstream order and inventory information and doesn't have the capability to quickly and accurately replan when unexpected events or disruptions occur. That situation leaves plans both out of date and unable to be executed, which, in turn, leads to overstocks, out-of-stocks, and dissatisfied customers.

Similarly, downstream execution processes need a clear picture as to what the time-phased inventory deployment plan looks like as it nears the time of execution. This kind of

visibility provides the capability to adjust space, labor, and transportation capacity accordingly, whenever disruptions occur within the network.



To make all of this happen, you need a constraint-aware planning system that creates replenishment, warehouse, and transportation plans that can actually be executed. Your systems need to be fully clued into the various constraint roadblocks within the organizational structure, supply chain network, or processes. Visibility into network-wide inventory is also critical in order to support the replanning process when exceptions or disruptions occur during the execution cycle.

Understanding warehouse constraints



Warehouse constraints are limitations in your company's ability to execute warehousing functions at any given point in time. For instance, constraints could include the number of employees working in the warehouse when a wave of orders is to be processed, the current capacity in the warehouse to store items, the number of docks that can accept incoming trucks, and so forth.

By leveraging constraint-aware warehouse management technology, you can

- ✓ Create labor and inventory plans based on real-world execution constraints.
- ✓ Rapidly and intelligently react to real-time events with iterative planning and execution.
- ✓ Reduce inventory, labor, and warehouse costs.
- ✓ Collaborate with suppliers on activities related to inbound shipments.

Understanding transportation constraints

Your transportation network can be thwarted by constraints, too. Perhaps there are congested dock doors, or constraints related to limited labor. Maybe your core carriers don't have

enough capacity to handle shipment of a large order for a key customer — that could result in expediting charges, or force you to use more expensive noncore carriers. You could decide to “eat” the extra charges, but that hurts profitability and is certainly not a long-term solution to your fulfillment problems.



There’s plenty to be gained by using *constraint-aware transportation management* technology. You can

- ✓ Create detailed work plans, based on shipment requirements, to manage your private fleet.
- ✓ Negotiate the lowest contract rates with common carriers for each mode of transportation.
- ✓ Decide when it makes sense to use common carriers versus your private fleet.
- ✓ Synchronize transportation planning and execution with warehouse constraints.
- ✓ Optimize your global transportation network by modeling multiple scenarios related to lane structure, routings, cross-docks or hubs, pick-up and delivery windows, and so on.
- ✓ Combine route optimization with load building to maximize how you utilize capacity and avoid sending out half-empty containers or trailers.



Making Intelligent Fulfillment decisions requires thorough, constraint-aware planning. That means gaining a full understanding of the limitations that arise in the warehouse, labor, equipment, and transportation, so those plans can actually be executed in the most profitable manner possible.

Profitable Resiliency

Even a perfect plan can fail to translate into seamless execution, particularly when the omni-channel world extends supply chains to store fulfillment, and endless aisle assortment options demand consolidation of inventory from multiple locations to a shopper’s preferred delivery location. And what happens when a store associate fails to find the item on the shelf? Store pickups can be derailed. And glitches in your

process could mean shoppers are unable to order the latest fashion item, even though returned product is sitting ready in the warehouse.



These kinds of disruptions are inevitable, but they don't have to be the end of the world. You can maintain profitable network resiliency despite disruptions if your order management systems interoperate with upstream planning systems. That allows the systems to understand not only current, real-time inventory balances and labor availability, but also planned inventory, returns, labor, and transportation capacity as they source each omni-channel order. Meanwhile, visibility enables the downstream systems to evaluate alternatives holistically and then adjust automatically, avoiding the inevitable delays of manual intervention and resolution.



Try leveraging distributed order management technology that considers both constraints and plans when executing order sourcing decisions, whether the fulfillment method is pickup at store or remote locker or delivery to the shopper's home. Do so, and you'll be able to

- ✔ Expand fulfillment options, such as click-and-collect, to improve customer satisfaction while reducing inventory and safety stock.
- ✔ Maximize transportation assets based on shipment consolidation and route optimization.
- ✔ Streamline warehouse returns processing through early visibility to inbound returns.
- ✔ Avoid cannibalizing store sales by understanding customer fulfillment options in the context of demand forecasts, inventory, and labor plans.
- ✔ Consider store labor capacity and forecasted demand when making order decisions.



