Whitepaper
Omnichannel

Omnichannel hubs

How stores become the heart of a seamless shopping experience

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1. Shopping trends in a connected world

We are living in a world where most people always have their smart mobile devices within arm's reach, constantly inviting them for digital engagement. Consequently, an increasing number of digital touchpoints are becoming the first point of contact for consumers with their favorite brands and shopping destinations. At the same time, customers are becoming more selective and look for brands they trust and where they can shop anytime, anywhere, on any device.

Shoppers expect their desired items to be ubiquitously available – no matter if they browse in a brick-and-mortar store or online. Having these expectations in mind, retailers are extending their service options – such as ship-to-home, ship-to-store, ship-from-store, click-and-collect, and a range of return choices – to compete. In this context, inventory visibility is a key enabler to keep the 'availability promise' and make customers happy!

> ***"We are setting ourselves up for a world where half of the business is e-commerce, and 80 percent of consumer interactions will happen online."*** – *L'Oréal*[1]

[1]L'Oreal, https://www.ft.com/content/ab917d5d-e601-44ba-9a2c-53dbb2146dc7

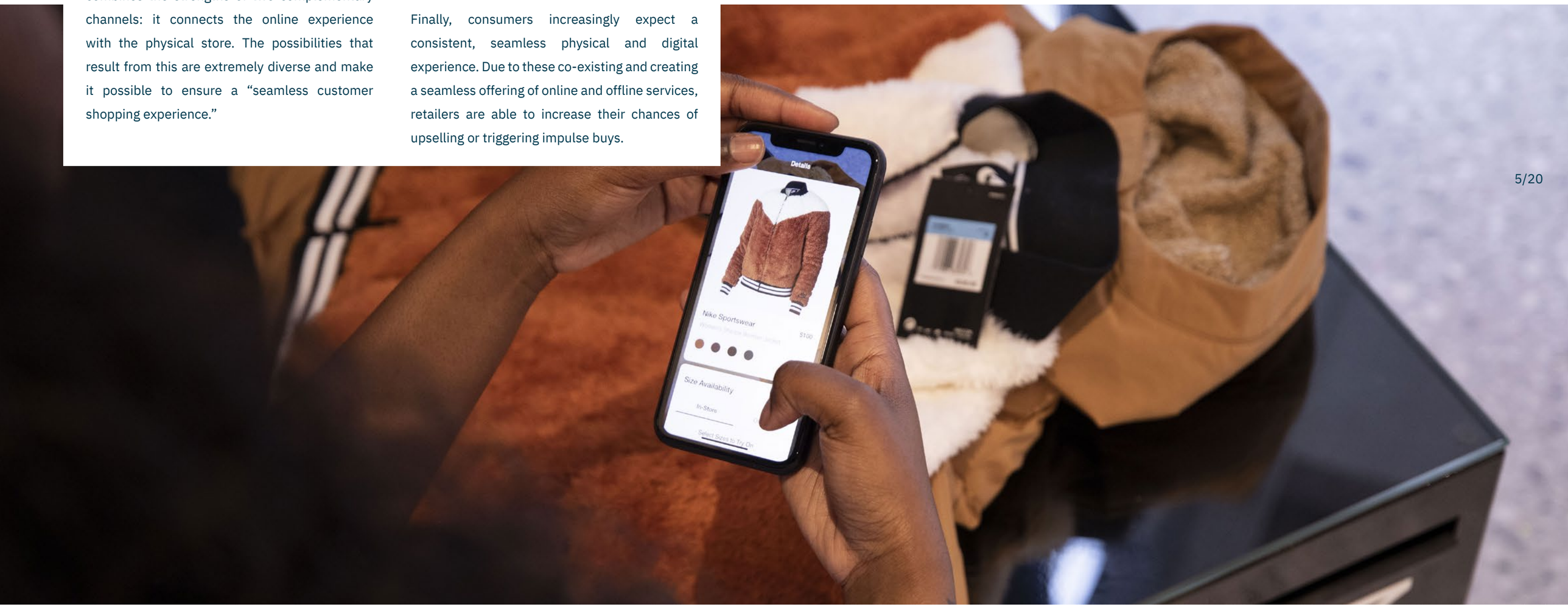
2. A symbiosis of online and offline

Online and offline shopping belong together. Browsing through stores is a nice pastime for many people. They want something more from their shopping experience, using their smartphone where they can. Yet, stores will always be a place where people come together. Omnichannel retail combines the strengths of two complementary channels: it connects the online experience with the physical store. The possibilities that result from this are extremely diverse and make it possible to ensure a “seamless customer shopping experience.”

