

The background of the entire page is a photograph of three young women walking and shopping. They are carrying several large brown paper shopping bags. The image is covered with a semi-transparent green overlay. In the top left corner, there is a solid blue rectangle.

Unified Commerce:

# Foundation Blocks

## for Successful Customer Engagement, Part 1

- How do I start?
- Putting your customer at the center of everything
- Single real time view of inventory



**columbusconsulting**  
RETAIL | ECOMMERCE | WHOLESALE

By Logility in collaboration with Columbus Consulting International

# Executive Summary

## Part one 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 likely that shoppers will pay for home delivery. Pure-play retail will largely cease to exist; and truly self-serve stores will become a reality.

And have no doubt, customers expect reliable fulfillment. Recent research shows that nearly 50% of global shoppers are influenced by a retailer’s ability to offer convenient collection points for online purchases. Click & Collect is no longer a nice-to-have, it’s a prerequisite that is driving further changes in retail operations, merchandise planning and velocity. Two decades ago, omni-channel retailing emerged to enable customers along the many paths that lead to purchase, from a store’s website to its brick-and-mortar locations. Today, retailers are weaving those paths into a cohesive journey—a strategy known as Unified Commerce.

Unified Commerce clearly means customers shop brands, not channels. To deliver on a Unified Commerce strategy, retailers must build a business model that leverages a harmonious integration of retail processes and systems to provide full transparency of consumers on the back end and seamless customer experiences on the front end, regardless of the journey to purchase.

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 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

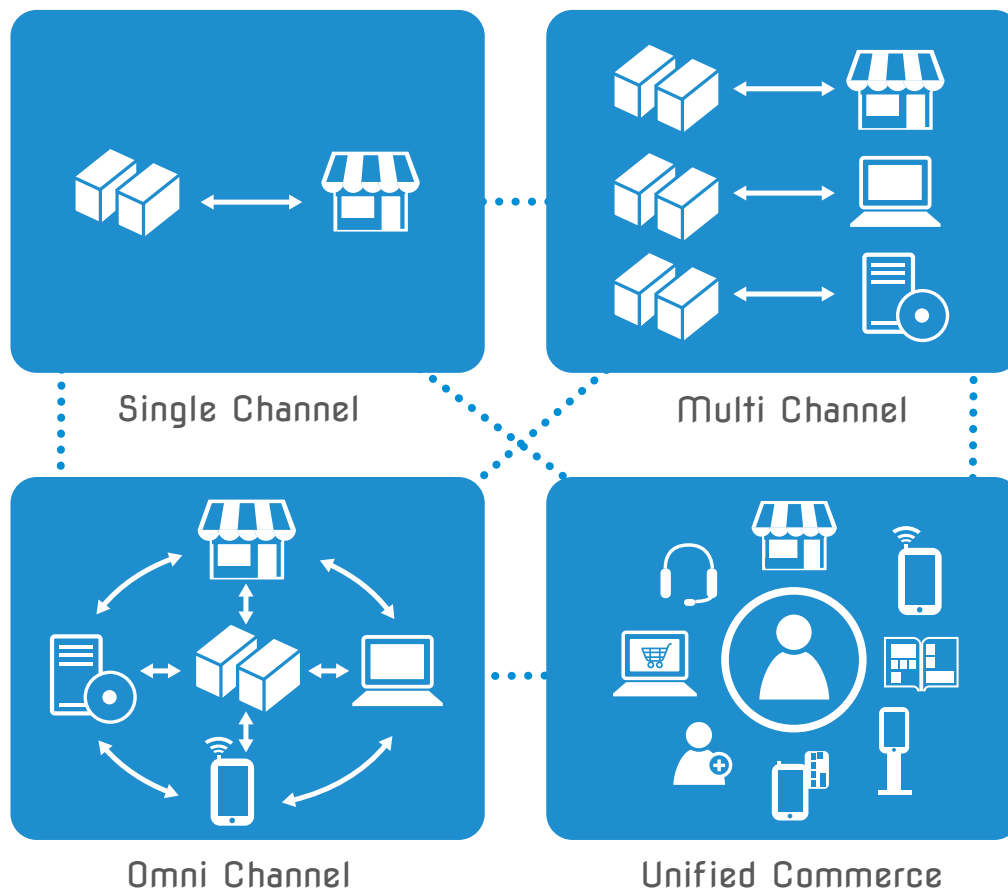
Part Three:  
Having one plan

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 first three blocks and look at the practical, meaningful and valuable learning points.