Omni-channel is a fast-changing environment. Profitable network resiliency depends on your ability to source customer orders intelligently — not only understanding the true cost-to-serve but also considering lost opportunity costs.

Chapter 6

Intelligent Planning

In This Chapter

- ▶ Ensuring a consistent brand experience
- ▶ Putting a strategy in place
- ▶ Studying the Intelligent Planning platform
- ▶ Looking at a profitable future

Retail at the dawn of the 20th century mostly involved corner stores selling basics to their local communities. Shoppers and shopkeepers knew each other well, and shopkeepers made certain to always stock goods needed by shoppers. Personalization and collaboration were core tenets of retailing, way back then.

By the middle of the century, however, these core tenets gave way to mass merchandising and big shopping malls. Retailers created wide and deep assortments to meet the presumed needs of the average customer — even though they did not have knowledge of the actual preferences of specific customers. That worked then but won't fly in today's new omni-channel world.

This chapter focuses on planning for a consistent brand experience. Just as omni-channel success relies on bringing together all your channels and making them work hand-in-hand, successful planning involves integrating a wide range of planning processes so they work together with both agility and ongoing profitability.

A Consistent Experience

Today's shopper, with the help of fast-moving technological advances in smartphones and mobile devices, has unprecedented access to information. Each and every consumer can actively influence your fortunes as a retailer through social networking sites, product reviews, and direct feedback.

The consumer of today will discover your product through any channel, make a purchase through her channel of choice, and will opt for a convenient fulfillment option, whether it's click-and-collect, home delivery, or any one of an expanding number of other fulfillment choices. And if she wishes to return the purchase, she wants similar flexibility as well.

Above all, in all these interactions and at all these touch-points, she demands a consistent brand experience and personalized service. With the power of commerce firmly in her hands, she's changing the retail business model forever. You're going to have to adapt to this changed landscape and transform yourself to meet the demands of this empowered shopper. The critical question is, how?

Developing an Intelligent Planning Strategy



Intelligent Planning is a strategy that puts the customer at the heart of all retail planning processes. It helps design offers that suit the needs of each individual customer, regardless of her purchase channel or fulfillment choice. The secret is to integrate the financial planning, assortment planning, allocation planning, pricing, and in-trade management processes into one cohesive end-to-end process, all driven by customer insight. Doing so fulfills the two key customer requirements: personalization and a single brand experience.

Figure 6-1 shows you the components of Intelligent Planning.

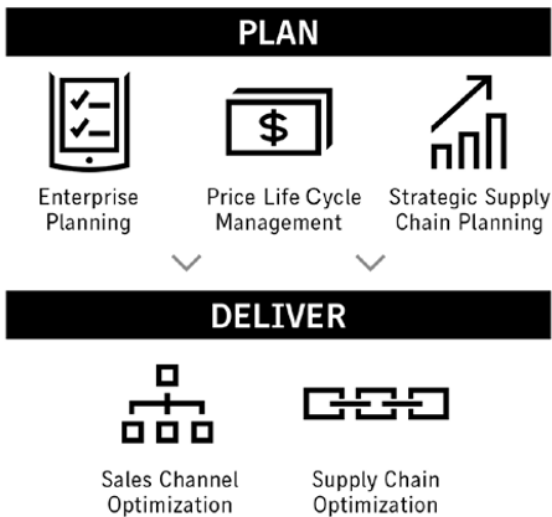


Figure 6-1: Intelligent Planning.

This is easier said than done, of course. Today's retail roles and processes often operate in silos, which results in inefficiency and overlapping levels of detail. Plans typically align to products and locations. "Let's design the product and offer it in certain locations, and then let marketing drive the traffic," the traditional thinking goes. The problem with that is that the customer doesn't feature in these decisions, sales are often confused with demand, and promotional uplifts are often confused with customer excitement about a certain product.

