



A Single Commerce Platform for Channel-Agnostic Retailing

*How a unified approach accelerates the journey to omnichannel,
creating competitive advantage along the way*

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Introduction

Ten years ago, when less than 2% of retail sales were conducted online, everyone knew ecommerce was primed for growth. What no one could have predicted was the perfect storm that was brewing. Digital commerce would soon explode onto the scene, fueled by a fortuitous convergence of demographic acceptance of “alternative” shopping channels and the phenomenal growth of mobile technology. Today, the relevance of digital retail channels in every retail segment—whether as sales influencers or enablers—will never again be questioned.

Retailers’ subsequent efforts to connect the dots of cross-channel data through the implementation of a seamless, unified commerce platform have spawned a technological revolution, the likes of which we haven’t seen since the networked POS. All the fuss isn’t for naught.

In 2012, nearly half (48%) of the “winning” retailers surveyed in RSR’s omnichannel Benchmark Report acknowledged that cross-channel shoppers are “significantly more profitable than single-channel shoppers.” It’s clear that consumers who shop in multiple of the same brand’s channels demonstrate greater loyalty than those who don’t.

Figure 1: Cross-Channel Shoppers Are Winning Shoppers

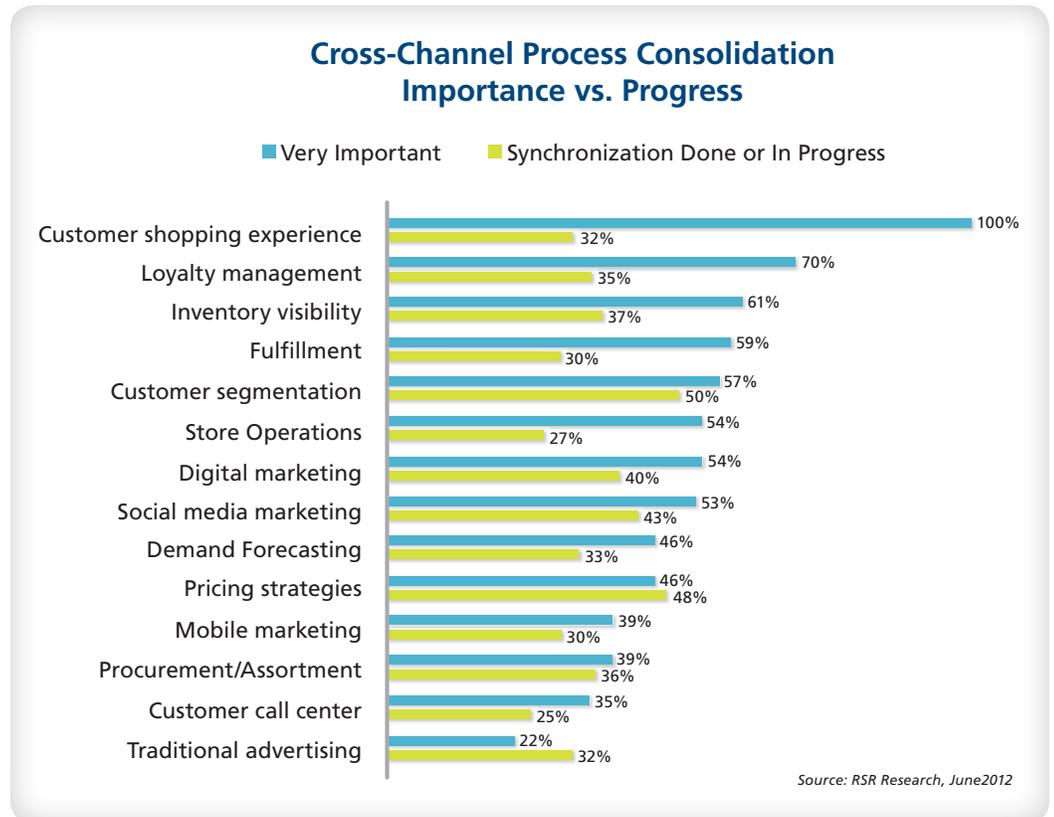


This reality presents layers of opportunity for retailers to cultivate cross-channel shoppers among ecommerce, mobile commerce, catalog, call center, and destination and outlet store loyalists. Cross-channel strategies have become core to retailers’ go-to-market and customer acquisition and retention efforts. In fact, 100% of retailers surveyed by RSR believe that the customer shopping experience should be consolidated across all channels for seamlessness and consistency.

