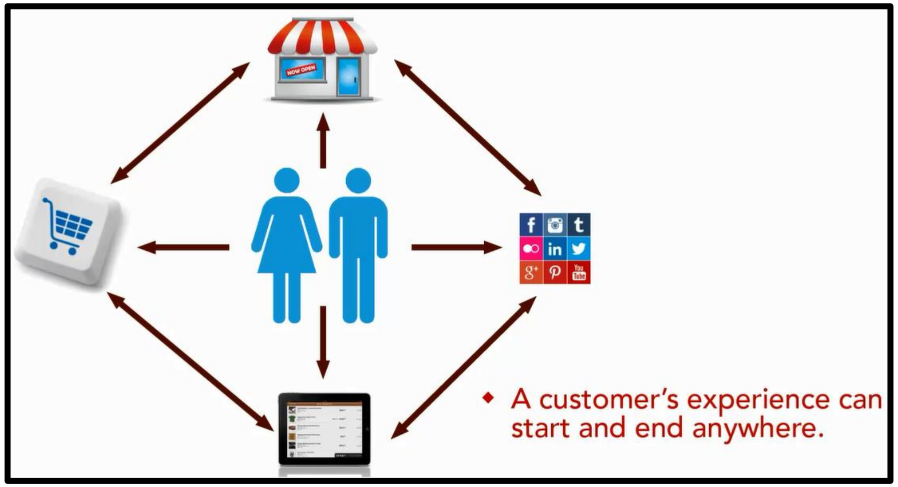
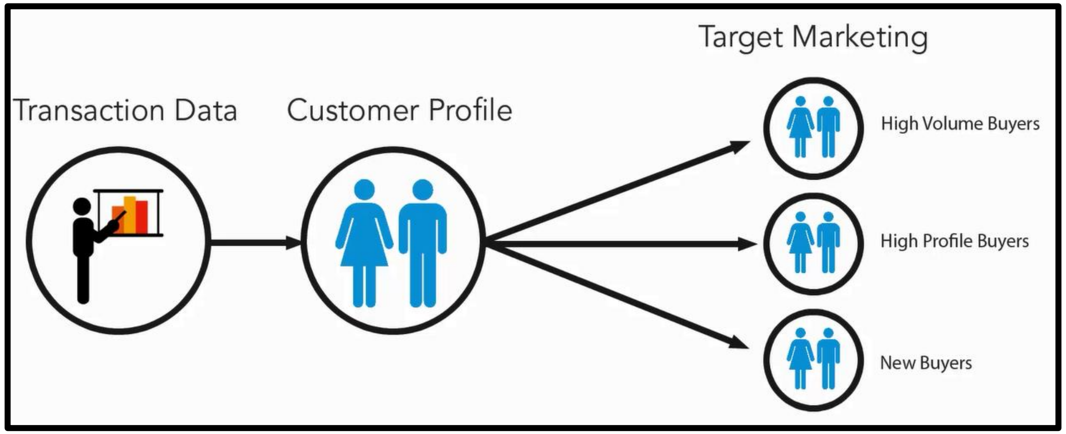
OMNI CHANNEL

transforming the retail sector for the next generation consumer/customer





Report 4

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1) GLOSSARY

Omnichannel (OC) retailing - a customer can use more than one sales channel to shop from a retailer for any given transaction. They can buy online and pick up in-store (Click & Collect) for example, or use mobile in-store to research or make a purchase, or they can buy in-store and initiate a return online.
Multichannel retailing - companies sell through several sales channels but each channel – brick & mortar, catalog, ecommerce, contact center, mobile – is independent of the others.

RFID - (radio frequency identification) is a technology that incorporates the use of electromagnetic or electrostatic coupling in the radio frequency (RF) portion of the electromagnetic spectrum to uniquely identify an object.
Seamless experience - is all about providing customers with a consistent and seamless experience every time they touch your brand—from the early stages (awareness, attraction) to the most advanced stages (advocacy).

Showrooming - The practice of examining merchandise or products in a store and then buying it online for a lower price. "Showrooming" benefits online retailers, since they can offer cheaper prices than brick-and-mortar retailers for identical products because of their lower overhead. They also do not collect sales tax in most cases. The tremendous surge in popularity of smart phones and mobile devices has substantially aided and abetted showrooming, since it gives shoppers much greater flexibility to check online prices and even place product orders online.

QR code - a QR code (quick response code) is a type of 2D bar code that is used to provide easy access to information through a smart phone. In this process, known as mobile tagging, the smart phone's owner points the phone at a QR code and opens a barcode reader app, which works in conjunction with the phone's camera.
Customer centricity – is creating a positive consumer experience at the point of sale and post-sale. A customer-centric approach can add value to a company by enabling it to differentiate itself from competitors who do not offer the same experience.

Path to purchase - is actually a cyclical decision-making process that connects consumer demand to what shoppers buy.

Customer analytics - also called customer data analytics, is the systematic examination of a company's customer information to identify, attract and retain the most profitable customers.
Price comparison - the selling price of a new product is arrived at by comparing the benefits it offers with those offered by the competing brands.

Behemoth – something that is huge and powerful. The behemoth in the business is Wal-Mart, now the USA's top retailer of groceries.
USSD - is a protocol used by GSM cellular telephones to communicate with the service provider's computers. USSD can be used for WAP browsing, prepaid callback service, mobile-money services, location-based content services, menu-based information services, and as part of configuring the phone on the network.

Silo - a system, process, department, etc. that operates in isolation from others.

ERP - is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources. ERP software integrates all facets of an operation, including product planning, development, manufacturing, sales and marketing.

KPI – 'Key Performance Indicators' – is a set of quantifiable measures that a company or industry uses to gauge or compare performance in terms of meeting their strategic and operational goals. KPIs vary between companies and industries, depending on their priorities or performance criteria. Also referred to as "key success indicators (KSI)"
CRM - customer relationship management is a term for methodologies, software and Internet capabilities to help manage enterprise customer relationships.

Luxury brands - luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations.

Retail Theatre - retail theatre provides an interactive and exciting alternative to the convenience and functionality of online shopping. Retailers can offer consumers something the internet cannot by presenting their products via a shopping experience that is truly engaging and depending on the brand in question anything from flamboyant, to provocative, to sexy to energetic to Zen. Think about how a theatre company might present its latest production and you get the idea.

Mushrooming - to multiply, grow, or expand rapidly.

Volumetric display - is a graphic display device that forms a visual representation of an object in three physical dimensions, as opposed to the planar image of traditional screens that simulate depth through a number of different visual effects. One definition offered by pioneers in the field is that volumetric displays create 3-D imagery via the emission, scattering, or relaying of illumination from well-defined regions in (x,y,z) space. Though there is no consensus among researchers in the field, it may be reasonable to admit holographic and highly multi-view displays to the volumetric display family if they do a reasonable job of projecting a three-dimensional light field within a volume.

Intelligent shelving - this intelligent digital shelving solution is a tool for creating sales uplift by grabbing the attention of consumers as they are drawn to eye-catching, high-definition video and animation about products and in-store specials. The screens can help increase the success of new product launches by making sure consumers take notice of specific shelf locations as they stroll down the aisle.

Computer automation – is the use of computers to control a particular process in order to increase reliability and efficiency, often through the replacement of employees.

ROPO - Research online, purchase offline, also “research online, buy offline" (ROBO) or Online-to-Store (O2S-Factor) stands for a new trend in buying behaviour. That means, customers research relevant product information to qualify their buying decision, before they actually decide to buy their favourite product in the local store.

Reverse Logistics - reverse logistics is the process of moving goods from their typical final destination for the purpose of capturing value, or proper disposal. Reverse logistics also includes processing returned merchandise due to damage, seasonal inventory, restock, salvage, recalls, and excess inventory. It also includes recycling programs, hazardous material programs, obsolete equipment disposition, and asset recovery.

Legacy systems - A computer system or application program which continues to be used because of the cost of replacing or redesigning it and often despite its poor competitiveness and compatibility with modern equivalents. The implication is that the system is large, monolithic and difficult to modify. If legacy software only runs on antiquated hardware the cost of maintaining this may eventually outweigh the cost of replacing both the software and hardware unless some form of emulation or backward compatibility allows the software to run on new hardware.

2) EXECUTIVE SUMMARY

Consumers 'Path to Purchase" is the new buzz phrase, thus customer experience across all channels becomes the most valued process in a business. It is pertinent companies not to fear consumer technology but to embrace it. Research has shown that customers that shop Omni spend 208% more in store when compared to customers that shopped primarily Brick & Mortar .

Consumers hold the power, and it is consumers who are currently defining the new rules of retail. As a multitude of interaction options and technologies emerge, so grows consumer expectation for retailers to deliver a personalized and consistent shopper experience across all sales channels and touch points. Furthermore, consumers want to be able to access them simultaneously and interchangeably.

Consequently, omnichannel retailing, which transcends multichannel approaches by assuring personalized tracking and full consistency across all channels and touch points, is no longer a mere differentiator of choice, but truly a must have. This means that retailers slow to shift focus from omnichannel theory to practice, especially in an intensely competitive market, run the risk of losing significant business.

Yet as bare a necessity as it has become, omnichannel implementation presents notable challenges. How does one get there? When analyzing gaps, for one, retailers need to perform bold assessment of their organizational processes and technology capabilities, all while adhering to a customer-centric perspective. For transformation to succeed, they must get organization and processes right first, no less importantly than choosing the right technology for modernization.

Implementation of the right technological innovations will assure delivery of deeply personalized yet seamlessly branded interaction, uniquely catering to the needs of each and every individual shopper. Adopting such an approach is the only way retailers can realize true 360-degree engagement and achieve "total experience" — an entirely new level of relationship with shoppers that goes beyond mere sales interaction and sale cycle.
** Adapted from 2013 IDC Retail Insights*

3) INTRODUCTION TO THE PROBLEM OR OPPORTUNITY

a) *Background to the topic in the context of the retail/ wholesale industry with reference to specific retail/ wholesale contexts*

From about thirty years ago, in townships there were local stores run by local people. The owners ran the stores. The owners knew their customers and understood their needs. They met their needs by stocking what they needed, when they needed it. They priced appropriately for the township they operated in. They did some other interesting things too - like the "bread van" There multiple ways to order and get delivery like telephonic orders delivered by bicycle etc. What was this approach that called? Is there a retail theory that describes this?

Now what did we do with that brilliant principle? Did we carry it through to our bigger, better more modern businesses? Should we have?

From a global perspective, let's take three stores run by their owners. The owners knew their customers personally, maintained great relationships with them, and therefore understood their needs. They then made profitable business out of meeting those needs to the satisfaction of the customer.

Then some entrepreneurs realised that they could make more money by serving a larger customer base out of bigger stores. They had many of these bigger stores nationally and ultimately around the world. This meant that they could not be as personal with the customers as the owner-run local stores – so they developed ways of meeting the averaged needs of customers – based upon statistical assumptions.

Somewhere along the retail journey, the lines got blurred and we moved from giving the customer what they wanted, when and where and how they wanted it, to providing what we thought made best business sense for maximised revenues and profits. This meant the customer could take what they wanted from what was available.

A couple of decades ago, the most forward thinking of retail academics were publishing cutting edge papers about multi-channel retailing. This made the scale of the business even bigger than the large format store, in multiple locations (largely operating on a cookie-cutter replication basis.)

More recently this stream of academic publications have evolved to speak of Omni-Channel Retailing, where the key difference is that these various channels operate collaboratively to provide a seamless customer experience across a variety of available channels.

This Omni-Channel theory acknowledges that the modern customer wants to be heard – they want their very specific needs understood and catered to. They want to purchase as and when they decide to. They want to purchase on their terms. They live in a society that is very cognizant of individualization. They don't want to be treated in relation to a large scale average. The technology that pervades this society panders to that individualization.

This newest concept in the chain is fascinating, especially when viewed with the availability of enabling technology that we now have. We have seen the German phenomenon of the Future Store. We have seen the wonders of RFID and seamless checkout etc.

Let us pause to revisit the current reality. The same academic publications when read objectively tell a story that is a little less exhilarating. It takes a lot of money to set up omni-channel businesses. It takes even more money to properly resource the additional channels. It also takes a long time before you can expect to see returns on those investments.

b) *Description of the problem/ opportunity*

Opportunity

- There are many opportunities for South Africa retailers, ranging from increasing focus on customer centricity and enhancing the use of technology. This will lead to extension of sales domestically or across borders, capturing sales that are more lucrative or simply increasing brand awareness and loyalty.

Problem

- The problem is that South African retailers are not ready to address a seamless shopping experience:
  a) Lack of presence across various channels and online platforms
  b) Inadequate and insufficient customer profile and well as purchase history information
  c) Seamless shopping experience (online offering vs bricks & mortar)
  d) Inflexible delivery solutions after purchase
  e) Technology that is behind international practices especially with regards to payment methods
  f) Unintegrated product assortment, availability and visibility across channels

c) *Explain the importance to the industry of addressing the issue*

Addressing the omnichannel issue will lead South African retailers to understand customer behaviour in the new connected environment and the different paths to purchase, with a view to enabling channels to operate flexibly and allow customers to use the channel of their choice.

It will also allow these South African retailers to be present across a breadth of channels, offline and online, in order to maximise the chances that consumers find them and engage with their brands at any stage of the shopping journey.

The retailers will also be able to offer flexible delivery options for items purchased, and using the store also as a collection point for orders, or to try out products.

4) RESEARCH DESIGN (1 PAGE)

The emphasis in this report should be on insights. Include supporting documentation as appendices

a) Research approach: Description of your approach to the research component of the ALP, including literature reviewed, interviews and surveys conducted, interview and survey instruments used, case studies and other data sourced.

CASE STUDIES

JOHN LEWIS:

How a 150 year-old retailer became an omnichannel champion

- Andy Street is speaking at European Customer Experience World 2013, along with leading figures from the likes of Marks & Spencer, Sony and First Direct.
- ECEW takes place on 14/15 May at Grange Tower Bridge Hotel, London.
- The event provides two days of insightful comment and case studies across all of the issues facing the customer experience professional in 2013.
- Tickets for the event are £995+VAT per person with the availability of group discounts.

John Lewis has long been synonymous with excellent customer service and satisfaction. Since it first opened its doors in 1864, satisfaction has been the key tenet of the retailer's strategy, introducing a slogan in 1926 reflecting this - "Never knowingly undersold"- that it still uses to this day.

Indeed, satisfaction is part of the very fibre of the organisation, thanks to the store's employee ownership scheme, whereby employees – or partners, as they are called – become beneficiaries of a trust that shares profit and are involved in key management decisions through democratic bodies. The scheme, the largest in the UK, ensures that employee satisfaction and customer satisfaction are inextricably linked at John Lewis.

And Andy Street, John Lewis' MD since 2007, is under no doubt that this has an important role on the quality of service that customers receive - "When you go into one of our shops you are being served by an owner," he emphasises, "and that is bound to see you getting better customer service at the front line."

The evidence certainly backs up Street's claims, with John Lewis winning UK Customer Satisfaction Awards and Britain's Favourite Retailer Awards in the last two years, and contributing in no small part to its financial success, with the retailer enjoying a 9.1% rise in sales over the financial year. With the structure of the company, this has translated into its 84,700 staff reaping an additional 17% bonus, worth nine weeks' pay - the smiles may have been that bit bigger on the shop floor recently.

And lets put that in context. The last few years have arguably been the most turbulent in the history of the British High Street. Retailers such as Jessops, Comet and Blockbuster have gone to the wall. High Street institutions have been forced to contend with unprecedented change in the retail landscape. The impact of the recession has been huge, but the impact of the internet and now mobile (via the trend of 'showrooming') have fundamentally changed the way consumers shop - and often to the detriment of the traditional bricks and mortar business.

So just how has John Lewis continued to outperform its rivals and deliver strong profits when others have struggled so much with the modern multichannel shopper?

Omnichannel

Much can be attributed to the brand's continued focus on delivering a seamless customer experience across in-store and online channels, using both to complement the other. As far back as June 2012, long before it emerged as a buzz word, Street told the audience at the British Retail Consortium (BRC) Symposium event that John Lewis would be strongly pursing an omnichannel strategy.

"The strategy's quite simple," he explains. "We know that about 60% of our customers buy both online and in shops so the approach is to make it absolutely seamless for them to move from one to the other. So they can research in one place and shop in the other, they can buy in one place and pick up in the other – the art of sales is consistent across channels, so the whole approach is to make it channel agnostic. They're not even supposed to know or see or realise which channel they're using because it's one overall customer offer."

The British retailer is doing this by delivering a number of new innovative shopping experiences. In October last year, John Lewis opened its very first 'omnichannel store' in Exeter – offering the full list of John Lewis products in a smaller store through the use of online technologies. Meanwhile, its Click-and-Collect service, launched in 2009, evolved to allow shoppers to purchase products online and collect them from John Lewis and Waitrose branches across the country, and continues to expand.

"Click-and-Collect has been fantastic," says Street. "That grew by over 100% last year based on Waitrose and the next thing we've announced that we'll be doing is moving to Collect+, which will be based at 5,000 locations across the country. We're trialing it in three regions in the third quarter. The recent introduction of product personalisation online has also been very important. As part of 'My John Lewis', you'll be recognised as an individual, we know you're whole purchase history and will make suggestions as to what you might like to buy given your likes."

John Lewis has also announced a number of innovative concepts improving customer experience through the use of digital. In November 2011, John Lewis opened its first 24 hour virtual shop in the Brighton Waitrose branch. Customers could scan QR codes of products displayed in the shop window, and on doing so, were then taken to the mobile version of the retail site to make purchases. The introduction of virtual mirror technology at its Oxford Street flagship also let shoppers 'try on' up to 500 different garments by superimposing the outfits on the shopper's image, taken by cameras.

Mobile
The retailer has also been innovative in using mobile to complement the in-store experience, such as its iPhone app that enables customers to scan barcodes of products in-store and order via the mobile site if they're out of stock.

"Mobile is very important; it's the fastest growing area for us," says Street. "Last Christmas it was up about 200% and it's going to be the fastest growing area this year, particularly in fashion," explains Street. "So we've already got transactional mobile site, our apps area average but by the end of this year I want the very best in the business. And that's what we are expecting to achieve."

But the MD admits that not every innovation is an immediate success: "We trialled the virtual mirror but we're not going to roll it out. It's a great idea and great fun but it's a question about how much information has to be put into the system from the different suppliers to be able to do it so we're not going to roll that forward. The QR code scanning that we trialled in Brighton has a long way to go because obviously we are expecting customers to come into the shop, scan the price ticket with the code and do it all on the mobile."

Nonetheless, Street believes that they deserve their success when you make comparisons with their competition. "There are outbreaks of good practice and lots of retailers are doing bits of it but I don't think anybody has really got the entire multichannel...and we haven't to be frank, but we are probably in a good position in terms of having brought lots of it together."

And the store's peers certainly seem to acknowledge that position. John Lewis was a recent recipient of Multichannel Retailer of the Year at the Retail Week Awards, as voted by a panel of judges from the industry.

So as a 150 year-old retailer leading the pack with innovative customer experience strategies and technologies, what advice would Street give to businesses looking to do the same?

"The most important thing is to have a long-term business strategy. The model on its own isn't sufficient. You've got to have a real clear view about where you compete. For us, we compete on products and service and that fits our business model. The key thing for every business is to decide what you really stand for."

With John Lewis now having over 40 stores nationwide, and with plans for 10 new stores under a new smaller format in city centre locations, its growth has been robust, even under difficult economic conditions. It's ability to adapt to the changing shopping and technological environment is a testament to the fact it is a true retail giant. But despite this, Street insists the organisation is still small at heart.

"The company's grown but has still managed to make it feel like a local company through out structure of the branch being relatively independent," he says. "Small companies have more potential – that collective is much more real and nearer to the coalface, and that's been the whole success of John Lewis."

Walmart
Save money. Live better.

In a growing, yet underdeveloped e-commerce landscape, Walmart Canada is leading a retail transformation. Together, we're envisioning the future of shopping for an omnichannel world.

Results

No.1:

Canada's first responsively designed e-commerce site for a large omnichannel retailer.

+20%

increase in conversion in the first four weeks after launch.

+98%

increase in mobile orders.

-36%

decrease in page load time.



A Cohesive Cross-Channel Experience

01 Reach Consumers Where They Shop

Responding to the evolving needs and expectations of time-crunched and budget-conscious families, Walmart is transforming itself into a multichannel retail leader. We partnered with Walmart to create a cross-channel foundation that enables customers to conveniently browse and shop across all connected devices.

02 Enable Supply Chain Visibility

Our research revealed that while today's connected shoppers use multiple channels to research products, the store is often king when it comes to closing the sale. To enable cross-channel shopping, integrated inventory systems allow shoppers to see which products are in-stock online and at their four nearest Walmart stores.

03 Streamline the Journey Across Devices

Time is a luxury for all busy families, so we wanted to make it easy for shoppers to start and finish tasks across multiple devices. A unified account profile ensures shopping carts can be accessed, saved, and retrieved across devices—saving time and reducing cart abandonment.

"We want our customers to be able to shop anywhere, any time, whether in our stores or online, and get the same value proposition—the products they want, at everyday low prices."

Simon Rodrigue
Vice President of E-Commerce & General Manager of Walmart.ca
Walmart Canada

Browse and Shop—Anywhere, Anytime

01 Contextual | 02 Transparent | 03 Fast

Device Optimized Experiences

Global navigation and core site features were designed, tested, and optimized for both desktop and touch devices. Smart filtering and flexible merchandising features ensure quick product discovery within a broad and complex product set.

INSIGHT

A Shopper's Mindset

Value-driven and time-starved consumers are always searching for ways to make shopping more efficient, cost-effective and convenient. Retailers who provide their customers with a seamless, cross-channel shopping experience see higher levels of customer satisfaction, loyalty, and purchase intent.

01 Contextual | 02 Transparent | 03 Fast

Pricing and Availability

To reassure customers there will be no hidden costs or surprises at checkout, estimated taxes, shipping costs and delivery dates are calculated and displayed to customers within their shopping cart.

INSIGHT

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01 Contextual | 02 Transparent | 03 Fast

Single-Screen Checkout

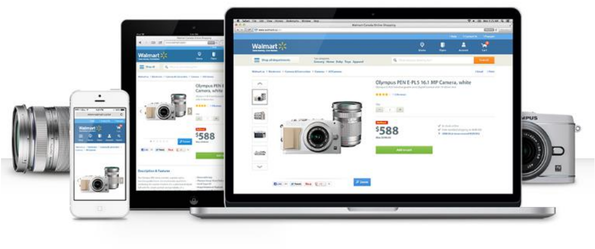
A distraction free, single-screen checkout experience was designed with touch devices in mind – improving conversion for tablet and mobile shoppers. Smart address auto-complete and postal code detection eliminates the time-consuming need for customers to enter all shipping information.

INSIGHT

A Shopper's Mindset

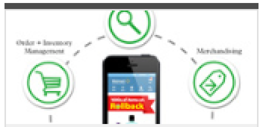
Value-driven and time-starved consumers are always searching for ways to make shopping more efficient, cost-effective and convenient. Retailers who provide their customers with a seamless, cross-channel shopping experience see higher levels of customer satisfaction, loyalty, and purchase intent.

Connected Retail Technologies for a Multichannel World

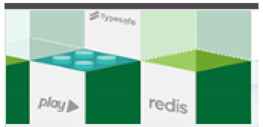


Responsive & Adaptive

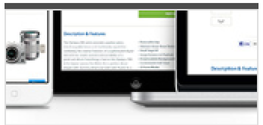
Today's connected consumers demand an easily accessible and highly relevant shopping experience—anytime, anywhere, across any device. The solution was to provide a seamless, consistent experience from desktop to tablet or mobile device. This included a responsive, intelligent design that fluidly adapts to any device resolution.



Best of Breed Technologies



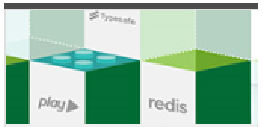
Modular Architecture



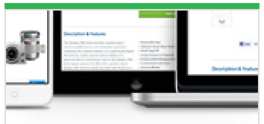
Responsive & Adaptive

Best of Breed Technologies

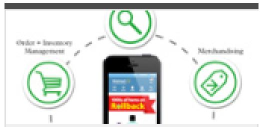
In solving complex technical problems, one size does not fit all. Many enterprise solutions are robust, relying on tightly coupled, "out-of-the-box" functionality, resulting in unnecessary limitations and performance overhead. We created a best of breed solution that scales to Walmart's needs—now and into the future.



Modular Architecture



Responsive & Adaptive

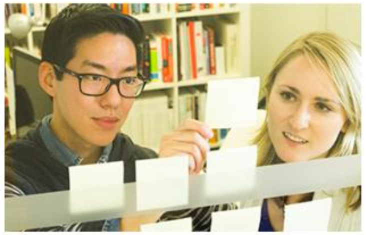


Best of Breed Technologies

A Flexible, Modular Architecture

Technology investments can be expensive and slow to deploy. By creating a loosely coupled, modular architecture, we allowed for the prioritized evolution of each component, giving Walmart both the flexibility of investing and deploying enhancements over time and the speed to bring new features and technologies quickly to market.

A Collaborative Partnership



One Global Project Team

The successful launch required a collaborative partnership model between Nurun, Walmart Canada, Walmart's Global eCommerce Team and select vendors, crossing four different time zones.

Consumer Insight-Driven

Various design research and usability testing activities with Walmart customers were woven throughout our entire process, ensuring actual customer needs and feedback were taken into consideration throughout the design process, even late into development.

Agile Design & Development

To ensure close communication and collaboration from start to finish, we adopted an agile design and development approach. During each two-week sprint, co-creation workshops were used to quickly refine requirements, evolve design concepts, and review technical prototypes, allowing us to quickly action team feedback.

Looking Forward

In today's multichannel world, the boundaries between physical and digital are becoming increasingly blurred.

Connected retail technologies are linking shoppers, devices, and data to offer customers a smarter, faster, and better-informed in-store shopping experience. Our work with Walmart reveals the exciting possibilities created by connecting online and in-store shopping experiences.

Emily Bond
EVP, General Manager
Toronto

Connected Store Formats and Services

Retailers are slowly adapting their store value propositions for a multichannel age, with the purpose of the store changing from driving in-store sales to a brand and product showroom that drives cross-channel revenue. As big box retailers explore smaller footprint formats, connected retail technologies will play a critical role in delivering personalized shopping experiences and value-added service offerings. Extended aisle capabilities, subscription services, and personal shopping consultations will continue to drive sales in stores with smaller, curated product assortments.

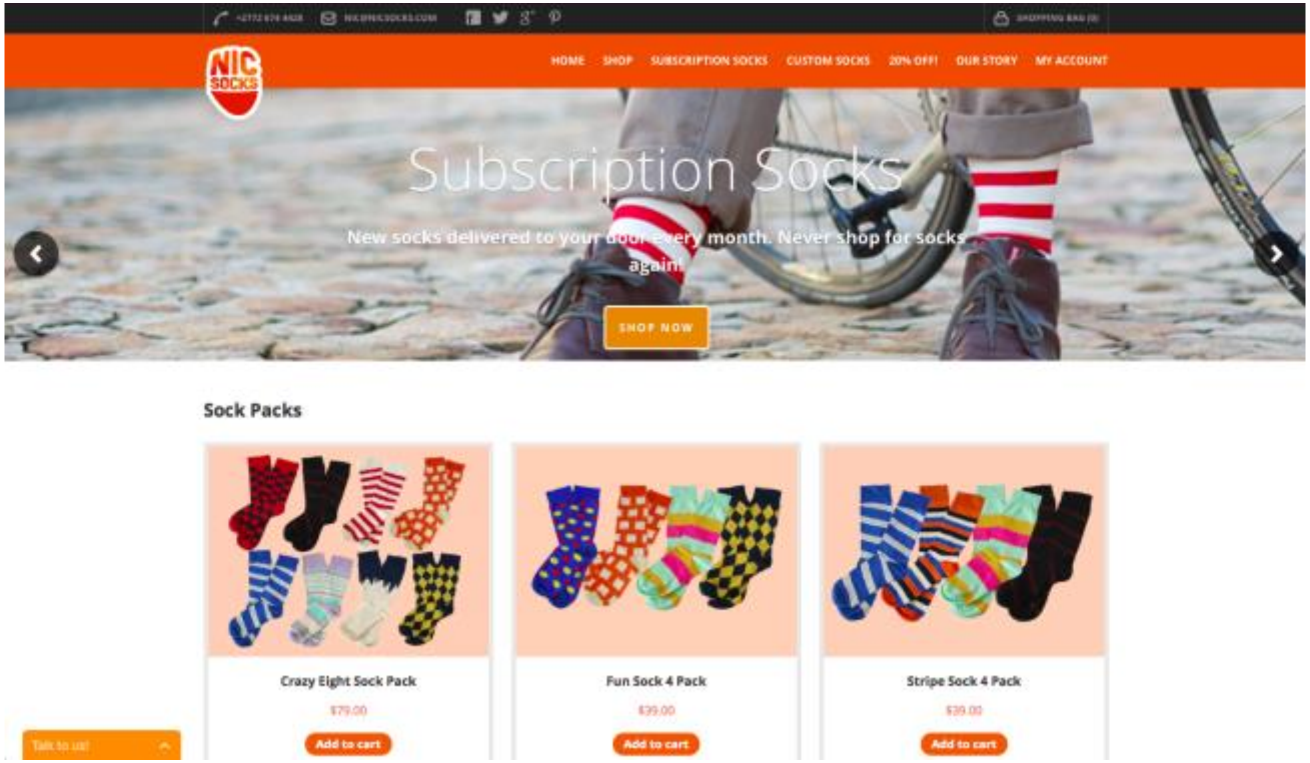
A POS Transformation

New innovations in the POS ecosystem are driving the integration of POS technologies with in-store retail systems and experiences. The proliferation of both mobile devices and sensors will enable retailers to deliver more personalized and convenient in-store experiences, such as in-store product recommendations based on previous purchase history and quick self-checkout at locations other than fixed registers.

Case Study: Nic Sells Socks. Beautifully.

July 22, 2014 in [Customer stories](#).

[NicSocks](#) started because Nic Haralambous was tired of wearing rubbish socks. Now, his bamboo fibre, limited-edition socks – designed and manufactured in South Africa – adorn the feet of happy customers worldwide. Today we bring you Nic's story of selling subscription socks, beautifully, on a WooCommerce powered website.



First things first. Are you wearing a pair of NicSocks right now?

I only wear my own socks. It's the entire reason that the company exists. I wanted to improve on the boring and shoddy socks I was wearing so I started a company to do it!

You launched your sock business in six weeks for 5,000 ZAR and went on to sell 800 pairs in ten days. What is currently your greatest strength, weakness, opportunity and threat.

The greatest strength that I have at NicSocks is agility. We're able to produce limited quantity of our designs and structure our business to react to search trends, fashion trends and consumer behaviour on our site. Our greatest weakness is definitely consistent traffic to our site. That's been the biggest hurdle to jump over consistently. Every month is a fight to keep traffic up. Opportunity lies in the boom that is coming in the ecommerce space in South Africa and similar emerging markets and the greatest threat lies in our existing competitors waking up to ecommerce.

Your e-commerce setup is with WooCommerce (and uses an Obox theme) – talk to us about payments, shipping and the challenges of delivering to an international customer base.

Surprisingly the fulfilment side of the business was never really a massive obstacle. I think this is because we just didn't treat it like a problem. Initially we used local courier companies do to our local shipping and have been diversifying those options as and when we need. For international shipping we go with the trusty post office and have yet to lose a package!
The major challenge in shipping globally is the cost to the customer. We did our numbers and realised that there was a point at which we could ingest the shipping cost and offer free shipping (the dream!) to our customers anywhere in the world. So that's what we do now.
Having an excellent and beautifully designed e-commerce site doesn't sell 10,000 pairs of socks a month. Tell us three things you've done, beyond setting your platform up well, to drive sales.

I've worked extremely hard on building up PR around my brand. I've had features in GQ, Men's Health, The Guardian and a number of other publications. These give a temporary spike in traffic but do wonders for my SEO. Brand building has been imperative to our sustainability. I've created a brand that people can relate to but aspire to at the same time. I've used social media to great effect to help this. The final thing I've done is anything and everything possible to make my customers happy.