Store grades and clusters usually end up being proxies for the customer, and that would work fine if customers shopped only at stores. But because customers are cross-channel shoppers, this assumption fails in the omni-channel world. The resulting effect is that today's planning processes are no longer fit for purpose.



Intelligent Planning fixes this by underpinning the end-to-end retail planning process with customer insight. Developing this insight involves analyzing historical point-of-sale (POS) transactions, inventory data, returns data, demographic data, and customer-generated data available through social media and integrated devices.

Crunch that data and you can glean customer buying behaviors and create customer personas. These customer insights form the basis for everything you plan and execute. It's all about moving from being a product- and location-centric organization to a customer-centric one.



Retail planning processes must evolve significantly. Instead of planning inventory by channel, you now have to plan shared inventory pools in which multiple channels are served by the same inventory source. You should develop product-level financial guidelines with customer offers in mind and tie them intimately with assortment strategy.

Use your customer segments to drive assortment planning decisions, instead of just products, locations, or store clusters. Every item in the assortment must appeal to a customer segment, and you have to be able to quantify this appeal. It's also vital to embed pricing strategy tightly within the assortment process and to base your pricing strategy on the customer segments.



What do you wind up with after all this effort at assortment planning? Targeted, personalized offers that represent a customer's full needs, including purchase channels, fulfillment preferences, return opportunities, and so on. It's worth the trouble.

Meanwhile, allocation processes must evolve to consider customer profiles. If a certain store, for instance, has customers with a high propensity for returns, consider that when you plan replenishment to that store. In-trade management has to be dynamic and prescriptive so corrective actions are taken promptly, with inventory management and pricing actions driven solely by what appeals most to customers.



For these processes to evolve, though, there can no longer be any organizational silos. With customer insight as the common thread across all processes, you must ensure that all divisions have one common view of the customer, with everyone sharing information across organizational boundaries seamlessly.

One way to achieve this is by creating cross-functional category teams that are managed as their own profit and losses centers (P&Ls), with responsibility for all operations related to that category, including

- ✔ Financial planning
- ✔ Assortment planning
- ✔ Pricing
- ✔ Allocation
- ✔ In-trade management

All of these must have a singular goal of meeting the needs of customers in that category. This change in the organizational mindset doesn't come easily, so retailers should start down this Intelligent Planning path with urgency.

The Intelligent Planning Platform

You can't just will your way into Intelligent Planning. It's not a matter of mind over matter, and it doesn't happen by mindset change alone. To succeed, the change has to be enabled by investments in next-generation Intelligent Planning solutions with the following characteristics:

- ✔ **Customer analytics:** Planning solutions must have the algorithms to create customer segments and provide insights into the behaviors of these segments that can drive better product selection, pricing, promotion, inventory placement, and fulfillment decisions. These algorithms are also used to assess assortments against the segments, generate offers, and recommend changes to improve the effectiveness of these offers. This isn't simply a business intelligence layer on top of existing systems — these are big data analytics forming the core of the entire platform.
- ✔ **Merchandising focus:** Traditional systems are built predominantly on the spreadsheet metaphor in which complex calculations need to be managed by a team of analysts. This has taken the “art” of planning completely away from the merchants and buyers. These are the very people who understand the market trends, the people who are tasked with designing the best offers for their customers, yet they end up disconnected from the system. To support merchants and buyers, these

systems should have an intuitive visual planning paradigm as a core requirement, and that should be enabled with deep data analytics behind the scenes to guide the decision-making process.

