

# Omni-Channel Retail



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# Abstract

The word 'omni' means 'all' or 'every' in Latin. The term 'omni-channel', thus refers to 'all channels'.

Changing consumer behaviour, preferences and expectations make it imperative for businesses to reach out to customers in every way possible, so they can serve them better and maintain a healthy bottom line. The need for omni-channel stems from the demand of customers to access/avail business offerings through all channels simultaneously. A well-thought-of omni-channel strategy, thus, makes it possible for enterprises to serve their customers anytime, anywhere.

According to a study conducted by MIT, 80% shoppers use their mobiles to check prices online, while a third of them use it to gain information. A retail survey conducted by PwC revealed that 59% customers use social networking platforms to follow favourite retailers or brands, 52% use such networks to interact with brands and 58% discover new brands through social media. In addition, 55% customers use such platforms to provide feedback, while 48% use them to make purchases. Thus, business must have a mechanism to keep a tab on and analyse their online conversations, so they can offer a consistent brand experience across channels by taking customer preferences into consideration.

Customers expect a fast, hassle-free buying experience. Omni-channel intends to eliminate silos and ensure a seamless customer experience across all channels. Mostly, online and offline channel functions work differently when relaying information and fulfilling order. Also, customers like to use smartphones to compare prices and shop on the go, which makes it important for companies to introduce a mobile shopping platform. They also use mobile devices to look for discount coupons online while shopping in stores. Thus, tablets and mobiles give retailers an opportunity to communicate and transact with customers on the move.

According to a survey, 73% customers, within the age group of 25-34, use more than one channel for making purchases. They research online and switch channels if they don't find the product they're looking for. 2013 RIS/EKN Cross-Channel Trends Study shows that omni-channel shoppers get better deals than single-channel shoppers, and serving such customers can help increase profitability and brand loyalty. Also, since people consider friend feedback posted on social media platforms while making buying decisions, companies must engage with customer on such platforms to strengthen their relationship.

A study conducted by Forrester highlighted the disconnect between customer expectations and retailer strategy, revealing what consumers considered important while shopping online. 45% consumers felt the need for store pick-up while purchasing online; nearly 38% consumers said that they would purchase online if they got quick notifications about if the product was ready for collection; and around 41% of customers felt the availability of alternative pick-up points as an important consideration while making purchasing online. Thus, to make the store pick-up option available to customers, retailers needed to ensure accurate in-store inventory, quick notification and pick-up alerts, and availability of alternative pick-up points. 52% retailers found inaccurate inventory to be the main hindrance to introducing a store-pick program.

Even in-store experience matters a lot. While nearly 45% consumers expect salespersons to be aware of products available offline and online, around 65% consumers feel that salespeople must have mobile devices so they check things like product information, inventory and return policy immediately.

An omni-channel strategy brings all the key parameters - online and offline channels, data and technology, customer behaviour and experience - onto one platform. Although, the concept has been there for quite some time, companies shied away from using it to their benefit due to critical considerations like increase in the number of apps, technology support, supply chain management, silos between brick & mortar and virtual stores that need to be broken, and conflicting priorities.

Businesses need to integrate the various management systems while implementing omni-channel, which is a complex, lengthy and expensive affair. Untrained store associates pose another challenge to the success of an omni-channel strategy, especially when retailers have a ship from store program in place. If processes, technologies and corporate structures are not fully synchronized, they can lose 4.5% of the revenue.

Big data analytics can help extend a single view to the consumer. Companies can use data from social media sites to understand their customers better. In addition to this, data available from previous online searches and purchases can help target the right individual. Apart from this, customer information can also be obtained from physical stores and used effectively to improve their marketing campaigns, distribution and operations, inventory holding, etc. Omni-channel, if successfully implemented, can lead to improved brand recognition and revenues, increased customer base, enhanced customer experience, and competitive differentiation.

# Introduction

## Retail Industry Perspective

The global retail sector now faces unprecedented changes and upheaval, with a broad set of technologies, influenced by social and economic trends, set to determine future. The introduction of new retail channels has increased competition and price pressures, the greatest challenge being the rise of online retail, which is fast gaining ground as a faster and more convenient way to shop. Factors like changing lifestyle, changing demographics, technology, informed customers, economic volatility and the advent of mobile age make it imperative for retailers to use more effective channels to do business.