Customer support sets me apart from anyone else out there in my space. I respond to calls, emails, social media and compliments or complaints personally and within minutes (sometimes hours). Happy customers make me happy.

How much time in a week do you spend analysing your customer base and understanding your users?

I spend a large chunk of my time analysing data from the various tools that I use to try and optimise the experience I present to customers. It's important to keep the customer at the center of my world. Anything that disturbs the process needs to be worked on, tracked, changed and iterated.

Volume can be a challenge for small / medium e-commerce stores. Talk to us about your learnings from setting up an online shop in South Africa.

The absolute number one problem that a niche e-commerce store will have in SA (and anywhere really) is traffic volume. The truth is there are no shortcuts. It takes time to build up a reputation worthy of traffic. Just like any store, anywhere in the world, online or offline, time builds brands. I've worked hard to provide fresh product designs, new content, relevant information and real value to my customers. That's how you drive volume over time; real value.

The internet has connected us to a vast extent. If you like something, chances are someone else will. What are a couple of your favourite online discoveries?

Truth be told, I like the discovery of convenience. The fact that I can browse Etsy for art and discover my next tattoo (that happened) and then go on to buy the piece art from a guy in Portland and ship it to Cape Town. That's fantastic and futuristic even.

Subscriptions are the new black and you're using them well. Any challenges arising from recurring billing?

Massive complications exist in South Africa when trying to do subscription billing. First off, Paypal is not allowed to use Rands as a currency but they were, up until recently, the only viable way to do credit card based subscriptions in SA. So that means my store has a base currency of Dollars when my main target market is in SA and buying in Rands.
A local payment provider, Peach Payments is fixing that at the moment with their new WooCommerce extension.
How are you currently using email marketing to support your e-commerce offering?

Email marketing is without a doubt the best converting form of marketing that I make use of. I send out a newsletter twice a month with tips, tricks, style updates and specials which converts fantastically. Being a niche product provider I know that people who receive my newsletter really want to read it. I didn't game the system and have slowly acquired my database of customers. They reward me for sending out good content.

You're known for using Instagram to spread the love about socks. How important has it been in driving business?

Initially Instagram proved to be extremely valuable. For a brief period it was my most valuable conversion platform. Being a visual platform it suits my sock aesthetic perfectly. At the moment we're using it as a way to communicate visually with our sockaholics and fans.

And finally, have you downloaded WooCommerce for iOS yet? It's our new toy.

Unfortunately my primary device is the Google Nexus 5 so I have yet to download the iOS app. However, I can't wait to see the Android version of the app. I'm an obsessive WooCommerce customer so will definitely thrive on a mobile app.

To end, a video of Nic speaking at a WordPress meet up in Cape Town a little while ago. And there you have it. The WooThemes team will be cheering from the sidelines as the world is taken over two bamboo socks at a time. To see the latest designs, sign up to hear more and shop visit NicSocks.com and follow @NicSocks (and @NicHarry himself).

15 Stats to Explain Why Omni-Channel is More Than Just a Buzzword

MARKETING By Abbe Miller, Published June 4, 2014 Be the first to comment!

Last year, the Oxford English Dictionary dubbed 'selfie' as the word of the year. If it were up to the retail industry, however, 'omni-channel' should have been the word to define 2013. As a new way of thinking about multi-channel retailing, omni-channel dominated conversations in 2013 and will continue to rule the day in 2014 and beyond.

Although consumers might not be privy to the term, merchants can't seem to escape it. The thing is, however, that merchants shouldn't want to escape it. They should want to embrace it – for the increases they can receive in annual sales as well as the competitive advantage it offers.

To identify the challenges and obstacles that middle- and large-market multi-channel retailers face when deploying a successful omni-channel commerce strategy, Forrester was commissioned to conduct a study. That study, titled "Consumer Desires Vs. Retailer Capabilities: Minding the Omni-Channel Commerce Gap," was based on surveys that went to 256 U.S. and European retail and manufacturing decision-makers involved in digital commerce initiatives. It was also dispersed to 1,503 multi-channel shoppers. The findings were quite telling:

1. 71% – Amount of consumers who cited the ability to view inventory information for in-store products as important or very important.
2. 50% – Amount of consumers who expect to buy online and pick up in-store.
3. 39% – Amount of consumers who are unlikely or very unlikely to visit a retailer's store if the online store does not provide physical store inventory information.
4. $1.8 trillion – The amount of online and web-influenced retail sales that Forrester expects by 2017, up from $1.3 trillion in 2013.
5. 73% – Amount of consumers who stated that they are likely or very likely to visit a local store if the retailer provides in-store product availability information online, compared with 36% of customers who would visit a store if no inventory information was available online.
6. 25% – Amount of consumers who said that they use store pickup so they can collect their orders on the day they purchase them (thus avoiding the wait for shipping).

7. 10% – Amount of consumers who simply find it more convenient to pick up from a store than have items shipped to their home.
8. 56% – Amount of consumers who have used their mobile device to research products at home with 38% who have used their mobile device to check inventory availability while on their way to a store and 34% who have used their mobile device to research products while in a store.
9. 45% – Amount of consumers who expect sales associates to be knowledgeable about online-only products.
10. 69% – Amount of consumers who expect that store associates be armed with a mobile device — in order to perform simple and immediate tasks such as looking up product information and checking inventory.
11. 27% – Amount of consumers who would be very likely to leave and visit another retailer's store if a product is out of stock with 21% who would buy online from a different retailer and 21% who would simply hold off buying the product.
12. 45% – Amount of consumers who would take up an in-store associate's offer to ship an out of stock product to the consumer's home for free.
13. 93% – Amount of surveyed retailers who cited that enabling ship-from-store had resulted in a positive or significantly positive uplift in online revenue.
14. 77% – Amount of surveyed retailers who cited that enabling ship-from-store had reduced or significantly reduced their fulfillment costs.
15. 88% – Amount of surveyed retailers who cited that enabling ship-from-store had improved or significantly improved their customer satisfaction metrics.

Because some retailers are slow to adopt omni-channel retailing, the competitive advantages it offers to those that do are great. When given the choice, consumers prefer buying from the retailers that are focused on omni-channel. According to the statistics also garnered from the Forrester report, only a minority of those surveyed are taking advantage of its benefits:

- Only 32% of surveyed retailers are giving shoppers the ability to view inventory information for in-store products.
- Only 1/3 of retailers have operationalized even the basics, such as store pickup, cross-channel inventory visibility, and store-based fulfillment.
- Only 6% of retailers reported no significant barriers to becoming an integrated omni-channel company with internal technology challenges, organizational silos, and poor operational execution all thwarting progress.
- 10% of retailers who offer "pickup in-store" orders cannot fulfill those orders due to inaccurate store inventory, while 51% of retailers reported that between 2% and 10% of orders cannot be fulfilled; 52% of retailers cited inventory accuracy issues as a major barrier to the rollout of these programs.

- Only 39% of retailers today have enabled their sales associate to be able look up product information for them although half of all consumers that visit a physical store expect this capability.

Although the business case for implementing omni-channel practices is becoming more and more apparent, many retailers have not executed on this strategy because of technology issues. In addition to the mere 6 percent of retailers who did not report significant barriers, the Forrester survey also showed that 40 percent of retailers reported that they have difficulty integrating back-office technology across channels. To overcome technology hurdles and embrace omni-channel to its fullest, feel free to contact the team at NetSphere Strategies.

Author:
Abbe Miller

Abbe Miller is the marketing manager at NetSphere Strategies, located just outside Chicago. NetSphere Strategies is a boutique eCommerce company positioned to help businesses transform their online presence by providing a full complement of services that starts with our strategic consulting and creative design teams, then continues with building innovative solutions and... View full profile

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Case Studies: Cross-border omnichannel retailing in Spain and Russia

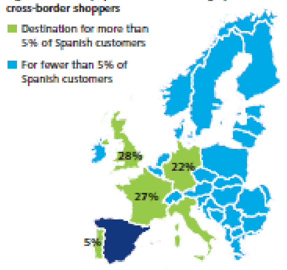
A third of Spanish online shoppers have bought cross-border

With 33 million internet users[68] Spain already represents an important market for cross-border online retailers. Compared to the rest of Europe, while the online market is still developing, Spanish consumers are more likely to make cross-border purchases: a third of Spanish online shoppers have bought cross-border, a number that has increased by about 19% per year since 2008[69] and is projected to grow further over the next four years.[70]

UK retailers are currently the most popular destination for these shoppers: 28% of those buying cross-border have bought from the UK and 22% from Germany.[71]

Analysis of data provided by eBay UK and Germany show that electronics and fashion items are the two most popular products for Spanish customers buying cross-border. These two categories alone comprise nearly half of all sales from the platform from Spain. The increasing popularity of online shopping is reflected in sales statistics of eBay UK. For example, the sales of women's dresses from its marketplace to Spain have doubled between 2010 and 2012.

Figure 20: Most popular markets among Spanish cross-border shoppers



Source: EU Commission Survey

The Russian online market could triple in size by 2015

The Russian e-commerce market was the fastest growing market in Europe in 2012[72] and thus presents an emerging opportunity for omnichannel retailers. Russian income levels and consumer spending have increased by 50% over the past five years,[73] and this has been accompanied by the adoption of new technologies. The proportion of the population with internet access has doubled over the past five years to 53%.[74] This surge in connections made Russia the most populous online market in Europe, in addition to having the highest number of mobile phones. While mobile phones still lead in popularity, the share of smartphone purchases was expected to reach 50% by the end of 2013.[75]

The adoption of these technologies has generated a boom in e-commerce. During 2012 the online retail market grew by 20% to $12bn, with 48% of internet users making their first online purchase that year.[76] The Russian online market is expected to triple by 2015 to $36bn.[77] It is estimated that currently about $1bn per year of these online sales are cross-border.

Analysis of data of sales to Russia provided by eBay UK suggests strong preference (over one third of all sales) for clothing and fashion accessories among Russian buyers on the marketplace. In the coming years, affordable shipping and a wide selection of products will be retailers' keys for unlocking the market.

Case Studies: Omnichannel retailers are gaining customers worldwide

Already, retailers ranging from high-street brands to niche specialty companies are using a variety of channels to reach cross-border markets. These case studies illustrate some of the strategies that retailers are using, and the results for their business.[80]

Topshop's omnichannel strategy for entering new markets is led by flagship stores

Topshop is a British brand targeting women in their 20s and 30s seeking "catwalk-inspired designs" at high-street prices.

Topshop has been expanding internationally, using an omnichannel strategy involving online, mobile and stores. In the United States, for instance, the company uses flagship stores in major cities such as New York and Los Angeles to showcase its latest designs, while making the majority of its sales online or through smaller boutiques within department stores. To ensure that customers who cannot access their stores can still get the most from the shopping experience, Topshop has launched integrated apps for mobiles and tablets and is introducing virtual fitting rooms.

Topshop has physical stores in 39 countries and through its omnichannel strategy now sell in 112 countries.[81] It is are tailoring its strategy to different markets, for example opening flagship stores in Hong Kong and Australia, while partnering with more established retailers in Germany. This flexible omnichannel approach is proving a success for Topshop. Its profits have increased by 26%, aided by a 33% increase in international sales.[82]

One car-part dealer was able to offer same-day international delivery

One dealer of replacement parts for classic cars began selling on eBay in 2002. Since then, it has sold about 500,000 parts per year, and has received awards in recognition of their strong growth.

As its German business continued to grow, the company looked for additional sales opportunities by selling internationally through eBay. Its first step was to establish local-language sites for other major European markets, through which they could offer their full inventory.

With international demand increasing, the company faced a challenge to meet their commitments to rapid delivery. Additional investment in a logistics centre in Germany allowed it to process up to 1,500 packets per hour, enabling same-day delivery for many cross-border customers. International sales now make up over 10% of their orders.

Boohoo is using eBay to test out new markets online before opening stores

Boohoo is an expanding Manchester-based e-tailer that sells clothing for men and women. Its website allowed it to reach customers throughout the UK and prepared the ground for an expansion to the rest of Europe. Today the company also directly serves shoppers in the USA, Canada and Australia, allowing them to pay in their local currency.[63]

In 2011, Boohoo began to explore new revenue streams, opening an eBay store and shipping to customers worldwide through its UK listings. Boohoo found that distance was not a barrier for customers seeking affordable fashion: the move generated incremental sales for Boohoo and exceeded the target for sales on eBay by 230%.[64] Boohoo is now directly targeting the markets that proved most successful. The listings aimed at French and German customers are already written in local languages and Boohoo plans to replicate this strategy in other growing markets. Boohoo's strategy is paying off: the company has reported a 79% increase in pre-tax profits.[65]

Mountain Warehouse's seasonal products have found a year-round global market

Mountain Warehouse operates over 150 stores in the UK, Poland and Austria, selling a wide range of equipment related to camping, hiking and winter sports.[66] In addition, the company ships internationally from its website.

In 2012, Mountain Warehouse implemented a growth strategy that called for global expansion with minimal capital investment. It partnered with eBay in order to reach 128m potential customers worldwide, increasing sales across the board and ensuring that the company's seasonal products had a year-round market.

The omnichannel strategy facilitated rapid and cost-effective international expansion. Total sales for Mountain Warehouse grew by 19% to £75.1m in 2012, with online sales doubling in value.[67] The company expects online revenues to continue to grow as the eBay stores are used to test new markets. Positive consumer reactions in Germany, France and Italy prompted Mountain Warehouse to open local stores in these markets.

MAPCO uses eBay sales data to inform their cross-border strategy

Over the last three decades, MAPCO has built up a reputation as a specialist dealer of auto parts in Germany. In 2011, it decided to sell a limited range of products on eBay, and since then it has expanded to offering its full product range, including some items exclusive to their eBay site. Its decision to sell through eBay was largely motivated by the popularity of the platform, its buyer protection mechanisms, and the fact that the eBay site can be accessed from a range of devices.

When the company decided to expand abroad, it wanted to maintain their partnership with eBay. As its international sales increased, it employed specialised sales teams that enabled it to target their offerings to particular markets, with Russia and Latin America being key targets beyond Europe.

RETAILER INTERVIEWS

LEADER NAME	LEADER COMPANY	INSIGHTS/COMMENTS
In-store personnel	Target	• partnering with Facebook to create consumer social media experience • Using Mobile devices to redeem Special deals in stores on mobile devices • smartphone-carrying customers are encouraged to visit and purchase in bricks and mortar stores • creating showrooming & Theatre
In-store personnel	Nordstrom/ , iStore , Nike , Macy's & Century 21	• Stores are equipped with mobile point of sale devices • Salespeople provided with mobile devices to engage with customers • Significant investments in IT to ensure online experience matches in-store experience • Company has integrated inventory and fulfillment for stores, the Internet, and mobile devices • Macy's - want a single interaction platform but need to create a single brand identity across channels in order to meet Omni channel goals"
In-store personnel	Starbucks	• Consistent approach to customer engagement Starbucks brand across all channels • Using Loyalty programs where customers can make purchases using their phones • Smartphone apps enabling direct purchase of coffee
	Neustar webinar	• "Internationally there is much debate on what Omni channel is and what it entails. The common theme is that there is no one view of Omni Channel and Omni channel approaches.
		• Challenges in Making It Happen ➢ Organisation: Companies operate in silos ➢ Data: Under utilisation of customer data analytics owing to silos in an organization. Poor or lack of Customer and customer interaction data is typically spread across many different data "silos" in the organization. ➢ Technology: Legacy systems prevent scale or integration required for Omni channel. ➢ Analytics: Many companies are unable to conduct cross platform digital ROI and understand a comprehensive view of the customers buying cycle. E.g. Macy's excels in this area as it invests heavily on big data analytics resulting in greater conversions ➢ Security-Retailers poorly addressing consumer transactional and personal information privacy

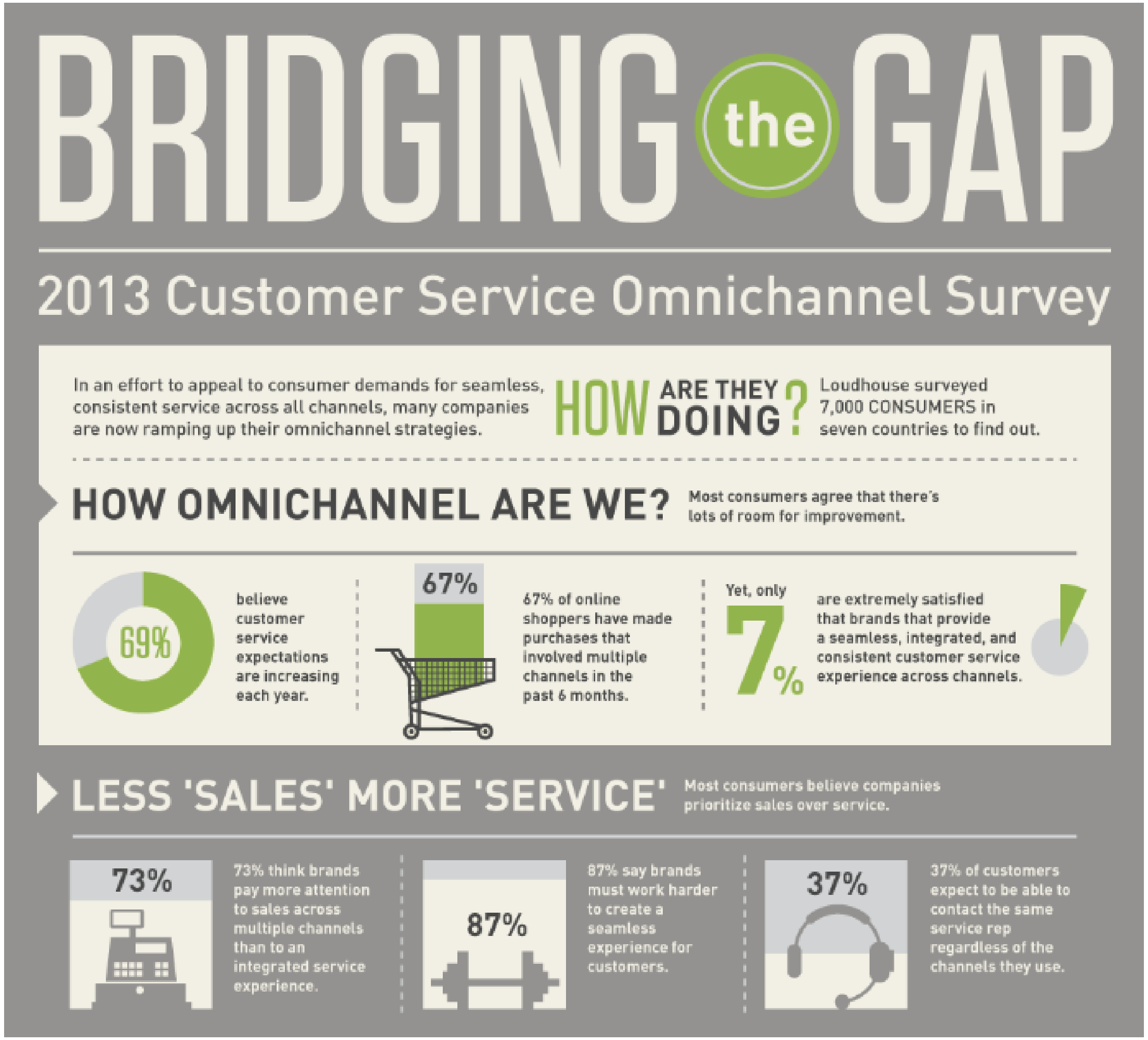
Georgie Benardete	Shopbeam	• SHOPBEAM unleashes a powerful new sales channel for advertisers and publishers by allowing a shopper to jump from site to site shopping whilst maintaining one shopping cart. By placing products for purchase directly from targeted banner and native ads, readers wander through various sites then eventually checkout at their convenience. Should a customer be side tracked then the site sends a reminder that the customer still has a hanging shopping cart.
Ashish Berry	Deloitte digital	• Omni Channel is more than just technology. It's about how to use digital technology to inspire engagement, preference, and loyalty and it's how help transform behaviors, brands, and businesses in the minds of the consumer.

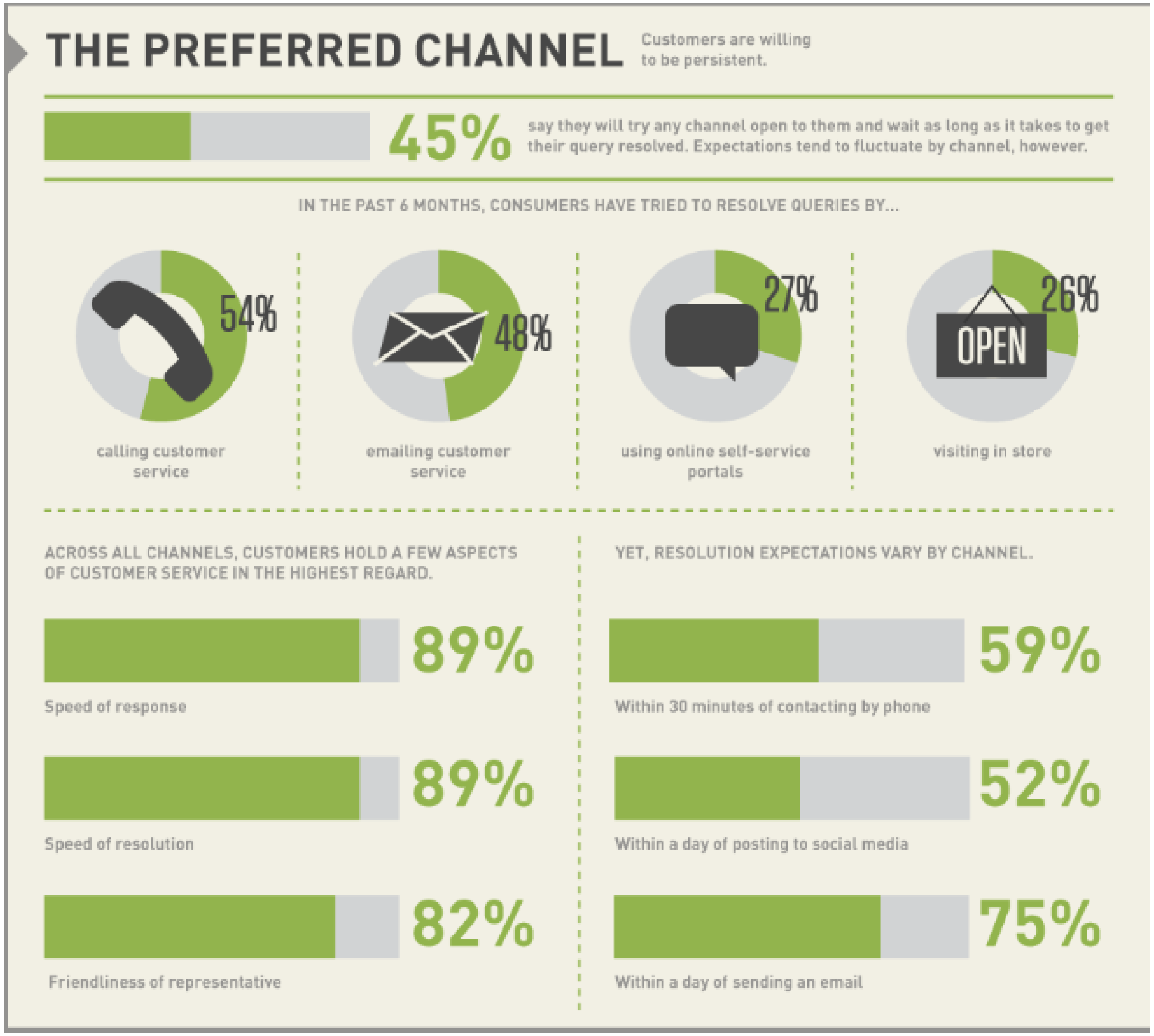
INDUSTRY LEADERS' INTERVIEWS

LEADER NAME	LEADER COMPANY	INSIGHTS/COMMENTS
EDCON Paul Walsh Lynette Easby Anthony Graham David Gibbons Faryal Sacoor Kemsila Naicker Peter Mee Terry Dale Priya Thakoor Rachel Owen	 Sourcing GM Loyalty Manager Loyalty Executive Direct to Consumer Executive Business Manager Strategic Assignments Manager Cellular Business Manager Marketing Manager Project Manager- E Commerce Planning GM Edgars	• Fast Fashion leading to Quick response model is vital to addressing omni channel experience and remaining current in the retail world. • Reverse Logistics is vital in empowering consumers to have a sense of security, builds brand loyalty, customer retention and repeat purchase. This also builds credibility for the brand translating into more sales. • Loyalty Program needs to be integrated into online, mobile & in store experience allowing for vouchers and points to be redeemed for anything, anywhere and anytime. • Organistational structures need to realign themselves into a single ecosystem so as to deliver a more integrated and holistic offering, where the primary focus is on the customer and customer Omni channel experience

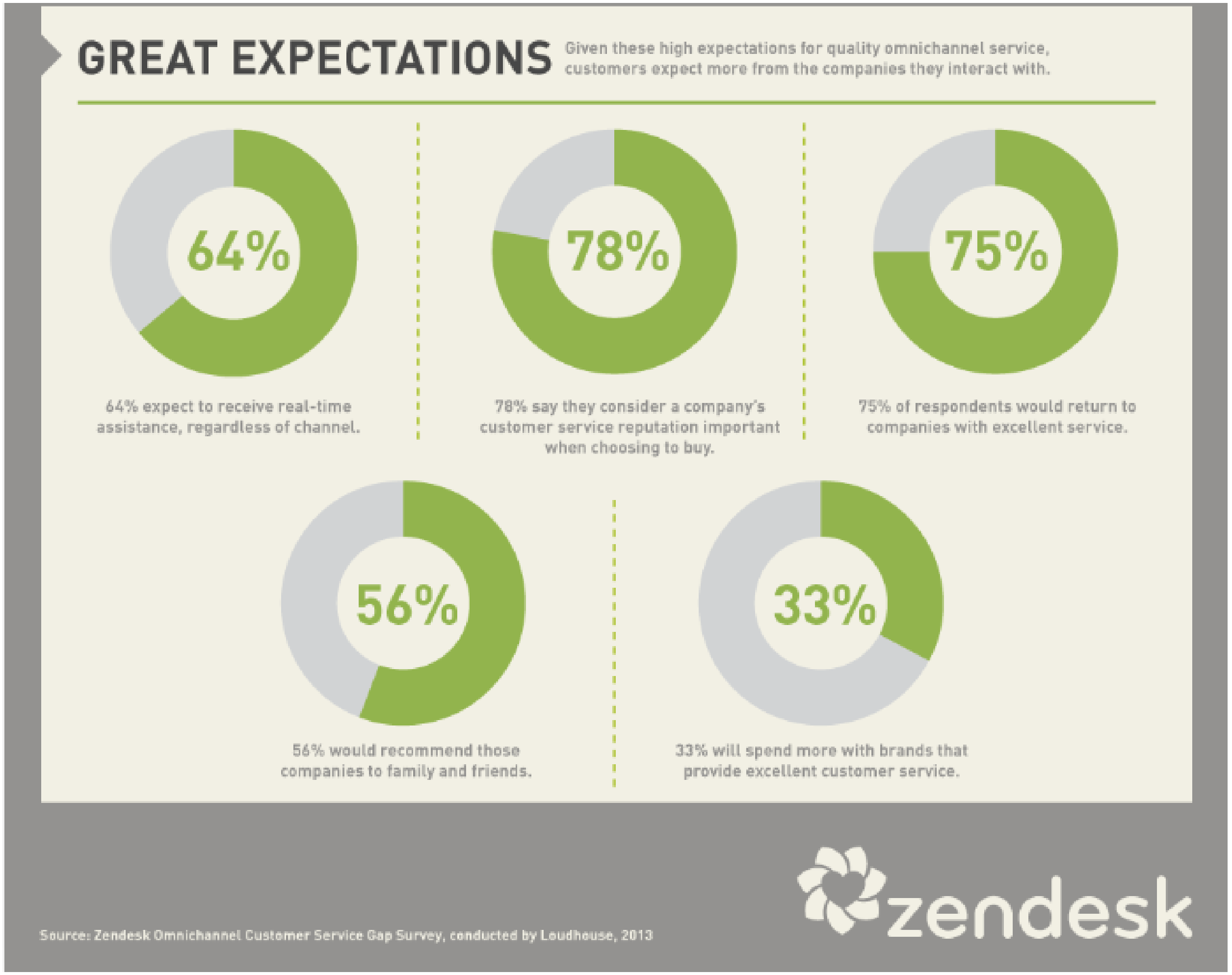
CONSUMER SURVEYS

In an effort to appeal to consumer demands for seamless, consistent service across all channels, many companies are now ramping up their omnichannel strategies. How are they doing? Loudhouse surveyed 7,000 consumers in seven countries to find out more about the gap between consumer expectations and what shoppers experience in the real world. In addition to the global findings below, check out our country-specific graphics for Australia, the U.K., and the U.S.




THE PREFERRED CHANNEL
Customers are willing to be persistent.
45%
say they will try any channel open to them and wait as long as it takes to get their query resolved. Expectations tend to fluctuate by channel, however.
IN THE PAST 6 MONTHS, CONSUMERS HAVE TRIED TO RESOLVE QUERIES BY...
54%
calling customer service
48%
emailing customer service
27%
using online self-service portals
26%
OPEN
visiting in store
ACROSS ALL CHANNELS, CUSTOMERS HOLD A FEW ASPECTS OF CUSTOMER SERVICE IN THE HIGHEST REGARD.
89%
Speed of response
89%
Speed of resolution
82%
Friendliness of representative
YET, RESOLUTION EXPECTATIONS VARY BY CHANNEL.
59%
Within 30 minutes of contacting by phone
52%
Within a day of posting to social media
75%
Within a day of sending an email


THE FAILSAFE PHONE
Despite the variety of channels available, customers still rely heavily on the telephone.
When an email goes unanswered,
71%
71% would then call.
When social media goes unanswered,
55%
55% would then call.
When the phone goes unanswered,
54%
54% would try to call again.
PHONE-BASED CUSTOMER SERVICE ISN'T DECLINING, EVEN AS TEXT-BASED AND SOCIAL CHANNEL USAGE HAVE INCREASED.


GREAT EXPECTATIONS
Given these high expectations for quality omnichannel service, customers expect more from the companies they interact with.
64%
64% expect to receive real-time assistance, regardless of channel.
78%
78% say they consider a company's customer service reputation important when choosing to buy.
75%
75% of respondents would return to companies with excellent service.
56%
56% would recommend those companies to family and friends.
33%
33% will spend more with brands that provide excellent customer service.
Source: Zendesk Omnichannel Customer Service Gap Survey, conducted by Loudhouse, 2013
zendesk

ONLINE RESEARCH

SOUTH AFRICA

Evolution of South African Retail History

Live of the Land

15th Century & the Original Settlers

During the 15th century, prior to the arrival of European settlers the South African economy was dominated by subsistence agriculture and hunting.

In the north, central and east of the country tribes of Bantu peoples occupied land on a communal basis under tribal chiefdoms. It was an overwhelmingly pastoral economy and wealth was measured in the number of cattle men held. Population growth had created a land pressure that had seen the tribes move steadily from the origins in central east Africa.

In the southern and western parts of the country, San (Bushmen) peoples led nomadic lives based on hunting and the Khoikhoi (Hottentots) peoples led a pastoral existence.

Bartering

17th Century, the arrival of the European Settlers and early forms trading

In 1652 a permanent European settlement was established in Cape Town, originally planned as a refreshment station then turned into a colony.

Malnutrition, especially scurvy, a vitamin C deficiency arising from a lack of fresh fruit and vegetables, was a problem for the ships of the Dutch East India Company that were plying trade between the Netherlands and the Dutch East Indies, modern Indonesia.

To deal with the above problems, The Company established a garden at the foot of Table Mountain and bartered cattle from the Khoikhoi to supply to passing ships.

Land hunger led to wars between the Bantu as the settlers migrated eastwards from the original settlement in Cape Town. Between the wars, commerce developed further between the settlers and the indigenous peoples with the sale of produce and stock.

