

Toward Multi-channel Synchronization

BY LESLIE BELCHER

Today's informed consumer is well-versed in the principles of branding and consciously defines herself by the brands she chooses to buy.



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What she does not understand, however, are differing policies, procedures and information for the same item depending on the channel she is using.

She expects consistent policies and a high level of service from her chosen brands. She wants to buy anywhere, ship anywhere and return anywhere, all wrapped with a consistent message and level of service.

The reality for most retailers is quite different. They built

each channel and its related systems in piecemeal fashion: the legacy merchandising system runs bricks-and-mortar; the catalog/call-center system manages that channel, and the newer e-commerce platform is being positioned for growth. Tying together these processes, procedures and systems is what will give the customer what she wants.

In their most basic form, multi-channel retailers are using disparate systems run by separate organizations (and in many cases, separate inventories) for each channel. While each unit may be profitable, any synergies to enhance profitability across multiple channels are nearly impossible to realize; they are effectively separate businesses that share a brand logo.

One rung up the sophistication ladder finds retailers able to present more multi-channel benefits to customers. The customer can buy online and return to a store, but the reality of processing that transaction is not easy. The sales associate may not have access to the current price, the POS system doesn't recognize the SKU and getting that returned item back into inventory can involve enough paperwork that it takes weeks before it is available for sale again.

The next group of retailers has started to truly reap operational benefits from multi-channel synchronization, enabled by — but not exclusive to — system integration. They have managed to combine data and analyze buying habits, resulting in more targeted promotions, more accurate assortments and better allocations. Information is more consistent and can be shared by each former silo so that customers are presented with a consistent message across all channels.

Multi-channel synchronization

Very few small or medium-sized retailers have reached multi-channel synchronization, where systems, data, processes and organizational structure have been re-aligned and they have bridged the chasm from multi-channel retailing to cross-channel brand management.

Those that have successfully transformed their organizations can not only give customers what they want, when and where they want it, but also benefit from streamlined, efficient management and greater inventory flexibility that will help them outperform their peers.

The benefits of true cross-channel integration are inherently easy to understand, but the route to get there can be fraught with roadblocks. The technology roadmap in itself can have many alternatives: integrate and extend existing systems, build new middle layers to share data or simply start from scratch. Whichever route the CIO decides to take, institutional barriers can derail even the smartest technology infrastructure.

Sharing sales, inventory and customer information is the critical first step to achieving the benefits of multi-channel retailing. Even if systems are not fully integrated, decision-makers from customer service representatives all the way up to C-level executives can make more informed decisions. Some transactions may still require work-arounds, but a nimble organization will find a way to get the job done.

Complete inventory visibility

Adopting a single integrated ERP platform that is capable of managing all channels with the same tools has multiple benefits. Not only are all promotions analyzed together, they are now managed together, as well. Inventory visibility is complete and can be shared with customer and supplier alike.

On the road to cross-channel optimization, one thing has remained constant: the customer. The truly customer-centric retailer has always understood this and has built up the technical capabilities as quickly as budgets allow. Along the way, however, the benefits can become a virtuous circle to continued growth.

Opening up new channels has opened up a new customer base. An integrated cross-channel ERP brings it all together, ultimately reducing expenses and truly optimizing forecasts and execution. All that to give the customer what she already expects.