- ✓ **Dynamic processing:** Today's systems are predominantly batch-oriented, where data is collected and results updated periodically, often overnight. In a slower world, that's fine, but this approach doesn't work in today's retailing world where information is coming in from all directions 24/7. With trading cycles shrinking, the lines between planning and execution have blurred significantly, and the next-generation solutions must have the capability to process information and respond with actionable suggestions in real time. To work that quickly, systems must evolve to a "manage by exception" paradigm where they do most of the work, with users interacting only when absolutely needed.
- ✓ **Performance and scale:** Intelligent Planning systems must be highly scalable, so they can continue to offer high levels of performance as the need grows. They must be able to store and process big data in real time and provide fast responses. The static, monolithic, batch-oriented systems of the past weren't designed to handle this type of scalability. Cloud computing solutions allow next-generation systems to deliver a truly elastic, scalable, and always-on solution to meet the performance needs of today.

A Profitable Future

You've heard it observed often that the retail industry has seen more change in the last 5 years than in the previous 50 combined. You may be tired of hearing it, but it's the truth. Until recently, retail processes had not changed significantly for years, even as they became less personal and collaborative. As retail operations got larger, planning processes progressed toward the average customer instead of the individual customers whom the corner stores knew so well.

Omni-channel has changed all of that. The hyper-connected shopper has created a seismic shift in the retail industry by demanding that retailers once again focus on their individual needs and preferences. Retailers have no choice but to

respond to this demand with personalized offers and service. The retail world has come full-circle, but with a twist.



This new reality requires a fundamental rethink. As a retailer, you need to take a good hard look at your operations, organizational structures, and systems and change each of them to bring the focus back on the customer.

These changes can't be at *any* cost, however. Vital as this change is, you still have to deliver acceptable margins and profits to your stakeholders. Leveraging Intelligent Planning is one way to help meet this challenge and navigate toward a profitable future. Anything less and your retail operation risks being relegated to history.

Chapter 7

The Omni-Channel Playbook

In This Chapter

- ▶ Transforming your store operations
 - ▶ Improving supply chain fulfillment
 - ▶ Taking a closer look at merchandising
-

This is the last chapter, and a logical question at this point (if you've been reading this book from start to finish) may be, "How do I get started with omni-channel?" To answer this question, this chapter examines the key functions of store operations, supply chain fulfillment, and merchandising to create a playbook outlining the top three things you can do to jump-start your company transformation efforts in each of these areas.

With global competition and omni-channel operations, retail is a lot more complex than ever before. And with the consumer as the new boss, you have to reconsider all aspects of your retail operations. Past tried-and-true business processes are no longer appropriate, and most legacy technology is now inadequate. You need a new holistic approach, supported by advanced, integrated technology, in order to create the seamless omni-channel shopping experiences customers demand.

If you can accomplish the steps in this chapter, you'll be well on your way to becoming a profitable and successful omni-channel enterprise — with intelligent retail operations that provide seamless shopping experiences, produce loyal and profitable customers, and achieve revenue growth. Are you ready to begin?

Transforming Store Operations



If you're really going to survive and thrive in the omni-channel world, stores as you knew them will never be the same again. That's because the physical store and digital shopping experiences are now closely intertwined. Customers standing in your stores with their smartphones and tablets in-hand are transforming the shopping experience.

You could try to ignore this new reality and hope it will all go away. You could try to block customer access to digital channels. Or, you could view this challenge as the amazing opportunity that it truly is, and gain real competitive advantage by transforming store operations. If that last option sounds like the wisest approach, here are some ways to get started:

1. Integrate the physical and digital shopping experience.

Consumers demand seamless omni-channel shopping experiences. So give them what they want! Be proactive and provide Wi-Fi and Internet access for customers and associates in your stores. That way everyone can leverage the great technologies out there (and those yet to come) to view your enterprise-wide inventory, promotions, events, and upcoming attractions. Create endless-aisle assortments and support save-the-sale efforts by putting kiosks in stores. Leverage online and mobile touchpoints to drive traffic into your stores. Use price transparency across channels to build customer trust. The opportunities are endless for merging physical and digital shopping experiences to win shoppers' hearts, minds, and wallets.

