Multi-Channel Retailing
A Powerful Way To Build Alternate Channels

SPEAKER
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It’s all about the customer

- Customer experience is the only sustainable source of true differentiation
- Today, “customer experience” really means “multi-channel customer experience”
- Becoming consumer-centric is key to success
- This has significant implications for retailers’ operating models and technology infrastructures
Consumer Dynamics -- Challenges and Opportunities

Consumers are Super Shoppers
- Expect more expertise from retailers
- Savvy, empowered, informed

65% have researched online and purchased offline. 1 in 5 sales are Web influenced

Convenience is King
- Demand to shop when, where, how they want
- Consistent, seamless

Customers who shop three ways (store, Web, catalog) spend four times more

Context is Key to Loyalty
- Expect you to know who they are, what they want – in every channel

50% of multi-channel shoppers switch retailers when they cross channels
Multiple Channels Mean Measurable Benefits

Dual-channel shoppers spend 114% more than single channel shoppers and tri-channel shoppers spend 48% more than dual channel shoppers.

Catalogs drive 15% of store purchases; retail stores report a 25%-30% lift in sales when catalogs are mailed.

Consumers who shop all three channels spend 4.5 times more than single channel customers.
Retailers need to serve customers as a single “brand” regardless of what channels or touch points they use.
Providing a unique customer experience is one of the few remaining ways retailers can differentiate.

- **Choice**: Giving customers ability to shop how, when and where they choose.
- **Consistency**: Ensuring fulfillment of brand promise and customer satisfaction.
- **Context**: Providing the right interaction at the right time.
- **Continuity**: Enabling seamless customer interactions across touchpoints.
Business Implications for Retailers

1. A seamless cross-channel customer experience is an imperative not a luxury.

2. Multi-channel retailing represents significant new revenue opportunities.

3. Effective multi-channel operations require cross-channel integration and optimization.

4. True multi-channel retailing requires a flexible, integrated platform not isolated point solutions.
Barriers to Success

1. Sales channels operate in isolation resulting in fragmented customer data and experiences.

2. Retail organizations are not structured nor technologically enabled to facilitate cross-channel sales opportunities.

3. Processes and systems are product oriented and channel-centric.

4. There are few solutions available that can enable integrated multi-channel operations.
Critical success factors for multi-channel retailing

1. Transform into a customer-centric organization-- with the structure, alignment and incentives to deliver multi-channel customer experience

2. Provide a truly customer-centric shopping experience

3. Develop a unified view of customer and product data

4. Integrate and optimize the processes that support the experience
Critical success factors for multi-channel retailing

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The issue: lack of customer-centricity

Organizational & channel silos
Internally focused business processes
Inconsistently delivered brand image & value
Inadequately empowered employees
Fragmented customer data

Before
The customer-centric organization

After

- Customer experience focus & alignment
- Consistent, differentiated brand experience
- Customer centric processes
- Empowered & knowledgeable employees
- Seamless cross-channel experience

Metrics, measurement, adjustment

Channels
Getting there: *IBM Multi-Channel Retailing Strategy*

Build a business case with benefits model and metrics to articulate tangible business value of the strategy and roadmap. Approach is based on IBM Business Consulting Services’ patented Customer Strategy Business Case Methodology.

### Customer Experience
1. Understand the industry and business context
2. Understand customer needs and wants
3. Understand stakeholder environment
4. Define customer experience objectives & value proposition

### Operational Blueprint
5. Assess as-is operations (process, org, tech)
6. Define future capabilities
7. Define and prioritize operational gaps
8. Develop future-state operational blueprint

### Strategic Roadmap
9. Develop multi-stage roadmap
10. Identify quick wins and begin implementation planning

**Initiate, mobilize**

**Implementation**

**Sponsorship, Governance and Change Management**

Develop an actionable future state: the **customer experience vision** and value proposition.

Define the **business and technology capabilities** required to realize the customer experience vision.

Develop a high-level strategic roadmap that defines the key projects, costs and timeline required to achieve the customer experience vision.
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The issue: E-commerce and other channel silos

Business Pains

- Inconsistent customer experience across channels
- Fragmented customer data and business intelligence
- Missed cross-channel revenue opportunities
- Decreasing loyalty -- some 50% of multi-channel shoppers switch retailers when they cross channels
- Rising costs of maintaining and integrating redundant systems and data

Most consumers use more than one channel to do business with retailers (for example, 65% have researched online before buying in store)
The solution: *Next Generation E-Commerce*

Accelerates the automation and integration of cross-channel processes to ensure customers can do business when, where and how they want.