Yet just 32% of retailers have achieved that ideal, RSR’s survey found. For many retailers, legacy systems and channel-to-channel data disparity give them a poor starting position on the cross-channel continuum, leaving retailers to strategize over the best approach to the omnichannel challenge. One option is to navigate a complex and often redundant web of information systems, stakeholders and processes in an effort to integrate channel-specific systems.

Another option is build toward a single, comprehensive platform that enables the seamless unification of commerce channels. Let’s explore the case for the migration toward a single platform that efficiently unifies sales channels, how the resulting consistency of the shopping experience can create more profitable, more loyal customers and the best path to getting there.

Figure 2: Focus, Yes. Progress, Not So Much



Old Channels Never Die, They Just Become Complementary

If history has taught us anything, it's that the importance of channel development and integration can't be underestimated. While many experts have suggested the impending doom of non-digital retail, one need only hang on to a month's worth of catalogs and store circulars received in the mail to be reminded that old channels don't die—they're simply modified to complement new channels. Today's mobile phone is yesterday's ecommerce site, yesterday's ecommerce site is last year's catalog, and they all still rally around the venerable brick-and-mortar store.

Therefore, an omnichannel strategy isn't predicated on a question of which channel. Progressive omnichannel retailers don't ask that question—they let the customer decide, and then they determine how to best accommodate customer preferences. As mobile technology adoption continues to fuel double-digit growth in digital channels, competitive differentiation won't be determined by which channels retailers operate in, but by how well those channels are connected.

The consumer expectation of an omnichannel retailer is that ordering, fulfillment and returns should be enabled freely and that any step of the process should be executable in the channel of their choice. Merchandise advertised in stores should be available for purchase online. It should be fulfilled at the shopper's discretion—to a store, to her home, to her workplace. That merchandise should be returnable to a store, or via parcel post. To the consumer, none of these permutations should be cumbersome.

“Competitive differentiation won't be determined by which channels retailers operate in, but by how well those channels are connected.”

Meeting those consumer expectations requires channel systems connectivity that enables access to real-time and accurate inventory data, process communication between department- and channel-specific associates, and cross-channel visibility of and communication with the customer. In a single-platform cross-channel commerce environment, everyone in the company has access to the same data—a single version of the truth.

That's a tall order in a legacy systems environment. The omnichannel journey starts with the recognition that, to remain competitive, some things will have to change.

- Instead of focusing on the product and how it moves in each channel, we'll have to focus on the customer's demand for and interaction with that product across every sales channel.
- Instead of pushing merchandise on shoppers, we'll have to pay attention to what merchandise they're pulling from us, and where.
- Instead of populating the Sunday circular and watching what sells, we'll need to present personal and highly targeted promotions to segmented populations of shoppers.
- Instead of worrying about one channel cannibalizing the next and who gets credit for the sale, we'll have to create a corporate culture that celebrates the increased sales activity we can anticipate when an omnichannel reality is achieved.

In summary, rather than separately managing several sales and distribution channels, we'll have to manage a single yet multi-touch channel—an omnichannel—connecting every customer interaction that happens therein.

If all this sounds easier said than done, it's because to date, it's not been easily done at all. Today, however, integrated commerce technology is making these changes much more achievable than in the past, and the greatest benefits are being realized by the earliest adopters.