Brands and retailers are expecting a world where shoppers switch the channels swiftly. For example, brands like L’Oréal or Nike expect the digital business to grow to 50% of the company’s total business by 2023. As a consequence, there is a symbiotic co-existence of online and offline.

Finally, consumers increasingly expect a consistent, seamless physical and digital experience. Due to these co-existing and creating a seamless offering of online and offline services, retailers are able to increase their chances of upselling or triggering impulse buys.

“The investment in new stores is as a continued investment in the digital future.” – *Nike*[2]



[2]Nike, https://risnews.com/nike-expects-digital-account-half-sales-foreseeable-future

SERVICES FOR CREATING SEAMLESS SHOPPING EXPERIENCES

Click & Collect
Also referred to as ‘BOPIS’ - customers buy products online and pick them up in a store of their choice.

Click & Reserve
Customers can reserve a product online, typically from the available stock in the store, and pay in-store.

Click & Curbside pick-up
Customers can buy a product online and pick it up via a curbside service such as a drive-through.

Click & Try
Customers can reserve a product and directly book a free slot for a fitting room where other style recommendations will also be ready when the customer arrives.

Click & Find
Customers select a product in the app, and they will be shown where in the store the product is available.

Ship from Store
Customers buy online and the ordered product is shipped from the store to their home address.

Order in Store
Customers can order missing styles or sizes while in store and have them sent to their home address.

Buy online, return in-store
Also referred to as ‘BORIS’ - customers buy products online and can return them to a store.

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3. The new role of stores: Local distributions hubs & mini DCs

An important part of customer satisfaction is making products available accurately and quickly – both online and offline. In a situation where the existing warehouses and DCs are reaching their capacity limit, stores can be upgraded to act as small, local distribution hubs.

At the same time, with fewer people able to visit physical stores and the number of online orders ever-growing, stores can be utilized as 'mini DCs' that make sure to fulfill orders wherever they are coming from. This results in shorter shipping times since items will be sent from the closest store. If the stock from stores is utilized to get inventory closer to the consumer, the store network can become a vital differentiator to successful omnichannel programs.

Taking the heat from DCs away

Just one single DC cannot handle all orders since capacity is often at maximum already. The store network can take the heat off a DC, even during non-peak moments.

Fast replenishment

Stores are often closer to the customer's address than the central DC. As a consequence, retailers can collaborate with Last-Mile Delivery Service providers that take care of bringing products from a local store to the shopper's home.

Green Replenishment

Products can be shipped from the store that is closest to the customer. This minimizes the number of miles from the vendor to the consumer as well as the carbon footprint of a shipment.

Higher product availability by increasing sellable stock online

Using the store stock online makes a significant amount of products available for the online sale, allowing retailers to sell more.

Higher full-price sell-through

Utilizing the stock of the store for fulfilling orders makes optimal use of the formerly siloed stocks and reduces the need for clearance sales. This allows retailers to sell more without lost margins.

4. Why stock visibility is key

For creating additional sales opportunities, retailers are selling on various channels. To not disappoint the customers and flexibly fulfill ‘omni-orders,’ they increasingly open their traditional supply chains. That means that ‘omni orders’ are not necessarily just fulfilled from a distribution center anymore – also, as explained in the previous chapter, the stock from the store network is utilized. To ensure a positive shopping experience in this omnichannel world, stock visibility is of vital importance since it enables all channels to access the stock of all locations – ideally in real-time.