Trading

19th Century – Discovery of Diamonds & Gold

The discovery of diamonds in the Cape Province in 1866 and the discovery of gold twenty years later on the Witwatersrand in the ZAR transformed the economy and attracted considerable foreign interest. The subsequent diamond and gold rushes saw further migrations of a range of nationalities including Cornish miners and eastern European Jews amongst others.

With the onset of the diamond and gold rush, small formal and informal trader's setup shop to trade in line with the economic boom

Many of those retailers had fairly unstructured supply chains and infrastructure, however showed innovation in sourcing products that generally were scarce but in high demand .This was done with the lack of any technology at that point in time . However the traders showed resilience by supplying what the market wanted and the consumers knew where they could get this.

Birth of Formalised Retailing in South Africa & prominence of Brick & Mortar

20th Century & the Rapid Industrialisation

The 1930s and 1940s saw the rapid industrialisation of the South Africa as it supplied the mining industry and the government invested in major projects to protect white employment. South Africa not only had gold and diamonds but vast quantities of iron, coal and many other minerals.

During the 1920's the retail chain stores industry took root seeing a few players in the market who seek to formalise retail and also have huge reach and scale servicing a great deal of localised markets. These included retailers such as Ackerman's, OK Bazars, Woolworths, Greatermans, Edgars and many others.

The late 20th century saw an explosion of Suburban culture as consumer income increased, the tendency of living out of the city and in suburbs gave rise to development of Malls, strip centres, and mass retailers. This brought about convenience and consumers that shopped traditionally from City

Centres soon dwindled as they shopped in Malls. City Centres became less relevant to the consumers shopping experience

Current Reality of SA retailers

21st Century & the advent of technology.

With the explosion of technology and technological devices saw the growth of techno savvy customers who are well informed and more discerning. Retailers adapted their technologies to serve these consumers through multiple channels such as Brick & Mortar, online with direct delivery capabilities. However none of these channels are integrated and retailers find it increasingly challenging to identify who is its market, what does it's market need and how does the market want this product presented to them. In addition retailers find it challenging to have an integrated view of its Brick & Mortar & online Assortment and stock visibility.

This in turn leads to a frustrated customer and a retailer that has now lost the ability to hold an engage with a consumer to close the sale.

AFRICA RETAIL PAST

From pre-colonial history of the continent, retail has always been part of the environment in existence. Likewise, omnichannel, albeit in the guise of something else has been ever-present.

Hunters, gatherers and nomads

From the hunters and gathering and nomadic days, civilisation was always able to identify needs and at times trade what they had for what they required (barter trade.) This was in very simplistic ways the early days of omnichannel retailing. The AAA (anything, anytime, anyway) approach to omnichannel saw the hunters and gatherers as well nomads gathering unrecorded 'intel' and with that data, they would move to fertile/conducive areas for farming and hunting. Along the way, they would trade what they possessed with what they needed.

Colonisation

With the arrival of colonisation, trade took a different and multi-channels of trade were introduced. The settlers traded finished goods for land. It was barter trade but at time it would be 'trade now and receive later' as goods had to be shipped. Customer centricity was possibly at its highest at this type of trade because negotiations were conducted face to face and later contracts and letters were used to communicate and transact. Omni-channel retail was at its humble beginnings.

Colonisation led to the creation of two tier retail offerings. The rich had trading stores whilst the masses, with little income lived in townships and/or similar high-density areas.

Early trading stores operated similar to current department stores. Consumers could pay cash, open accounts where they bought on credit and as these trading stores more often than not had to order stock in, per-orders could be made. Once again, this was omni-channel in operation as consumer analytics, although not as refined as they need to be now, were present and could be used by the trading stores to better serve the customer whilst offering multiple ways to purchase.

Townships/high density areas

Early settlements here saw consumers buying from mainly spaza shops, tuck-shops as well as informal retailers. To optimise profitability, it was important to fully understand the customer needs. As money was not always available, traders had to introduce varied payment options with mainly 30 day accounts being opened. Home deliveries and/or scooters were introduced to reach far out areas as a way to provide product to such consumers. These scooter operations would gather enough intel to be able to know customer needs with regards to products, when it was required (monthly, weekly etc) as well do special order request. Customer centricity was once again high and this ensured survival of the businesses.

Informal traders also took the opportunity to grow, rear produce/animals to provide the community need. To avoid wastage and loss of income, these informal traders had to have enough consumer data to determine demand.

Supermarkets, hypermarkets and wholesalers

As consumer spend increased, there came a need for formal retailing. In other words, opportunity was knocking for big-box stores, massive groceries and multi-story malls.

AFRICA RETAIL PRESENT

The American retail behemoth Wal-Mart (NYSE:WMT) acquired a 51 percent stake in South African wholesaler Massmart (OTCMKTS:MMRTF) last year, which it is using as a springboard for expansion into the sub-Saharan market. Massmart will test the waters by opening a single store in West Africa by the end of 2013, and has plans to open 90 stores across the continent in the next three years.

The French retail giant Carrefour (EPA:CA) has partnered with the French distributor CFAO (EPA:CFAO), which specializes in African sales and distribution, and plans to open stores in eight countries across the continent by 2015.

South Africa is also getting into the sub-Saharan expansion game. The BRICS country is one of the continent's slowest-growing economies, but the retail sector could help pick up the slack as labor disputes disrupt production in sectors like mining and construction. South Africa's Shoprite (OTCMKTS:SRHGY), a food retailer, has allocated more then $200 million to build stores in Nigeria. Atterbury Group, a property holdings and investment group in Pretoria, bought majority shares in Accra Mall, Ghana's biggest retail center, last year and has plans to open up an even bigger mall in the same city.

Trying to define the average African consumer is near impossible. Tastes and shopping habits are unique to each country, with differences found between regions and even cities within a country.

What this means to business is that extensive market research should be conducted before entering a country with a new product or service. It is indeed vital in order to determine the best strategy.

The differences between North and South

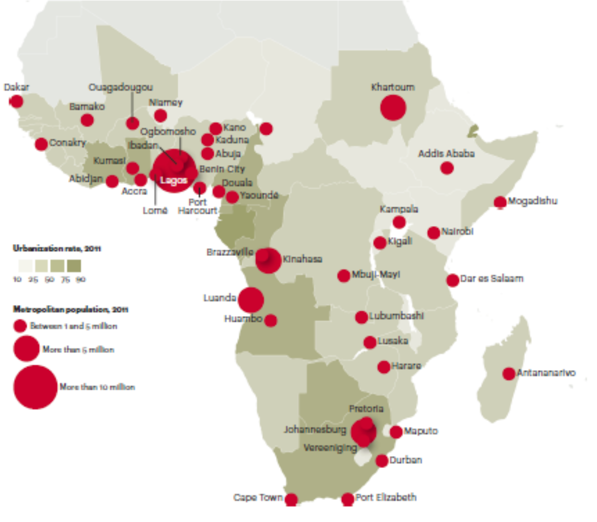
In 2012, McKinsey & Company published a report titled The Rise of the African Consumer. The report explored the African market and its consumers, as well as how to serve this segment best.

Major differences were found between the countries in Africa's northern parts and its Sub-Saharan region. The one similarity was the significant importance attached to both quality and brand when making purchasing decisions, albeit in varying degrees. For starters, North Africans are loyal to a selection of brands, while Sub-Saharans tend to be loyal to a specific brand.

Accordingly, 43% of people in North Africa are willing to try new products or services, while the same is true for only 35% of Sub-Saharan Africans.

When it comes to brand type, North Africans are hungry for international brands, while those in Sub-Saharan Africa have no problem with supporting local brands.

Figure 2
Sub-Saharan Africa's most populous cities



Note: United Nations, World Urbanization Prospects, the 2011 Revision

Seizing Africa's Retail Opportunities 3

But the right brand means nothing to African consumers if it's not delivered at the right price. In Nigeria, for example, more than 70% of consumers revealed that they regularly check prices of rice. In Ethiopia, more than half of respondents indicated that they spend a lot of time searching for the lowest-priced item when shopping.

Across the continent, however, African consumers are developing modern tastes and sophistication. This is especially true for higher earners who prefer to do most of their shopping in major shopping centres. Open air stalls and markets are visited infrequently and primarily for inexpensive items, like bread. Those who are especially affluent make regular trips to parts of Europe, as well as to Cape Town and Johannesburg to quench their thirst for luxury goods and apparel.

** The story of the African consumer. Laine Barnard. 3/6/14*

AFRICA OMNICHANNEL RETAIL FUTURE

As evident from the history and current situation of the retail landscape in Africa, omnichannel principles have always been around. It now remains for the retailers on the continent to enhance this offering as well as work towards an increased use of technology in omnichannel offering.

The prevalence of the mobile phone is certainly rising in Africa, with penetration hitting 80% last year and reportedly growing 4.2% annually, faster than anywhere else in the world. Only a quarter of adults have accounts at formal financial institutions, and only 3% have credit cards and this has seen mobile banking and mobile wallet services in particular become increasingly popular. More than 55 million Africans use basic mobile phones to transfer money from one person to another, especially across countries such as Kenya, Uganda and Tanzania. Payments often take the form of simple USSD or SMS solutions that are not dependent on smartphone technology and are therefore widely accessible to anyone with access to a feature phone.

SMS is used very effectively in Africa as a gateway to other services such as mobile web based services, information lines and as already mentioned, payments and banking. M-Pesa, which has 11.6 active users, sees over 35 million dollars worth of transactions every single day and this process doesn't involve a smartphone. In fact, smartphone penetration is particularly low with only 18% of the African mobile phone market and it is predicted that feature phone penetration will continue its healthy lead with the smartphone market set to "merely" double in volume by 2017.

It would appear that the essence of omnichannel is very much alive and kicking in Africa. Mobile data is good so users can browse websites, shop and showroom as well as pay for goods via their mobile phones, proving that the omnichannel circle is possibly more complete in Africa than we realise and all without the use of a smartphone.

Good examples of the presence of an omnichannel strategy in Africa using just a feature phone come from businesses such as Syngenta, a world-leading agri-business, which helps small-scale farmers get maximum crop output. Syngenta advertise on the radio or sell seeds to farmers, supplying them with a five digit code which enables the farmers to communicate with them via mobile, encourage them to go on the their website and keep in touch with farmers right from when they plant their crops to when they are ready to go to market.

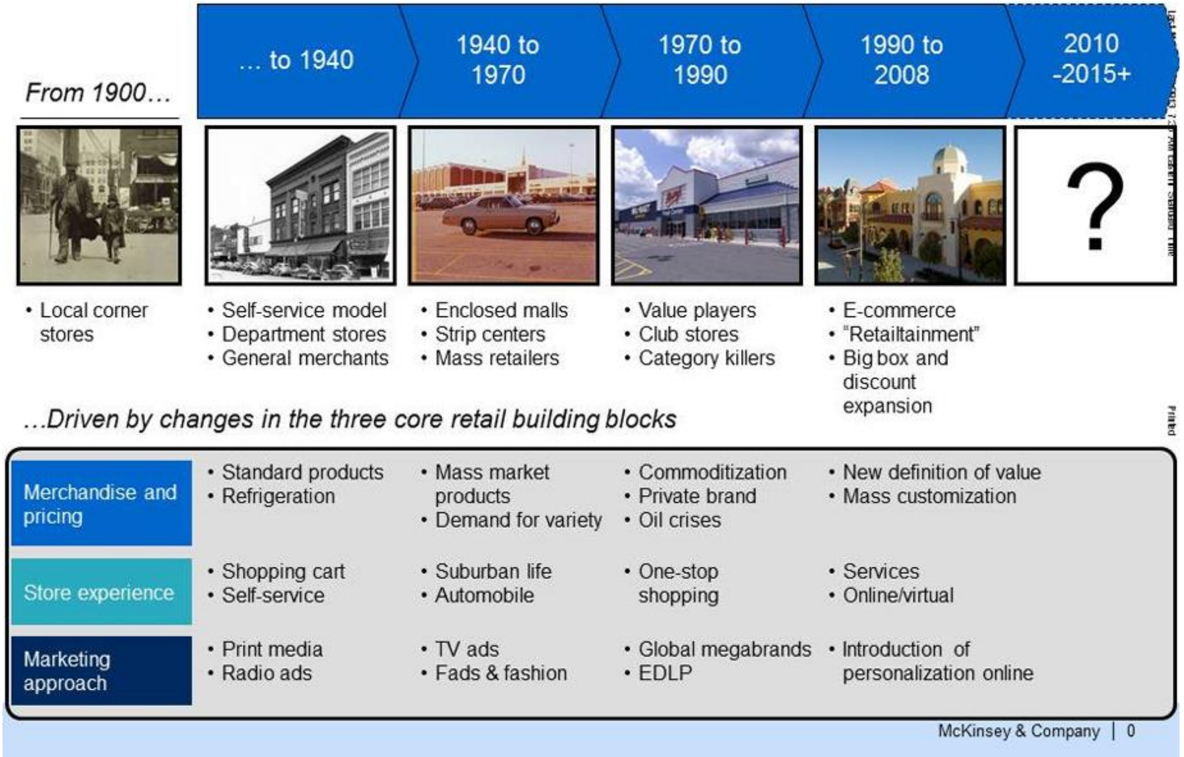
Another good example is Kenya Orient Insurance who is currently tackling mobile phone device loss through introducing standalone mobile phone insurance that is the first of its kind in Kenya. The signup process requires users to send an SMS with an associated keyword. Users then receive an SMS with a link to the Orient Mobile website which they can then click to continue with the sign-up process.

The topic of mobile education is a recurrent theme in Africa and in particular the SmartWoman project is a mobile movement helping women across the world access valuable information to become empowered, engaged and self reliant, using an app in built up countries to converse with women in Africa. The way this works is that the SmartWoman app is downloaded which then in turn provides a woman in the developing world with free access to content for one year, so for example allowing women to text the SmartWoman project with any questions they may have, regarding medication, for example.

These are just a handful of examples proving that omnichannel is being used successfully and skilfully in Africa and with the absence of smartphones it also highlights that you don't have to consider innovation in terms of pure technology but rather the application of existing technologies.

** Gary Corbett – Member of IORMA Advisory Board May 2014*

INTERNATIONAL
Major trends and enablers have driven new eras within international retail



We're living in a time of incredible change. Cliché, yes, but true all the same. Every once in a while, we like to step back and think where this all came from. Nothing like looking back to help you see the future better.

The slide above lays out the five remarkable periods in the recent history of retail (over the past 100 years or so). Here's a cursory overview:

Local culture – the Corner Store: 1900s
If you start back from the 1900s, local corner stores dominated retail. There were some catalogs, but the overwhelming shopping experience was at the corner store. People walked to the store to get the basics. Choice was limited. In some of the bigger cities, you could find more but you were basically limited by what you could carry back to your home.

Mass modernization culture – Department store: 1900 - 1940
While the automobile hit the streets at scale in the 1920s, it wasn't really until the 1940s when the automobile was mainstream (in US culture, at least). With the automobile, people could go farther and carry more. At the same time, in-home refrigeration allowed shoppers to stock more. Retail moved from local corner stores to general merchants and department stores.

Suburban culture – Mall: 1950s - 1970s
The population boom and the explosion of suburbia led to open air malls, strip centers, and mass retailers. This was the time of the true mall, as well as the heyday of the TV ad.

Consolidation culture – Big Box stores: 1970 - 1990
From the 1970s to the '90s, the big box player burst onto the scene. You saw an explosion of value players, club stores, and category killers. These stores drove a lot of the smaller local merchants out of business.

Digital culture – E-commerce: 1990 - 2013
Perhaps we should call this the Amazon era, but the advent of e-commerce has shaken the retail world to its core. Think about this: 7 of the 8 largest retailers in the US in 1980 had fallen from this position by the time the century turned – either bankrupt, acquired or irrelevant. The frenzy of the dotcom bubble was something of smokescreen that hid the truly fundamental changes in how people shopped that we're still living with today.

What's the next era going to be after omnichannel?

EVOLUTION OF THE INTERNATIONAL RETAIL HISTORY

Cave man

Animal skins were used extensively for a manner of things ranging from clothing and shelter and to create a wide range of products. Man's existence and survival had animal skins at the core, which made them extremely valuable to early people. Animal skins were often used as crude currency that could be exchanged for other goods. Deer hide was viewed as refined into a type of currency that preceded the development of paper money. The utilization of animal skins as a form of currency gradually waned but gained greater significance and relevance as symbols of wealth and status to society. Owing to their durability, texture and versatility new processes were manufacturing techniques allowed the skins to be transformed into a wide range of products. Global luxury brands that manufacturers can command a premium price for have also been the result of the now valued animal skins.

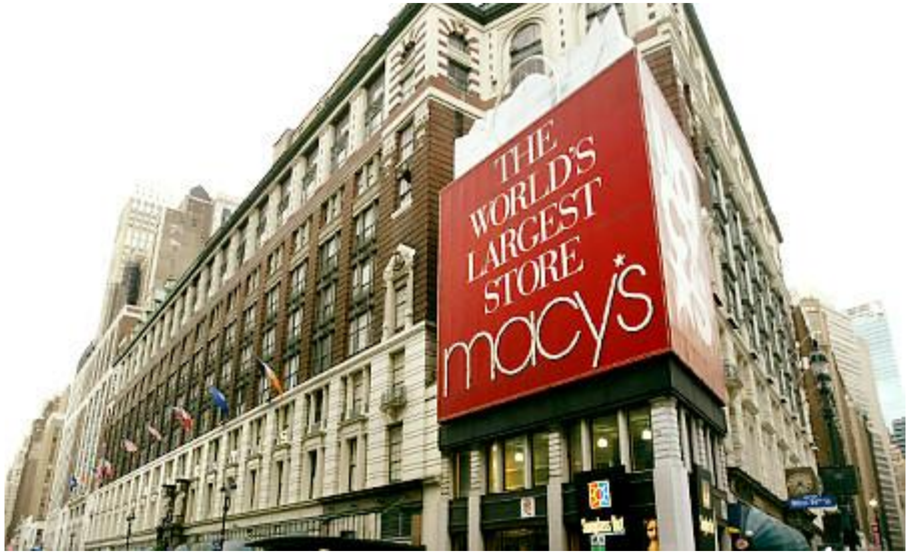
Neolithic shopper

The Middle Ages came with the Apices, the coin board and the Line-board from about 5 AD to around 1400 AD. From 1200 AD the abacus evolved into the Chinese suan-pan, the Japanese soroban, and the Russian schoty. The classic Chinese abacus is the one we are more familiar with. In the late 18th century Richard Salter developed the balancing scales, with the spring scale. This calculated the weight of an item by measuring the pressure it registered when hung by a hook attached to the spring. In 1897 one of the first commercial price-indicating scales was being developed in America. The price of goods could be read off the chart at the point where balance was achieved. Its challenge was that it was slow to provide a reading; therefore it failed to catch on.

Cowrie shell was introduced around 1200 BC as a trading token; this is evidenced in archaeological evidence. The shells shared many attributes of modern coins being that were durable, portable, easily recognizable and hard to fake. Around 1000 BC there is evidence supporting that the Chinese began to produce mock cowrie shells made of metal, this was a trigger to replace barter system with coins. One of civilization's' most important developments has been the scales. Traders have bought and sold goods according to weight for centuries, these days a fair system of weight governed and measured by law. The ability to weigh and measure gives a value to anything, progressive commerce would have not moved beyond basic bartering system. It is through scales that the cornerstone of retailing as we know it was given through the costing of an item.

Paper money was used in China around 1000 BC and it was most commonly used as a letter of credit, transferrable over long distances. The 13th century saw Ghengis Khan conquer China; he started using the concept that paper money had potential to be used as currency throughout his empire. The seizure of people's gold and silver supplies gave him the opportunity to give them paper money in exchange, resulting in the population having no option but to trade in paper money.
The shelf is a fundamental component of the store experience allowing retailers to display products and encourage purchases, using this medium the retailer may impart information and display incentives. The fabrication, quality and type of shelf also form an integral part to communicate the product offered for sale. Shelves were created in ancient times to elevate and protect valuable items, which tended to be written documents. Shelving allowed retailers to increase the inventory capacity and use of the selling area more productively. Chain stores were able to use the consistent space through optimizing product assortment thus increasing sales. Store experience was greatly impacted by the extensive range of shelving materials, finishes and configuration leading to the practice of visual merchandising. The limiting factor of these store offerings was the prescribed amount that a consumer could carry resulting in the purchase of the very necessities but shopping trips more often. Storage in the home was a challenge at that time too.

Justus von Liebig discovered the chemical process of coating a glass surface with metallic silver in 1835. The reflection of our own image has had a magical significance in ancient times. Today mirrors are key to encouraging purchases as the being able to see how the garment to looks on the wearer because it plays a huge role in the decision making process. The fitting room has always played a big part in the shopping experience, through the evolution of technology there is no longer a need to go specifically into a fitting room this can now be achieved through a tablet and an app that offers the mirror experience with now vital theatre. Mirrors give the consumer that reassurance of the validity of the purchase decision and results in assisting with generating millions in retail sales.



Department stores created the advent of mass production although the earliest department stores appealed to the affluent shoppers because they offered the air of owning high-quality merchandise thus mushrooming in the early to mid 1800s. The department stores were iconic as they became synonymous with prosperity and offered the aspirant people something to look forward to. Owing to the consumer group that department stores were pitched it; discount stores were born to cater to the wider group of consumers. The department store concept remains very relevant in modern times however retailers have had to offer a wider assortment and range so as to cater to a broad income spectrum.

Malls have an appeal as they offer the powerful appeal to the consumer of satisfying a wide range of needs and wants for products and services at a certain destination. Owing to the diverse assortment of retailers in a mall, retailers found that they were had a more compelling destination and higher levels of shopper traffic. The appeal of malls is the ever-evolving tenant mix to provide the most alluring product and service relevant parties to secure the malls status as a local, regional and global destination.

Sylvan Nathan Goldman, an entrepreneur and storeowner from Oklahoma in 1936 realised that retail purchases were limited to what they could carry home. The idea was born with a mechanic Fred Young to create a shopping trolley. The trolley like the refrigerator brought on the less frequent shopping trips but rather more bulky purchases were made. The big box concepts stores were more popular than the supermarkets as they offered wider isles and checkout counters to accommodate the trolleys. The hypermarket concept was born in 1974 by combining a supermarket and a department store into one. 150 000 square feet of floor space qualify it to be a hypermarket and at least 35% of that space will be dedicated to the use of non-food merchandise sales.

Computer automation and process fastness have been integral in the reshaping and development of the 3rd Industrial Revolution: the IT revolution, which stated around the 1970's. The shopping experience was greatly impacted in the 90s by the arrival of the Internet, and this impacted and modified the shopping relationship. E-commerce was first. Our focus needs to shift from technology itself, to experience the effect that technology enables for our customers. Customers are in need of brands to offer an essential to create an authentic retail experience both online and off line. The ability to adapt is facilitated by watching how consumers interact with technology, resulting in evolution and constant improvement for brands making it quicker, easier and more relevant. When brands tell a stories with purpose and connect it will thrive. Creating content with meaningful experiences through storytelling as the vehicle for the experience. Transformation is the cornerstone to bringing heart to the business.

Holostores offer the customer a more in-depth customer experience and platform to engage as shelving will not be physical but a full digital display of the entire current product assortment will be available. No longer will retailers have to undergo a capital outlay in order to update the store but rather daily updates and rearrangements will be the order of the day. The possible use of home holograms will offer the customer an engagement where more research and volumetric display will limit physical retail setbacks for home purchases. Intelligent shelving gives products an eye-catching digital solution next to new products giving them more attention so that customers may notice them more.

Customer analytics will be able to pick up on your customer idiosyncrasies such as highlighting if a customer has a nut allergy then making it clear which items have nuts in them. Items that have an upcoming expiry date will also be offered on special to move them faster and avoid waste. Sensors will send a message that stock is running low and an automated stock replenishment request will be responded to.

Sentient stores are stores of the future that will have a so-called brain and be able to sense. The integration of intelligence will be through computing and sensory feedback to enable a retail experience that is more intense. Stores will intelligently manage store flows thorough individually targeted customer offers. Accurate product guidance and information will be the differentiator in the shopping experience. Out of stocks will be an idea of the part as automatic stock replenishment will ensure that stock levels never reach a critically low level. Frustration and stress free shopping will be the norm and retailers will be more efficient making marketing more targeted and effective.

5) ALTERNATIVE SOLUTIONS TO THE IDENTIFIED PROBLEM OR OPPORTUNITY

a) *A short description of each alternative (we recommend that no more than three options are considered at this stage)*

1) Developing a broad presence across multiple channels and online platforms to raise awareness of the retailer and increase the likelihood of frequent customers.
2) Enhancing shopper convenience by retaining purchase history across mobile, web, apps and loyalty cards, to inform consenting consumers of relevant services or avoid having to repeat stages of the purchase journey.
3) Promoting consistency across channels for a seamless brand experience.
4) Appealing to customers who value flexibility and convenience by offering a range of delivery options. A re-evaluation of delivery networks and partnerships – and optimise logistics - may be appropriate to accommodate this flexibility in a cost-effective way.
5) Leveraging alternative payment methods to help unlock the increased omnichannel trade potential.
6) Aligning product assortment, availability, assortment and visibility across all channels

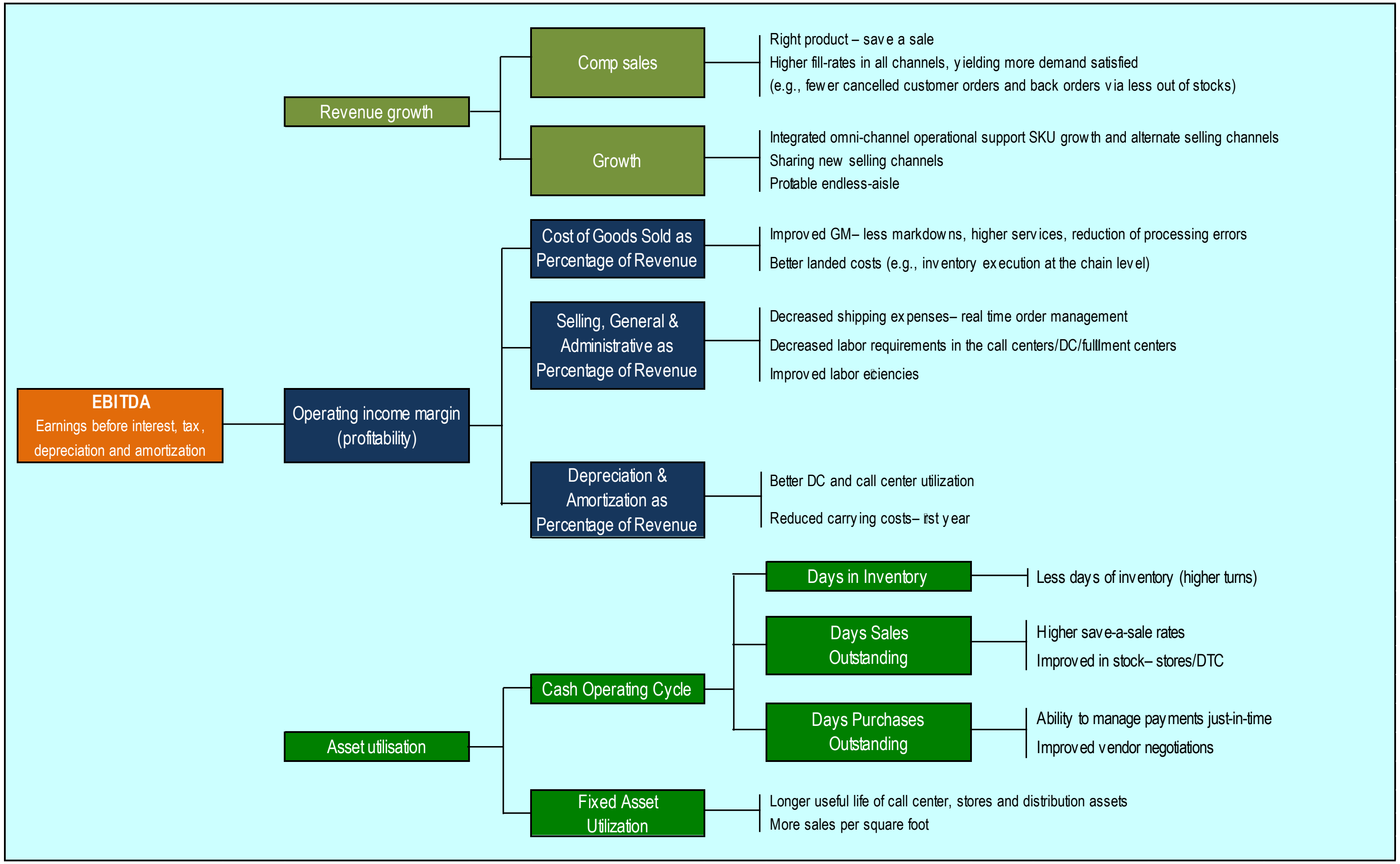
b) *Analysis and evaluation of alternatives*

What's the Return On Investment?

As shown in the graphic below, the Return on Investment comes from all segments of the income statement: revenue, margin (costs of goods, sales, general and administrative expenses), and asset utilization.

Revenue Growth

Many retailers see omni-channel as an enabler to reduce stock outs (or increase sales), selling product earlier on in the product's lifecycle at higher margins (or increase sales), and having the ability to sell more and more product not physically carried by the retailer (or increasing sales).



Operating Income Margin

In many use cases for omni-channel, it will cost more to provide an omni-channel experience for customers: split shipments increased store labor to fulfill orders and higher returns. On the other hand, with a higher level of capability distributed throughout the network and improved visibility to inventory, costs can be reduced: DC labor costs to receive and process; better first costs from the vendor; lower costs to fulfill (closer to the customer) and reduced labor costs in the DC (no overtime). The net effect can be positive. In addition, potentially longer useful life of physical assets and lower inventory carrying costs contribute to a lower Selling General & Administrative expenses rate.

Asset Utilization

Omni-channel has a positive effect on the cash to conversion or Cash Conversion Cycle (CCC) comprised of Days Sales Outstanding (more sales are handled in real time), Days Inventory Outstanding (higher inventory utilization, turns) and Days Purchases Outstanding (due to increased visibility of all inventory). All contribute to a lower CCC and a higher return on invested money.

c) Evaluate the risk associated

There are five key risks faced in omnichannel customer management. The five challenges we identify are as follows:

a) data integration
b) understanding customer behavior
c) channel evaluation
d) allocating resources across channels
e) coordinating channel strategies.

The risks are interrelated: Data integration enables managers to understand customer behavior and evaluate channel performance. This in turn provides the means to formulate strategy, particularly as it pertains to channel coordination and resource allocation. An important contribution of the framework is that it marries customer and retailer decision processes, which means that omnichannel customer management entails managing customers as they progress through their decision process and using channels to enhance each stage of that process.

For each of the five risks, we have generated several key research questions. We summarize the extent of research progress in each and provide brief summary comments. Most of the research to date has focused on three main channels: catalogs, bricks-and mortar stores, and the Internet. Clearly there is a need in all the areas to consider more channels, ranging from bank ATMs to telemarketing to direct selling, and in fact to develop a typology for organizing the many types of channels.

Most research has been conducted to understand customer behavior. We have a good idea of what determines channel choice and a generalization that omnichannel customers buy more. We just do not know why—is it enhanced loyalty, self-selection of desirable customers, or increased marketing exposure? There is evidence to support each hypothesis, but no definitive conclusions can be drawn at this time.

Data integration is the least researched area. Ironically, integration is where companies are probably spending the most money and may be the most concerned. One study suggests IT investments for CRM can pay off (Zahay and Griffin 2002), but that work does not consider CDI specifically. Another issue is measuring customer activity with competitors' channels. It may be possible to adopt their method to search, after-sales, as well as purchase, and to specific channels.

Allocating resources across channels also has not received much attention, though good work has been conducted that could form the basis for optimal allocation across channels for acquisition. Channel evaluation and coordinating channel strategies have received more attention than data integration and resource allocation but less than understanding consumer behavior. Adding an Internet channel may not completely cannibalize other channel sales, but the related studies need further development and should include variables such as the impact of marketing. Channel coordination has received its attention particularly in the area of research shopping.

