

A smiling man with glasses and a beard, wearing a light-colored button-down shirt, is holding a plaid jacket. He is standing in a retail environment with shelves of clothing in the background. The entire image has a green tint.

Unified Commerce:

Foundation Blocks

for Successful Customer Engagement, Part 3

- Having one plan



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By Logility in collaboration with Columbus Consulting International

Executive Summary

Part three in a three-part series

Retailing is currently undergoing one of its most seismic shifts with further changes imminent. "Cross Channel," "Multi" and "Omni" are being replaced by a "Unified Commerce" approach. By 2020, it is unlikely that shoppers will pay for home delivery.

To successfully transition from omni-channel to Unified Commerce, retailers must evaluate their capabilities, assess customer touch points, and create a plan for moving forward. This series of three white papers, *"Unified Commerce—Foundation Blocks for Successful Customer Engagement,"* presents six considerations to help build a strategy for your retail organization:

Part Three:

■ Having one plan

Part One:

How do I start?

Putting your customer at the center of everything

Single real time view of inventory

Part Two:

Consistent customer experience

Customer loyalty and personalization

The path toward Unified Commerce requires both an agile retailing approach and new ways of thinking. Unification and integration of processes and technology is a given. Other areas require more creative solutions.

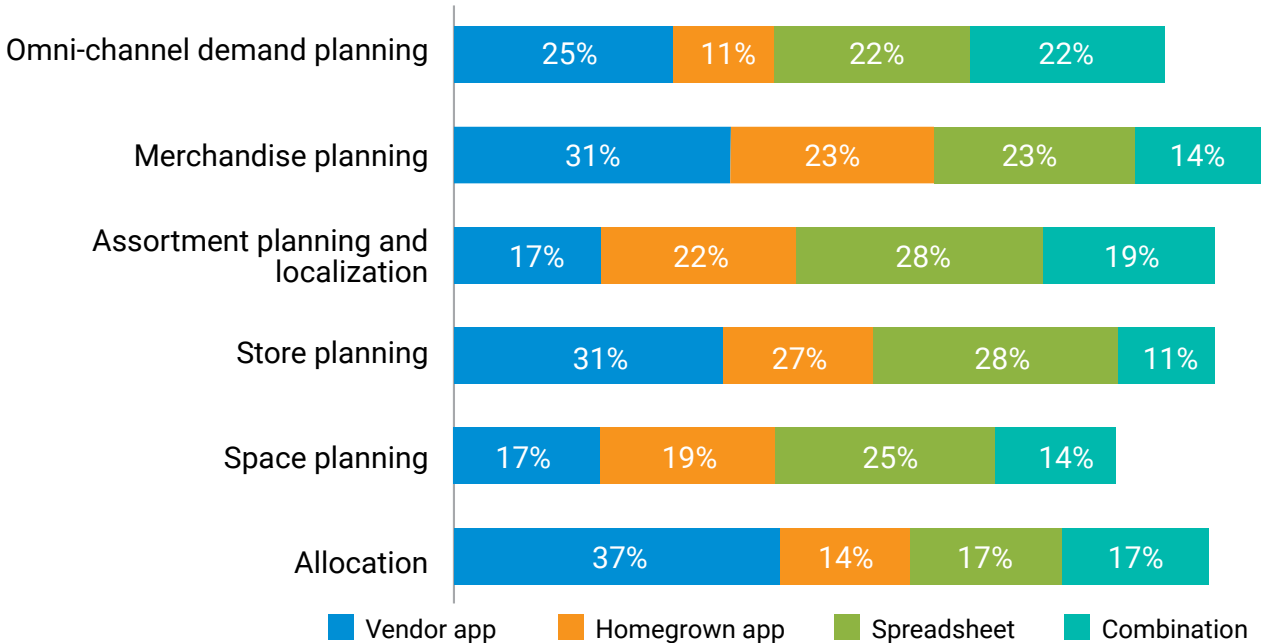
To help guide you on this unified journey, let's walk through the last block and look at the practical, meaningful and valuable learning points.