> ***“If you start giving the customers visibility of what’s in stock, and they come in only to find out those figures aren’t correct, it has a massive negative impact on the customer.”*** – *River Island*

In this context, retailers need to be able to trust their inventory. RFID technology is an ideal foundation for accurate stock information as it makes it possible to automate stock management – resulting in a near 100% stock accuracy. Achieving total stock visibility across multiple channels is the foundation to route and orchestrate orders, regardless of where they are coming from or going to.

5. How RFID unlocks omnichannel

The offering of omnichannel services requires real-time inventory accountability. If retailers don't want to disappoint shoppers, who may go elsewhere if orders get delayed or canceled because employees can't locate items that are supposed to be in stock.

Digital Availability

By increasing the stock accuracy, retailers can trust their stock files and consequently lower their safety thresholds in exchange for omnichannel concepts. By lowering the safety threshold, retailers increase their digital availability and thus increase the range of products they have sellable online.

SPoT – The Single Point of Truth

An EPCIS repository holding all events from various RFID read-points throughout the whole supply chain, is an easy and efficient solution to aggregate stock information from all possible locations. This results in creating total stock visibility, the basis for fulfilling customer orders in the most agile way.

What is EPCIS?

The EPCIS standard defines two things: a data model for RFID events, and an API interface to exchange those events between two systems. An RFID event ('EPCIS event') typically consists of:

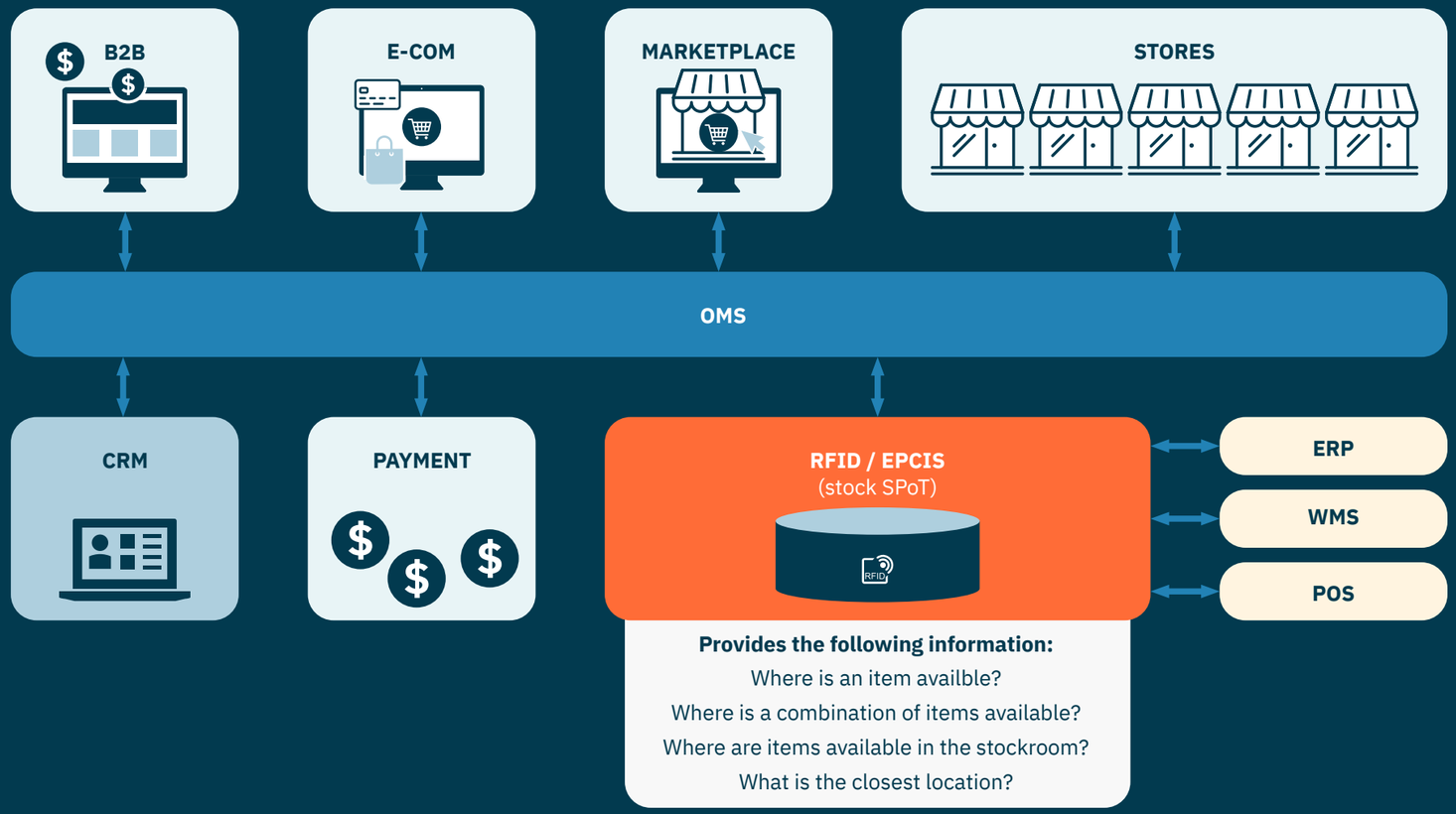
- What ('red shirt size M number 2343'),
- Why ('received the item, it is now stocked'),
- When ('this morning at 8:23') and
- Where ('the stockroom of store 92').