6) RECOMMENDED APPROACH & IMPLEMENTATION PLAN

a) *Motivate your selection*

INFORMAL TRADER
Sculptor

- Pamphlets
- Link with art galleries (local & international)
- Presence on art gallery websites
- Social media (Facebook/Twitter)
- Varied local and international delivery options
- Varied payment options
- Design by order

SMME
Wesbank Supermarket

- Pamphlets in stores and newspapers
- Social media (Facebook/Twitter)
- Push SMS form competitions and manuals forms)
- Varied delivery (phone, fax, email orders)
- Website
- Email
- Varied payment options (debit, credit card, pocket POS, send iMali, stokvel)

FORMAL TRADER
Edgars

- Reverse logistics
- Same Day Delivery
- Buy Online Pickup in Store (BOPS)
- Innovation in Stores Selling Technology
- Enhanced Shopping Apps
- Image Search
- Mobile wallets
- Smart Fitting Rooms
- Digital Editions

b) *Investment required and potential costs (proposed budget)*

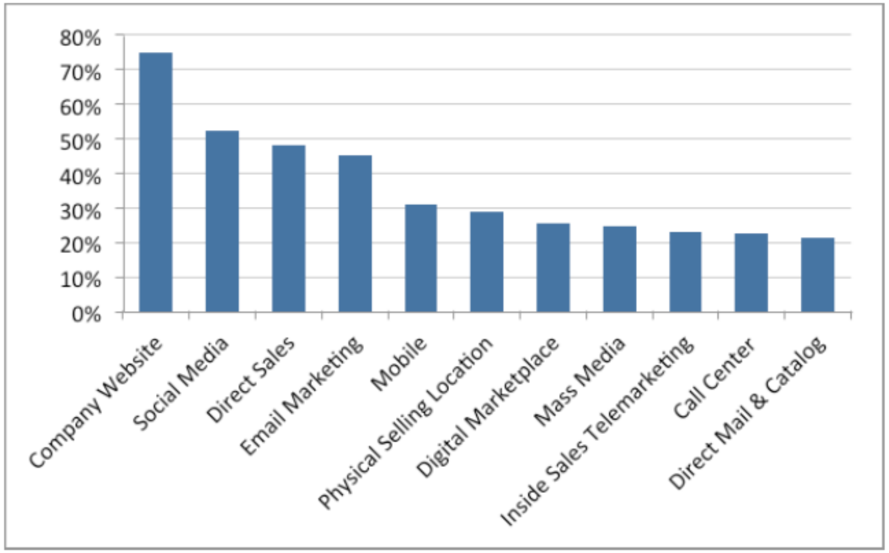
Formal retailer

It is not possible to bed down an exact budget figure as this is dependent on various criteria:

1) Size of retailer
2) Channels chosen
3) Funding available
4) State of digital offering

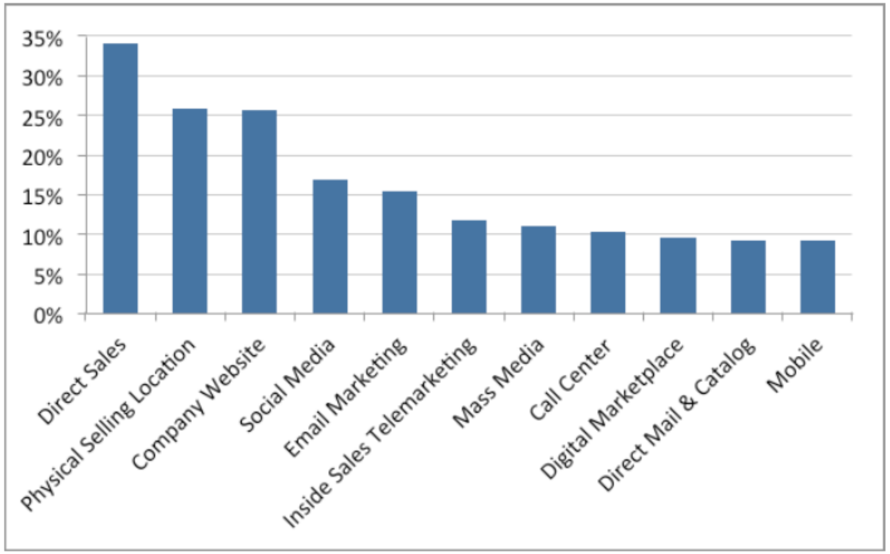
Below are sample charts that could be used as a guide of how to allocate resources and funds to execute an omnichannel strategy. Prioritization is based is based on the importance and size of the channel for each individual retailer:

Chart 8A. Most Important Future Channels



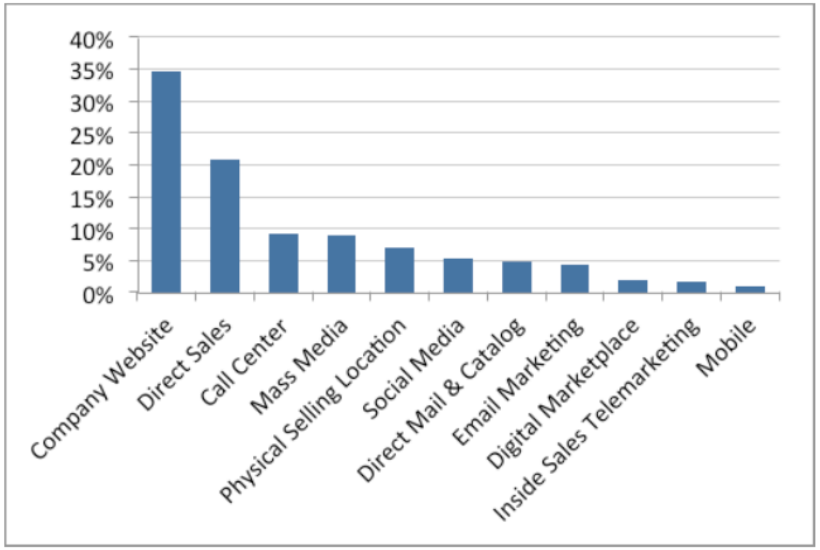
Source: Platt Retail Institute

Chart 10A. Channel ROI



Source: Platt Retail Institute

Chart 9. Channel Budget



Source: Platt Retail Institute

Informal and SMME

WooCommerce is a **free** WordPress plugin that is really useful for ecommerce businesses. This plugin was created in 2011 and is now used by thousands of ecommerce websites worldwide. It is an easy toolkit that lets you sell anything you want online.

Features

The basic WooCommerce plugin is completely free to download and use. It's built on top of standard WordPress Custom Post Types and straight out of the box, is extremely powerful with a lot of functionality. WooCommerce comes with all the standard features that you'd expect within an eCommerce plugin such as;

- Various types of reporting on sales, customers and stock
- Dashboard widgets that allow you to keep an eye on various aspects of your store from the main WordPress dashboard page
- Shipping & Tax settings
- Customers & Orders
- Product & Inventory
- Marketing & Promotions including the ability to add "coupons"
- And most importantly, various Payment Gateways & payment methods

There is also a wide selection of "extensions" that can be downloaded from the WooThemes website. Some of these are free, but most will set you back a small fee. There are several notable ones specifically for the Australian market such as the NAB Transact payment gateway, Australia Post Shipping Calculator and the Australian eWay payment gateway. Other useful extensions include;

- Dynamic Pricing – Gives you a powerful system for creating four different types of bulk discounts and price adjustments
- Gravity Forms Add-ons – Provides advanced product configuration forms that contain conditional logic, pricing fields, user input prices, conditional-pricing fields and conditional submit button logic
- Per Product Shipping – Allows your store admins to define a separate shipping cost for each individual product
- Table Rate Shipping – Extends WooCommerce' default shipping options giving you highly customisable shipping options including the ability to define shipping rates location, price, weight, or item count

One other extension that I think is worth mentioning is one that I found on the IgniteWoo website. WooCommerce Wholesale Pricing creates a "Wholesale Buyer" user role and adds a wholesale price field to all of your products. This allows you to create users that can view seperate "Wholesale" prices for each of your products, once they're logged in to their account.

Getting started

The WooCommerce plugin installs like any other WordPress plugin. Upon activation, you're prompted to let the plugin create a number of default WordPress Pages. These include account admin, shopping cart and checkout pages, among others. These default pages include the necessary WooCommerce shortcodes relevant to each page. Of course, if you don't want to install these default pages, then you can simply skip this step.

After the plugin is activated, two new menus are added to the left hand navigation in the WordPress dashboard, *WooCommerce* and *Products*. The WooCommerce menu provides you with the various options for configuring your store;

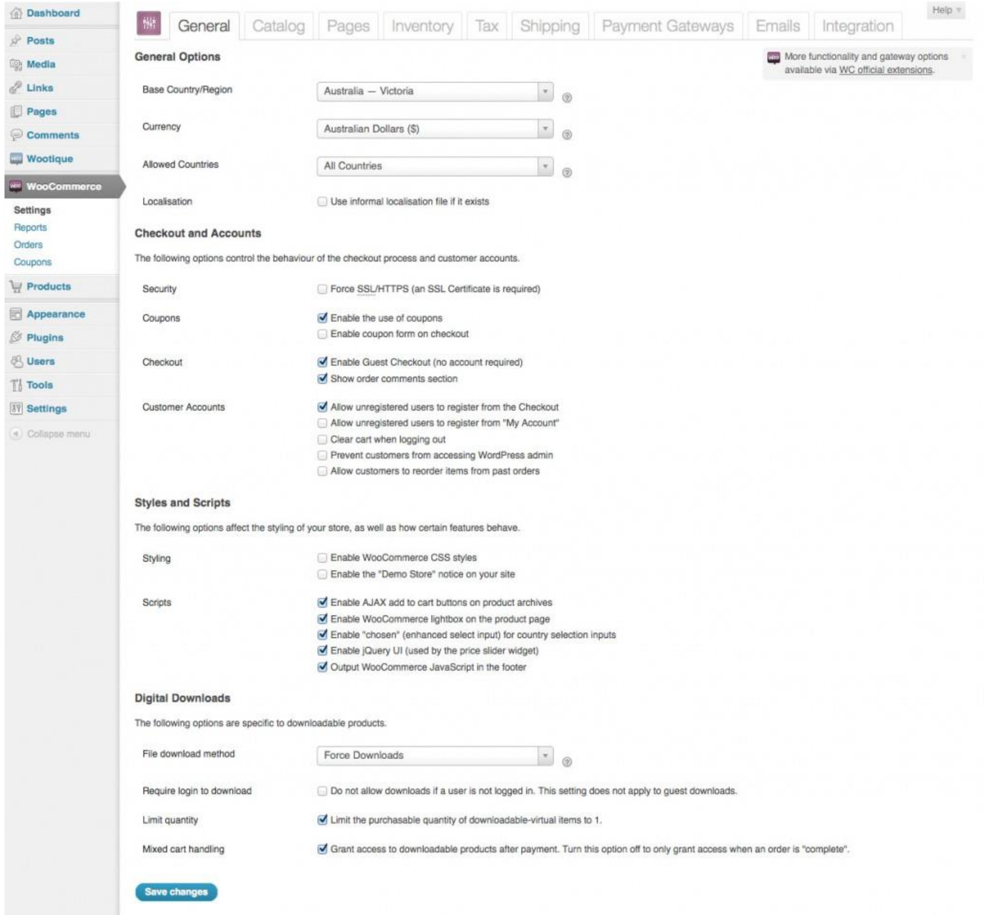
- **Settings** – Allows you to configure all the default settings for your shop such as country & currency types, tax settings, payment gateways and numerous others
- **Reports** – A number of reports can be produced on sales, customers and stock
- **Orders** – Allows you to view all the orders made through your online store
- **Coupons** – Allows you to add coupons which can be redeemed by your customers

WooCommerce Settings

Prior to adding all your products to your store, there are a number of settings that need to be configured. All these settings can be accessed through the *WooCommerce* > *Settings* menu option.

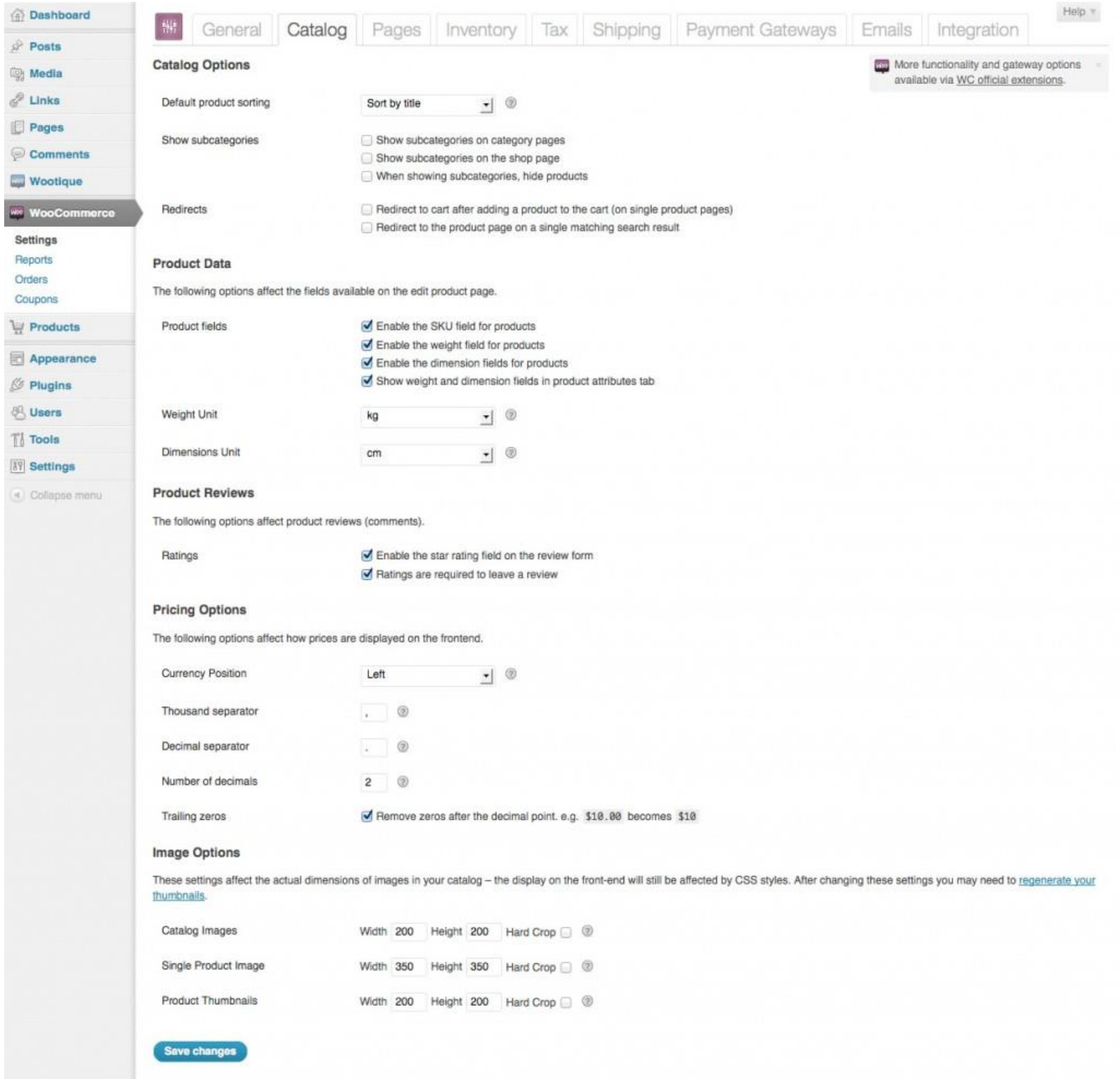
General

The *General* settings tab allows you to configure the base Country/Region for your shop as well as the currency and the countries that you'll ship to and various other settings. WooCommerce also comes with some default styling. You can enable or disable this CSS stylesheet here.



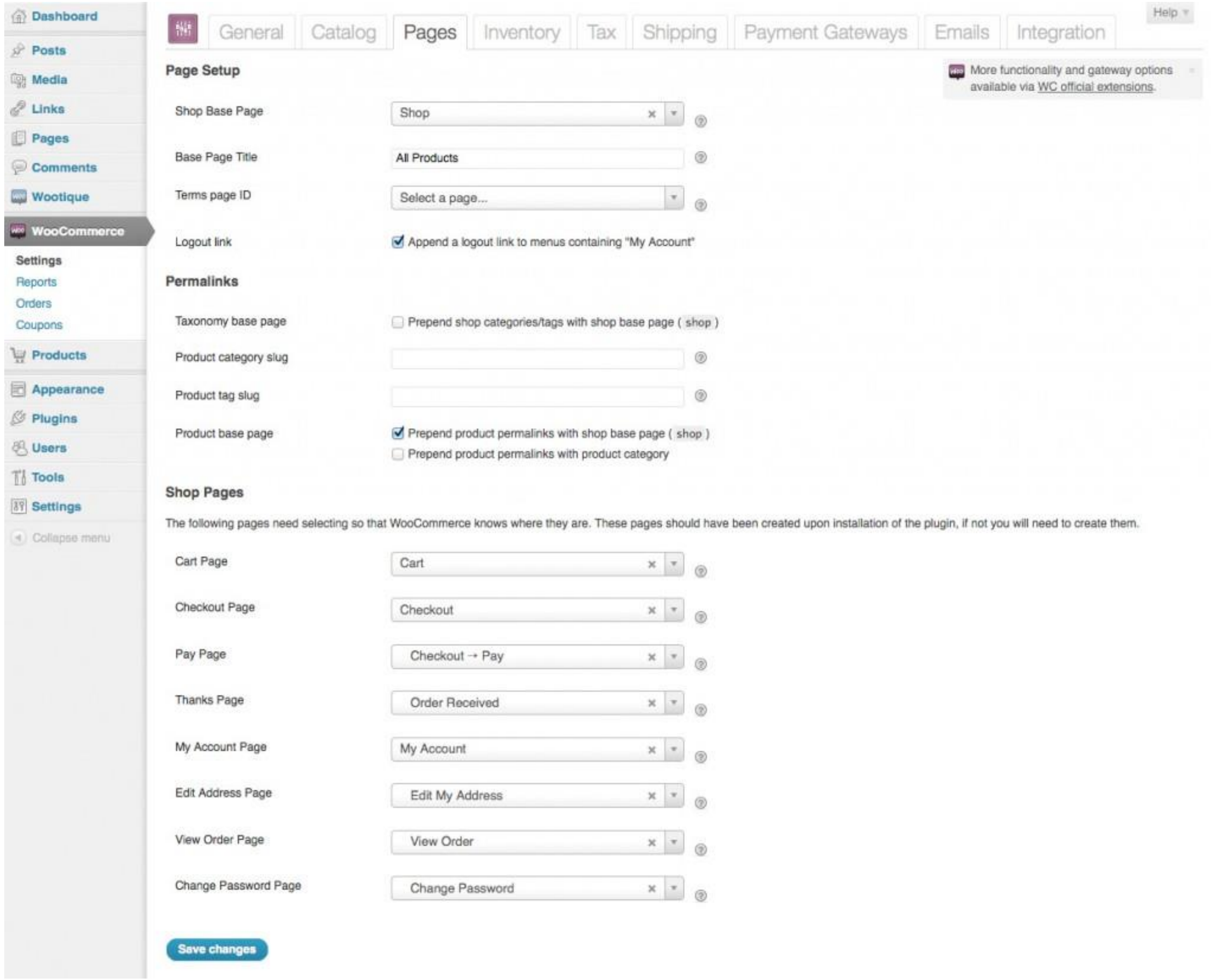
Catalog

The *Catalog* tab allows you to confgure your product data such as where Category information is shown, the units of measurement for products that specify the weight and dimensions, currency specifics and whether to allow product reviews. You can also specify the dimensions for catalog images, single product images and product thumbnails.



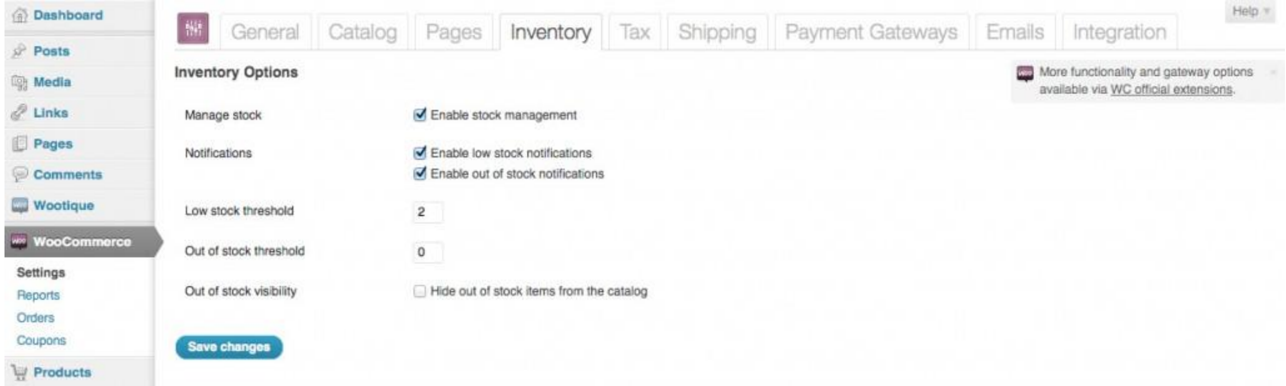
Pages

The *Pages* tab allows you to configure which of your WordPress pages are used for each of the main pages within your shop such as displaying your list of products, customer shopping cart information, account information pages and checkout pages. Most of the pages defined here will be set to the default pages created during the plugin activation process, if you chose to allow WooCommerce to automatically create those pages for you.



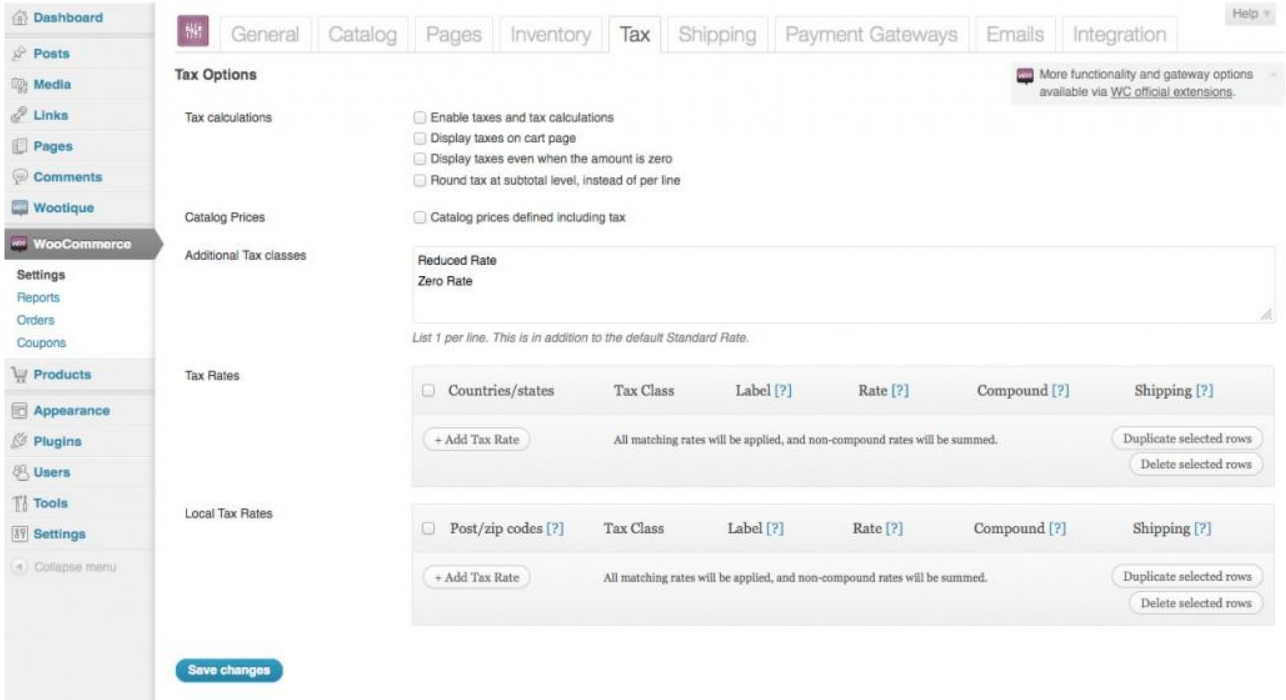
Inventory

The *Inventory* tab allows you to define whether you keep track of stock. If you do, you can enable low or out of stock notifications and even stop out of stock products from displaying.



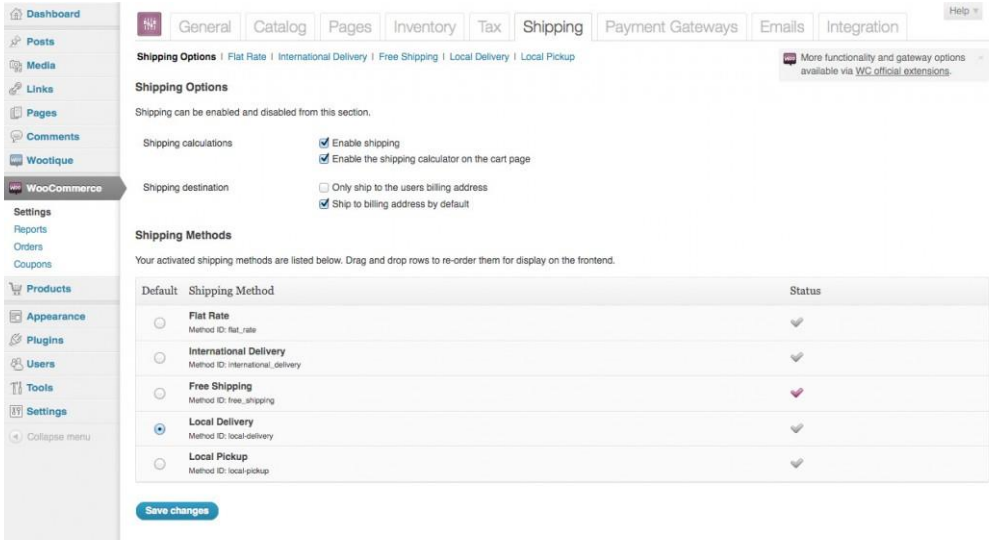
Tax

The *Tax* tab allows you to configure tax rates, if required, including the ability to specify different rates based on the Country/State or a local Postcode/Zipcode.

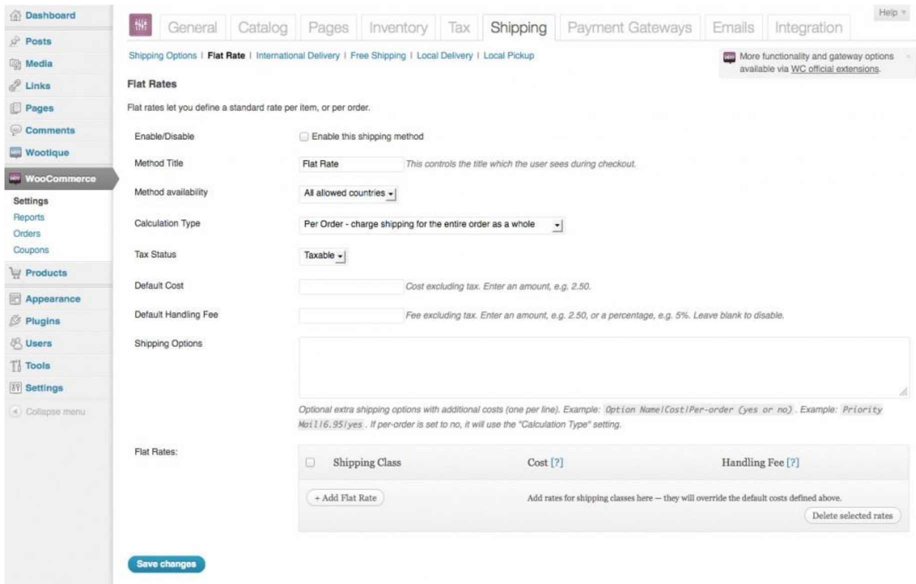


Shipping

The *Shipping* tab allows you to specify the various shipping options available to your customers. You have the choice of Flat Rate, International Delivery, Free Shipping, Local Delivery & Local Pickup.

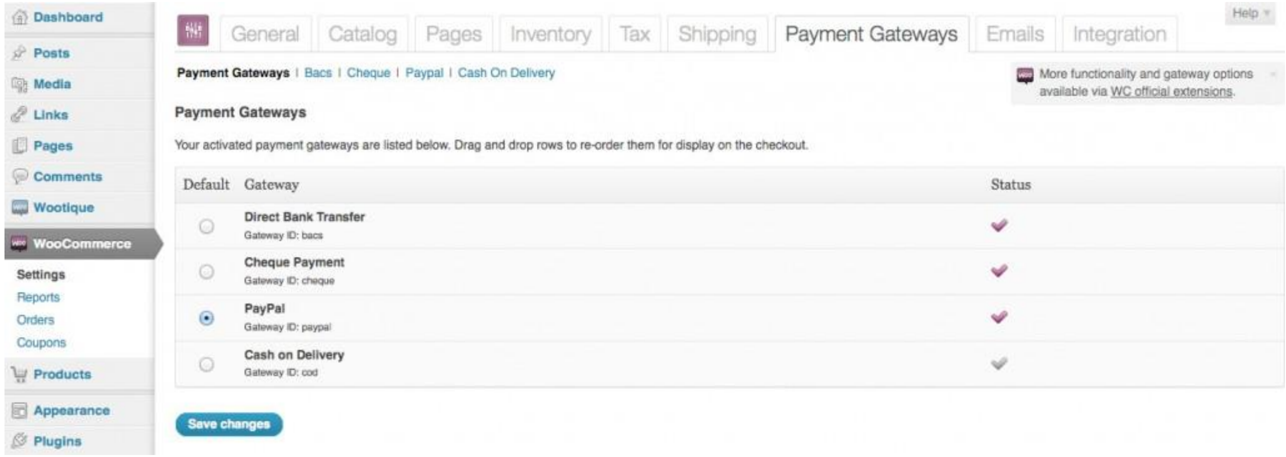


Each shipping method also it's own options that can be configured, based on the particular method. Shown below is the *Flat Rate* shipping page where you can specify the type of shipping calculation (ie. Per order, Per Item or Per Class), you can specify the default cost & handling fees along with any extra shipping options and rates.

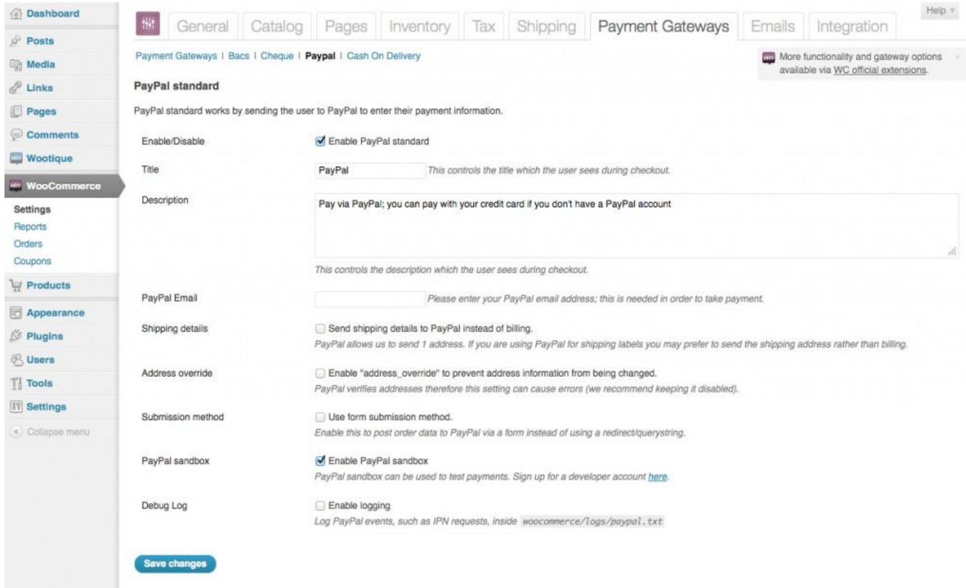


Payment Gateways

The *Payment Gateways* tab allows you to specify the different options for collecting payments from your customers. There are four default options available; Direct Bank Transfer, Checque Payment, PayPal and Cash on Delivery. As mentioned earlier, there are also numerous payment gateway extensions that can be downloaded from the WooThemes website. You'll find that these will be specific to particular countries.