2. Leverage stores as supply chain assets.

You have all that inventory and labor in stores close to your customers. Use it for competitive advantage. Shoppers like to see and feel the merchandise before buying, and they like to interact with knowledgeable store associates in person. If not, why would so many former pure-play e-commerce retailers start opening physical stores? Beat them to the punch by offering in-store fulfillment options such as buy online/pick-up in-store, or ship-from-store, to fuel their immediate

gratification. Equip associates with the necessary training and technology so they can be knowledgeable sales and service ambassadors. Transform stores from inventory showrooms to customer engagement centers.

3. Reconsider space allocation.



When you integrate physical and digital shopping experiences, your allocation, space, and assortment priorities change. When you have endless-aisle capabilities, you don't need all your merchandise in each store. Localization and personalization take priority over standard assortments. Customer engagement and in-store fulfillment force you to rethink space allocation and floor plans. New technologies, such as beacons, allow you to enhance engagement and further personalize the shopping experience. Your reconsideration of store layouts, local merchandise assortments, floor and shelf space allocations, and display facings is an incredibly important driver of a profitable shopping experience.

Supply Chain Fulfillment

Channels are dead. Linear processes are history. These days it's all about networks — networks of suppliers, distribution and parcel facilities, and stores. Fulfillment used to be a linear replenishment process, but it's now a matter of getting customers what they want, where and when they want it, in any combination of touchpoints and fulfillment options. That puts tremendous pressure on fulfillment operations. Start creating these many-to-many supply chains with these steps:

1. Enterprise inventory visibility.



None of the many new fulfillment options would be possible if you had no idea where your inventory is. You need to know exactly what inventory you have in each store, in each distribution center (DC), and at each supplier. That's the only way to intelligently make sourcing decisions and prevent new fulfillment options from causing out-of-stock conditions that can reduce revenue and customer loyalty. The only other alternative is to increase safety stocks, but that raises costs and destroys margins.

2. Integrated, intelligent supply chains.

After you have enterprise inventory visibility, you can leverage this information to make optimal supply chain decisions that improve both customer service and profitability. Dynamically source orders to meet customer commitments across all channels at the lowest possible cost — without robbing Peter to pay Paul. Intelligently make customer delivery promises that you can always keep without breaking the bank. Ensure that store shelves and promotional displays are adequately stocked at all times, regardless of order volumes and the in-store fulfillment options you offer.

3. Intelligently collaborate.

Too much of what passes for collaboration is really just one party throwing information over the wall and hoping the other party can do something with it. Despite the best of intentions for initiatives such as collaborative planning, forecasting, and replenishment (CPFR), the intended benefits have never been fully realized. That's because retailers and suppliers are not working from the same playbook or using the same forecast. Flowcasting changes all of that by getting retailers and suppliers to sit down and define a single definition of the supply chain, spelling out everyone's role in this framework. Then, use the only true source of demand — actual sales of the item within store or other touchpoint level — to create one forecast. All other demand up the supply chain is then a direct calculation, and everyone is on the same page. That makes it possible to do true root-cause analysis when exceptions occur, or analyze promotion effectiveness, or decide the best way to manage slow movers, and so on. This type of collaboration produces tremendous synergies and efficiencies.

Reimagined Merchandising

Merchandising in the age of omni-channel offers many new opportunities for cross-selling and up-selling across channels and touchpoints. But old channel-based strategies are no longer adequate in this world. Merchandising plans now must look at customers, assortments, pricing, and desired fulfillment

options in light of the new boss's cross-channel path to purchase. Focus on the following three areas:

1. Omni-channel merchandising plans.

Merchandise and assortment plans used to look at what customers purchased by store, but that no longer makes sense. With paths to purchase meandering across channels, a more holistic approach is needed. For example, if you're fulfilling orders from stores, the store assortment plan must consider both what's purchased in the store and what will be fulfilled in that store to arrive at an assortment plan and inventory strategy that will delight both online and store customers. You also must consider how inventory will be staged for both on-shelf availability and in-store order picking.

2. Dynamic promotion pricing.

With the transparency of online channels and social networks making your pricing apparent to customers and competitors alike, static promotional pricing won't drive the revenue uplift that you desire. Your pricing must quickly reflect changes in shopper purchasing behaviors and competitive pricing moves — otherwise your customers will buy elsewhere. Automated, dynamic pricing capabilities are required to continuously adjust pricing to meet customer expectations and competitive pressures.