## How do I start?

Every retailer starts at a different point on this journey, some are more mature in their strategy of Unified Commerce (e.g., Amazon, Best Buy, John Lewis). There are still many retailers that are just starting this journey and no one route will be appropriate for all, especially given a retailers' legacy landscape of solutions.



## POSSIBLE APPROACHES

### Define your current customer experience and ideate improvements.

Don't dive into unifying experiences across your business without first understanding what each of those experiences are. Take this time to also think critically about what their optimal design would be and engage internal and external experts to set your framework. This will make it easier to piece a unified puzzle together down the road.

### Start taking data seriously.

If you're not already collecting, analyzing and leveraging insights learned from consumer data, then you need to focus on that first. Selecting products has traditionally been more of an art than a science for retail shops where owners have relied on their own taste or a 'best guess' about what might resonate with their local customers. Now, in our modern era of business data and intelligence, retail shops can make much more informed decisions about what to stock. This is the new era of analytics—and it's not just for Walmart and Amazon anymore.<sup>1</sup>

In the age of digital transformation and heightened levels of compliance, success hinges on one of the most valuable tangible resources that can give businesses a lasting competitive advantage over rivals: trusted, business-ready data.

Data is, without a doubt, valuable. But when stored in vaults and locked down, it is not. As the American inventor Thomas Edison asserted, "The value of an idea lies in the using of it." That sentiment was rephrased in modern terms when Christina Ho, deputy assistant secretary for accounting policy and financial transparency for the U.S. Department of the Treasury, said, "Data + Use = Value." It isn't until you know how the data will be used that you can determine its value as it's transformed into information, insights and action.

Retailers have a reputation for being thrifty, and many have not invested in network technology or data science. However, with the cloud, there is now a viable environment to run a retail operations network and use many different algorithms. Data and technology can then be more customer-centric to drive different results. That's why the Unified Commerce experience is the way forward. It helps you analyze your people, data, processes and technology to see where the main opportunities are to develop your roadmap. Retailers who are considering all of their channels and data are those who are winning in the current challenging volatile environments.

<sup>1</sup>Source IBM, January 18, 2019, "Top five questions for Chief Data Officers in 2019," <https://www.ibmbigdatahub.com/blog/top-five-questions-chief-data-officers-2019>

# Putting your customer at the center of everything

Unified strategies certainly talk the talk about creating a consistent customer experience across all sales channels, but the delivery doesn't always come up to scratch. Why? The truth is that legacy systems can't keep up with today's dynamic retail environment. Most retailers still operate stand-alone systems for each channel. The information for each channel becomes siloed, and cannot be shared without considerable investment in integration. Even then, some things are often lost in translation, leading to a vat of inconsistent, inaccurate data shared across the business that makes it virtually impossible to deliver the valuable experience consumers demand.



## How can you get unified if your systems are disconnected?

Many retailers have been prevented from getting the best performance out of their retail management solutions, with one in four blaming poor integration with other enterprise applications. To avoid the same outcome, think of the transformation project in stages: firstly, delivery of a solution for allocation and replenishment so that all your “customer touchpoints” are in one place; then, plan a phased approach for integration and replacement.

- **Align attitudes.** Your store staff, customer services and marketing have always had the customer at the front of their minds, but now is the time to ensure that all your organization thinks the same way. Nowhere is this more important than within the Buying and Merchandising function.
- **Focus on accurate forecasts.** Merchandise inventory is one of your largest investments and getting the decisions wrong can be very costly. Accurately forecasting customer demand; when and how you want to purchase products and promising timely fulfillment to those needs, has become vital.
- **Recognize and respect unified commerce needs.** With the divergence of channels, one single retailer may now have bricks and mortar; international; multiple websites with digital outlets and potentially international websites; concessions; wholesale; franchise; and market places like Zalando/ASOS etc. Where, when and how to allocate stock to each channel becomes crucial to maximize full price sales.
- **Let go of the spreadsheets.** Many retailers have outgrown legacy technology or spreadsheets and therefore now is the time for investment in solutions and technology if you want to progress on the journey towards Unified Commerce.