Based on these events, it is possible to know the existing and historical status of items such as whether an item sold or not and therefore also the store's stock levels.

More information

Access our blogpost on '**Why EPCIS is critical for any RFID deployment**'.

Click here



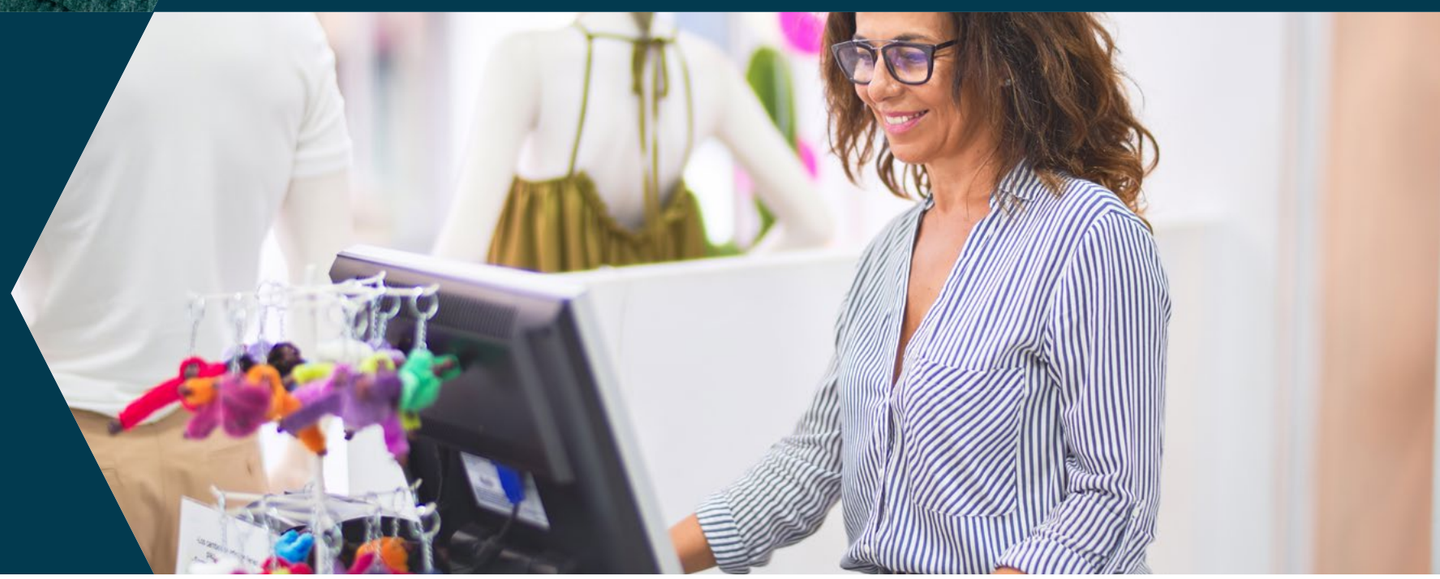
6. Advantages of an RFID stock SPoT

Real-time

By covering all product movements and status changes via dedicated read-events, RFID provides a true real-time perspective on the actual stock situation.