Benefits:

- Improved experience online -- and at other points of interaction
- Greater customer satisfaction and loyalty via seamless experience
- New cross-channel revenue opportunities
- Significantly reduced costs through consolidation of all online and multi-channel initiatives on a single platform
- Leverage open framework to quickly deploy new capabilities

Customer Interaction Platform

**Configurable Business Processes**

- Marketing
- Merchandize & Sell
- Catalog & Content
- Collaboration
- Order Management

**Business Context Engine**

- Relationships & Agreements
- Personalization
- Globalization
- Analytics

**IBM Middleware Platform**

- Rational
- DB2
- WebSphere
- Lotus
- Tivoli

**Tools**

- Business
- Admin
- Developer
The issue: Boosting customer acquisition and retention through gift registry

Business Pains

- Missed revenue opportunities by losing share of gift givers to competitors
- Decreasing customer loyalty and high cost of customer acquisition
- High cost of gift returns
- Single channel gift registry leads to inconsistent customer experience
- High cost of offline creation and management of registries
- High cost to integrate a standalone gift registry solution to all channels

60% of gift registrants say it is important to manage their registry online
The solution: **Multi-Channel Gift Registry**

Expand reach to disperse networks of friends and family by providing real-time access to manage or retrieve gift registries at every channel or touchpoint.

### Key Features
- Multiple event types
- Private and public registries
- Rich creation and management at Web site or kiosk
- Multiple co-registrants
- E-mail to guests
- Seller defined discounts upon closeout
- Thank You notes tracker
- In-store gift consultant tooling
- Single checkout

### Benefits
- Attract new customers and expand market reach
- Increase share of wallet of existing customers
- Improve customer sat by ensuring they receive the gifts they desire
- Expand assortment to products not carried in store
- Reduce returns processing costs
The issue: Leveraging the strengths of one channel to improve others

Business Pains

- Customer have begun to expect the same conveniences and depth of information in stores as they have experienced on the Web
- Consumers are now often more informed than store associates
- Customers may insist on completing some portions of their shopping goals in-person and other portions online

As consumers increasingly use different interaction channels, they expect all channels to offer the same level of information and convenience.
The solution: Guided Selling and eKiosk

A single system for delivering Web-based capability in any customer touchpoint (web, kiosk store devices)

Key Features

- Self-service or employee assist modes
- Common infrastructure and interface for Web, kiosk, hand-held devices
- Sales assistance to guide shoppers through Q&A to determine most appropriate items
- Product comparison
- Drill down on product attributes
- Cross-sell and up-sell

Benefits

- Greater customer sat through improved research and decision process
- Increased and more efficient conversion rates
- Increased revenue per transaction
- Empowered associates to better help customers
- Significantly improved new product training
The issue: Productivity and effectiveness of contact center reps

Business Pains

• Existing call center application failing to accommodate high volume
• Call center reps have inadequate access to customer and order data from other channels
• Reps are not equipped to sell (cross-sell, up-sell, etc.)
• IT costs to manage and integrate redundant systems and data

Just 29% of surveyed consumers were satisfied with agent-assisted phone support. (Forrester)
The solution: *Next Generation Contact Center*

**Key Features**
- Work with multiple stores, orders, customers simultaneously
- View cross-sell and promo info
- Find and compare products and view product availability
- View/take control of customer cart
- Create quotes, turn into orders
- Override contract and list pricing
- Create, update, cancel orders and process payments
- Create, manage customer profiles and “ticklers
- Integrate with other applications

**Benefits**
- Improved productivity of call center reps
- Increased sales in call center through cross- and up-selling
- Improved service for cross channel customers
- Reduced IT cost and complexity by using central server for both call center and web and reducing number of systems needing replicated catalog, customer, promotion and order data

*Equips your inbound contact center representatives to take orders, update orders and up-sell cross-channel customers*
Critical success factors for multi-channel retailing

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The issue: Fragmented view of customer

Business Pains

• No consolidated view of customer:
  - Multiple “versions of truth”
  - Data replication and integrity issues
  - Limited actionable information
  - Existing systems have an incomplete or limited view of the customer

• This hinders ability to offer a consistent, personalized experience across customer touchpoints

• And the ability to support customer transactions that start in one channel and continue in another

• Or accurately identify the best and most profitable customers

Over 50% of retailers find multi-channel buyers more profitable than single channel buyers, but 22% still can’t tell how profitable their multi-channel customers are.
The solution: *Single View of the Customer*

**Benefits**
- Improved customer service and personalization
- Increased revenue via improved cross-selling and targeting of best customers
- Closed loop campaign management
- Reduce inefficiency and cost of data management
- Regulatory compliance