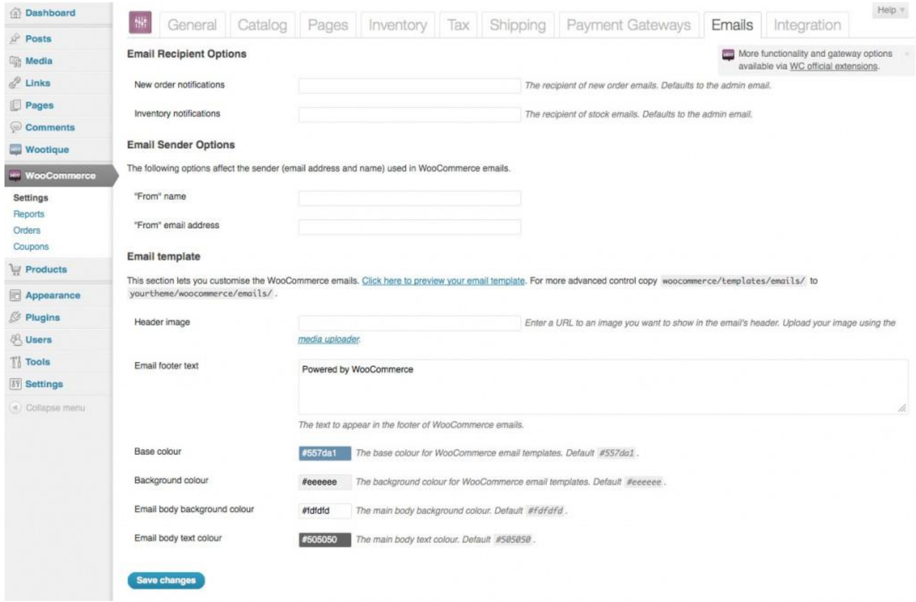


Each payment method has it's own settings page that can be configured. The options available will vary according to the payment gateway. Shown below is the *PayPal* settings screen that allow you to define your PayPal email address and a description to show your customers on checkout, among other settings. You also have the option to enable the PayPal developer sandbox which is extremely useful for testing payments when setting up your online store.



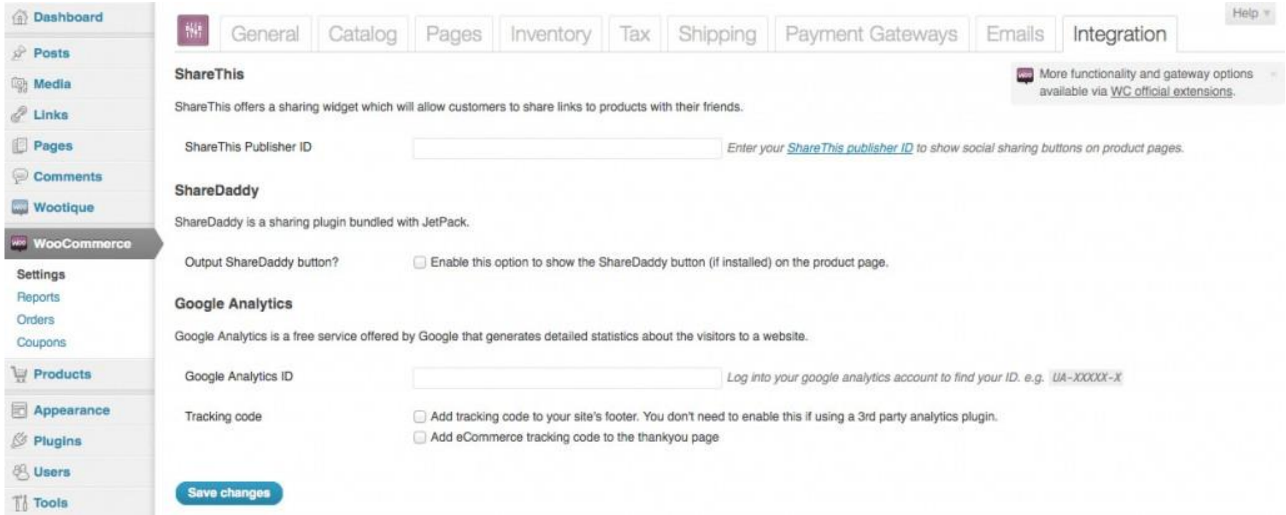
Emails

The *Emails* tab allows you to configure email settings for administrators (eg. New order notifications or Inventory notifications) and customers. You can use the default email template and specify your own colours and header image or if you'd like more advanced control you can copy the email template and make modifications to that.



Integration

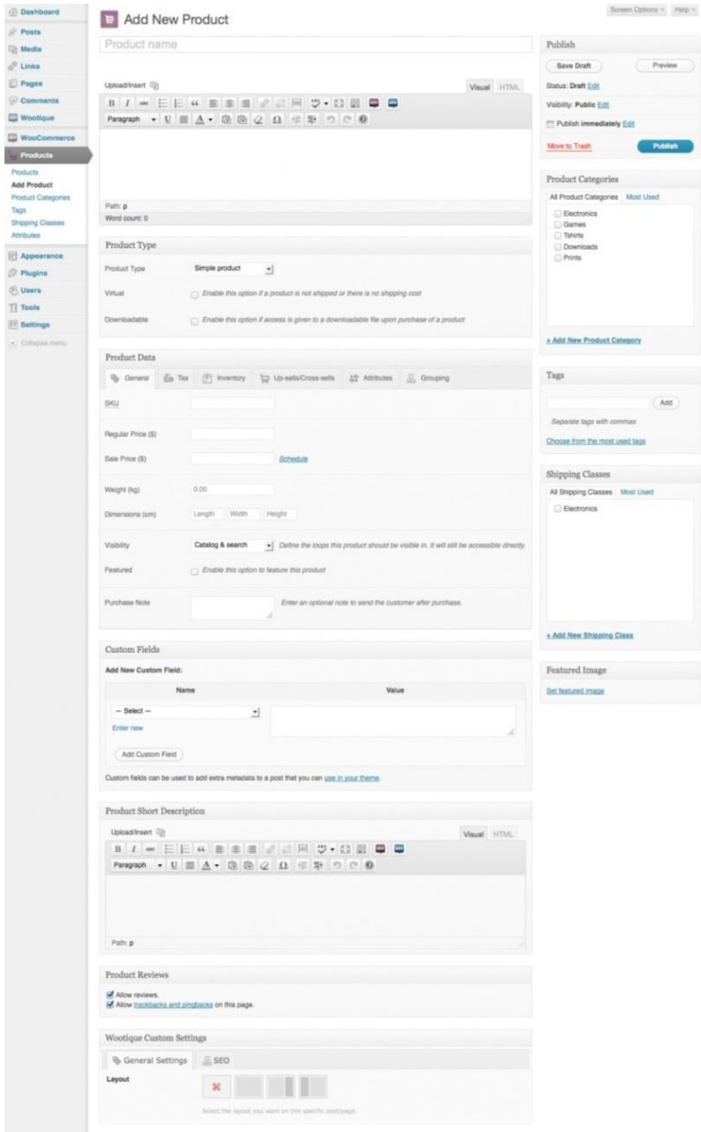
The Integration tab lets you configure social media sharing options either via ShareThis or ShareDaddy, which is a sharing plugin bundled with JetPack. You can also add in your Google Analytics ID.



Adding your content

The next task after configuring all your store settings, is to start adding your products. Thankfully WooCommerce makes this a fairly painless process. Simply select the *Add Product* option from the *Products* menu.

Since WooCommmerce uses standard Custom Post Types, the Add New Product page looks just like any other WordPress Post or Page edit screen, with the addition of some extra fields.

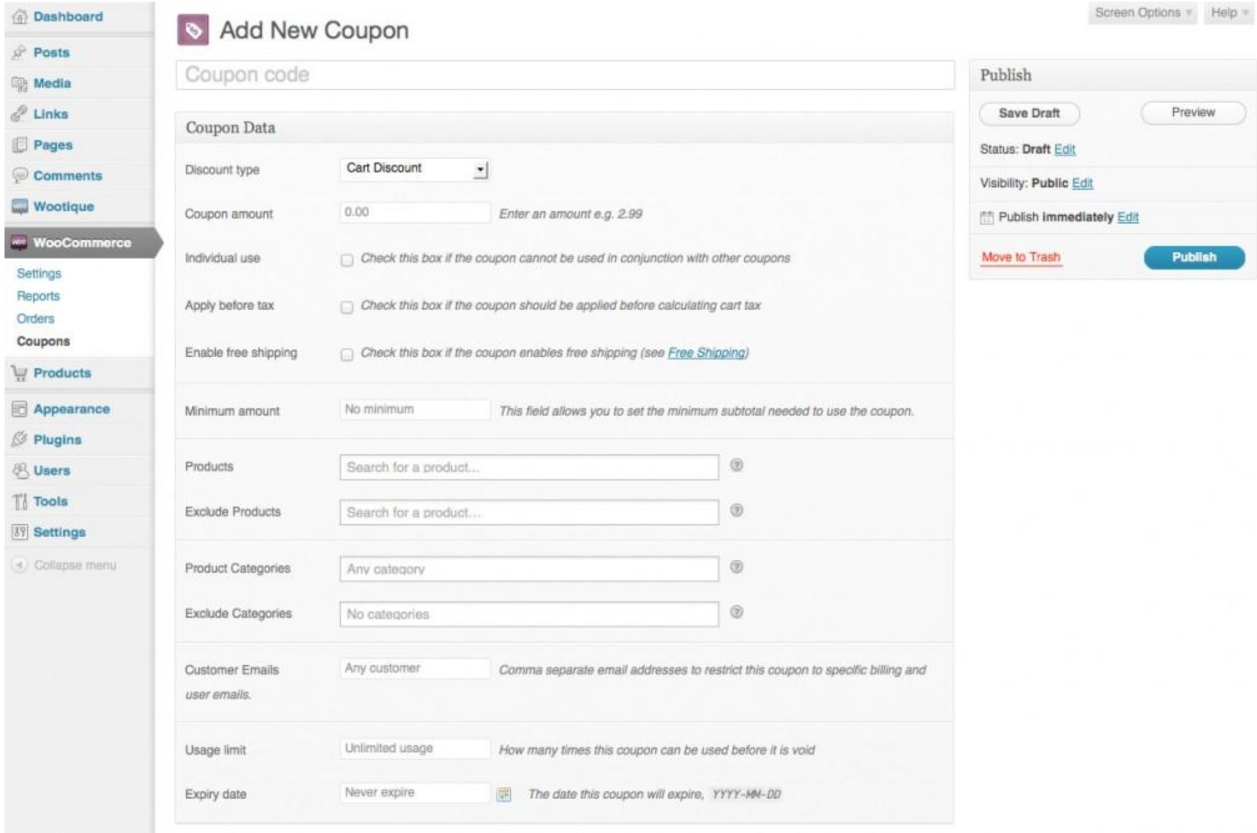


When adding a product, you have the choice of four options; Simple product, Grouped product, External/Affiliate product or Variable product. You can also specify if the product is virtual or downloadable. When adding downloadable products, you are given the option to upload the file and specify download and expiry limits.

- **Simple product** – Will usually cover the majority of products. Simple products are shipped and have no options
- **Grouped product** – A collection of related products which can be purchased individually. For example, a PS3 could be a grouped product as there are 80GB, 120GB and 200GB variations of that same parent product
- **External/Affiliate product** – A product you list and describe on your site, but is sold elsewhere
- **Variable product** – A product which has several different variations, each of which may have a different SKU, price, stock options etc. For example a tshirt that is available in several different colours and/or sizes

As you'd expect, you can specify all the usual infomation when adding a product such as price (regular & sale), tax, weight & dimensions. You can also specify and track the stock quantity, if so desired along with other "related" products that you wish to up-sell/cross-sell. It's here that you also specify each option for your variable or grouped products.

If you're interested in providing discounts for your customers, WooCommerce also allows you to create coupons. Coupons can be used to provide your customers a cart discount, a cart % discount, a product discount or a product % discount. Coupons can be configured to expire after a certain usage limit, a certain date or even to never expire. You can also apply/exclude them to/from a certain product or product category.



Browsing your store

Since the WooCommerce is a WordPress plugin, it can be implemented in any theme you want, however if you're not wanting to performing any extra styling yourself, then you're best to implement the plugin on a site that has been optimised for WooCoomerce. The WooThemes site has a number of ready made themes that are styled specifically for the WooCommerce plugin. You can also find a number of other sites such as Themeforest or Mojo Themes that have various WooCommerce styled themes. One of the themes that I tested the plugin on was the Wootique theme. This is a premium theme that's available for free from the WooThemes website. The WooThemes website also has a demo of Wootique using the WooCommerce plugin.

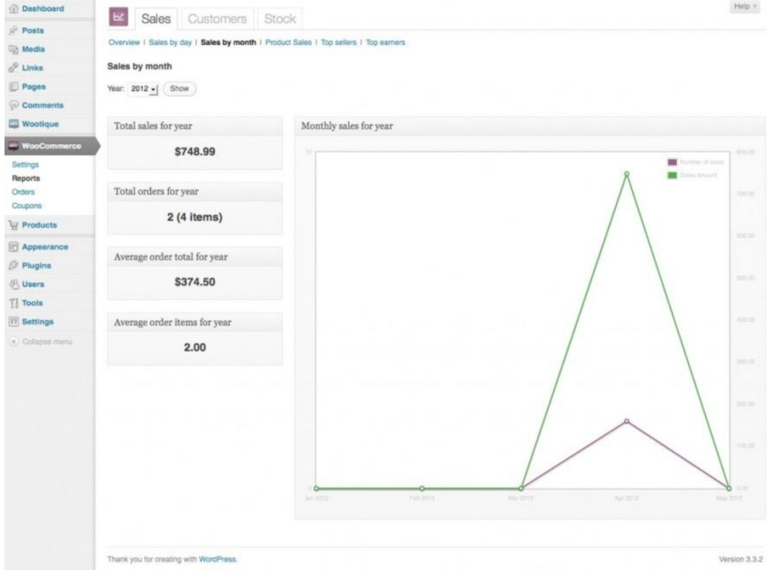
WooCommerce comes packaged with a default stylesheet which does look reasonably good (and can be disabled within the *General* settings page), you'll find it's not styled quite as nice as some of the ready-made WooCommerce themes that are available.

If you're interested in testing out the WooCommerce plugin, it comes with a *dummy_data.xml* file that you can import to populate your site with dummy data. Alternatively, you can also download this file from the WooCommerce GitHub site.

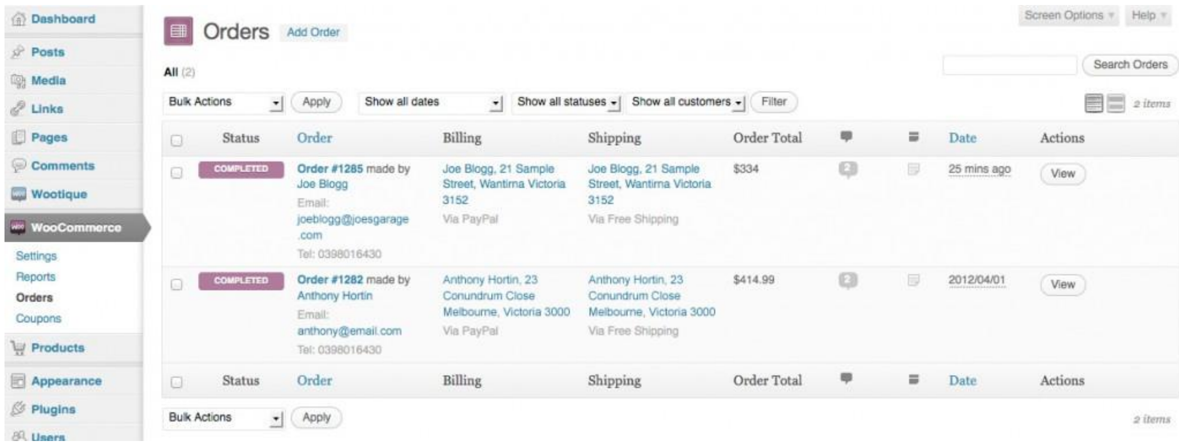
As mentioned earlier, when first activating the plugin, WooCommerce will create some default pages for you. To display other content within your theme, WooCommerce provides quite a number of different shortcodes. They also provide quite a few different Widgets that can be added to your site for searching, displaying 'Featured' products, displaying product categories & tags and displaying recent reviews, just to name a few.

Viewing Reports and Orders

Like all good shop owners, you'll want to keep track of all your product sales and orders. There are anumber of built in reports that allow you to do just that. There are reports for Sales (Incl. Overview, Sales by day, Sales by month, Product sales, Top Sellers and Top earners), Customers and Stock.



Using the *Orders* menu option you're also able to view a list of all the orders made. Clicking the Order # displays the order in full including all the products for that particular order (& variations if appropriate), the customers details and total costs (incl. discounts & tax).



c) *Key success factors*

1) A broad presence across channels increases the opportunity for consumers to search for, and find, brands. This increased product awareness and the associated higher share of searches increases total sales, online and in-store. Web awareness via web searches also has a positive impact on sales.
2) Ensuring product information and prices are consistent across channels, yet making use of the specific advantages of each channel to engage consumers and market their products.
3) Being broadly present across own and third party sites (e.g. websites, online marketplaces and social media), to maximise opportunities to showcase the brand.
4) Monitoring use of new technologies adopting those that enhance loyalty or help capture new customer segments.
5) Establishing partnerships to build brand recognition and overcome challenges, for instance, in delivery and collection, including the use of third party physical sites.
6) Understanding customer behaviours in the new connected environment and the different paths to purchase, with a view to enabling channels to operate flexibly and allow customers to use the channel of their choice.
7) Being present across a breadth of channels, offline and online, in order to maximize the chances that consumers find them and engage with their brands at any stage of the shopping journey
8) Offering flexible delivery options for items purchased offline or online, and using the physical store also as a collection point for online orders, or to try out products.
9) Supply chains needs to be realigned with the primary focus on analytics and customer information. The unpredictable customer's path to purchase creates pressures on the supply chain such as poor inventory & order visibility across all channels.

d) *Identify constraints*

Organizational and ownership challenges.

The status quo of siloed online and offline groups prevent innovative Omni-channel programs from seeing the light of day. There are many stakeholders involved in the strategy and execution of Omni-channel.

Technology and integration challenges.

Many retailers have difficulty integrating back-office technology across channels. Executing on this capability is inherently complex and typically requires a retail order management system to be integrated with existing legacy POS, e-commerce, ERP, and retail mainframe systems. Many retailers have aggressive technology investment plans to enable the rollout of Omni-channel programs. However, the implementation timelines for this enabling technology are often lengthy. As a result, many retailers are simply paralysed; unable to implement simple capabilities like store pickup despite the fact that their customers already have basic expectations for these capabilities.

Operational and execution challenges.

Many retailers report that in-store staff training is a major barrier to omni-channel success. These staff members today are expected to be not only sales personell, but also product evangelists, customer service advocates, and distribution experts. Few retailers have made the necessary training investments to enable their store staff to effectively perform all these tasks.

e) Project timelines and resource requirements

Continuous Experimentation with New Channel Initiatives

	Phase 0	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5
Maturity level	EXPERIMENTATION	FOUNDATION	CONVERGENCE	PRECISION	IMMERSION	OPTIMIZATION
Customer level	Offering Multiple Channels	Offer/Loyalty Segmentation Cross-Channel Services (Click & Collect, Loyalty)	Targeted Real-Time OC Offer/Loyalty Cross-Channel Support Services Online Inside	Context-Aware OC Offer/Loyalty Personalization On-Demand Assortment OC Customer Participation	OC Basket of Goods Lifetime Next Best Action Dialogue "Zero" OOS	OC Basket of Value Value-Add Service Differentiation Self-Learning OC Experience
Technology	Applications for a Customer-Facing Omnichannel Experience	Data Foundation Single StoreTechnology Model ARCHITECTURE Best practice Inventory/RFID	Real-Time Capabilities OC Platform (all channels) OC Fulfilment and Merchandising Sensors Social Integration	Embedded Application Intelligence (inc. Location) Predictive Analytics Advanced Customer Intelligence	Thin/Smart clients touchpoints; POS = gateway to the other channels Single Transactional Engine (Store, Mobile, Online)	OC Optimization and Emerging Technologies Integration
Precess & people	Defining the Business Case	Store/Online Inventory Integration OC KPIs Identification	Omnichannel SC, fulfilment and DC structure OC Price Optimization OC Business Performance Management	Customer-Centric Merchandising OC CRM OC Promotions	Omnichannel Single Message Marketing Customer Experience Innovation Management	Embedded Omnichannel Culture Continuous OC Process Optimization

f) *Measures of success*

MEASURE	REACH	ACT	CONVERT	ENGAGE
Brand measures	Unique visitors New visitors Brand/direct visits Audience share(vs competitors)	Lead volume % product / service Pages per visit	Sales volume Lead volumes Follower or fan volumes	Email list quality Repeat transactions Repeat visits Exit interviews
Content performance measures	Share of audience Key sites with your content visible in search Follower or fan volumes Share of search / search presence (finability) Inbound links Referring domains	Page engagement rate (bounce, pages per visit, duration) Shares by users (shareability) Post rank score Comments and site interactions	Lead sign-up and conversion rate by engagement tool Subscription to email	Active customers % (site and email active) Conversion to fan or follower % Social interactions with content such as fan page comments Repeat conversion rate Email open and CTR
Commercial measures	Cost per click and cost per sale Brand awareness	Goal value per visit Online lead contribution Cost per lead Customer satisfaction	Conversion rate to sale Channel conversion rate Online originated sales, sales revenue and product Average order value or cost per sale/basket	Retained sales growth and volume Revenue per visit Revenue per channel and category Lifetime value of customer / loyalty

7) CONCLUSION

Putting the consumer-shopper at the centre of Omni channel requires building out a winning capabilities system. To address this imperative, retailers need to change the game from a focus on "one brand, one drive period, one promotion" to a more strategic filter that guides investments and collaboration across all of the various teams that touch the Omni channel experience. Just as there can be any number of ways to play, depending on the retailer and its mix of markets and products, every company will likely develop its own set of capabilities. As a rule, however, the capabilities required to succeed at Omni channel are likely to include the following as a foundation on which to build:

Sophisticated insights: Insights are the fuel that powers effective marketing. They need to address the various pain points along the path to purchase and alleviate them by delivering a better experience. But to truly unlock the most value and enable better alignment at all the key intersections, insights need to be elevated from a tactical focus on point-in-time shopper activities to a holistic focus on the consumer shopper experience and leveraging the full brand portfolio to address consumer-shopper motivations. As marketers focus on high-value use cases to deliver value across the Omni channel consumer-shopper experience, there is significant potential to drive new insights from a broad set of data sources, including but not limited to point-of-sale and loyalty data. Social sentiment can be a valuable source of data for optimizing advertising and promotions content and targeting. Analytics around how the consumer-shopper engages with content during his or her purchase journey is another valuable new source of insights. Most retailers hold deeply rich troves of data and insight into the purchase habits of their most loyal shoppers, the types of events and occasions that drive their shopping trips, and their relationship with the products they purchase most. Value from Omni channel marketing is unlocked as retailers build sophisticated insights of their own — but even more so as they connect these capabilities to one another through broader collaboration and partnership.

Content marketing: Omni channel is a complex endeavor. Retailers must integrate and curate the experiences they deliver across an enormous number of moving parts. Already they are shifting their priorities to include new content formats, new activation platforms, and deeper consumer-shopper analysis across a variety of digital channels, including the Web, mobile services, and social media. Building a winning playbook requires the ability to integrate all of these elements while maintaining the flexibility to customize the approach where needed to enable and drive effective collaboration.

Agile development: Given the need to demonstrate the ROI of new approaches, pilots will be required to prove the benefits and build momentum around what works best. But being agile requires more than structured pilot tests. It also requires adopting lessons learned from digital product development, taking a user-centric approach to product design, and embracing agile development to rapidly iterate across multiple versions to optimize engagement and conversion. This also creates greater flexibility in taking a "digital first" approach, one that is less constrained by the long lead times and rigid operational requirements needed to execute in-store. It flips the model — rather than simply adding microsites, QR codes, and email blasts around promotional display events, retail activation now becomes an extension of digital solutions.

Coordination among ecosystem partners: For Omni channel to succeed, many different players must come together — retailers, agencies, media, and technology providers. Retailers must be able to ensure that these many moving parts blend into a smoothly operating ecosystem that enables capabilities complementary to the retailer's primary playbook, and carries out campaigns at the speed now demanded by rapidly changing market conditions. Brands, retailers, and agencies must work together to understand the post-purchase loop, placing an importance on open and iterative feedback. Doing this with an eye to improving how the ecosystem works together will increase benefits every step of the way.

Putting all this together into a winning capabilities system requires rethinking both formal and informal organizational alignment. No longer can companies afford to organize in siloed groups, each with its own mission, standards of behaviour, and cultural expectations. Omni channel marketing requires the breaking down of such silos if everyone in the organization is to be thinking digitally, and the entire organization's culture must reflect that shift. As people begin to work cross-functionally, it is critical to ensure that all of them understand their roles, and that a proper governance structure be in place to allow decisions to be made quickly. In turn, companies must make sure they have people with the flexibility, talent, and skills to function under these demanding circumstances. They also need to pay sufficient attention to informal organizational change levers such as fostering networks across key talent pools and identifying and
rewarding desired behaviours to help the culture evolve.

8) **APPENDICES**

Optimal Omni-Channel Strategy and Execution

Delight Your Customers Through Enterprise Commerce Management

Contents

Overview

enVista’s retail supply chain team has been developing omni-channel strategies for leading retail clients since 2003. In this white paper, and with real use cases, we address the opportunities to develop a fully synchronized Omni-channel strategy - what is required from a process, service, business strategy, technology and organizational perspective - and how this benefi your entire value chain. We will review the complete “path to purchase,”
from sourcing through delivery fulfi enabling technology, balanced goals, and appropriate organizational structure. More importantly, we will cover the type of Return on Investment (ROI) you can expect from a fully synchronized Omni-channel strategy.

Building the Right Foundation

When developing a fully synchronized, omni-channel strategy that encompasses the supply chain from source to consumption, we recommend retailers leverage a C.I.O. approach.

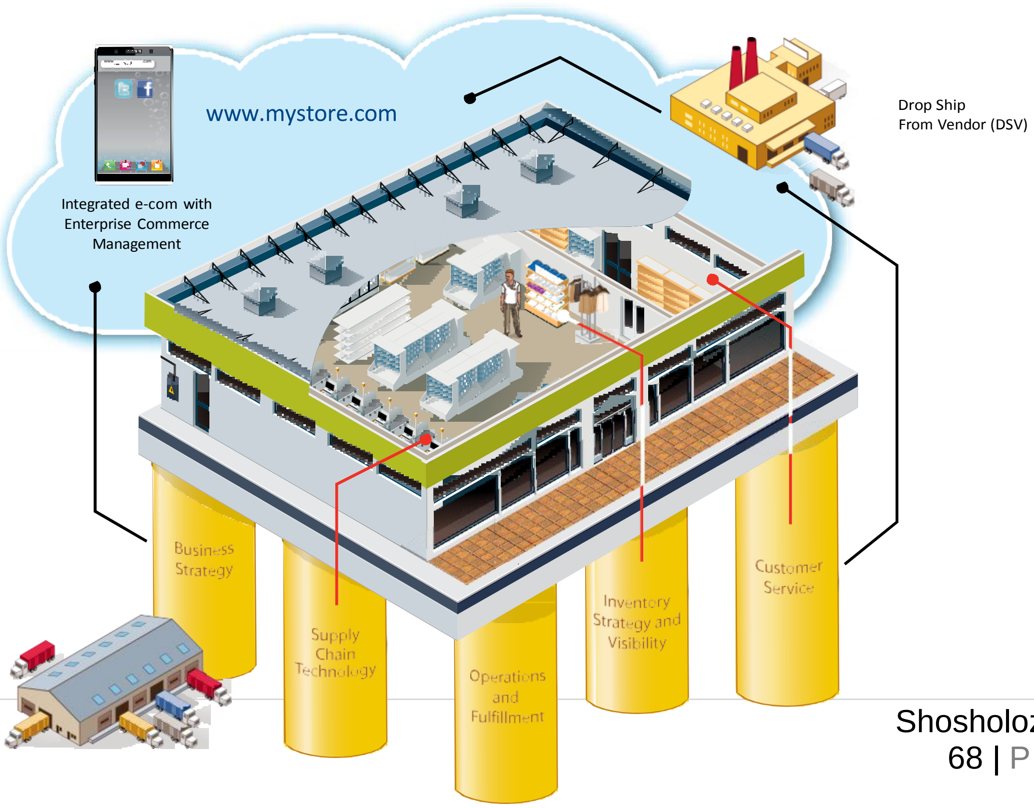
“**C**” represents Customer and the Customer experience

“I” represents Inventory and Item

“**O**” stands for Orders: customer, purchase, and return.

In addition, our approach to omni-channel synchronization takes into account fi e omni-channel strategy pillars and the core competencies an organization must have to be fully synchronized. Each omni-channel pillar will be reviewed in the subsequent pages.

- Business Strategy
- Supply Chain Technology
- Operations and Fulfi
- Inventory Strategy and Visibility
- Customer Service



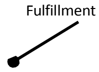


Figure 1 – Omni-channel Pillars

Enterprise Commerce Management

To some practitioners, omni-channel synchronization is an esoteric term - just a label for describing what is occurring in today's retail environment. However, it is much more than a label, it is the basis for maximizing sales and profi y across the retail enterprise. Therefore, we will use the term Enterprise Commerce Management® (ECM) to describe what retailers need across process, people and technology.

ECM encompasses a strategy, a set of processes, enabling applications, technology architecture, and organizational structure that come together to delight customers, foster brand loyalty and enable retailers to compete in today's hyper-competitive environment. ECM provides complete inventory visibility, at the right level and at the right time; shares inventory across all channels; provides a single view of the customer; utilizes mobile for social and purchase; and allows fulfi from any supply point.

ECM is breaking new ground and moving beyond static and transactional Enterprise Resource Planning (ERP) solutions for retailers and distributors.

Your Customer

Dr. David Cooperwriter at Case Western University developed highly effective and renown Appreciative Inquiry principles. One of his unique recommendations is that companies and individuals should not ask, "What do you want less of?" but rather, ask, "What do you want more of?" He argues there is a distinction - and from our
experience, this has proven true. Asking what you want more of is a paradigm shift that moves away from defi

- based problem solving.

Ask yourself, "What do your customers want more of?" Your customers are social in nature; they want to engage in conversation, they want to be delighted, and they want a unifi and consistent brand experience, regardless of their "path to purchase."
More importantly, your customers want the products they seek to be available at the time of their choosing. Technology is a large part of the answer, but not the only answer; we will address technology enablers in subsequent sections of the white paper.

Retailers are born with a core "DNA" – it is the lens they view their company with – how they see problems, perceive issues and resolve them (e.g. e-commerce capabilities, product catalog engineering, and channel diversifi These have been historically been
the core competency of the retail business. Over the years, some retailers have added additional capabilities, leading the way by actively adding additional channels, while many others were just competing and mimicking their competition. Because of their DNA, retailers molded their new

business processes, metrics, structures and perspectives from their core base of knowledge, which over the years, has led to partitioned and often disparate solutions in support of channel expansion.

Many retailers struggle with merging traditional brand strategies in today's multi-channel model. We would encourage you to approach your business as a single brand. It is critical to offer your customers a consistent experience across all channels. Understand what your company stands for and merge your thinking to deliver "one company, one brand," as the face to your customers.