Having One Plan

Unified Commerce is only possible thanks to the revolutionary, innovative technologies that have been developed in the last few years. It has taken the best elements from each legacy system, and unified and reworked them to create a singular, simplified technology—one plan—that has all the capabilities of each and the multiplier power of them combined including advanced analytics, artificial intelligence and machine learning to automate merchandise planning, assortment, allocation and replenishment.

Surprisingly, many retailers still run their businesses with a combination of time-intensive disconnected home-grown solutions, spreadsheets and legacy enterprise tools that inhibit the rapid insights, planning and execution needed to cost-effectively respond to quickly changing market needs.

Types of Applications Used for Retail Planning



Source: Boston Retail Partners, 2017 Merchandise Planning Survey

Savvy retailers must operate with ever-increasing speed to stay ahead of rapidly changing consumer preferences. To have “one plan,” retailers must have comprehensive multi-enterprise visibility across internal departments and external organizations including partners, suppliers and channels. With the increased visibility that brings together merchandise, assortment, allocation and replenishment planning with product development, sourcing, compliance and quality onto a collaborative plan, retailers can ensure the right merchandise is in the right location at the right time.

The future: Shifting to a data-driven digital company

Implementation of the endless aisle has provided a wide range of benefits to many forward-thinking retailers, but it is only one of many potential shopper journeys offered by retailers today. Click and collect can also drive customers to your stores—customers that would not necessarily have come in—and provide a sales opportunity for the store associates.

Collecting accurate digital data on point of order, point of fulfillment, additional sales, etc., allows buying and merchandising teams to change assortment and allocation planning decisions based on data collected from all channels rather than just bricks and mortar.

THE BOTTOM LINE

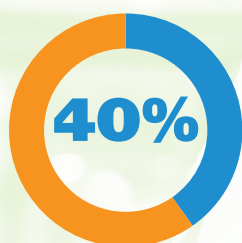
In order to deliver the very best shopping experience, as a retailer you must deliver what your customers want.

For the last few decades, retailers have used different systems for each area of their business, with virtually no integration. This has meant time-consuming and costly attempts to analyze each silo of information, including inventory positions. However, the inaccuracies of working this way has led to a greater cost—and thus falling customer satisfaction levels as failure to effectively communicate across all channels of sale virtually guarantees an inability to deliver a valuable customer experience.

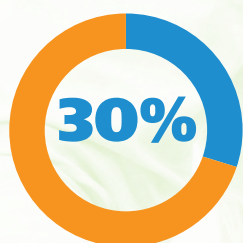
Unified Commerce is the solution. By adopting a Unified Commerce culture, with an improved technology stack, your retail business can react to consumer demands in real time. Not in stock in-store? No problem, arrange a delivery direct to the customer’s door. Bought online and want to return to store? Simple, optimized inventory solutions mean that the location of the product is tracked and the inventory automatically updated.

Unified Commerce leverages all your processes and technology into one cohesive platform that can be accessed anywhere, anytime, working with every single one of your customer engagement points to provide an exemplary experience, whenever and wherever your customers choose to shop.

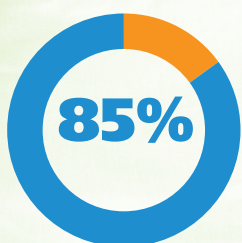
Benefits of a United Commerce Strategy



waste reduction



lower inventory



out-of-stock reduction



- Increase full price sales
- Reduce markdown costs
- Increase customer loyalty, retention and average transaction values
- Increase customer satisfaction and referrals
- Boost profitability

Source: Columbus Consulting

THE CASE FOR UNIFIED COMMERCE

There are many benefits and possibilities afforded by Unified Commerce, but ultimately, they all help to empower retailers to deliver a superior customer experience, which in turn drives sales, revenue and customer loyalty.