3. Customer segmentation.

In the world of omni-channel, the philosophy of “all sales are local” is being replaced with “all sales are personal.” You need to know each customer's preferences and paths to purchase. With thousands or millions of customers and an ever-increasing number of channels and touchpoints, you can't do this manually or with spreadsheets. There's just too much data to analyze. Only new, sophisticated data science can analyze the mountains of data and enable you to serve each customer personally, thus driving the greatest loyalty and long-term revenue.



Appendix A

Glossary of Retail Terms

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assortment: The number and variety of products displayed by a retailer in each store and channel for purchase by consumers.

big data: A term used to describe the extremely large volume of structured, semi-structured, and unstructured data that can be mined for critical consumer insights.

category: A term used to describe a range of similar or related products that are grouped together.

channels: The different avenues by which products can be purchased by consumers. Examples include a retail store, computer or mobile device, catalog, direct sales force, and telemarketing.

click-and-collect: A popular term used to describe the process of buying online and picking up your purchase in a store.

constraint-aware: A type of planning process that takes into account potential limitations that may exist in executing a plan.

consumer demand: The amount of goods or services that consumers are expected to purchase within a given time-frame.

cross-channel: A term used to describe when a shopping journey or fulfillment process flows across channel boundaries.

cross-docking: A process where goods being received in a warehouse or distribution center are immediately transferred to an outbound shipment without being stored in the facility.

demand planning: The process of creating reliable forecasts that predict consumer demand.

distributed order management: A process for determining from which distribution center, store, or supplier to source an order in order to ship goods to the customer within the promised timeframe at the lowest possible cost.

distribution center: A facility that's used for the receipt, temporary storage, and redistribution of goods.

e-commerce: A term used to collectively describe all the ways goods are sold over electronic channels such as the Internet, mobile devices, and social networks.

endless aisle: A technique for extending store assortments by offering merchandise not available in the store to shoppers through online visibility to the entire product portfolio.

fulfillment: The process of getting an order to the customer through any number of delivery options such as shipping to a home or work address, delivering to a secure locker or other pickup location, through a drive-in, or having the customer pick up the order in a store.

flowcasting: Collaborative forecasting and planning technology that enables trading partners to work together from a single, item-level forecast and plan that's executed jointly by trading partners for mutual benefit.

forecasting: The process of using predictive analytics in order to anticipate consumer demand for products.

inventory: A term used to represent all goods held in distribution centers, stores, or at suppliers that are, or will be, available for sale.

inventory turns: A metric used to quantify how often a business sells and replaces its inventory.

iterative planning and execution: A continuous process of planning and executing orders that automatically re-plans when changes or disruptions occur during execution.

multi-channel: A term used to describe when retail operations exist in multiple distinct channels.

omni-channel: A term used to describe retail operations and shopping journeys that flow seamlessly across multiple channels.

omni-channel consumer: A person who shops and buys through more than one channel.

out-of-stock: A term used when a product isn't available when a shopper wants to purchase it either in a store or through an e-commerce channel.

planogram: A diagram or model that indicates the placement of products on retail shelves in order to maximize sales.

replenishment: A term used to describe the process of replacing inventory that has been sold with new inventory in order to avoid stock-outs.

resiliency: The ability to quickly recover from changes or disruptions to normal operations.

route optimization: A transportation process by which shipments are planned to be delivered within a promised timeframe at the lowest possible cost.

seamless: A term used to describe the flow of shopping journeys and fulfillment operations across channel boundaries without the customer being cognizant that boundaries were crossed.

wave: A collection of multiple orders being picked at the same time to reduce travel times and costs.

what-if scenario modeling/simulation: Calculations used to test different assumptions and scenarios in order to determine the best course of action.