Use Case #1: For example, Retailer A has developed a store-within-a-store growth strategy with a leading national discount retailer. Retailer A sells over $10M in gift cards per annum at 10 percent growth within its existing stores and online. Retailer A sells branded product within Retailer B's store, but cannot sell gift cards within Retailer B's stores because Retailer B's point of sale (POS) system is not integrated with Retailer A. Nor can a customer who buys a gift card from Retailer A use it at a Retailer B store. Why is this example important? Retailer B operates
TWO times the number of stores that Retailer A does. Retailer A is losing an important opportunity to double the number of gift cards it sells annually, not to mention the ability to upsell and cross-sell within the channel with a unifi brand strategy. And perhaps most important, it may or may not impress Retailer A's customers if they could use their gift cards at Retailer B, but it likely disappoints them when they cannot.

Use Case #2: Path to purchase workfl ws can and do impact customer experience. In this use case, our retailer sells an expanded assortment versus their store assortment on their e-com site. However, a customer cannot return an item ordered online to a store, due to fact that the retailer's POS solution cannot see the original e-com order and has no understanding of the promotions redeemed or tenders utilized in this transaction. Thus, the customer is forced to carry a paper receipt and go through a manual process to return product to the same brand. Not only does this result in an extremely poor customer experience overall, more importantly, it does not allow the store personnel to provide a seamless return experience and precludes offering either a gift receipt or credit on the original purchase. The customer is not able to exchange an item, or better yet, buy something more expensive or additional products while in the store. Best practice would have the retailer return the item on an integrated POS and issue a gift card for the full amount or credit the amount back to the customer's card, and the company would manage the life of the total transaction to the customer interaction level.

Make it easy and convenient for your customers to buy and return their purchases. If you make it diffi

, they will likely move on to one of your competitors who offer a customer-friendly experience.

Your Inventory

Most retailers do not understand the importance of how inventory can make or break an enterprise commerce strategy. In order to deploy an enterprise commerce strategy, a retailer must have a single view of all inventory in its pipeline from on-order to on-hand for all company locations. A single view of inventory is more simply stated than accomplished. Why? Many ERP solutions lack the ability to segment inventory by selling channel or even within selling channels. Traditional ERPs were architected and engineered to manage business channels by vertical silo (e.g. wholesale vs. retail), and not across horizontal channels (cross channel synchronization).

Allocating and optimizing inventory across channels is a very cumbersome and time-consuming process. ERPs are built to fi manage orders through a single operating unit, keeping track of adjustments and balance at the end of a period; they aren't built to handle the extreme execution requirements in today's ECM world.
Order allocation will be reviewed in the following "Order" section of this white paper. Many retailers struggle with separating inventory by channel.

Use Case #3: In our third use case, the retailer has three major channels: wholesale (55 percent of revenue), owned stores (35 percent of revenue) and e-com (10 percent). The top-down merchandise plan is planned and procured by channel. Unfortunately, the retailer does not have a single view of

inventory. It is spread across business units and in some cases, completely disconnected systems, forcing the retailer to view and allocate inventory from
three disparate systems (reference Figure 2). More importantly, this also forces the retailer to physically separate the inventory by channel within its forward distribution centers in order to protect each channel's purchasing and sales plan. When demand changes within a channel, the retailer is required to create a manual transfer from ERP to ERP and then physically move the inventory within the DC or from one DC to another. Needless to say, this is extremely ineffi and costs the retailer in terms of both time and money.

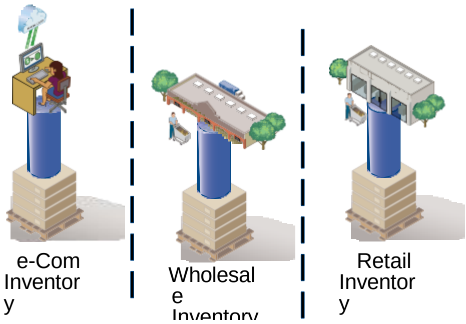


Figure 2 – Segregated Inventory View

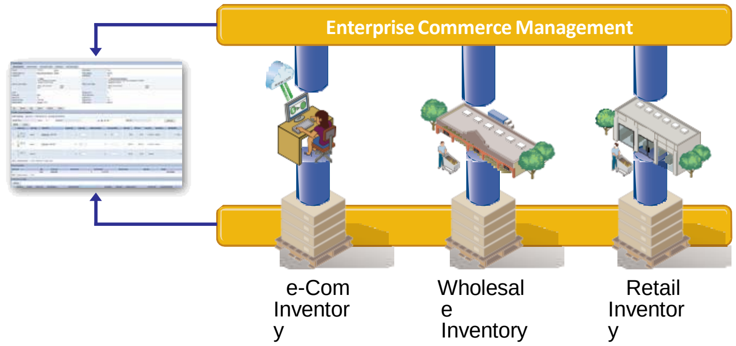


Figure 3 – Consolidated Inventory View

A Tier 1 ECM solution allows the retailer to have a single view of inventory, which can be integrated into three unique ERP's, and more importantly, allows the retailer to logically split the inventory within a DC. Hence, the physical separation of inventory is not required (Figure 3).

The advantage of an ECM Solution is that the retailer does not have to rip and replace three separate ERP applications to have one view of inventory. Relegating ERP to a transaction-based solution, the ECM becomes the inventory master of record for managing, executing and optimizing inventory across all channels. This would
include in-transit inventory from vendors or from a DC to Store, inventory within a DC, and inventory within stores (front and back stock inventory). As stated earlier, in order to have a fully executed enterprise commerce strategy, a retailer must have visibility to all available inventory to allocate and optimize inventory in real time.

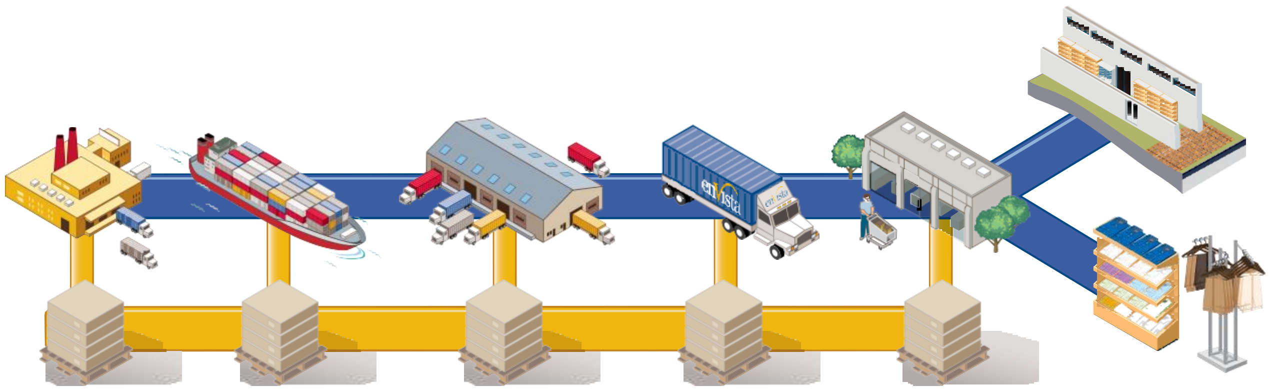
Inventory comprises the largest portion of working capital for many, if not all, retailers. It is common for retailers to use lines of credit to secure inventory to handle seasonal build-ups. In an ideal world, retailers would sell 100 percent of what they bought to meet forecasted or planned demand during the week it was planned, deliveries would occur weekly, and customers would show up and buy what they were supposed to. However, in the real world, retail buyers do not always make the right buys, allocators do not always allocate the correct inventory to the correct channel or store, and vendors do not always ship on time, ship quality goods or ship all of the
inventory that was ordered. Therefore, retailers end up with "non-productive" inventory that is in the wrong selling window or wrong location to be sold at planned margins.

It is mission-critical to know where inventory is in the supply chain in order to leverage target marketing within a geography or product category and/or channel. It is also critical to be able to move inventory in real time
(fi and physically) to a location that is exceeding planned expectations (channel, location), or move it
cost-effectively from an under-performing situation. Being able to proactively make and act on decisions regarding inventory while in and during a selling season is key.

Use Case #4: During Christmas of 2012, a retailer was selling items through both its stores and e-commerce website. The retailer's inventory master of record was in two locations (ERP1 and ERP2). A famous entertainer tweeted, "I just bought the coolest purse from XYZ (retailer) at her Manhattan store today…" Within one hour, 200,000 inquiries hit the retailer's website and the retailer sold out of the item in three hours. However, the U.S.-based chain also had 400 units of the item in its 150 stores. Unfortunately, the retailer could not access the inventory in the store channel to support e-commerce where demand exceeded supply.

The purse retailed for $795. Given the number of inquiries and the web conversion rate, the 400 purses would have sold at full retail price equating to $318,000 in total revenue. The item did sell out in the Manhattan, Los Angeles, and San Francisco stores, but it did not sell out in the remaining 132 stores. After Christmas, the item went through a normal markdown cadence of 50 percent. Had the purses in the stores been available to the e-com channel, the retailer would have sold 100 percent of the items at the much higher margin. Inventory visibility and the ability to allocate inventory across channels is mission critical.

You cannot allocate what you don't know you have. Therefore, emphasis needs to be placed on gaining inventory visibility, or having "one version of the truth."



Your Orders

Retailers, and more importantly software companies, need to move beyond Distributed Order Management (DOM). DOM is only a subset of capabilities that retailers and distributors need to deploy a synchronized omni-channel enterprise. In order to service a customer from any place, anywhere, retailers must deploy an ECM solution that allows for order orchestration (routing), inventory allocation within and across channels, order prioritization, and order maintenance. In addition, the ECM solution must support order execution at the store (buy online, pick up at store; ship from store, ship to store; and ship from store to store) dialogues. ECM must also have both the visibility and the ability to allocate inventory from vendor and in-transit inventory. This allows a retailer to complete "profi to promise" or "available to promise" allocation.

As we know, an order has at the least the following data attributes: customer name, customer address, ship to address, item number, model number, quantity, bill to address, payment method and shipment method. Best of Breed e-commerce, and ECM should be architected to support dynamic attributing for customer type, order type, and channel type to the order line level (including multiple ship to addresses) to orchestrate an order balancing strategy (store coverage, margin utilization), Total Cost to Serve, and customer service. There is nothing more frustrating than having to enter an order multiple times just be able to ship the order to multiple ship to locations; try creating 50 orders to ship 50 fruit baskets at Christmas.

A robust ECM solution can take customer attributes, order attributes, item attributes, inventory site attributes and shipment attributes and optimize the order based upon work fl w and rules that are confi by the retailer or distributor. The goal is to optimize the profi of an order, while balancing merchandising strategies and delivering superior service for your customer.

Use Case #5: The retailer has two DCs, 300 stores and over 1,000 vendors. The retailer has two channels: brick and mortar stores and a fast-growing online store (35 percent annual growth). The retailer wants to be able to provide "special" shipping services to its VIP customers and promote early promotions based upon a loyalty program. The retailer has spent a considerable amount of money on its e-commerce site and has implemented a Tier 1, Best of Breed solution but does not have an ECM solution that can optimize the order fl w to service VIP customers. Like many retailers, the retailer has hard-coded business rules within its legacy application to separate VIP vs. non-VIP customer segments, and they prioritize VIP orders within their DC fulfi centers.

E-commerce software providers and ECM software provide two completely different solutions. E-commerce solution providers are about order capture and conversion – the customer experience. ECM solution providers are like fi commanders in the military; they manage the execution of an order to meet the needs of the customer.

Note the retailer is not maximizing service or profit. The retailer cannot split shipments at the order line level and then tie the shipment line back to the original order. A robust ECM solution has the ability to evaluate each line item and source it based upon service vs. profit optimization allocation rules. In our example, assume the order consisted of three line items for a total order value of $105.00. The retailer offers free shipping for orders over $100.00. However, only two of the line items are in stock. The third line item can be sourced through a vendor that offers drop shipping, but the item can also be sourced and allocated from the retailer's own DC, assuming the inventory is on hand.

This is a real example where the customer is in NY, and the third item is located in Phoenix, AZ. What do you do? Do you tell the customer the item is not available and out of stock? Do you ship the item across the country, split the shipment, overnight the item at an additional $17.32, or do you ship it from a local store with USPS at a fl fee of $3.75? The answer depends upon your goals and when you want to achieve them. You may not want to disappoint a customer at Christmas, but during non-holidays you may want to backorder the item on your e-commerce site and ship from your DC when the product is available.

A robust ECM solution would have taken the order and determined the service vs. profit ratio and then allocated the inventory and performed the distribution plan. A key component to the optimization is the ability to rate shop at the line level and for the entire order. By being able to fulfill the inventory from one DC, the total shipping cost would have been $8.82. Assume the cost of inventory is $50.00. The gross profit on the order would have been $55.00, or 48 percent less the ideal shipping cost for a total profit of 44 percent. We find that many retailers do not understand the true order profit at the time of order placement in order to be able to make good business decisions that drive profitability. Had the order been split and line 3 been shipped from the store, the profit would have been 42 percent, and had the item been drop shipped with an upgrade service, the order gross profit would have been 30 percent.

In this example, the ideal gross profi would have been $46.18, followed by $44.50, and $31.25 respectively. To provide exceptional service, there would have been lost margin of $14.93 compared to optimal profi Had the retailer had the ability to ship from store, the retailer would have lost $1.68. Of course as you might surmise, it does cost the retailer in the form of labor to ship from the store; however, the retailer's store labor is not being fully utilized and store labor is a sunk cost, in most cases. As the need for and use of ship from store increases, evaluating labor as a cost as a component in the calculation of Total Cost to Serve is critical.

Many retailers have not bought into the idea of shipping from stores due to the operational challenges it presents in regards to labor, shipping supplies and square footage. However, a Tier 1 ECM solution allows the retailer to turn on which stores can ship from store, as well as what products are eligible to participate and at what time of year. The solution simultaneously allows retailers to throttle how many orders drop to a store by day of week, or by volume. Again, ECM is doing more than just distributing orders; it is optimizing the allocation of inventory to optimally service your customer while maximizing profi given the best business alternatives.

The use cases in support of ECM that we could offer based on our experience are vast. Each retailer wants the ability to confi e its rules based upon its business goals and objectives. A Tier 1 ECM solution allows retailers to confi e their rules and order workfl w though a rules engine that is native to the platform.

We believe a sound ECM strategy is built upon fi e pillars that mold retailers' responses to omni-channel challenges. These pillars are the core decision criteria used by ECM to analyze and recommend the right answer for the company, not just right product, place, price – but also, especially, the right margin and at the right time.

The 5 Pillars of Enterprise Commerce Management

Business Strategy

The fi core pillar to any ECM strategy is Business Strategy. What are we doing in business? Best product? Best service? and Lowest cost? A combination of any two? Fundamentally understanding the directions, and most importantly, how to arbitrate the best two when there are confl ts or when making decisions to spend money, preserve margin or satisfy a customer. Business strategy dictates a clear path to decision, so it must be clear and ingrained in all people and organizations. And compensation must match the strategy to insure the right decisions will be made at the decisive moment. For example, is the customer always right? Is the service level 100 percent for all customers? At all times? At whatever costs? A company's business strategy answers these questions.

Supply Chain Technology

Enterprise Commerce requires thinking of transactions moving horizontally through your company, versus looking at them within vertical silos. This requires systems to manage transactions in a way that properly accounts for transactions (i.e. matches compensation and does not create a culture that is counterproductive for the overall enterprise).

ECM is a technology solution that attributes both the capture mechanism and the fulfillment mechanism. That way, incentive plans do not get in the way of what is right for the customer. It also is important for forecasting for the following year. If you fulfill a large amount of orders from a store for e-commerce, you need to make sure that does not over inflate what you plan next year for that particular store. That particular store could have already had too much inventory, which may be why you were fulfilling from it, so sending more product to that store would not make sense. It is important that your enterprise commerce system has the capability to understand these distinctions and can attribute the sales and inventory accordingly.

Use Case #6: In this example, a retailer has stores. A customer wanted to purchase product that the store did not have available. This particular retailer is forward thinking and offered a kiosk that is a re-skinned version of its website, enabling customers to order online in the store. The retailer's store associates also had the ability to call the retailer's call center representative and place an order for a customer directly. If the associate placed the call, he still received credit for the sale. If the customer used the kiosk, the associate did not get credit. As you can imagine, the kiosk remained unused and simply took up space. Store associates used labor in the call center and their own time making the call versus just helping the customer complete the sale with the kiosk, which in reality, was better and more effi for both the customer and the company.

Technology plays a key role in the enablement and maturity of the ECM strategy. The main differentiator in technology deployment is the ability to adapt to change - the speed at which new processes can be deployed, modifi , and incorporated. Lets face it, in the world where the "customer is king," change is absolute. What makes the difference in the marketplace between profi and growing retailers and the retailers that are slowly dying is the ability to recognize a trend and capitalize on it before your competition. To be an agile organization, your technology infrastructure must be agile and as adaptable as you want your organization to be. To do this we must look at the fl y and agility of the following key areas:

- Application to Application Integration
- Business to Business Integration
- Process Orchestration and Workfl w Management

While many organizations have degrees of these capabilities within their organization, most are immature in their understanding of them, and often retailers address each of these areas separately vs. holistically. But the main point is how short-term thinking in these areas leads to the inability to be agile from a technology perspective, which ultimately drives the organization to likewise become slow and monolithic and ultimately lose its ability to compete.

For example, often application to application integration takes the form of point to point synchronous batch/fi based integration, which usually grew less from a concrete strategy and more from a one by one evolution. This is frequently driven by the attraction to do something short-term, easy, fast, and inexpensive "right now." A strategic and longer-term approach may be relatively more expensive in the short term and harder to implement but much cheaper in the long run. However, a long-term technology approach is more apt to create an agile solution, and an agile enterprise vs. a rigid and infl one.

Here is a typical example. System A needs information from System B. Without a strategy or concrete plan, someone in the retail organization is told to write a script or program to extract the information from system A into a fi and write another program to import the fi into system B. They then use a scheduling system to execute this process on some periodic basis as best as they can using whatever tools are available. The fi needed to be available to both System A and System B, so at fi something like FTP is used to transfer the fi between
fi systems, and then eventually a shared fi system like NFS or a Windows share hosted by a SAN is used to connect the two systems.

In either case, a fi system is used for staging the fi and some custom scheme using fi names is created that polls the directory for "new fi ." As time goes by, more requirements emerge and new systems are deployed.
System C needs a slightly different version of the fi that System B needed from System A; it also needs some information from System B. More fi and more extract scripts are created and different scheduling technology is required. Soon, information from people is also required, so Excel spreadsheets are introduced, which are then converted to fi , which in turn have new scripts to process them. You get the point.

Over time, this process breaks down as the system becomes brittle. Error conditions cause data loss. Longer and longer delays occur as debugging the mishmash of point-to-point connections becomes an absolute nightmare, and the number of point-to-point fi increases to an unmanageable level. Upgrades in any one system affect all of the other systems they have point-to-point connections to, causing large numbers of integration scripts to be updated, migrated, and changed.

The more the business grows, the more systems the retailer deploys, the more the complexity grows to a point where it can strangle the business, causing large costs and lead times for even the simplest change. Application- to-Application integration went from an asset to a liability as the costs skyrocket, lead times extend to enormous levels, and the pain becomes large enough that fi the organization is forced to look at integration holistically and address the problem.

This often leads to deploying an integration technology such as an Enterprise Service Bus (ESB) to solve the problem, usually with management hoping it will be a "quick fi " An ESB is really just an architectural pattern, and in order for it to be successful, it must be applied to a majority of the integration points in the system. The
same short-term vs. long-term trade off must be made and often the tool is viewed as the solution vs.

addressing the architecture and organizational behavioral problems, which are harder to solve. The effectiveness of an ESB architecture is highly dependent on compliance to it. This requires governance mechanisms to be in place. A common way to accomplish such governance is to introduce a separate organization that has responsibility
for integration, and enforce that all application to application integration must use this new organization to

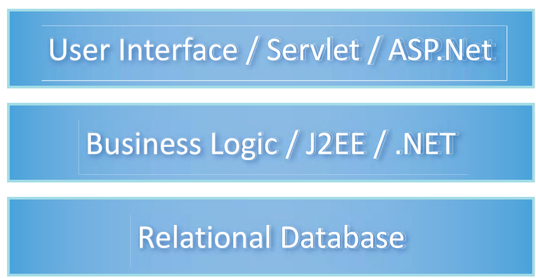
implement it. In our experience, this can come with mixed results. On the positive side, the benefi of the architecture do get realized. On the negative side, this central organization can become a bottleneck, not allowing the company to be as agile as it may want to be.

A more scalable model is to create an architectural review board that ensures each group is complying with the enterprise architecture, including the use of the enterprise bus pattern. The compliance board is typically made up of a dedicated set of architects who define the standards and review applications during the design and pre- production phases.

The main takeaway here should be that Integration is a fi -class citizen in an Enterprise Commerce Platform. Realizing the benefi of the platform start with ensuring that your organizational behavior and organizational structure are aligned in such a way so they are motivated to do the strategically right sorts of things, versus motivated to follow paths that lead to short-term gains but long-term losses. Planning ahead, looking at the problem holistically, and viewing cost as a measure in the long-term make the difference between agile organizations that are category leaders vs. those that lag behind or eventually die off due to their inability to adapt at the rate the market demands.

Enterprise Commerce Architecture

Traditionally, retailers have procured Distributive Order Management (DOM) or Order Management Systems (OMS) to solve for multi-channel fulfi Many of these systems were built over a decade ago and do not leverage some of the more recent developments in both architecture and software development techniques, and as such, are starting the transition from state-of-the-art to legacy. Most are built on a very traditional 3-Tiered architecture.



There are a few problems with this model. The most visible problem is scaling the application over time. This becomes difficult especially for the high volume multi-national retailers when they have systems that leverage this architecture. The user interface and business logic layers typically can scale out by deploying more hardware, clustering them. However each cluster node winds up talking to a single logical relational database system. Even attempting to leverage something like Oracle RAC or IBM pureScale, however, does not allow for the relational database to scale above a relatively low threshold, which many organizations are starting to exceed.

The need to distribute the data model across larger and larger areas leads to attempts at replicating the relational database. However, a relational database needs to maintain consistency across its cluster. It ensures consistency through atomicity of writes and reads and coordinates those operations, typically through centralized locking mechanisms. This does not mix well when there is a large latency between the nodes where writes are occurring, as is the case when a multi-datacenter is active – or active deployment is desirable. As a result, the relational database can't scale out very well. Even within a local cluster, as in a Oracle RAC or IBM pureScale deployments, these technologies provide redundancy and safety but actually introduce additional latency and overhead to do so.

A more modern approach to this problem is to leverage persistence technologies that allow for "eventual consistency," versus strict absolute consistency. Such technologies are often referred to as

“NOSQL” data stores, or

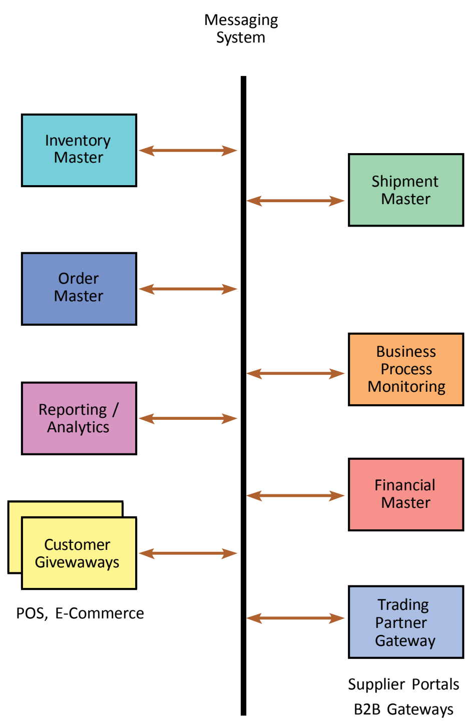
sometimes “Big Data” technologies. These technologies leverage relaxing the consistency just enough to allow the system to scale, while also providing many of the same benefi of a traditional relational database.

These systems, however, are often document-centric vs. row-centric. The document-centric nature introduces new patterns to interact with them. The most recent trend is to leverage JSON over HTTP, known as REST interfaces, to interact with these eventually consistent, document-centric data stores. The drive to use JSON has been spawned by advances in browser technology, which allow far better user experience, across desktop, tablets and mobile devices. A technique called Responsive Design has taken hold on the front end, and this design pattern leverages Java script at its core, which in turn drives architectures to become more and more JSON-centric over time.

This section may have been a little technical for some, but the main takeaway is that the way systems are built today is very different than they were built 10 years ago. Technology trends today both on the user interface side of things and the server side of things are rapidly evolving. These new technology trends provide ways to build systems that scale better and provide better user experiences than in the past. Part of what differentiates an ECM Platform from traditional order management suites is the ability to leverage these new technologies to provide the benefi of scale and multi-device access and the user experience that most customers are demanding.

So what does Enterprise Commerce architecture look like?

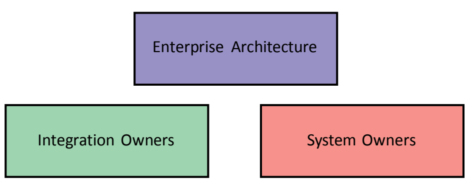
It starts off with an event-based/message-based integration foundation with a process orchestration layer on top. Systems connect to the message infrastructure and produce and consume events, preferably in an asynchronous manner, introducing as few wait states as possible.



In the diagram above, we see an architecture where global inventory is managed by one system. Orders for replenishment or from a demand channel, such as an e-commerce site are handled independently from the Financial Transaction System of record. Systems interact with each other by exchanging messages versus making

direct calls to each other. So a customer gateway, for example, can publish an order message, which can be consumed by the fi master, order master, inventory master, and reporting subsystems. The customer gateway does not know about these other systems or their consumption of the message; it simply publishes the message for the various interested parties to consume. The business process monitor ensures that workfl ws are kicked off when certain events are published and ensures end-to-end completion and exception management of the processes implied by the various events. Integration from a business-to-business perspective is handled just as any other system. For example, the inventory system of record can recognize that a replenishment needs to occur at a certain location and raises a replenishment event. The business process manager kicks off a replenishment workfl w to track the process, and the order management system may create an order to a supplier, which is then sent by the trading partner gateway to the corresponding vendor.

While conceptually this is a pattern many readers will recognize, it is also diffi for many organizations to achieve. The main obstacles to this kind of enterprise architecture are often rooted in a combination of
organizational and cultural incompatibilities. To achieve this architecture, a centralized vision must be well known by the various participants. Governance and adherence to the architecture is critical; circumventing the message architecture and creating point to point fi based integration is a seductive option, but as we have shown, it is a path leading to higher costs and a divergence from the above "Bus" based integration. Organizational structures and governance rules must be created that ensure the various organizational units within the enterprise can properly execute toward this end goal.



Separation of the integration ownership from the system of records is key to creating the culture and governance structure needed to make the message based enterprise architecture work. If systems owners also maintain responsibility for integration, they will always be motivated to utilize point-to-point integration scenarios and the architecture will never be realized. Leveraging a separate, dedicated
integration group changes the motivation toward architectural compliance and longer-term views, motivating the organization to realize the goals set forth by the Enterprise Architecture team.

Operations and Fulfi

The third ECM pillar is the ability to fulfi the promise of the "fulfi anywhere" portion of the "buy anywhere, fulfi anywhere" requirement in today's world of retailing. All locations in a company's network are no longer single dimensional in that they only store, ship, cross-dock, sell – they are full functional operations and fulfi
nodes with the capability to do whatever is required by the company at that time. True, they all will have differing cost and service profi and potential physical limitations but in all cases are multi-functional. The distinction here is all locations - company-owned and operated, third party facilities, logistics partners and vendors - have the ability to perform multiple operations as needed by the retailer.

Integrated POS and Mobile

The store has taken on a more signifi role over the past fi e years. It is no longer just an end-point in the supply chain – where product goes to be sold, one way or the other, with better or worse margins. In almost all cases, stores are the fi disposition point for store retailers. Direct retailers generally use a store outlet to dispose of product as a strategy to rid the direct channel of outdated, damaged and defective, or out-of-season merchandise.

Not so anymore. The store is being used as a fully capable node in the supply chain, capable of selling cash and carry items, storing or warehousing specifi product for replenishment or fulfi of regional orders, providing an order-pick up location for direct or other store orders, and acting as a return center for all product carried by the brand. In short, the store is now a fulfi center with a store on the front. Customers are driving this transformation. They are demanding more capabilities from retailers to fulfi the buy anywhere, anytime, ship/pick up from anywhere paradigm in retail today.

This in turn, drives more capable technology to the store, including: Warehouse Management System functionality – for back room management and inventory control; integrated order capture – all channel inventory; customer information and history; brand-wide transactions are available at the register; and mobile solutions – both in store in support of the customer experience and on a Bring Your Own Device (BYOD) where customers can shop and manage their orders at their convenience.

Distribution Center

As discussed earlier, inventory allocation and segmentation by channel will normally happen outside of the DC. It is an unfortunate but common practice that companies will store items in different locations in a DC, or even name the items differently or carry them under different SKU numbers between their wholesale, direct and retail business in order to "protect" inventory between channels. The best practice in an enterprise commerce world has the business rules defi outside of the distribution channels for fulfi The DC is still a key component for supporting omni-channel.

The purpose of a DC is order fulfi but once your company starts to embrace the omni- channel principles of buy from anywhere and fulfi from anywhere, you need to look at your DC and determine if it can meet the demands of what you plan. The facility layout, the systems in place, and the overall process/people to execute the initiative must all be reviewed. The DC for a direct-to-consumer or catalog facility requires a layout that is very conducive to each or piece picking and small package delivery. DCs that are used for store fulfi should have a layout that supports store picking and receiving. For an omni-channel facility that wants to support the concept of "buy on-line/ship anywhere," that DC must be able to handle multiple storage, picking and packing processes. This "ability to handle" comes in the form of the layout itself being conducive to the each-pick process; the systems in the facility need to handle multiple ways to process orders, and operations must be able to handle the differences in the processes required.

Store Operations

One of the en vogue ideas for omni-channel right now is to make all inventory available online and allow customers to buy online and pick up in store. It sounds like a no-brainer and an easy thing to do, but there are costs and some risks associated with the process.

The fi   thing to look at is the focus of your store labor. In most specialty stores, associates are on hand to focus on and make a connection with the customer to ensure the customer's experience is enjoyable. When you look at certain days and times of the week, the foot traffi in the store can be quite heavy. This is where the cost/benefi analysis needs to be weighed. If someone would like to purchase an item online and pick it up in the store, it requires a lot of labor to fi that particular product and get it ready for the customer coming in to pick it up.

Most processes you see in the omni-channel world right now include telling the customer to wait until they receive an email confi ming the order is ready before they come into the store to pick it up. However, our experience has been that the customer does not wait for that email, so you must be ready and available to treat that order as if it came from someone physically in the store. That is a big culture shift and one that a company needs to strategically decide if it wants to fully embrace or look at it opportunistically.

One common example is a consumer buying an expensive television or bicycle. In either of those cases, most companies would go ahead and make the decision to process that order as though the customer were physically in the store. But, if someone was buying a tie that required a store associate to search through a large table on a Saturday, it might not make sense to have store labor deviate from its primary focus of serving customers in the store, especially for specialty retailers where there may only be one to four total associates in the store at a given time. The day of the week and time of day also have an impact. Best practices in systems utilized in ECM need to consider all of this information and determine what level is enabled for consumers with store labor requirements being part of the overall equation.

A rules-based system needs to be established, which leads to great consumer service and an established margin expectation. Not all orders and inventory will be treated the same for every customer.

Store Order Execution and Back Stock Room

Store Order Execution and back stock room management comprise a key pillar to omni-channel success. First and foremost, order fulfillment from stores must be simple. Any supporting technology must follow the “KISS” (Keep it Simple Stupid) principle. Store managers and associates do not want to be encumbered by an elaborate store fulfillment solution. From our experience, when designing store execution, the process must support two workflows: (1) acceptance of the order at the line level, and (2) packing and shipping the item. A robust ECM solution will allow for processes 1 and 2 to occur in series or in parallel. The solution must support both a paper pick and picking with a mobile device. For larger stores, we encourage the concept of “tasking.” This allows for work to be allocated to sales associates whereby the work can be tracked and labor costs can be allocated to the order.