Retailers must take a strategic approach not only to understand the roles that stores and store networks can play best in today's retail ecosystem, but also to keep stores at the center of the customer relationship, while maximizing value across channels. Retailers need to ensure that their business models and technology platforms are able to drive a consistent and constantly improving customer experience across multiple channels (internet, mobile, retail outlets), while generating maximum business value from the wealth of data on purchasing behavior that these channels create. The stores need to be more flexible in terms of product ranges and pricing so as to process the changing customer needs.

## Need for Omni-Channel

Omni-channel retail is about ensuring that organizations provide a seamless experience to customers across all channels through more interactive channels for engagement, like Room Inspiration Tool provided by Marks & Spencer that enables a customer to design his/her own living room. An omni-channel strategy can also help in improving marketing effectiveness by enabling a 360 degree view of shop and shelf activity.

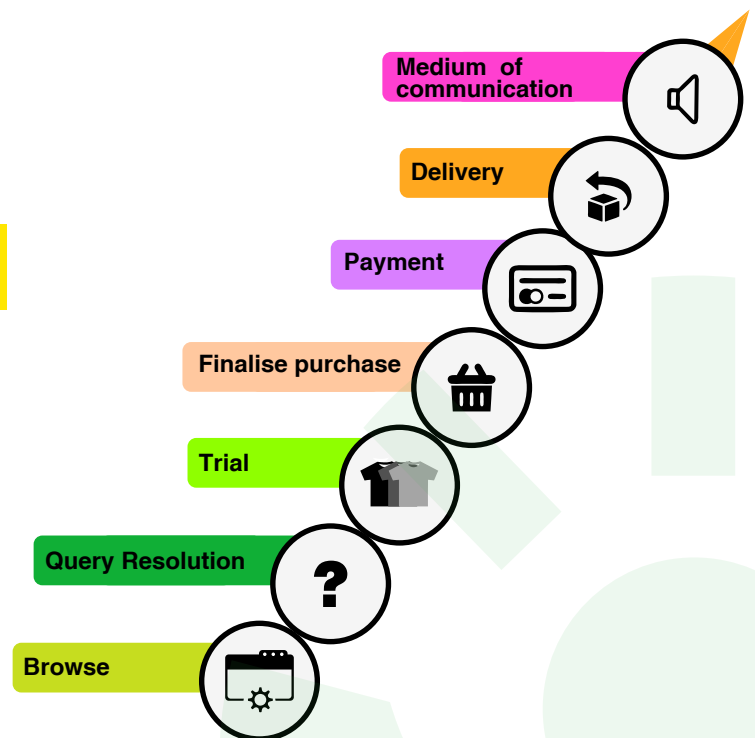
The omni-channel paradigm increases system complexity by increasing the number of customer choices: more Stock Keeping Units and increased product diversity. However, it also helps deal with individual customer preferences and expectations. A survey shows that brand trust is one of the most important reasons people shop at their favorite retailers. Also, consumers like personalization, and the survey showed that more people visiting brand social media websites that offered personalized

promotions, and that most customers used coupons received on smartphones to purchase at home, during transit or in-store. Retailers can offer customized experiences to consumers only if they have access to information about consumers, but such information is difficult to come by as people are concerned about divulging personal information. Direct shipping to customers is one of the most important steps in ensuring a good end-to-end customer experience. The age-old paradigm of buying a product at the store and taking it home is still important, but it's starting to make way for newer fulfillment methods.

In the following sections, we discuss omni channel as applied to four Retail processes for enhancing Customer Experience through Personalization, Focused Promotion & Improving Customer Services.