Insights into sellable stock

RFID-based status management provides exact information about the sellable stock.

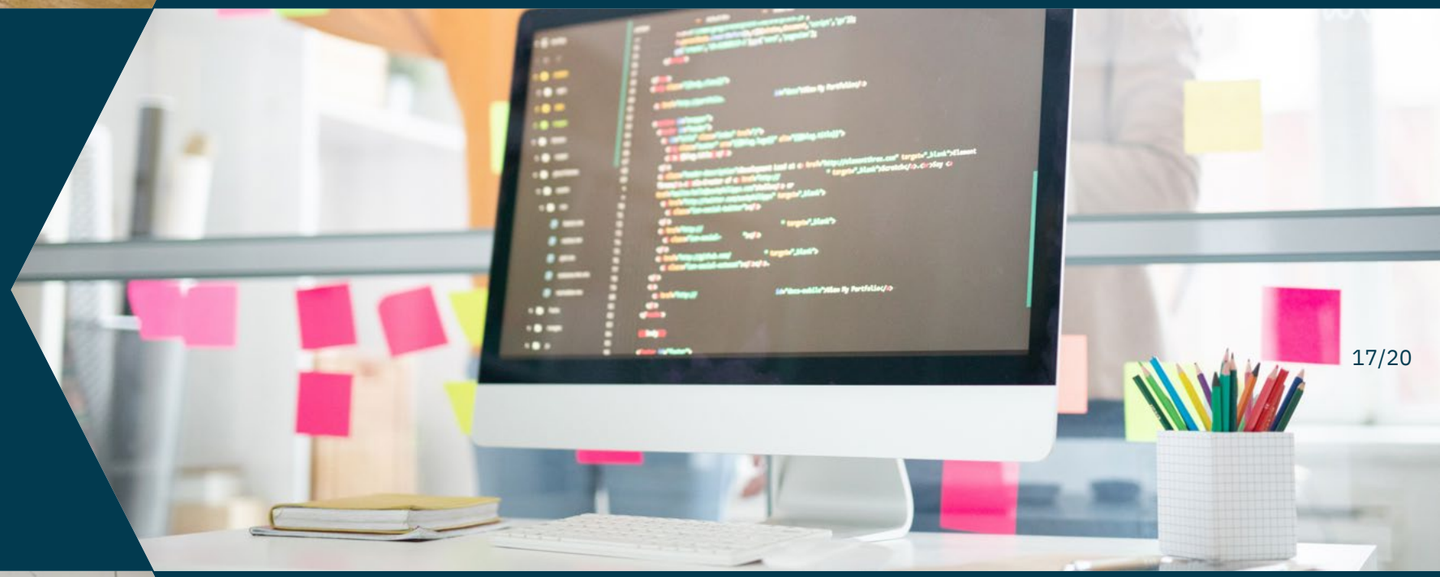


Sub-location view

Another valuable insight for retailers is the sublocation of an item within a store. Only RFID can associate the registered items with its location and manage the stock among various sub-locations.

Connecting the silos

An EPCIS repository is connecting the various silos of stock-keeping systems along the supply chain, such as WMS, SCM, ERP, or POS. It is the umbrella above all those isolated data silos and consequently, holds the entire history of movements from each individual product from end to end.