Store order fulfi will depend upon a number of variables: store square footage, the number of store personnel working and when, the size of the back stock room, order volume, and POS integration. The workfl w for a 1,000 square foot store with one associate per shift requires a unique process where steps 1 and 2 are completed in series (fi inventory,

allocate inventory, pack list, shipping label, pack). For example, the specialty retailer has over 3,000 unique
apparel and footwear SKUs. There is no back stock room, and there is only one associate that works a standard non-weekend shift.
In this example, fi the inventory by

department and with an image (best practice), confi ming that the inventory is physically on a table or rack, and grabbing the item while printing the pack slip and carrier label is a serial process.

Compared to a large 50,000 square foot store with 30 sales associates and a large back stock room, we would recommend printing the pack list in advance or using a tablet device with tasking, fi the product and then packing and shipping each order.

Regardless of your process, Enterprise Commerce solutions allow for workfl w creation based upon your store order fulfi processes. In summary, keep it simple, with the goal of less than three data entry points. You want to create an experience that encourages your store associates to use the solution.

Use Case #7 : A normal store order in the retail world is going to be either a case quantity type of order for the store (maybe even pallet level for some goods and the largest retailers) or a re-pack case that contains multiple items in a box for some specialty retailers that get their goods delivered via parcel carrier. If you start with a concept of "buy online/ship-to-store," that affects your picking and delivery back in the warehouse. The size of the shipment, the carrier utilized for delivery, and the store personnel will factor into the picking and processing operation at the store. There are times when it will make the most sense to pick the customer order and have
it special marked for the store. There are other times when it will make the most sense to package the goods with other goods and have the store personnel sort the goods at the store for the customer specifi order. The determining factors will be items such as: who pays the freight, how do I get products to my store (TL, LTL, or Parcel), and how many resources/level of resources do I have in the store.

Today, retailers need robust operations and fulfillment capability at every stop in their extended supply chain.

Inventory Strategy and Visibility

These two go together as inventory is in perpetual motion - as Work In Process in the factory, in a shopping cart logically on the web or physically in a store, or in a returns center, inventory is never really at rest. (Well, at least that is the goal, but many situations make it a target impossible to attain). Given the assumption that inventory is in motion at all times, retailers need to see it moving with the following characteristics:

- **Visibility –** Visibility is not just the ability to see, but more so, to see at the right level given the business situation. For example, a retailer does not need carton information before the product ships from the vendor, PO information is enough.
- **Availability –** Visibility has to be available when and where it is needed. Information has to be accessible wherever and on whatever form-factor is available: phone, smart phone, tablet, or personal computer (PC).
- **Capability –** In addition to visibility and availability, retailers require the ability to act as needed at any point in time, at any point in the supply chain.
- **Integrity –** The last piece of the puzzle: data needs to be right for the task. For example, carton-level information is not required during production. Information such as inventory ordered, quality assurance and expected ship date are important and may require action – it is required once the product is packed and ready for shipment. The data must have a high degree of accuracy at this time to be actionable.

Having access to visibility is the fi step; these other three characteristics turn what is visible into action – the ability to respond in real time. Having the information without being able to respond does not meet the

requirements of today's omni-channel customer. The ability to approve or refuse, re-allocate, re-order, label, pick, pack and ship has to be distributed to the nodes in the supply chain.

Inventory Strategy

Omni-channel retailers must have an established inventory strategy. However, to execute the strategy successfully retailers must: (1) defi inventory allocation strategies and rules to meet the needs of the business and (2) must have a technology solution that allows for "inventory allocation templates" that can be patterned based upon common inventory deployment strategies or enable the retailer to "tailor" the templates and pre-defi patterns without touching the software source code.

However, in order to allocate and successfully complete order execution, a retailer must have visibility to its inventory within multiple pools or location sites, not to mention focus on inventory accuracy. By far, the most complex pillar to omni- channel synchronization is inventory allocation. This complexity is due to the large number of variables and permutations to allocate the optimal or most cost-effective inventory ("I") by customer attribute ("C") and to meet the demand for the order ("O"). An Enterprise Commerce platform architecture and data model must scale based upon volume.

Another common practice in enterprise commerce is the utilization of all inventory within a network. The fi step is to obtain an accurate understanding of your inventory. The last thing you want to do is have a customer buy something online and head to the store to pick it up when you really do not have the inventory in your store. A normal practice within a DC is inventory accuracy in excess of 99 percent; in stores, it is generally much less accurate for a number of reasons. It is imperative to understand the net inventory variance (merchandise variance, not unit i.e. to the color/size level).

Use Case #8: A specialty retailer found that its store inventory was less than 70 percent accurate. Analyzing the information further found that certain product categories had a signifi higher accuracy than did others. The product categories that had the highest price points and the highest margins were the ones that were the most accurate. It made sense to choose those categories to be the fi ones made available for the buy-online/pick up in store pilot. It was not a comprehensive rollout, but it still opened up a category to a channel that allowed for a better customer experience and improved margins.

That same retailer dealt with apparel that sometimes only had one item in a particular size/style/color. This was an item that would not make sense to put online for store pick-up because of data integrity issues at that level (style/color/size), or another customer could just as easily have that product in her shopping cart, so the item would potentially not actually be "available." Strategies employed by ECM allow for thresholds or "watermarks" to customize the promising algorithm based on these item/inventory attributes. The strategies around offering store inventory online and the functions you enable vary depending on your particular product and your inventory accuracy in the channel.

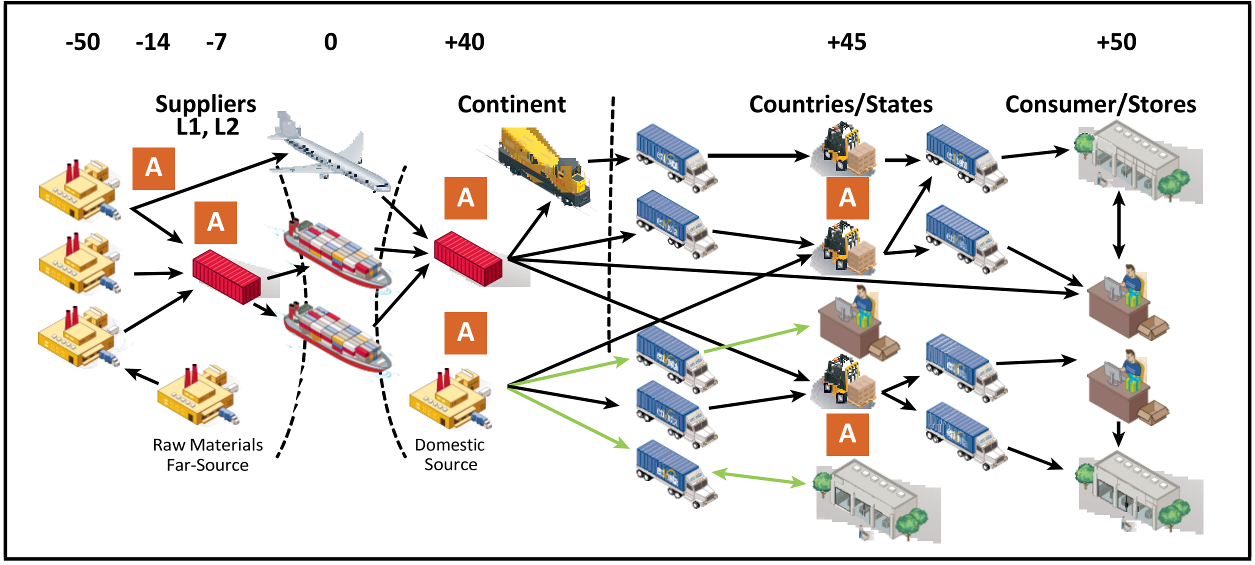
Use Case #9 : A retailer offered on the front page of its website product that was out-of-stock in certain sizes. That product also resided in several stores in its network. It was nearing the end of the season, so the markdown strategy had begun in some stores. That product was marked down as much as 40 percent off the retail price being advertised on the Web at full price. An individual that wished to buy the product online would be told the product was out of stock, while a person walking in the store would be able to purchase the same product for 40 percent off. This is when a "ship-from-store" strategy works. The labor required to actually perform a shipment can be offset from reducing the labor required to execute markdown activities. For some retailers marking down product and visually re-merchandising discounted product can take over 40 hours of store operations' payroll.

The strategy around the watermark levels you use, the time during a season if you have seasonal product, and the inventory accuracy all have to be taken into account.

Business Intelligence and Analytics

As mentioned previously, multiple characteristics are hallmarks of ECM, data integrity at the lowest level. Flexible sales and inventory attribution and visibility to all information are the key characteristics of a Business Intelligence and Analytics implementation. Retailers generally use this information: to recap seasons, programs, channels, categories and customers; to calculate compensation and bonuses; and use it as the basis for future forecasting, replenishment and planning activities. This connection is critical when designing a business intelligence and analysis system – ensuring all the measures and data values used to manage the business are the same ones used to plan the business. When the business intelligence tool is the basis for 100 percent of the core planning data, retailers can truly focus on the power of ECM and the value it can provide to improving revenues, gross margins, cost of goods sold and capital leverage (days in inventory, days sales outstanding, days purchases outstanding and the cash conversion cycle). For ECM, this is the balancing between quantifiable metrics like these and qualitative measure of customer satisfaction.

Inventory is generally the highest cost area in any retail business, so being great at managing inventory movement is critically important to an omni-channel strategy. For example, the balance between Master Purchase Orders (MPO) and Destination Purchase Orders is a very important concept for retailers, whether they are vertically integrated or buy from wholesalers. The key is crossing the line in the supply chain where a fi commitment fl over and becomes an execution tool in the supply chain. An MPO is the fi commitment to a vendor or factory and once it leaves the factory that Purchase Order now becomes a Divisional Purchase Order (DPO). Conceptually, an order can be an order of n going to one place, or an order of n going to y number of places. A retailer places an order for 1,000 units before the season begins. Before the order ships that MPO is split into two DPOs logically; the vendor creates to physical shipments from those instructions. One heads to the retailer’s DC for store fulfi the other heads to a deconsolidation facility and is labeled, sorted by destination location, merged with other freight, loaded on 15 different trucks and shipped to 125 different locations. Many retailers do this today; it is in most cases, much easier said than done.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Suppliers L1, L2
Continent
Countries/States
Consumer/Stores
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Raw Materials Far-Source
Domestic Source

Customer Service

The last key pillar is of course the most important: how the customer is engaged when he needs help. This usually occurs when the customer cannot get what he wants at the point it is required. Customer Service is not a function, it is an operating philosophy. How will retailers treat customers when the call is made, or what will the clerk's approach be to ensure each customer leaves a satisfi customer, and in all likelihood, return over and over again?

A customer today should be able to go to a store and, in the same transaction from the same device, understand the availability and location of any SKU the retailer has to offer. With one lookup, a customer can see if an item
is: on order and when it will arrive, available from a vendor (ship direct or pick up at the store), if it's in my store and exactly where it is (front or back room of the store) and be able to purchase any of those items with all of the applicable offers and price options. The customer is dictating what, how, when, where, and in some cases, how much he will pay for your product.

What's the Return On Investment?

As shown in the graphic below, the Return on Investment comes from all segments of the income statement: revenue, margin (costs of goods, sales, general and administrative expenses), and asset utilization.

Revenue Growth

Many retailers see omni-channel as an enabler to reduce stock outs (or increase sales), selling product earlier on in the product's lifecycle at higher margins (or increase sales), and having the ability to sell more and more product not physically carried by the retailer (or increasing sales).

Operating Income Margin

In many use cases for omni-channel, it will cost more to provide an omni-channel experience for customers: split shipments increased store labor to fulfi orders and higher returns. On the other hand, with a higher level of
capability distributed throughout the network and improved visibility to inventory, costs can be reduced: DC labor costs to receive and process; better fi costs from the vendor; lower costs to fulfi (closer to the customer) and reduced labor costs in the DC (no overtime). The net effect can be positive. In addition, potentially longer useful life of physical assets and lower inventory carrying costs contribute to a lower Selling General & Administrative expenses rate.

Asset Utilization

Omni-channel has a positive effect on the cash to conversion or Cash Conversion Cycle (CCC) comprised of Days Sales Outstanding (more sales are handled in real time), Days Inventory Outstanding (higher inventory utilization, turns) and Days Purchases Outstanding (due to increased visibility of all inventory). All contribute to a lower CCC and a higher return on invested money.

Summary

In summary, retailers must adopt a holistic omni-channel strategy and utilize ECM best practices, processes and technology in order to maintain agility and category leadership in the long-term. We have walked through the various technology enablers, challenges and reference architectures required to optimize retail Enterprise
Commerce. The main takeaway is that when it comes to an omni-channel strategy, technology is just part of the overall puzzle. Only when technology is combined with organizational and cultural engineering can the benefi of the strategy be realized.

For more information, please contact us at 877-684-7700 or info@envistacorp.com.

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AMERICAN MARKETING ASSOCIATION

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THE FUTURE OF COMMERCE

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About the American Marketing Association

The American Marketing Association (AMA) is a professional association for individuals involved in the practice, teaching and study of marketing worldwide. Through relevant information, comprehensive education and targeted networking, the AMA assists marketers in deepening their marketing expertise, elevating their careers and achieving better results. American Marketing Association members are connected to a network of marketing professionals more than 30,000 strong.

The AMA is constantly innovating and evolving, helping to shape the field as well as keep abreast of the changing global marketplace to help our members excel in their careers. As the leading organization for marketers, AMA is the trusted go-to resource for marketers, researchers and academics. It is counted on as the most credible marketing resource where our members can stay relevant with knowledge, training and tools to enhance lifelong learning.

For more information on the American Marketing Association, please visit www.MarketingPower.com.

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About Platt Retail Institute

Platt Retail Institute (PRI) is an internationally recognized consulting and research firm that focuses on the use of technology to impact the customer experience. In an omni-channel environment, PRI works with its clients to develop marketing strategies to integrate various customer-facing technologies. PRI clients include retailers, media companies, financial institutions, hardware and software companies, educational institutions, and other businesses. In addition to its global consulting expertise, PRI also publishes the quarterly *Journal of Retail Analytics*, the *North American Digital Signage Index*, and other pioneering industry research. Learn more about PRI at www.plattretailinstitute.org.

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Corporate Attitudes and Adoption Trends of Multi-Channel And Omni-Channel Marketing

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A. Introduction and Background

Advancements in digital technology are causing a seismic shift in consumer purchase behavior. Customers today access multiple channels to execute a purchase, leading to the requirement that all channels work seamlessly to support the brand and the experience. This trend started with the Internet, but is now being advanced in a very dramatic and rapid fashion due to mobile and other digital technologies. Consumers, empowered with these digital communication devices, such as smartphones and tablets, are pressuring organizations to deliver compelling and innovative experiences to retain top of mind and share of wallet. As distinctions between purchase channels blur, companies must build a singular view of and communication strategy with their customers, which can include touch points such as call centers, direct mail and catalogs, the Internet, mobile, physical selling locations, and social media.

It is not the buying process itself that is changing, but rather the path to purchase. Customers no longer follow a singular path to purchase, but many different paths. Firms that fail to adopt an omni-channel marketing (OCM) strategy risk losing their customer relationships. However, viewing this as a strategic opportunity can lead to competitive advantage for skilled marketers by ensuring that all consumer touch points have seamless interoperability to deliver a consistent brand and shopping experience.

Businesses in most industries are aware of these challenges. For marketers, these will generally include the following:

- Customer fragmentation, making it more difficult to reach customers.
- Multi-channel challenges, which are burdening marketing departments.
- Uncertain ROI from making channel investments.

Compounding this shift to OCM is the recognition that traditional, above-the- line marketing is not as effective as it once was. As well, customers are driving the demand for digital media, and that is another pressure forcing marketers to adopt OCM.

While the logic and rationale for adopting an OCM approach are self-evident, the execution path is extremely complex. This is due to various factors. One is perhaps the sheer complexity of integrating the functions and systems required to form a singular customer view. Another is that each organization, with its unique brand, systems, and distribution channels will need to discover the solution that best fits its business. Beyond the operational complexities, changing the functional aspects by which a company and all its employees perform to accommodate this new operating model is no small task. According to Forrester,[1] there are three primary reasons for this:

- Organizations tend to function in disparate operating silos.
- Companies tend to lack systemwide standards for all customer touch points.
- Most firms tend to lack cross-divisional oversight.

With these challenges and opportunities in mind, this research was undertaken to gain insights into multi-channel use and OCM adoption.

[1] Forrester, *The Unified Customer Experience Imperative*, April 2012.

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B. Research Objectives

Recognizing the need for insights into multi-channel use and OCM adoption, Platt Retail Institute (PRI), in cooperation with the American Marketing Association (AMA) and with the generous support of hybris software, decided to undertake a survey of a portion of the AMA audience in January 2013. In general, the purpose for conducting this research was:

1. To understand current and future marketing channel usage. As most firms use various methods to reach their customers, we desire to gain insights into current and future utilization, budget allocation, and perceived channel ROI.

2. As organizations are being driven to adopt a more integrated marketing approach, we desire to learn whether OCM strategies are being implemented, or if there are plans to implement them within the next three years. Underlying factors that are driving these plans, as well as budgets allocated to implement these programs, were also considered. The study also identifies the most significant business challenges faced when implementing an OCM strategy, as well as who is primarily responsible for making the decision to implement an OCM solution.

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C. Summary of Findings

Our research finds that the majority of firms currently utilize a variety of marketing channels to reach their customers. The most important of these are company websites, direct sales, email marketing, and social media. In the future, emerging digital channels such as social media and mobile marketing will become much more important to marketers. We also found, for example, that when comparing a channel's current importance to its budget allocation, there is an underinvestment in email marketing. Based upon a channel's future importance, there is also an underinvestment in mobile. It also was found that there is an overinvestment in call centers and inside sales telemarketing.

Overall, we found that 43 percent of respondents are either currently evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. These findings vary greatly by company size and the industry in which they operate. For example, 63 percent of firms with revenue over
$500 million and 58 percent with more than $150 million in e-commerce revenue are either currently evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. A consideration of the industry also yielded various results. For example, we found that 67 percent of retailers are either currently evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. Eighty-three percent of retailers with revenue over $500 million are evaluating or adopting OCM; and all health care firms and banking and financial services firms with annual e-commerce revenue over $150 million are evaluating or adopting OCM. Firms that plan to implement an OCM strategy next year place a high degree of importance on digital channels.

The three most significant business challenges that are driving OCM adoption are: the concern that competitors may implement such a strategy first; the issue of falling behind in the technology that supports omni-channel commerce capabilities; and that the firm is not organized properly to serve the needs of omni-channel customers. For those firms that have allocated a budget to implementing an OCM strategy next year, the creation of an interactive portal for engaging customers directly, social commerce technology to allow customers to express their intentions, and marketing automation for lead management across channels and touch points are the top priorities. Respondents reported that the decision to implement an OCM solution rests with the CEO/President and within the marketing area.

A series of subjective questions found the following: a lack of funding was a major impediment to OCM adoption; increasing revenue was a major goal behind OCM adoption and that revenue would be the determinant of ROI; and that firms are not evaluating an OCM strategy if it does not apply to their industry.

In summary, we find that emerging digital marketing channels, such as social media, email marketing, and mobile are becoming more important to marketers. Notwithstanding, budgets have yet to align to support the increasing importance of these channels. This may be because marketers are still learning how to implement and leverage these channels and due to a still uncertain ROI, as well as the fact that these channels may be less expensive to utilize than more traditional forms of marketing. Ten percent of firms plan to implement OCM next year, with an additional 33 percent currently evaluating or planning to implement in the next 2-3 years. The finding that 43 percent of firms are in some way implementing or evaluating an OCM strategy indicates that marketers recognize the importance OCM may have on their business. Firm size and the industry in which they operate clearly influence this decision.

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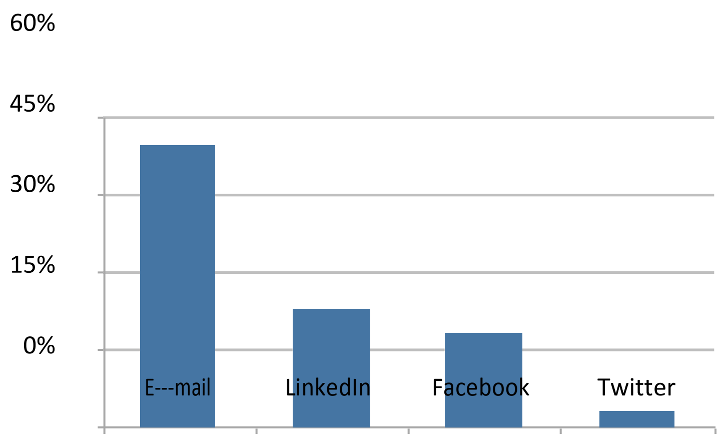
D. Research Design

Data was collected through a survey of 859 respondents, including both AMA members and non-members, regarding multi-channel and omni-channel marketing. In January 2013, a request to participate in the online survey was sent to the AMA audience using a distribution list provided by the Association. Email to the Association's list was the primary means of distributing the survey, supported by social media posts on Facebook, Twitter and LinkedIn.

The survey comprised 21 questions covering, among other things, respondents' company size, industry, marketing budget, and interest in or level of current implementation of multi-channel and omni-channel marketing. Prior to distribution, the survey was piloted by a sample of individuals led by PRI. Survey revisions were made accordingly until the final version of the survey was obtained. Responses for six of the 21 survey questions use a Likert-type scale.[2] In addition, the survey included two ranking questions, four open-ended questions, one dichotomous question, and seven multiple-choice questions. Data was accumulated anonymously and analyzed using SPSS statistical analysis software version 21.

Of 859 total respondents, most completed the survey by email (55 percent). The most common form of social media used to complete the survey was LinkedIn (23 percent). Chart 1 details the survey response method.

Chart 1. Method of Survey Response



Source: Platt Retail Institute

A majority of the companies surveyed operate in the United States/Canada (59 percent) or Europe (14 percent). Chart 2 details the geographic region respondents' companies operate in (note that some firms may operate in multiple regions).

[2] Likert scale questions allow participants to reply to survey questions with ranking type responses, such as: "Very Important," "Important," Moderately Important," "Somewhat Important," "Not Important," or "N/A."

Note: We use a five-point Likert scale on various questions to understand the respondents' attitudes. In the cross tab and various other charts, the percent indicated is based upon responses given to several questions for analysis, and therefore, the percentage presented will not sum to 100.

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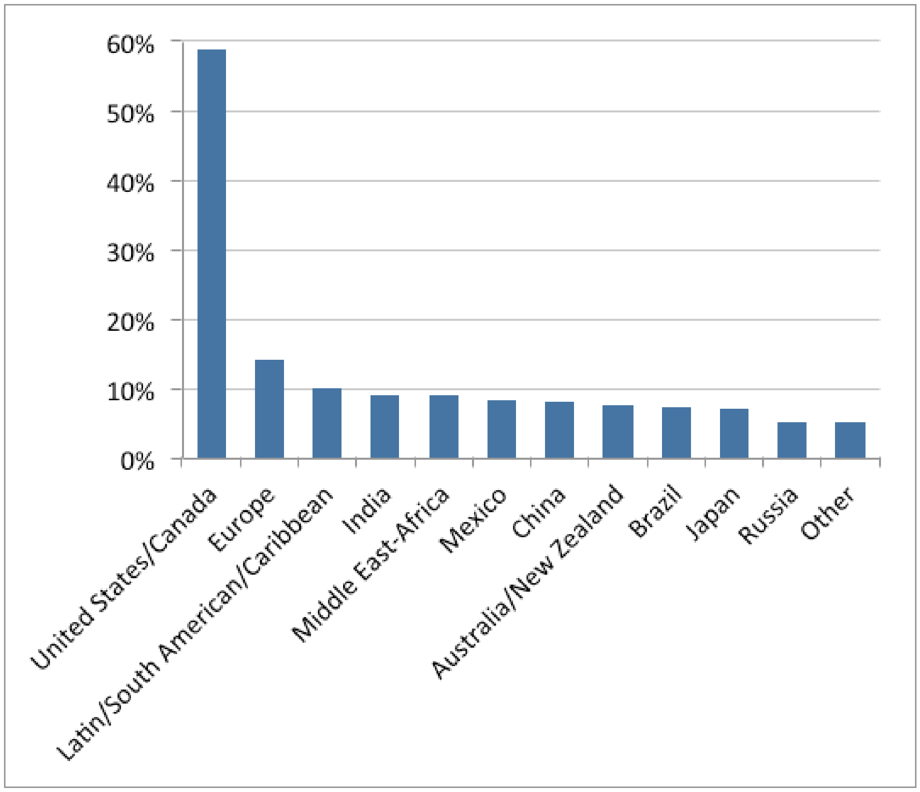
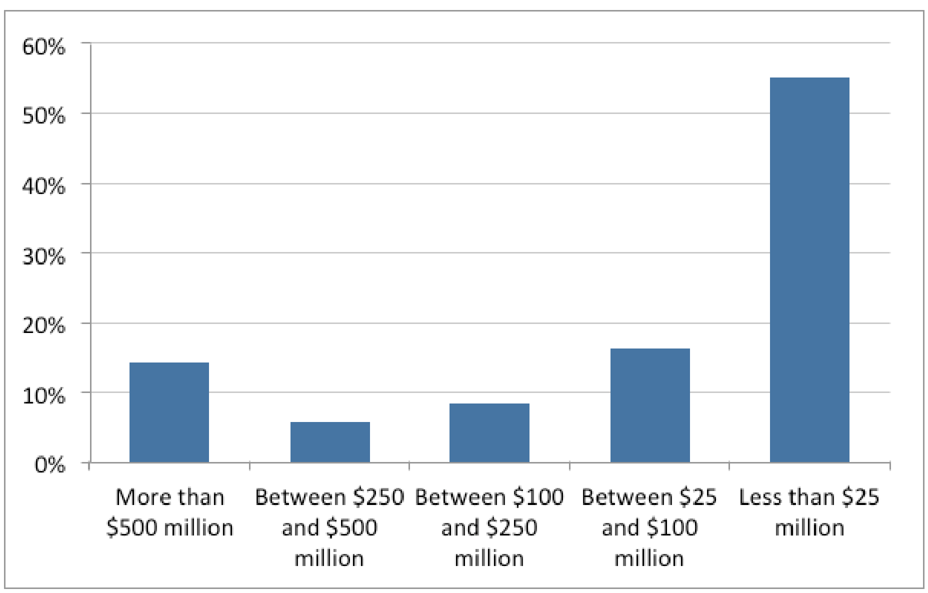
Chart 2. Geographic Operating Region



Source: Platt Retail Institute

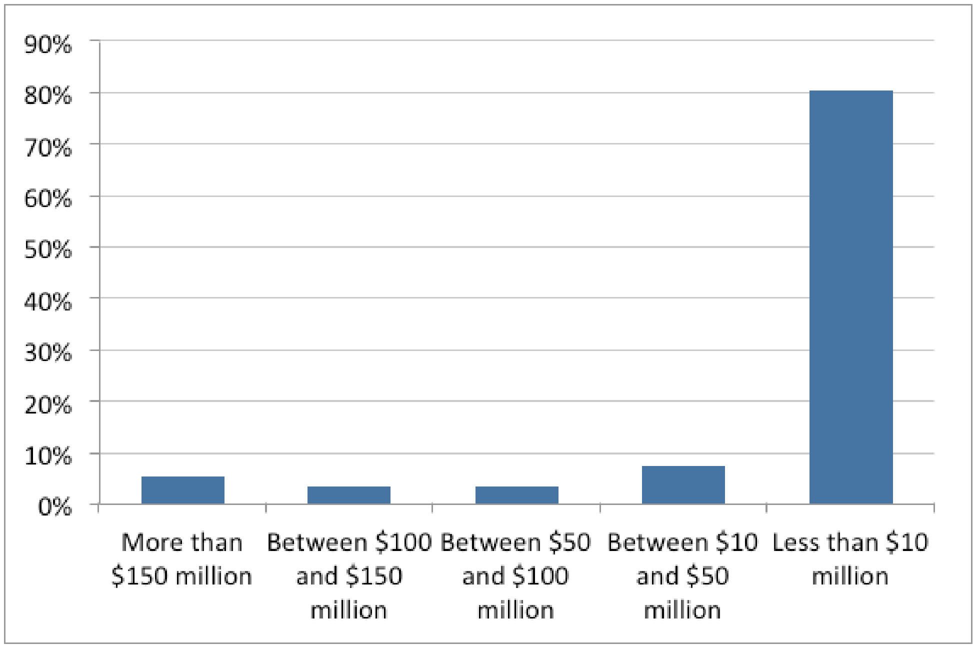
Fourteen percent of the firms surveyed had annual revenue in excess of $500 million. Chart 3 illustrates the annual revenue of companies participating in this research. Five percent of the firms had annual e-commerce revenue in excess of $150 million, as illustrated in Chart 4.

Chart 3. Company Annual Revenue



Source: Platt Retail Institute

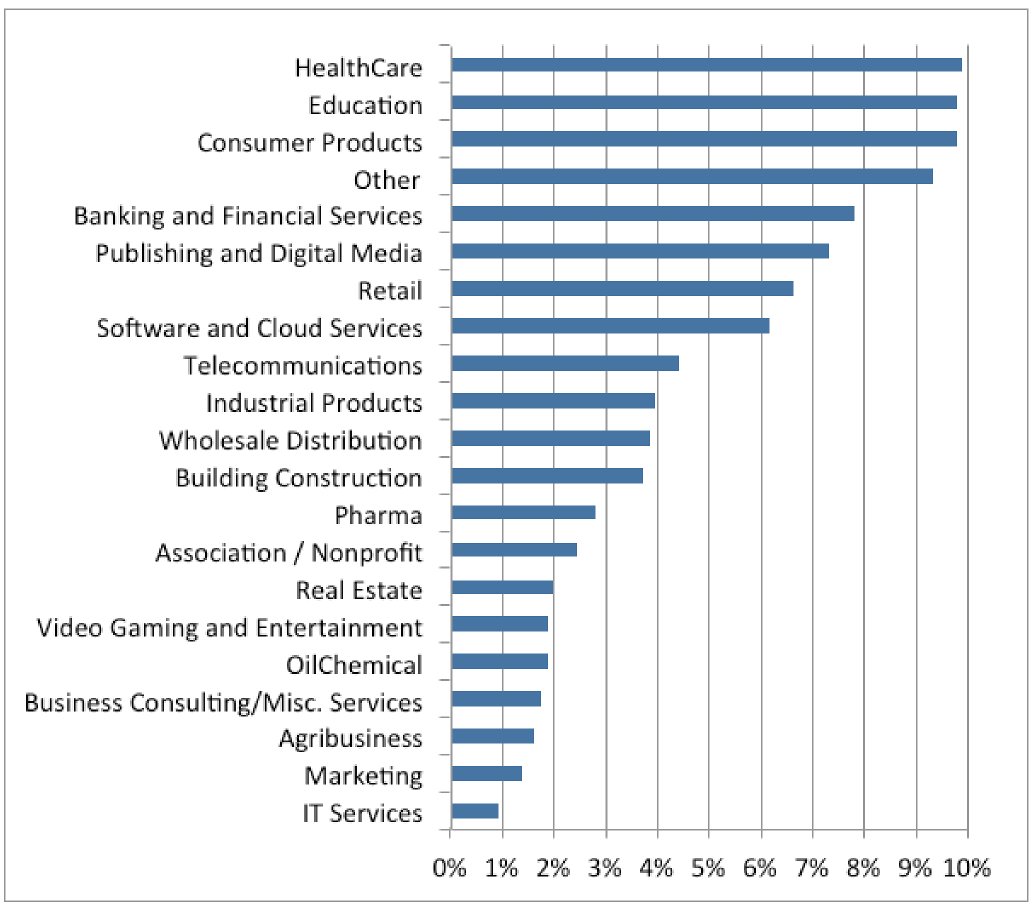
Chart 4. Company Annual E-Commerce Revenue



Source: Platt Retail Institute

Survey respondents mainly operate in 20 industries, as illustrated in the following Chart 5.