## Fulfilment and Delivery Process

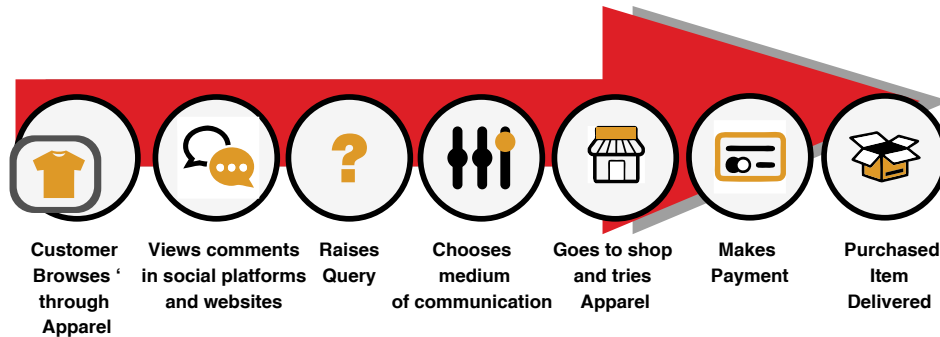
This value chain represents enhanced customer experience from browsing through the apparel catalogue, seeking information to trail, purchase and delivery. There are seven steps in the omni-channel fulfillment path.



## Current Process

Initially, customers could browse through the apparels catalogue using the website/mobile app/kiosk at the store. If they wanted information about the product, they could browse

through various websites and social platforms, which was time consuming. If they couldn't find the information they wanted, they had to raise a query either through mail/phone call/chat. If a customer liked an outfit and wanted to try it on, she/he had to raise a query; however, they weren't sure if they could go and try it before it was sold out. After raising the query, customers could choose the medium of communication: mobile app/ website/SMS/phone call/email. After the customer obtained the information, they go to the store and try the outfit. If they liked it, they could make a purchase using credit/debit card or net banking or cash on delivery. They could then choose the mode of delivery i.e. immediate pickup after payment, home delivery or pickup from store later.



#### Limitations of original process

- ▶ Unware of availability of outfit
- ▶ No consolidated query section
- ▶ Can't track queries asked & corresponding responses
- ▶ Find store that displays the outfit
- ▶ Tedious process to manually push try cart items to buy cart
- ▶ Wait at sales counter for delivery

#### Solution and differentiation

- ▶ Online inventory
- ▶ Query database
- ▶ Add outfit to try cart & try apparel at his/her place
- ▶ Add apparel to try cart & try outfit at store close to his/her location
- ▶ Store locator software
- ▶ Add apparel to buy cart by a click
- ▶ Sales person locates customer by ipad
- ▶ Sales person gives away purchased item & bill

### Enhanced process

The customers log in to the website/mobile app/kiosk at the store to browse through apparel catalogue. After logging in, they get suggestions on the basis of their previous browsing history, posts on social platforms and past purchases. They can either consider those suggestions or view other outfits. If they find something they like while browsing but want more information about it, they can click on the review tab that lists comments people have shared about the product on company website and social platforms. Customers can also click on the query database available on the website/mobile app/kiosk that lists queries about the product were made and answered before. If they still have a few more concerns, they can click on the 'Help Me' tab that gives options for a chat/video chat or call back from an expert at a time

convenient to the customers. The queries is resolved via whichever option the customers choose, and any other communication is sent to the customer through the mail ID provided.

Customers decides to try the outfit and checks its availability by clicking on the 'Online Inventory' tab, which gives them information about where the outfit is and if it is available in any store close to their location. They find that the outfit they like is not available in the store nearby and add it to their try cart. While the product is in the try cart, they have an option to ask for trial at their place (at a convenient time) or at the store closest to their location. The trial option gets activated only if the sum total price of the outfit/s selected is more than the base price set by the company. As the price is high, customers select the trial option at the store closest to their

location. They provide the date and time for trial, select the medium of communication through which they want to be intimated about the product's availability.

On the day of trial, customers are asked to check the location of store through the store locator app that can be accessed through website/mobile app. They are informed about trial room no. where the outfit will be placed for trial. The customers walk in to the store, go to the trial room directly, and try the outfit. If they like the product, they can take a picture of the label using the mobile app, and the software will automatically match the apparel that the company has displayed with label picture. Thereafter the outfit/s is added to the shopping cart and customers can make payment through debit/credit card. After the payment is made, customer scan view reward points through the mobile app/website/SMS/email. Immediately after payment, salesperson locates the customers by using an iPad app and hands over the purchased items and bill.