**Provides accurate and complete customer data to all operational business processes that require it**

**Key Features**
- Data quality management (party matching, data validation)
- Persistent database of customer data -- relational party-centric
- Business process and channel integration
- Real-time (XML, web services, WBI) and batch interfaces
- 430+ business services for party management
- Business logic components for event management, authorization and a business rules engine.
The issue: Consistency of product data and brand image across channels and touchpoints

Business Pains

- Cost and complexity of managing the content behind multiple brands, concepts across multiple channels
- Orchestrating contributions from multiple sources and teams
- Complexity of executing against multiple “seasons”, frequent promotions
- Increasing velocity of product changes
- Conflict resolution (concurrent data changes on independent timelines)
- Managing translation

Gaining control over product information can result in 20% improvement in employee productivity
The solution: *Unified Product and Content Management*

**Benefits**
- Deliver rich, relevant product content accurately and consistently to consumers in every channel
- Eliminate the costs of errors and inconsistencies in product content, due to manual processes
- Streamline processes by orchestrating input by contributors across organizations
- Dramatically accelerate new products introductions
- Enable business users and reduce IT dependence

**Key Features**
- Import data from b/e systems into centralized repository
- Attribute dictionary, attribute inheritance and reuse
- Information change tracking with revert to previous versions
- Data validation rules and spelling correction
- Workflow and email notification
- Many concurrent users
- Multiple future-dated catalogs

**Dramatically improve the management of product catalogs by centralizing structured and unstructured content and empowering business users to collaborate on cross-channel data**

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**Product**

**POS**

**Web store**

**Kiosk**

**Portals**

**Pervasive**

**Catalog**
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The issue: Visibility of order and inventory across channels

Business Pains

- Customers want to place, view or modify orders and returns in channel of choice
- Customers want instant view of availability before visiting store or placing an order
- Complex legacy environment prevents easy access to order and inventory information
- Inability to respond to customer expectations for service flexibility and simple, easy transactions

53% of surveyed retailers cite lack of integration of inventory and order management systems across all channels as a primary concern
The solution: **Consolidated Order Management**

**Key Features**

- Create future orders and order items with a requested ship date
- Pre-order, expedite, block orders
- Order and item level release to fulfillment
- Multiple releases and payment methods per order
- Capture shipping account codes and shipping instructions
- Create quote, convert to order
- Support for manual price, shipping and contract term overrides

**Benefits**

- Reduce order processing costs through automation and streamlining
- Greater efficiency through single view of transactions across multiple channels
- Improved customer satisfaction:
  - Better visibility into inventory and order history
  - Seamless order experience across all channels

**Streamline complex order and fulfillment processes with real-time cross-channel visibility into inventory, order status and fulfillment activity**

**Single Order Repository**

- Order/inventory visibility
- Cross-channel returns
- Save the sale
- Drop ship

**Process Centric Approach**

- Single Order Repository
- Single View of Inventory

**Single View of Inventory**

- Suppliers
- Logistics Partners
- Stores
- Distribution Centers

**Stores Logistik Partners Distribution Centers Suppliers**

**Order/inventory visibility**

**Cross-channel returns**

**Save the sale**

**Drop ship**

**Stop Talking Innovation. Start Doing It.**
IBM is the only company that can bring together a total multi-channel retailing solution.

IBM’s End-to-End Solution Components

WHAT SHOULD I DO?  HELP ME DO IT  MANAGE IT FOR ME

Services

Strategy Development  Customer Experience Strategy and Design  Business Process Definition  Solution Design and Implementation  Application Support and Maintenance  Hosting

Software

Best-of-Breed ISV Partners

E-Commerce, Gift Registry, PIM, SVoC, Content Mgmt.

Middleware (e.g., WAS, WBI/MQ, DB)

Hardware

eServers  Storage  User Devices (PCs, kiosks, POS)
IBM’s accelerated approach brings retailers to market faster and with greater confidence

1. Frame the Issues
   - Define project scope
   - Develop key hypotheses

2. Client Needs Analysis
   - E.g.: focus groups, interviews, surveys, secondary research

3. Competitive Analysis
   - Service gaps and opportunities to differentiate

4. Opportunity Identification Workshop
   - Brainstorm potential multi-channel services and initiatives
   - Develop assessment criteria

5. Strategic Roadmap Development
   - Assess and prioritize specific opportunities
   - Identify required capabilities
   - Evaluate existing capabilities and gaps
   - Develop high-level roadmap for project(s)

Leverage IBM Intellectual Capital
- IBM thought leadership
- Best practices from retail and other industries
- Implementation experience

Retailers Capabilities & Constraints
- Business processes
- Skills/human resources
- Logistics/IT infrastructure
THANK YOU