Interoperability

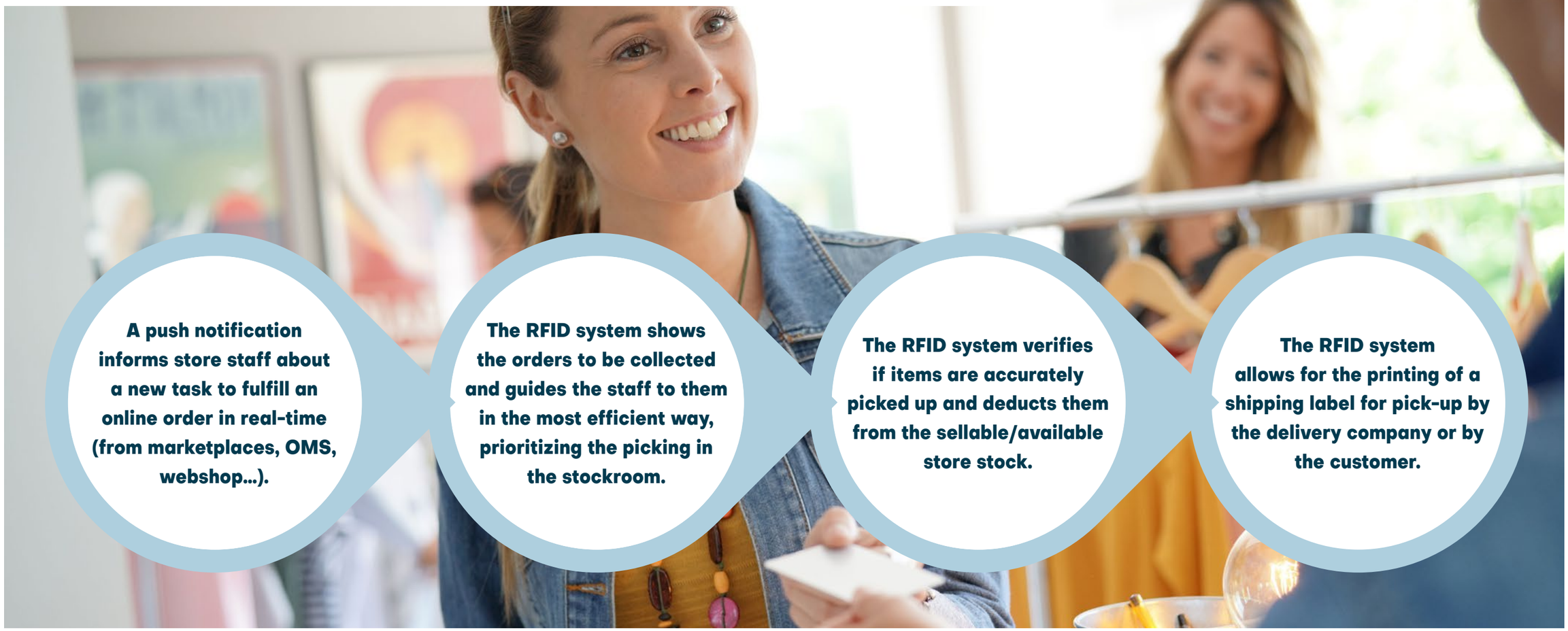
If a brand manages its stocks through multiple different channels, it is possible to exchange data between EPCIS repositories using the EPC as the unique access key to the data.

7. RFID optimizes in-store omni processes

Once an order is placed and routed to a store, the store employees need to execute a couple of steps:

1. Pick – Identifying (via App notifications), locating, and picking the items within the order
2. Pack – Create and verify a shipment and print a packing slip
3. Ship – Ship the order to the client

A store is not typically optimized to support this process, and therefore the store employees spend a lot of time fulfilling those orders. Processes that are too labor and time-intensive might result in the cancellation of orders. Some stores even have dedicated store employees to solely fulfill those online orders and make sure they are ready in time. An RFID system can help those employees to work more efficiently, locate items faster, and fulfill more orders. Finally, the goal is to quickly and accurately fulfill the orders so that the shoppers receive their desired products as expected. That makes customers happy and strengthens brand loyalty and thus sales for the retailer.



Questions?

We have the answers

Every industry has its own unique challenges and opportunities. Nedap Retail creates unique solutions, geared to your industry, to help you take full advantage of social, mobile, cloud, and analytics as you transform your business.

Contact Nedap nedap-retail.com/contact