## Technology

**Big data analytics and Cloud:** Data is obtained from customer posts on social networking platforms, website, past purchases, and browsing history. Data collected by tracking email ids that customers use to log in to and access social networking sites is linked to the email ids they use to register on the website. Using big data analytics, this data is processed and used to generate recommendations for customers when they log in to the website/mobile app/digital display/kiosk.

Software, which can pull product reviews from social networking sites, is used to display reviews in the review section of the website. The query database is built by collecting data about customer queries and the resolution is provided across platforms. A database management software is required to record data obtained about customer activity/interaction and processed data. This software is linked with the cloud, so that the data can be accessed from anytime, anywhere. The cloud server also needs to store information about the availability of products and their locations.

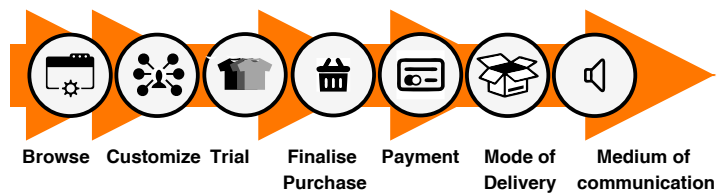
**Mobile App/Website/Kiosk:** These platforms can help browse through catalogues, check availability and location of products chosen, raise queries and read product reviews. They also help to add products to the trial cart, receive notifications and reminders about product availability, and receive directions to the nearest stores. They can also be used for getting the items billed by taking a

**Enhanced process** snapshot of the product label (so it gets added to the shopping cart directly) and making payments.

**iPad:** The iPad app has a software that can locate the person by her/his mobile number. The mobile number is obtained from the database management software.

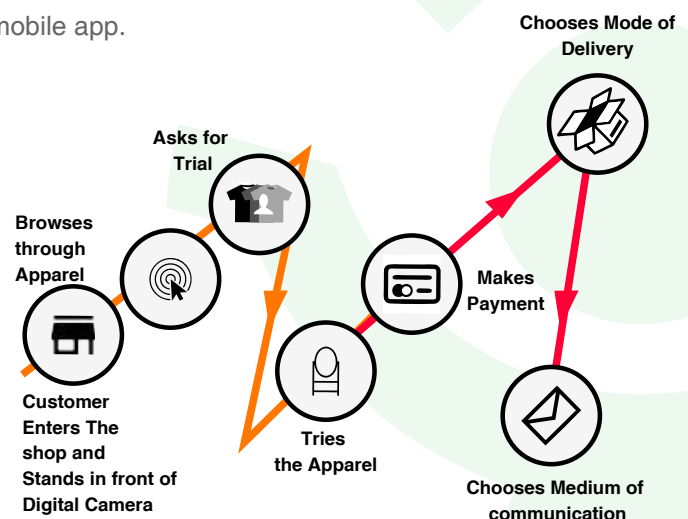
## Shopping Experience

This value chain represents enhanced shopping experience by using digital display from browsing apparels to customizing them & selecting apparels for trial to making the payment. Broadly there are seven steps identified on the path of Omni channel shopping.



## Current Process

Customer enters the store and stands in front of the digital display. She/he gets some suggestions on the basis of her/his past purchases or browsing history. Customer browses through the suggestions or other options. If the customer likes an apparel, she/he asks the sales person to bring it for trial. After trial, the customer decides to purchase it and makes payment by either of the methods: point of sale, mobile app, COD, or credit/debit card. Following this, customer can choose from either of the modes of delivery: in-store pickup, delivery at home at a time convenient to the customer or pick up the product from the stores/grocery shops with whom the company has a tie up. To get information about delivery of the apparel, customer can choose from either of the mediums of communication: email, SMS, track from the website by using the reference code or from the mobile app.