If we look at what happened when the Internet first gained widespread appeal, many retailers in recent years have tweaked their existing legacy systems to put together a makeshift infrastructure to keep up with customer expectations. While many retailers have strived to make omnichannel a reality, too often the “just get something done” approach has resulted in a faux omnichannel environment—as evidenced by the high percentage of retailers that say their systems still need improvement.

As a retailer, you need a Unified Commerce environment to provide your consumers the seamless, cross-channel shopping experience they expect. Moving forward, you must focus on your target customers, reflect on the brand experiences you are providing, and streamline operations to become more flexible.

According to research from IDC, two-thirds of the CEO's of Global 2,000 companies will shift their focus from traditional, offline strategies to more modern digital strategies to improve the customer experience before the end of 2019—with 34% of companies believing they'll fully adopt digital transformation within 12 months or less.

However, despite this forecast, we're far from complete digital adoption. In their State of Digital Business Report, Progress revealed that 47% of companies haven't started their digital transformation yet—while 59% are worried that it might already be too late for them.

And there's good reason to worry: The same study found that 55% of businesses believe they have less than a year before they start to suffer financially and lose market share.¹

Therefore, it's not a surprise that retailers need to focus on store systems, merchandising/supply chain, BI/analytics, sales and marketing, and ecommerce systems. Retailers that will thrive in a world of a fast-growing Amazon know these systems need to be aligned. Some retailers are making the investments necessary to change, sadly many are not.

Anyone that is a fan of sports knows that to win you must have solid offense, defense and special teams. The competition is often so close that a breakdown in any of these areas means losing rather than winning. The same thing is true when it comes to becoming proficient in Unified Commerce. A study at MIT found that companies that have embraced digital transformation are 26% more profitable than their peers! Therefore, these pillars of technology are critical to success. Without one or more of these pillars, you cannot make the big gains in sales that can come from systems and insights that must be built on top of them.

¹Source: *How Digital Transformation is Driving Customer Experience*, Superoffice.com, January 2019

NEXT STEP FOR RETAILERS

Customer expectations and competition is soaring—Amazon and other online retailers are a serious threat. Retailers who meet the new Unified Commerce shopping experience standards and deploy the technologies that retail winners are benefiting from will most likely see an increase in sales as a result.

So how do you deliver the foundation blocks for successful customer engagement? Our recommendations are summarized below.

Ensure

you have the foundations of Unified Commerce in place to achieve the big increase in sales that can come from systems and insights built on top of them. Put your customer at the center of everything you do.

Improve

the experience at the store level. Mobile store associates, mobile POS and empowering associates with analytics, can drive your business forward, and create consistent customer engagement.

Create

a personalized experience for your customer. Even small steps and deploying processes and solutions, such as customer preferences across channels could drive big gains. Loyalty and personalization are imperative.

Promote

your cross-channel capabilities. Retailers wanting to stay ahead of the curve should ensure that customers know about their cross-channel capabilities and promote these through a single view of inventory.

Invest

more in IT: Retail winners spend on average 69% more on IT than laggards¹. Review and endeavor to increase your IT budgets to ensure you are spending in a balanced way to deliver Unified Commerce.

¹Source: *Are You Ready for Unified Commerce?*, RIS News, 2017

For the full discussion of the Unified Commerce topic,
please download:



About Columbus Consulting International

Founded by retailers to serve retailers, Columbus provides the best business and technical expertise in retail, e-commerce, and wholesale. They specialize in defining world-class business processes, operating models and organizational structures, and implementing technology to support them. Columbus has served more than 100 retail clients in its 12-year history.

About Logility

Accelerating the digital supply chain from product concept to customer availability, Logility helps retailers and brand-owners seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility Voyager Solutions™ SaaS-based platform leverages an innovative blend of artificial intelligence (AI) and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility.

To learn how Logility can help you make smarter decisions faster, visit **www.logility.com**

For more information, contact Logility:
Worldwide Headquarters **800.762.5207**
United Kingdom **+44 (0) 121 629 7866**
asklogility@logility.com