There is a danger that with putting “customers at the center” of what you do, products and ranges become “commodities.” Retailers still need to drive the WOW factor by exciting and surprising (in a good way) their customers. If everything is too curated then sadly retailers might be driven to only provide what the customer expects—which might lead down the road of more and more basics and less fashion risks/fashion forward strategies.



# Single real-time view of inventory

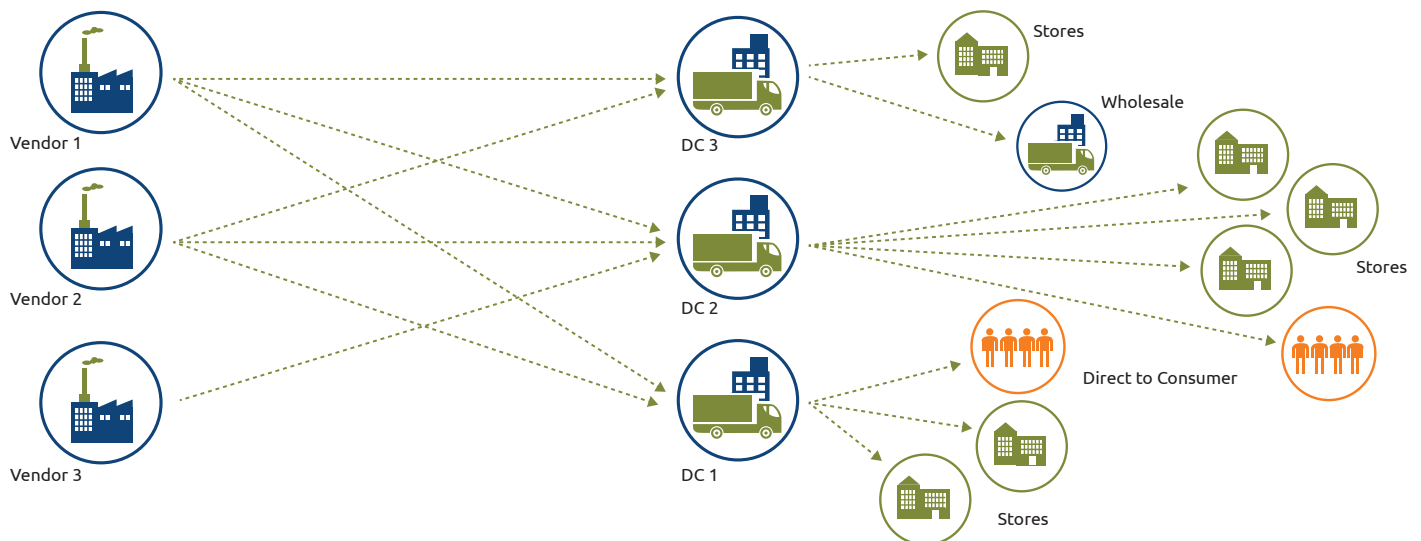
## Returns affect conversion

- 80%** of consumers expect free returns
- 25%** of merchants offer free returns
- 83%** of customers read return policies before purchasing
- 71%** of customers say restocking fees prevent them from purchasing

Source: Shopify Plus, 2018 Holiday eCommerce Returns Guide

One of the biggest challenges of selling across multiple channels is aligning your inventory. This is made particularly difficult when you consider that today's customers are no longer limited by their return options or by lack of availability of a particular product in-store. Offering free returns is an incentive to buy and try. Free returns can lift conversion rates as 71% of customers find that a restocking fee or shipping fee can prevent them from making a purchase. A restrictive policy will prevent customers from buying.