### Limitations of current process

- ▶ Recommendation given by sales person
- ▶ Recommendation restricted to availability in-store
- ▶ No other options given
- ▶ Cant check customized apparel before it is made
- ▶ Cant visualise apparels in different lightings

### Solution and differentiation

- ▶ Digital display: Suggest apparels
- ▶ Digital display: Customize apparels
- ▶ Digital display: Add apparel to try cart
- ▶ Digital display: Sales person places apparel in trial room
- ▶ Digital display: Trial room no. displayed after exiting from display
- ▶ Make payment using ipad carried by sales person

## Enhanced Process

The customer walks into the store and sees a digital display where apparels are advertised. Customer stands in front of the digital display and the display asks for her/his name and email address. The display asks for the image capture and after that display shows some outfits that would look good on the customer. The recommended outfits will be based on the person's physique, height, complexion and past purchases. She/he can browse through various recommendations by clicking on each of the categories i.e. physique/ height/ complexion/ past purchases and check how she/he will appear in various apparels. Customer can also use the customize option which involves changing color/ size/ length or adding accessories like buttons, patch work, zip, chains, lace and then check how she/he will appear in customized apparels. She/he can also select the background lighting of the digital display, for example she/he wants to purchase an apparel which will be worn during day time so she/he can select day light option, if she/he wants to purchase a party wear, any option from various party lighting options can be chosen from.

If customer likes any of the apparel she/he can either add it to the try cart or buy cart. And if she/he has added it to the try cart, a sales person gets a notification in the iPad and she/he places the same or similar apparel for trial in the trial room and blocks the trial room for the customer. Apart from recommendations, customer can also select other types of apparels offered by the company, check how she/he will appear in those apparels, use customize option and add the same in try/buy cart. After selection process is over, customer exits from the display and a message is displayed that she/he can go to trial room no. 1 to try the apparels selected. She/he goes to the trial room and tries the apparels. After the trial, the sales person approaches the customer with an iPad and asks the customer what she/he would like to purchase. The

iPad displays try and buy cart of the customer. With the help of the iPad customer finalizes his/her purchase items, checks out and selects either of the payment methods: point of sales, cash on delivery, credit/debit card. Immediately after the payment, customer can view reward points through mobile app/ log in to the website/ SMS/ email. This is followed by selecting mode of delivery from any of the following options: in-store pickup, delivery at home at a time convenient to the customer or pick up the product from the stores/grocery shops with whom the company has a tie up. Customer will then choose the medium from either of the options: email, SMS, track from the website by using the reference code or from the mobile app for obtaining updates on status of the apparel.

## Technology

Big Data Analytics and Cloud: Firstly data is obtained from whatever the customer posts on social platforms, website, past purchases and browsing history. Data collected above through the email ids that the customer uses to log in to access social platforms is linked to the email id she/he has used to register in the website. By big data analytics this data is processed and used to generate recommendations to the customer when she/he logs in to the website/ mobile app/ digital display/ kiosk. A database management software is required which records data obtained from whatever customer does and also the processed data. This software is also linked with the cloud so that the data can be accessed anywhere, any time.

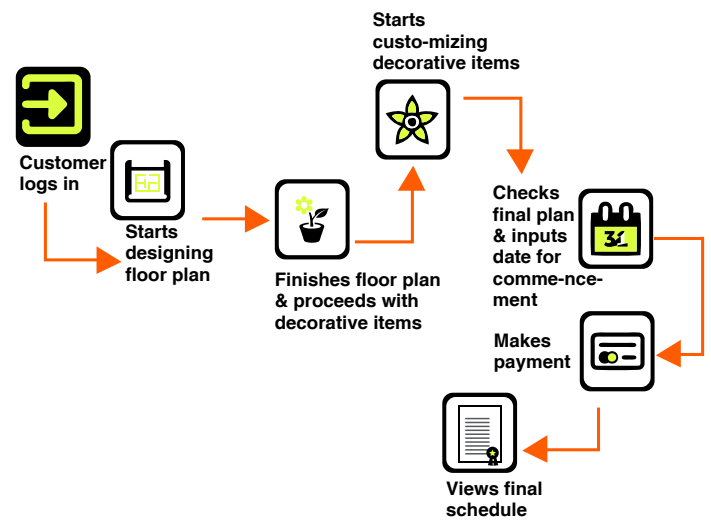
Digital display: Digital display with a camera is used to capture the image of the customer standing in front of the display. The technology used is such that the person can interact with the display, choose from various options, customize the apparel, pay, choose delivery option and also choose the medium of obtaining status update of the apparel. The software used in the digital displayed system is linked

with data management software that would provide recommendations to the person as she/he types in name and email id. The software used in the system is also linked to another software which helps in giving out suggestions to the customer as to which apparel will suit her/him on the basis of his/her physique, height and complexion.