About the Authors

Wayne Usie is Senior Vice President of Retail at JDA Software. He's responsible for developing innovative retail strategies and strengthening executive level relationships with JDA's key retail customers and prospects, and advising companies on best practices to become more profitable. Wayne has also held several leadership roles at JDA Software and within the retail industry. He holds a BS in Business Administration from Louisiana State University, Baton Rouge, LA.

Lee Gill is Vice President of Retail Strategy EMEA at JDA Software. Lee is part of the Global Retail Strategy team, with direct responsibility for the EMEA region. The role focuses on the development and execution of the go-to-market strategy across all regions within EMEA, as well as working closely, in an advisory capacity, with senior executives of major retailers. A protagonist of digital retailing, Lee has been featured in several media publications, including *Financial Times*, *The Guardian*, and *Retail Week*.

Lee started his career at Marks & Spencer PLC, holding a number of senior executive roles both within the United Kingdom and in international markets. Transitioning from store management, he held responsibility for major trading groups that included Buying, Merchandising, and Marketing, and for a period, was appointed to drive the Supply Chain strategy and remodel IT within the £3Bn. food division. His experience extends beyond retail into the broader consumer sector, including the leisure and hospitality industry, and he has also worked closely with private equity and senior debt providers.

Glen Ceniza is the Group Vice President of Product Management for JDA Software. As GVP of Product Management, Glen leads product strategy and direction for all of JDA's execution products and has oversight responsibility for R&D investments in those products, as well as driving product initiatives to support the JDA Omni-Channel strategy. In previous executive roles for JDA, Glen has managed an overlay global industry strategy and solution sales team driving sales strategy and campaigns for JDA's Intelligent Fulfillment solution, and he was responsible for industry marketing and sales penetration for JDA's Cloud Services business. Other past executive roles include leading JDA's technology, professional services, and retail strategy areas.

Vali Fayen is the Vice President of Product Management at JDA Software. As VP, Vali (@valifayenjda) utilizes her more than 20 years of supply chain execution and planning experience to deliver tangible business benefits from the JDA and IBM solution partnership.

Since joining JDA in 1996, Vali has served in various leadership roles in implementation services, consulting sales and product management. Most recently, as Vice President, Product Management, Vali drove the vision, road map, and delivery of JDA's Execution Solutions, including Warehouse Management, Transportation Management, and Store Operations. Since her early days in supply chain execution, implementing green screen order management systems at a pioneering "omni-channel" retailer in Canada, Vali has demonstrated a passion for integrating planning and execution to achieve profit and customer satisfaction.

Vali was named one of *Supply & Demand Chain Executive* magazine's "Pros to Know" in 2014. She applies her background studying Psychology at Simon Fraser University in British Columbia to ensure customer success.

She wants it in **small**.
Delivered to her **workplace**.
Tomorrow.



Here is your new boss. She wants things done her way, when and where she wants it. And she won't accept excuses—either you provide what she wants every time, or she will find someone else who will. To make her a happy and loyal customer, you'll have to be a lot more agile, responsive and accurate than ever before. That's life in the new omni-channel world.

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Create profitable omni-channel operations that delight the “new boss” — the consumer!

This book examines the biggest challenges facing retailers today — how to create omni-channel operations that both please today’s demanding consumer and are also profitable. You learn how to develop an Intelligent Retail organization that’s integrated, resilient, efficient, and customer-centric.

- **Profitable Customer Commerce** — *navigate the complexities of omni-channel to please the consumer and still make a profit*
- **Intelligent Store** — *see why reimagined stores are critical to the new shopping journey*
- **Intelligent Commerce** — *find out why omni-channel is like a first date and how to make a good first impression*
- **Intelligent Fulfillment** — *remove organizational silos to create customer-pleasing omni-channel fulfillment*
- **Intelligent Planning** — *discover how real-time customer insights drive more agile and responsive planning decisions*



Open the book and find:

- How to please your demanding “new boss”
- Why profits have been missing from omni-channel retail
- How Intelligent Retail is agile and responsive
- The four building blocks for Profitable Customer Commerce
- A playbook to get started on the profitable omni-channel journey

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