Unified Commerce empowers retail staff by ensuring that all inventory is visible and accurate, wherever it may be. A concept known as 'endless aisle' is made simpler when you have Unified Commerce processes and technology. If an item is out of stock in-store, sales staff can quickly and simply check the inventory and arrange to ship the item directly to the consumer. This is important as it helps to prevent your customers from going to your nearest competitor and from leaving your store dissatisfied.



Source: Logility, Unified Commerce Inventory Synchronization

Simply put, Unified Commerce allows for real-time, cross-channel inventory synchronization that makes endless aisle and other positive, inventory-based customer experiences possible.

## IT DOESN'T MATTER WHERE OR HOW YOUR CUSTOMERS SHOP

Your customers can't be restricted by fulfillment options. The point of delivery is the point at which your customer will judge the ability of your business to keep your promise and their loyalty. It can form the basis as to whether a customer has had a good or bad experience, and whether they choose to spend with you again.

Although speed is and always will be a serious consideration for many customers, according to many studies it is increasingly trumped by convenience. Customers' lives are time constrained more than ever before and they want fulfillment that fits around them. This can include options such as nominated delivery days, delivery-day tracking and/or notifications of approximate delivery times. Collection points and more recently, lockers, are also rapidly gaining popularity too, providing yet another avenue to collect goods at a time and location that is convenient.

Unified Commerce can use customer and inventory data to support the implementation of multiple fulfillment options so that your retail business can deliver an exemplary customer experience every time.

Cross channel demand planning takes into consideration planning for demand based on what is selling in each channel the fastest and making sure those orders can be delivered in the most efficient way. Sensing point of sale (POS) data is also critical to driving demand-based replenishment and further helping to maximize full price sell through and minimize store-to-store or channel-to-channel transfers.

This Unified Commerce insight is critical to avoiding out-of-stocks. By having the "one- version-of-the-plan" truth, cross channel demand planning insight helps retailers be proactive and reactive to changes in demand by region, and avoid out-of-stocks and overstocks as much as possible.

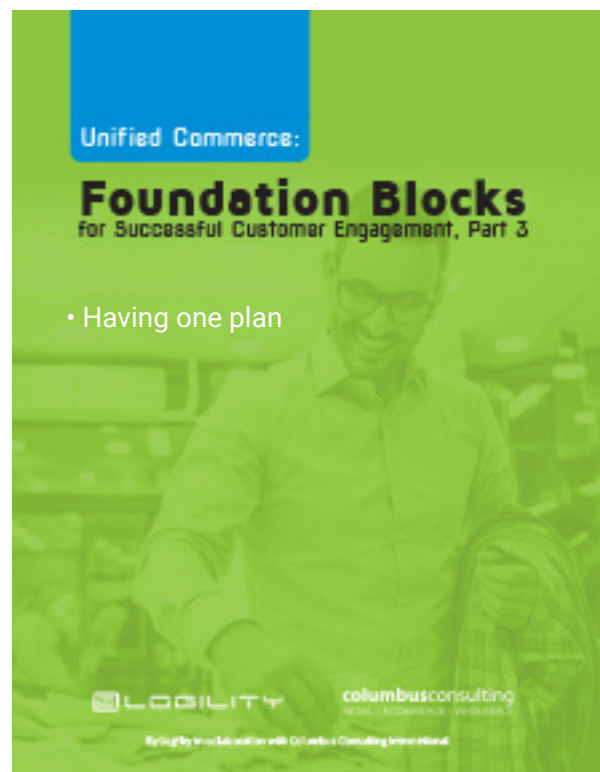
Intelligent retail inventory optimization solutions allow retailers to plan and execute to these complex demand models by using virtual warehouses and reserving stock for certain channels to protect the customer experience whilst rebalancing stock levels across the channels every night or in real time if required. Allocation tools can provide websites with real-time inventory positions to ensure that customers aren't "promised" stock that isn't available.

By having

**"one-version-of-the-plan"**

**cross channel demand planning insight helps retailers be proactive and reactive to changes in demand by region, and avoid out-of-stocks and overstocks as much as possible.**

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](http://www.logility.com)**

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