**iPad:** iPad installed with a software that is linked with the software of digital display system and can also be used to check the account customer holds with the company. As the app will be able to access data management software, as when the customer asks the store operator any query the store operator will be able to revert back effectively by accessing that data. As iPad is linked with digital display, as soon as the customer selects an apparel and places it in the try cart, the sales operator gets an indication in the iPad where the account of the customer opens and she/he can view the try cart and place all the apparels selected in the trial room and revert back through the iPad app to the customer the trial room no. when the customer exits from the display. iPad is also used to check out and make payments, select the type of delivery and also the medium of status communication of the apparel.

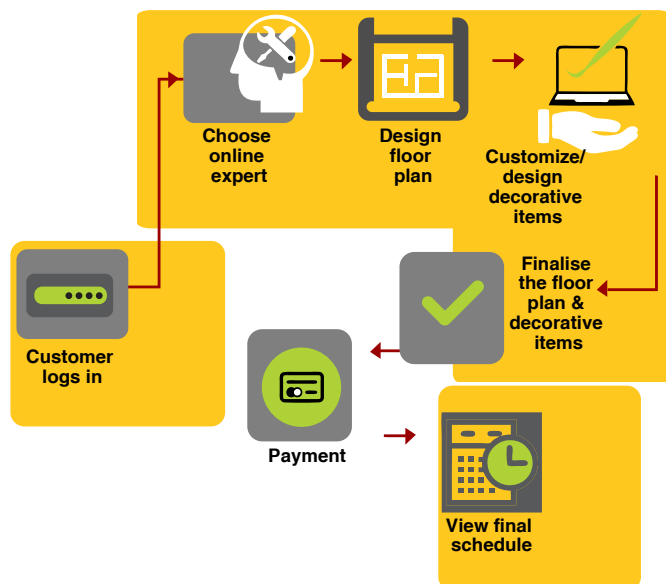
## Current Process

The customer logs in from website and starts to design floor plan. After completing with designing of floor plan, the customer starts to choose decorative items available on website. She/he can customize the decorative item by color or size, however she/he cannot visualize how the decorative items would look by placing it in the desired location in his/her house. After selecting the decorative items, the customer checks the final plan and inputs the date for commencement. Followed by this customer can make initial/final payment by credit/debit card or net banking. She/he can view the finalized plan by logging in to the website/ email.



## Design Service Offering

This value chain represents an enhanced shopping experience by using mobile app/ website for designing home floor plan & customizing/ designing decorative items with the help of online expert assistance. Broadly there are seven steps identified on the path of Omni channel shopping.



### Limitations of current process

Mobile app not available to design/customize decorative item

No online expert assistance for: designing floor plan

No online expert assistance for: customize/design decorative item

Customized/ designed decorative item cant be visualised

Cant visualise aparels in different lightings

### Solution and differentiation

Mobile app to design & customize decorative item

Online expert assistance provided for: designing floor plan

Online expert assistance provided for: designing/customizing decorative items

Design decorative items from scratch



## Enhanced Process

The customer logs in to a website/ mobile app to design floor plan for his/her house and then wants to decorate the house. Customer gets an option to design the floor plan and decorate it either by herself/himself or use online assistant option. The online assistant is an expert who will be able to view what the customer is designing and give suggestions as to what will look better. Customer can use voice/ video chat while taking assistance. She/he selects the assistance option with voice chat. Customer then goes to the application and starts using tools to design the floor plan. The expert guides her/him throughout the floor plan. After designing the floor plan, she/he starts with decoration. Before decorating customer can again decide if she/he wants assistance from an expert.

When the customer proceeds with decoration, she/he is given some suggestions on the basis of his/her sharing in social platforms or previous purchase history. Customer can either select from suggestions or can choose from other options. She/he first chooses the color of the walls, the kind of tile/ marble work. Followed by choosing other decorative items e.g. curtains, furniture, and other decorative pieces. She/he can also customize the decorative items i.e. by color, size, or adding more design on it. Apart from customizing, customer can design decorative item from scratch by using design application available in the same website. After designing customer can place an order for the same and the company will make it for her/him.