Seamless Omnichannel Experience, Efficiently Enabled by the Cloud

Among early adopters, the integration of retail information systems, processes and departments across channels is resulting in clear benefits to the business and its customers:

- **Cross-sell and up-sell** opportunities at physical stores increase dramatically when associates have access to real-time, accurate, enterprise-wide inventory data.
- **Operating costs** are reduced through the convergence of multiple sales channels and inventories on a single/integrated platform.
- **Customer satisfaction** skyrockets when shoppers experience brand and service/policy consistency in all channels.
- **Sales** that might otherwise be lost to location-specific out-of-stocks can be saved by offering customers alternative fulfillment methods, either online or through a store associate accessing real-time inventory data on a mobile device.
- **Order and fulfillment costs** are reduced when merchandising, inventory management and shipping processes are uniform across channels.
- **Decision-making** is improved through better, faster access to the demand data that drives forecasting, merchandising and replenishment.
- **Efficiency and confidence** increase when decision-makers in all channels and departments are working from a single version of accurate data on a common platform.

“ In a single-platform cross-channel commerce environment, everyone in the company has access to the same data—a single version of the truth.”

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While these advantages are inherently understood, they haven’t been easily achieved. With the maturation of the SaaS (software as a service) and cloud computing models, however, many of the barriers to the enterprise-wide data visibility that’s prerequisite to omnichannel retailing have been removed. In the cloud, the cost and complexity of on-premise, physical server and software environments is virtually eliminated.

On a single platform, the lack of agility and data portability due to data stored in department- and channel-specific silos is gone. And, perhaps most importantly, cloud computing allows retailers to scale their single-platform cross-channel retail systems at their own pace, strategically and within budgetary limitations. The cloud has become recognized as a key enabler of retail’s move toward single-platform commerce, allowing the transition to be made in a fiscally responsible and efficient way.

Systems disparity is the single largest barrier to creating the omnichannel customer experience. Shoppers simply cannot experience the aforementioned fulfillment and returns flexibility without complete seamlessness of customer-facing and inventory management systems. The cloud enables a single platform ordering solution for multiple channels, optimization of stock visibility in each channel and management of the customer’s order through any channel by removing the server-based data silos common in a distributed enterprise.

When data and systems are disparate and distributed from one channel or store to the next, associates are denied the opportunity to sell what they can’t see and customers are denied the opportunity to buy what appears unavailable. A cloud-based inventory, CRM and order management platform is the quickest and most efficient path to the omnichannel ideal. It’s a data and systems integration enabler that facilitates the exchange among channels and creates competitive differentiation throughout the retail experience.

Figure 3: Operationally Speaking...



Conclusion: No Time to Lag On the Omnichannel Initiative

According to RSR's study, coordinating with other channels to create a seamless brand experience has risen to the top operational challenge for 59% of retailers, followed by optimizing inventory across channels and better understanding and accommodating different consumer segments.

Retail winners feel more strongly than other retailers that consolidating customer data across all channels is a prerequisite to prioritizing and implementing cross-channel capabilities, according to RSR's study. As such, the study says a single customer interaction platform that crosses channels, enterprise-wide customer visibility, and an enterprise-wide marketing and promotions platform are the top three investment priorities for the next 12-18 months. That finding paves the way for an all-out race to omnichannel retailing, and those who embrace the cloud will be on the fast track.

About NetSuite

NetSuite is the world's leading provider of cloud-based business management software. NetSuite helps companies manage core business processes with a single, fully integrated system covering ERP/financials, CRM, ecommerce, POS, inventory and more. More than 16,000 high-growth and mid-sized companies and divisions of large enterprises use NetSuite to run more effectively without the high costs and inefficiency of on-premise systems.

By using NetSuite to automate operations, streamline processes and access real-time business information anytime, anywhere, growing businesses realize breakthrough performance improvements. NetSuite also offers industry-specific solutions for retail, professional services, software, wholesale distribution, and manufacturing. NetSuite OneWorld helps global, multi-company organizations manage subsidiaries better with robust multinational, multi-currency support.