

3 Ways to Improve the Cross-Channel Customer Experience using Business Intelligence



The Cross-Channel Imperative

The consumer of today, and without doubt the customer of tomorrow, is expanding their use of every available channel as they engage with retailers. Cross-channel customers are no longer a limited, emerging segment of the consumer base. They are approaching majority status and retailers are hard pressed to keep up with their expectations.

Customer experience constrained by legacy systems

For most retailers, different channels were developed at different times in the history of their enterprise, resulting in separate operational and IT infrastructures – each designed to manage the basic needs of the particular channel. Providing analytical views and robust processes that operated across all channels was not a consideration.

High expectations

While stove-piped legacy systems contribute to retailers' struggles to unify these traditionally separate processes, the consumer now expects to utilize these purchasing channels in a seamless engagement. They have little patience for the fragmented transaction processes across different channels for a single brand, not to mention zero tolerance for differences in prices, promotions or availability.

Retailers require a unified view of their operations

The customer expectation of a unified experience with their retailers' brand is driving an overarching need for retailers to create their own unified view of their businesses, regardless of channel. Without an enterprise-wide, holistic view of their operations, retailers cannot deliver the seamless shopping experience today's consumers demand and will face ongoing cross-channel struggles.

Business intelligence as the alternative to rip-and-replace

For too many retailers, the proposed solution to their cross-channel challenges is a rip-and-replace approach: de-commissioning legacy ERP systems and engaging in the risky, costly, disruptive, and lengthy installation of new ERP systems. But retailers have another option. One that enables an organic transition of business processes, and allows upgrade of operational processes and systems to proceed at a measured and calculated pace. All while enabling seamless cross-channel processes to be brought online.

Where can business intelligence enable cross-channel retail?

The answer lays in the retailers' data warehouse, business intelligence, and analytics systems. These systems are specifically designed to:

- Liberate data from the operational systems that control it
- Bring together disparate data to present a unified picture of the business
- Enable business practices that recognize and analyze the differences across each channel
- Roll-up channel-by-channel performance uniformly so it can be measured and managed consistently across the enterprise

IMPROVEMENT #1: cross-channel performance management for an enhanced retail experience

In order for customers to experience a retailer's brand with the same high standards across every channel, retailers need to be able to measure performance with uniform standards across every channel.

Of course, each channel measures performance in different ways. Take the measurement of sales performance. Retail store sales performance is effectively measured by "cash-and-carry" transactions against returns. Online and catalog sales, however, introduce additional steps between the purchase and the sale, with orders awaiting fulfillment, cancellations, backorders, and returns awaiting receipt, exchanges, and credits. Add to the mix the ability for e-commerce transactions to be returned in-store, and measuring & comparing overall sales performance across channels can become complex.

The inability to truly measure and manage sales performance can mask problems with the cross-channel customer experience, potentially driving consumers to pursue alternate purchasing options elsewhere with a few clicks or taps on their laptops, tablets or smart phones.

Business Intelligence solutions have the unique ability to model and measure the differentiated processes and performance metrics across catalog, web, and store channels, yet also have the capability to roll-up performance measures into a unified view of the business. The analytics that create this high level view of sales also allow the critical ability to 'drill down' into channel-specific data that measures and manages any product, process, or sales related function -- yielding valuable insights for improved planning and execution.

IMPROVEMENT #2: understanding demand across channels for improved margins

Cross-channel retailing is forcing businesses to re-evaluate how they view and manage supply chain functions. For instance, each channel utilizes different processes for examining historical demand and managing current and future demand. The catalog channel continues to "sell" merchandise which is out of stock, and is capable of measuring demand for those out-of-stock items. Retail locations do not typically capture this unfulfilled demand, and therefore must model "lost sales" based on velocity and seasonal patterns.

To account for these differences in business practices, many retailers continue to employ wholly separate merchandising teams to manage store versus the direct to consumer supply chain functions. The result is unnecessary repetition of work and a loss of economy of scale in the buying process. Furthermore, fragmented organizations inhibit the evolution of more nimble allocation processes utilizing shared inventory pools for managing spiky in-season demand across channels.

Here again, BI can generate a unified view of diversely calculated demand from each channel. This empowers buyers across channels enabling them pool their orders, gain greater leverage with suppliers, enable more increased margins and more competitive pricing. Similarly, a unified view of current and future demand, as well as inventory, enables intelligent merchandise allocation schemes that ensure customer satisfaction, reduce out-of-stock instances, and reduce margin-eroding markdowns.

IMPROVEMENT #3: measuring and incenting personnel to drive increased sales

The historical approach to incentives has been tightly linked to the individual channel. In the cross-channel world, these old practices can be counterproductive. Many retailers, for instance, seek to use their direct-to-consumer channel as a fulfillment mechanism for demand that cannot be met at the store. For example, a shopper finds a style she likes, but her size is not available – the store associate would place an e-commerce order of the desired merchandise and have it shipped-to-store or to the consumer’s home address.

Attempts to implement processes such as these have met with surprising resistance in the field. Why? Because retailers struggle to align their incentive structures to support the new processes.

In the above example, the ideal incentive structure would “credit” the store location (and the associate if commissions apply) for completing an e-commerce transaction. Likewise, a marketing campaign targeted at e-commerce shoppers yet driving store transactions should factor those transactions into its return-on-investment calculations.

A new BI approach can allow retailers to create and manage incentives that are better aligned to the cross-channel experience. Business intelligence solutions are purpose-built to connect information between traditionally isolated system silos, and rapidly enable performance measurement and management of new cross-channel incentive structures. Since BI systems are also designed to easily distribute personalized, bite-sized insights to users at headquarters and in the field, analytics can also serve as a mechanism to directly motivate retail personnel to enact cross-channel processes.

ABOUT YOMARI

Since 2004, Yomari has been the leading independent professional services company focused exclusively on enterprise analytics, business intelligence, and data warehousing. Customers include Dressbarn, Gander Mountain, Petco, REI, and Williams-Sonoma. Yomari delivers a best-practice analytics foundation, and then focuses on what makes you different – helping you design and execute a business intelligence strategy tailored to your competitive differentiators.



Yomari is ready to help you succeed in delivering insight through analytics. To get started today, call us at **(888) 8-YOMARI** or email us at getstarted@yomari.com.

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