Once the customer has finalized the plan and decoration, cost for implementation of the plan and making or providing decorative items is displayed. Customer is then asked for the date of commencement of floor plan. After choosing the date, customer is mailed the finalized plan with planned schedule. The plan and planned schedule is also made available in the website/ mobile app. Followed by this, customer pays the initial amount by credit/ debit card/ net banking using website/ mobile app.

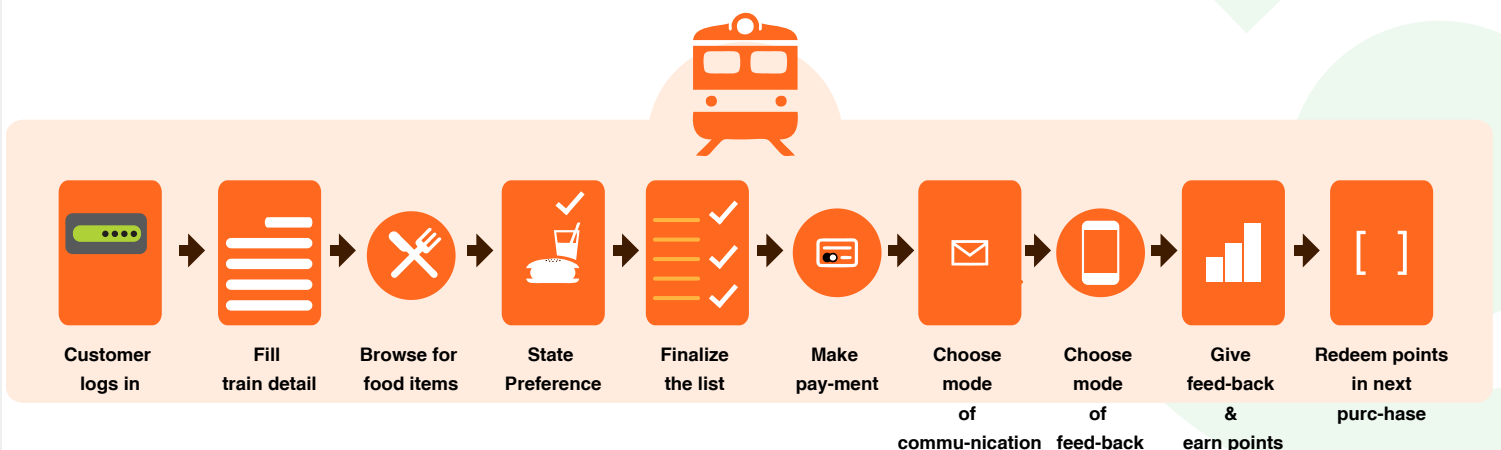
## Technology

**Big data analytics and Cloud:** Firstly data is obtained from whatever the customer posts on social platforms or previous purchase history. Data collected above through the email ids that the customer uses to log in to access social platforms is linked to the email id she/he has used to register in the website. By big data analytics this data is processed and used to generate recommendations to the customer when she/he logs in to the website/ mobile app. A database management software is required which records data obtained from whatever customer does and also the processed data. This software is also linked with the cloud so that the data can be accessed anywhere, any time.

**Mobile app:** Mobile app is used to design the floor plan and decorative items from scratch. In addition to this, it is used to place decorative items in the house and see how it will appear. Customer can use voice/ video chat facility to take the help of

## Feedback-based Planning

This value chain represents an enhanced customer experience by using mobile app/ website for browsing food, stating preferences, making payment & giving feedback while the customer is planning his/ her train journey. Broadly there are ten steps identified on the path of Omni channel fulfillment.



## Current Process

The customer logs in to the website and starts browsing through food items. Customer states his/ her preferences but is able to do it only sometimes. She/he selects the food item and then inputs the train details i.e. time and date when he wants to have food. She/he checks the final list of the food items selected and proceed with payment. Customer can make the payment by cash on delivery or credit/debit card. This is followed by choosing mode of communication i.e. phone call/ SMS. Customer can also choose from either of the modes of feedback i.e. phone call, email, or logging into website.



### Limitations of current process

Book food only from website

Browse for food after choosing the restaurant

Cant state food preferences (at times)

No information about delivery of food

No reward points for feedback

### Solution and differentiation

Website/ mobile app to book/ track food or make payment

Browse by food item/ restaurant

Drag & drop food item in the window

State his preferences

Information provided an hour before meal time

Earn double reward points

## Enhanced Process

The customer has booked his/ her railway tickets and is planning for the food she/he will have during the journey in train. She/he visits some websites that provide food in train but couldn't make a decision. Customer then decides to visit social platforms like Facebook/ Twitter to check what others post about food in train. She/he through various discussions on social platforms gets to know about a company and she/he logs in to a website. Customer can download the mobile app and carry on all the steps that she/he can do on the website.

As the customer logs in, she/he is asked to fill train details and also the date, time when she/he would like to have food. After inputting train details, a window is created which shows the date and time. Customer then sees some food items suggested to her/him. Food items that the customer would like to try is found on the basis of his/her sharing on social platforms, his/her past food purchases from the restaurants that have a tie up with this company. From the above list of food items, food items that are offered by restaurants that fall on the route of the train journey have been suggested to the customer. When the customer clicks on the food item she/he can view the names of the restaurants that offer that food item and these restaurants fall on the route of the train journey. Customer can either select food based on his/her restaurant preferences or just go by food preferences.

Apart from suggestions, customer can select food from other available options. She/he can drag and drop the food item she/he has chosen to the window (which has the date & time). As she/he drops the food item to the window, it is accepted or she/he has to choose the food again. If she/he has chosen food on the basis of restaurant, and if the restaurant is not close to his location during travel, he is given suggestions of similar or other food items from restaurants located close by.

After selecting the food, customer can state her/his preferences for example, less chilly or extra cheese or no particular vegetable etc. The preferences that the customer has is stored in the website/ mobile app. Next time when the customer logs in and selects her/his food, on the basis of the food she/he has selected she/he is asked to check the preferences that are already saved, therefore the customer can choose from the saved preferences or state other preferences accordingly. Customer then checks the price of the food items that she/he has selected including her/his preferences. This is followed by choosing

the payment option i.e. cash on delivery or credit/debit card. Customer then chooses the mode of communication i.e. phone call/ SMS/ mobile app. As the customer is travelling, she/he gets a call/SMS an hour before the meal time with following information: the meal that she/he has chosen, time of delivery and the name of the station where the food will be delivered. Customer then chooses the mode of giving feedback i.e. through phone call/ email/ logging into website/ mobile app. As she/he gives feedback she/he gets reward points. If customer gives any suggestions that are implemented by the company/ restaurant she/he gets double reward points. Customer can view reward points either by logging into website/ mobile app. She/he can redeem the reward points while purchasing next meal.

## Technology

**Big data analytics and Cloud:** Firstly data is obtained from whatever the customer posts on social platforms or previous purchase history. Data collected above through the email ids that the customer uses to log in to access social platforms is linked to the email id she/he has used to register in the website. By big data analytics this data is processed and used to generate recommendations to the customer when she/he logs in to the website/ mobile app. A database management software is required which records data obtained from whatever customer does and also the processed data. This software is also linked with the cloud so that the data can be accessed anywhere, any time.

**Mobile App:** It is helpful in browsing through food items, choose by food item based on food/ restaurant preferences. It can also be used to make payment i.e. by cash on delivery or credit/debit card. Further useful in choosing the mode of communication i.e. Phone call/ SMS/ mobile app and mode of giving feedback i.e. phone call/ email/ logging into website/ mobile app. Customer can also view reward points and redeem them.

## About the Authors



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Gunendra has 18 years of IT experience in Business Transformation. His special interest is in using latest of technology and business processes to develop Customer Experience and Engagement. He also holds a Patent in using mobility in Retail for Customer Experience Enhancement.



Benjamin Sanjay

Benjamin has 14 years of IT experience in Advisory Role. Strategizing concept enablement & thought leadership in Omni-Channel across Retail, Travel & Hospitality and BFSI Vertical.

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