Chart 5. Industries Surveyed



Source: Platt Retail Institute

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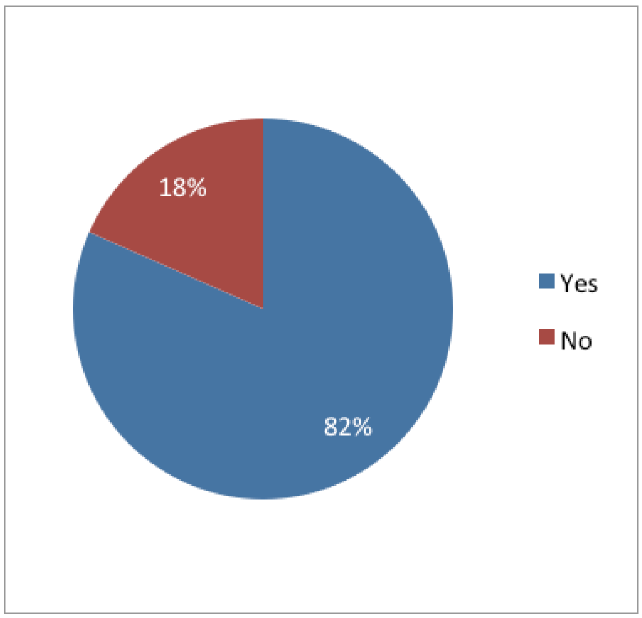
E. Analysis and Outcomes

i. Multi-Channel Marketing

For purposes of our research, we define multi-channel marketing as: *the use of various marketing channels, including stores, websites, direct mail, catalogs, call centers, mobile platforms, and social networks to sell a product or service by targeting messaging to isolated markets with different demands for service.* The objective of this multi-channel approach is to reach prospective or current customers in a channel that makes it convenient for them to shop and buy in whatever manner that they prefer.

The majority of respondents (82 percent) are currently integrating marketing campaigns across multiple channels (see Chart 6). That is, they are using various means to market to their customers.

Chart 6. Integrating Marketing Campaigns



Source: Platt Retail Institute

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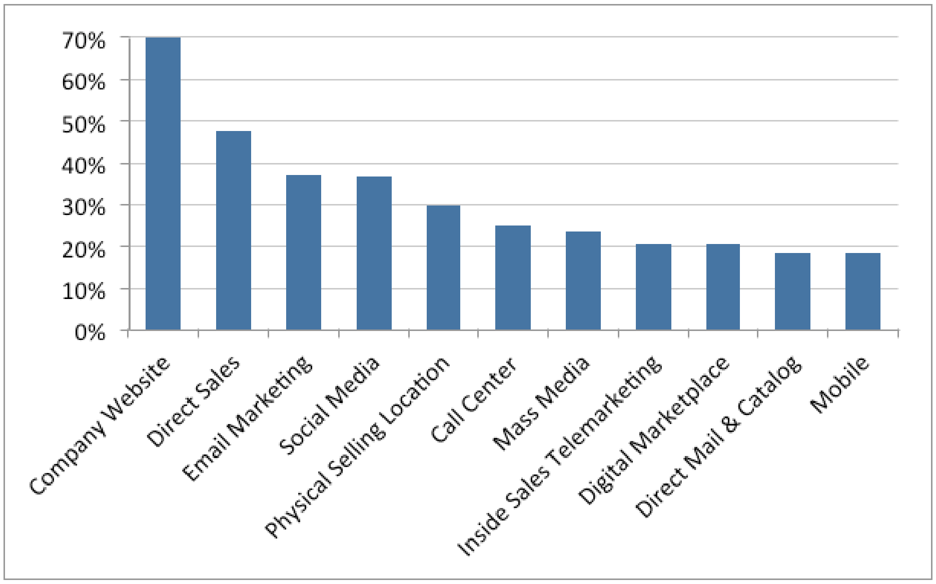
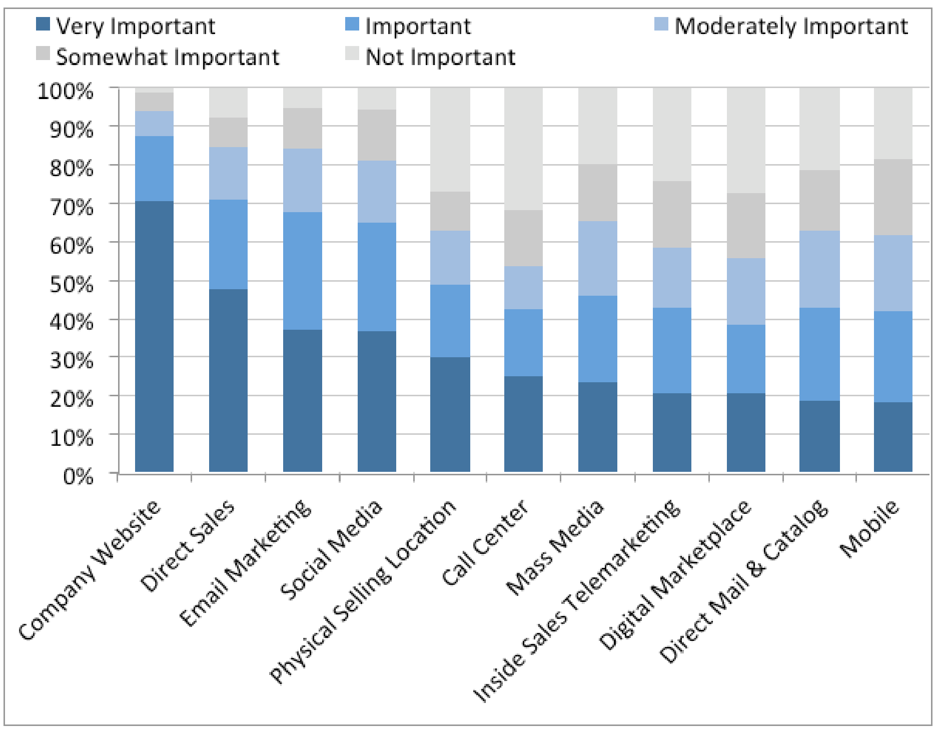
Of these various channels, company website (70 percent), direct sales (48 percent), email marketing and social media (37 percent each) are currently the most important channels utilized (see Charts 7A and 7B).

Chart 7A. Most Important Current Channels



Source: Platt Retail Institute

Chart 7B. Breakdown of Most Important Current Channels



Source: Platt Retail Institute

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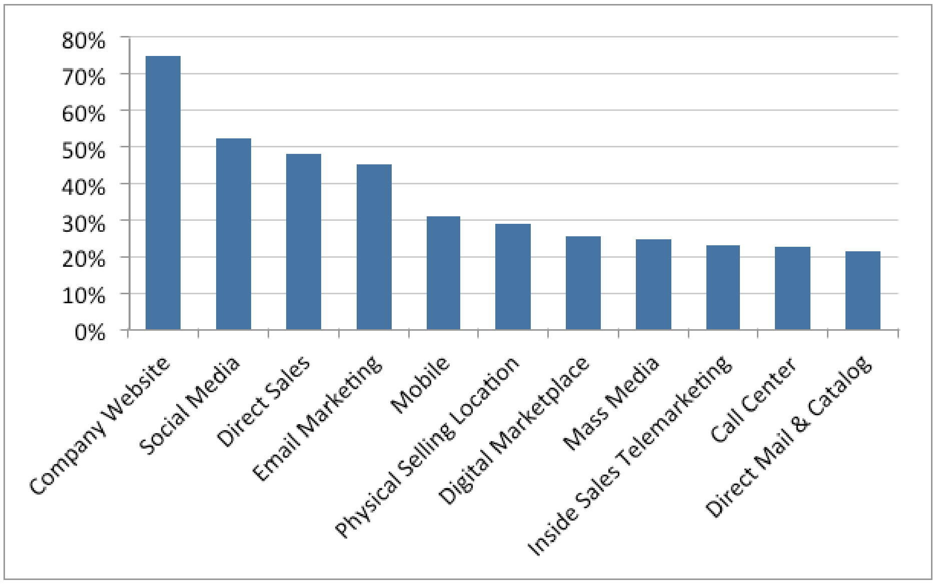
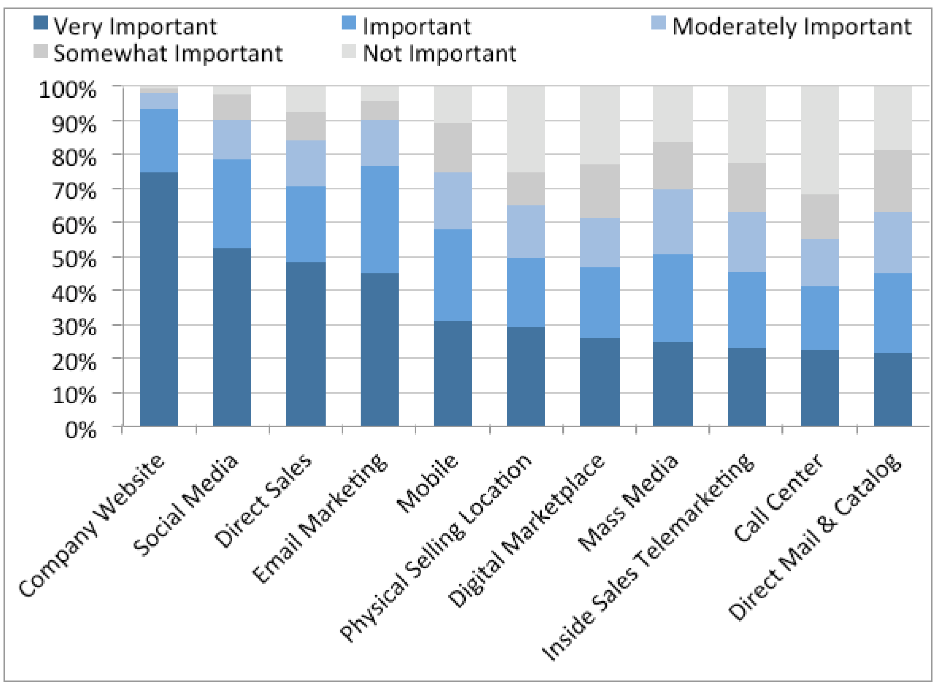
In the future, company websites are anticipated to remain the most important marketing channel. The use of both social media and mobile is expected to increase greatly. The use of email marketing and digital marketplace (i.e., Google, Amazon, eBay, etc.) is expected to increase, while the use of the remaining marketing channels is projected to remain approximately the same (see Charts 8A and 8B).

Chart 8A. Most Important Future Channels



Source: Platt Retail Institute

Chart 8B. Breakdown of Most Important Future Channels



Source: Platt Retail Institute

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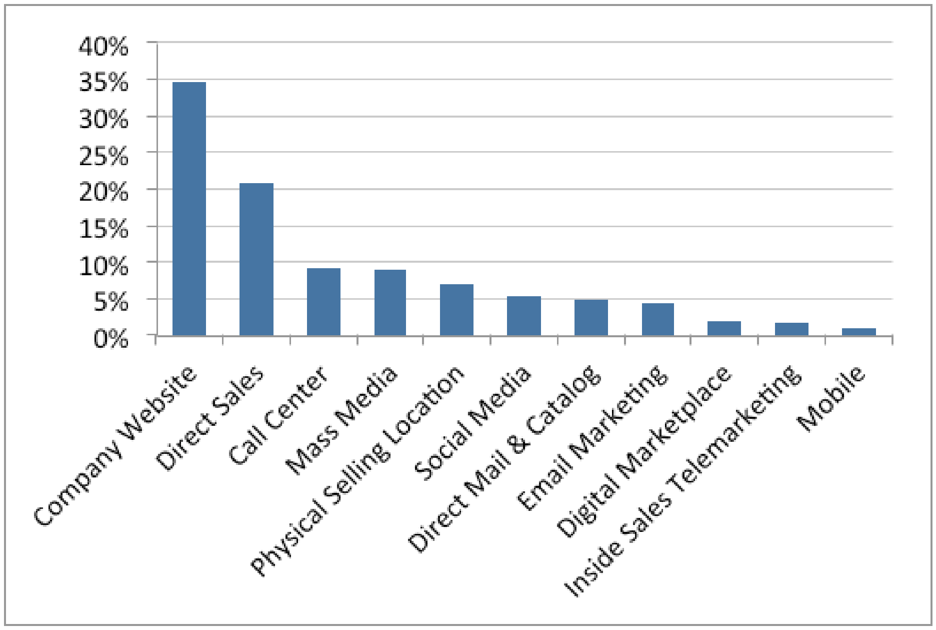
We also considered the amount of budget allocated to spending on each marketing channel. Company website, direct sales, call center, and mass media are the channels with the largest share of budgets (see Chart 9).

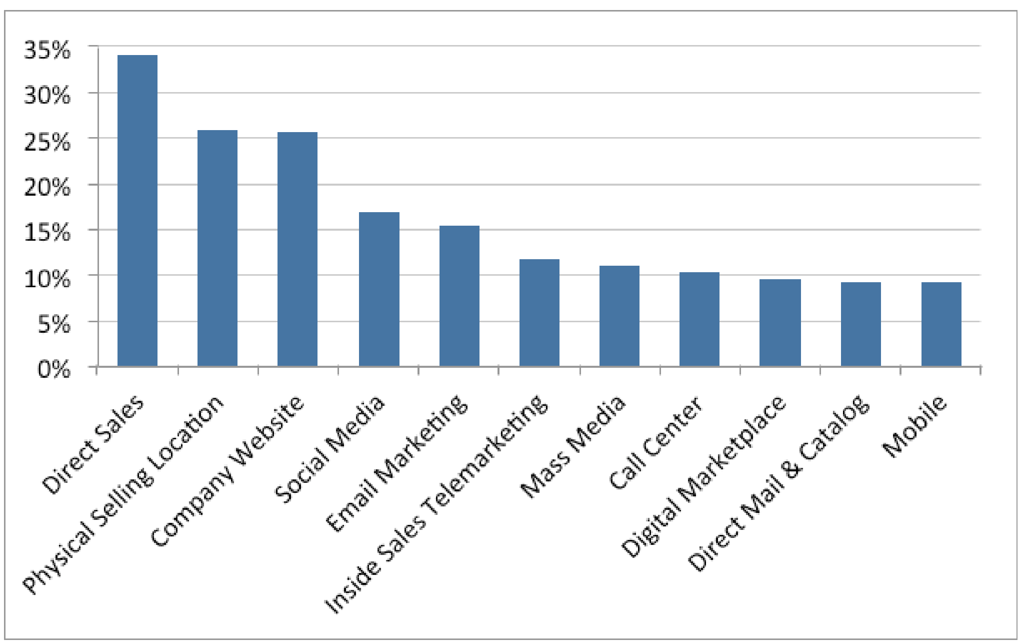
Chart 9. Channel Budget



Source: Platt Retail Institute

Direct sales, physical selling location, and company website are the three channels ranked as yielding the highest return on investment (ROI). The following Charts 10A and 10B illustrate the ROI respondents thought each channel yielded.

Chart 10A. Channel ROI



Source: Platt Retail Institute

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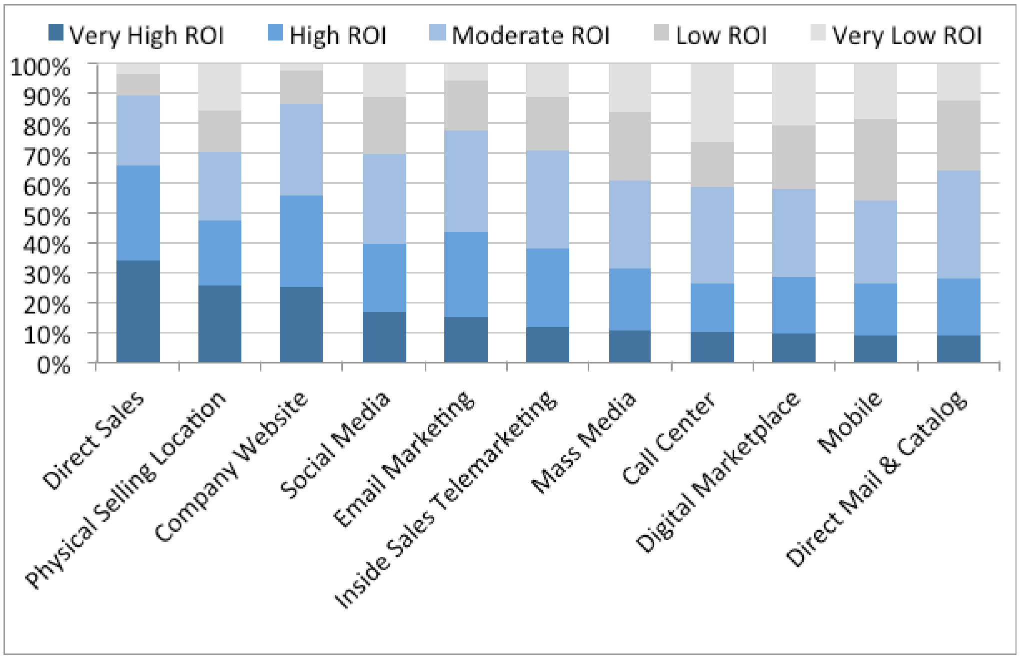
Chart 10B. Breakdown of Channel ROI



Source: Platt Retail Institute

We compared the ranking of each marketing channel in terms of current importance, future importance, marketing budget allocation, and channel return on investment (see Chart 11).

Chart 11. Survey Ranking

Marketing Channel (Survey ranking)	Current Importance	Future Importance	Budget Allocation	Return on Investment
Company Website	1	1	1	3
Direct Sales	2	3	2	1
Email Marketing	3	4	8	5
Social Media	4	2	6	4
Physical Selling Location	5	6	5	2
Call Center	6	10	3	8
Mass Media	7	8	4	7
Inside Sales Telemarketing	8	9	10	6
Digital Marketplace	9	7	9	9
Direct Mail & Catalog	10	11	7	10
Mobile	11	5	11	11

Source: Platt Retail Institute

It is clear that digital channels are becoming an important future focus for marketers. The following Chart 12 compares the current marketing channel importance versus future importance in terms of the relative rate of growth. Social media and mobile are projected to become much more important marketing channels in the future.

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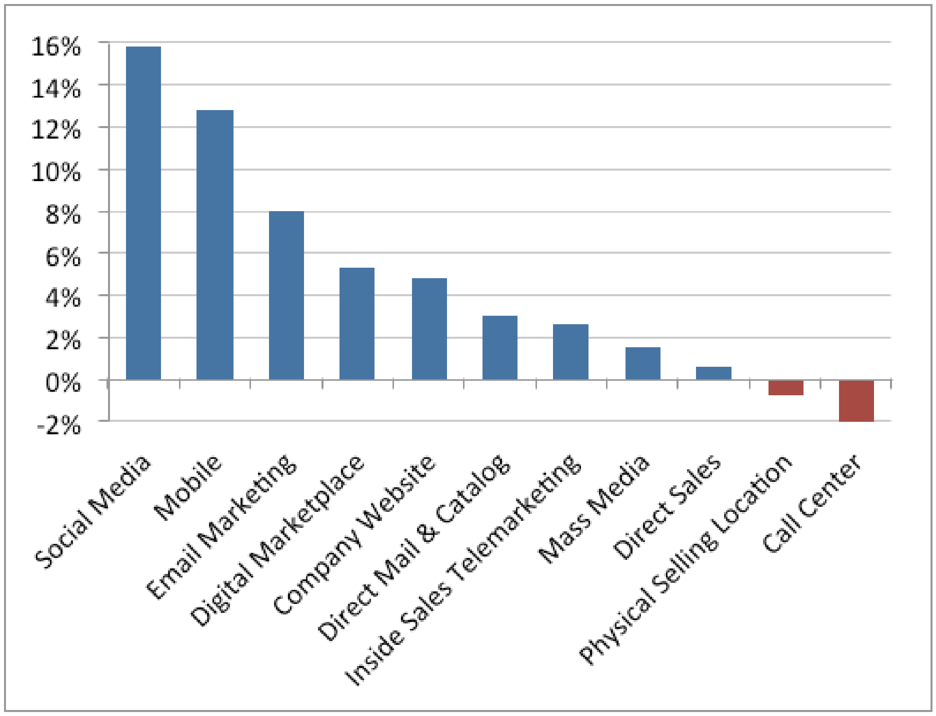
Chart 12. Channel Rate of Growth



Source: Platt Retail Institute

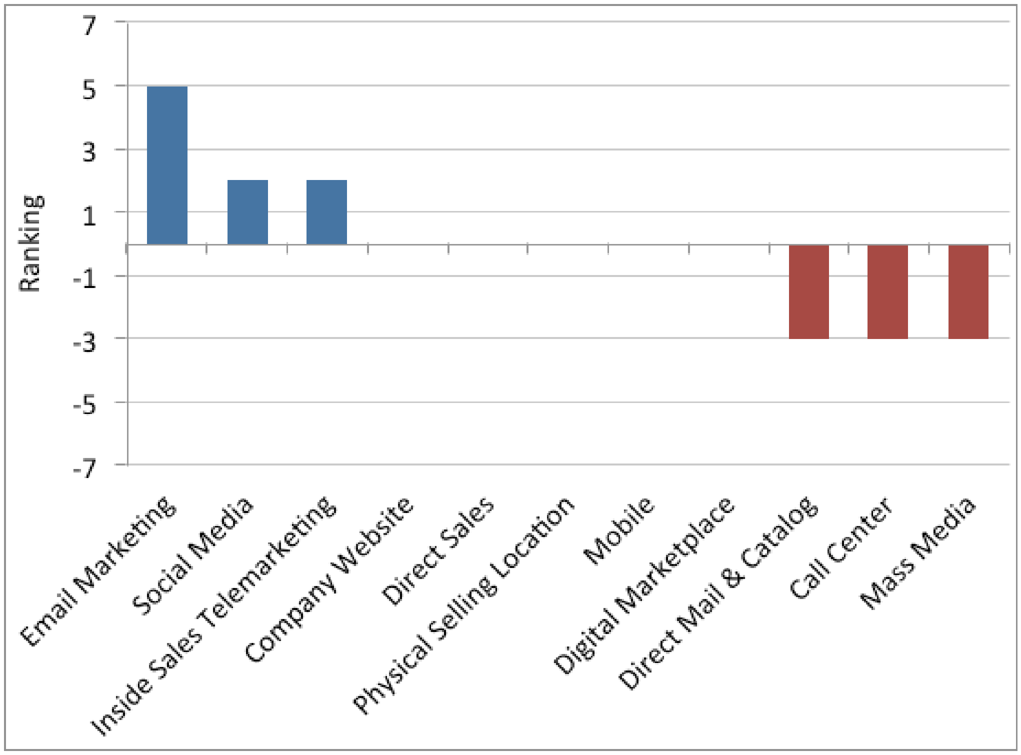
The following Charts 13A and 13B compare the channel's budget to its current importance. This illustrates, for example, that email marketing may be underinvested in, whereas there is an overinvestment in direct mail and catalog, call center, and mass media.

Chart 13A. Budget-Current Channel Importance Comparison

Marketing Channel (Survey ranking)	Budget Allocation	Current Importance	Difference (Budget - Current Importance)
Email Marketing	8	3	5
Social Media	6	4	2
Inside Sales Telemarketing	10	8	2
Company Website	1	1	0
Direct Sales	2	2	0
Physical Selling Location	5	5	0
Mobile	11	11	0
Digital Marketplace	9	9	0
Direct Mail & Catalog	7	10	-3
Call Center	3	6	-3
Mass Media	4	7	-3

Source: Platt Retail Institute

Chart 13B. Budget-Current Channel Importance Comparison



Source: Platt Retail Institute

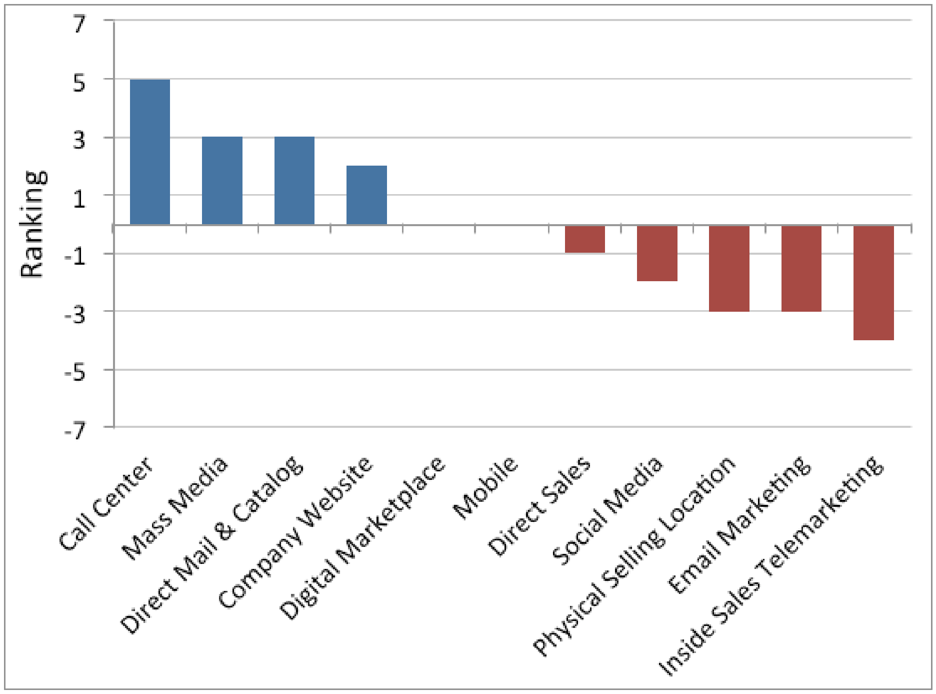
The following Charts 14A and 14B compare the ROI to the amount budgeted to various channels. This illustrates, for example, that call centers may be overinvested in relative to their ROI, whereas there may be an underinvestment in inside sales telemarketing.

Chart 14A. ROI-Budget Comparison

Marketing Channel (Survey Ranking)	Return on Investment	Budget Allocation	Difference (ROI - Budget)
Call Center	8	3	5
Mass Media	7	4	3
Direct Mail & Catalog	10	7	3
Company Website	3	1	2
Digital Marketplace	9	9	0
Mobile	11	11	0
Direct Sales	1	2	-1
Social Media	4	6	-2
Physical Selling Location	2	5	-3
Email Marketing	5	8	-3
Inside Sales Telemarketing	6	10	-4

Source: Platt Retail Institute

Chart 14B. ROI-Budget Comparison



Source: Platt Retail Institute

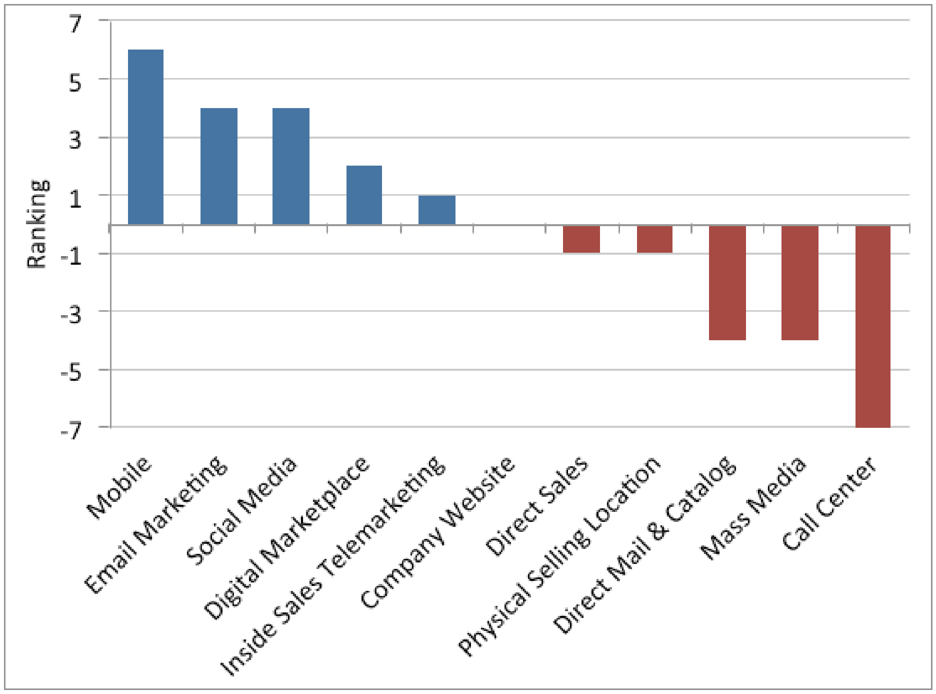
The following Charts 15A and 15B compare the channel's budget to its future importance. This illustrates, for example, that mobile marketing may be underinvested in, whereas there is an overinvestment in call centers.

Chart 15A. Budget-Future Channel Importance Comparison

Marketing Channel (Survey Ranking)	Budget Allocation	Future Importance	Difference (Budget - Future Importance)
Mobile	11	5	6
Email Marketing	8	4	4
Social Media	6	2	4
Digital Marketplace	9	7	2
Inside Sales Telemarketing	10	9	1
Company Website	1	1	0
Direct Sales	2	3	-1
Physical Selling Location	5	6	-1
Direct Mail & Catalog	7	11	-4
Mass Media	4	8	-4
Call Center	3	10	-7

Source: Platt Retail Institute

Chart 15B. Budget-Future Channel Importance Comparison



Source: Platt Retail Institute

From this data, we make the following observations:

Company Website: This is and will remain a major priority. The relatively low ranking of digital marketplace (i.e., Google, Amazon, eBay, etc.) indicates that website commerce is not a high priority channel, but it is anticipated to still grow in use. That is, while a company's website is extremely important, conducting business on that site is not. This finding may be due, among other things, to the fact that industries included in this research, such as health care and education, do not have many products/services that can be sold online.

Direct Sales: Perhaps the oldest form of selling, it is and will continue to be an important channel with the highest-rated ROI.

Email Marketing: Potentially underinvested in, but this observation may be inconclusive due to the fact that the cost of email marketing is low compared to other channels, such as mass media. Usage is still growing.

Social Media: This is the fastest growing channel, with a relatively high ROI.

Physical Selling Location: Marketing ROI is higher than anticipated, as in-store marketing metrics tend to be lacking. While the channel's future importance is expected to decline slightly, investments in store marketing may be warranted when comparing the low budget allocation, on the one hand, versus the relatively high ROI, on the other.

Call Center: These will become less important in the future because of their high cost and low ROI.

Mass Media: The research indicates that the amount budgeted exceeds the perceived ROI.

Inside Sales Telemarketing: This channel is becoming less relevant, in part because it is expensive relative to ROI.

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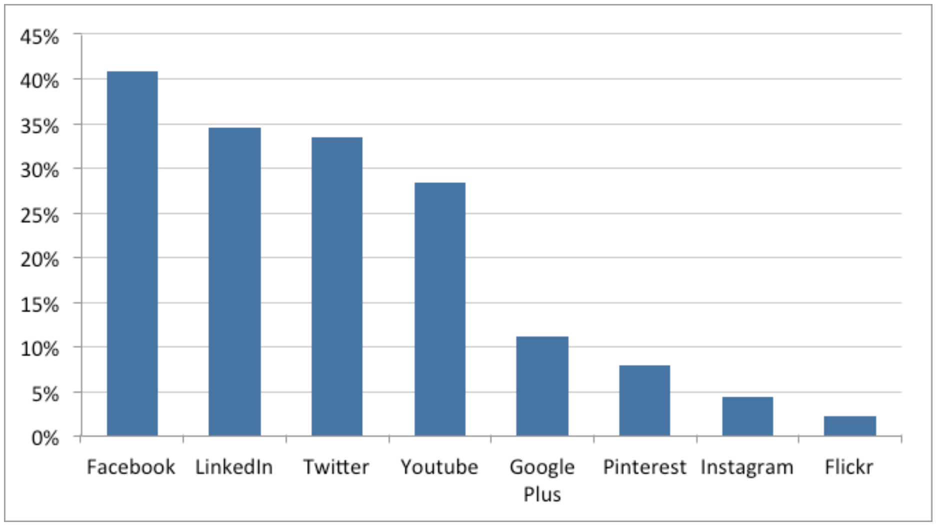
Direct Mail & Catalog: This is becoming the least relevant channel. This may be due, among other things, to mailing costs and environmental concerns, as well as the fact that a digital channel can present a much richer experience.

Mobile: This channel will become more important in the future, but the low level of investment may be attributable to a low/uncertain ROI.

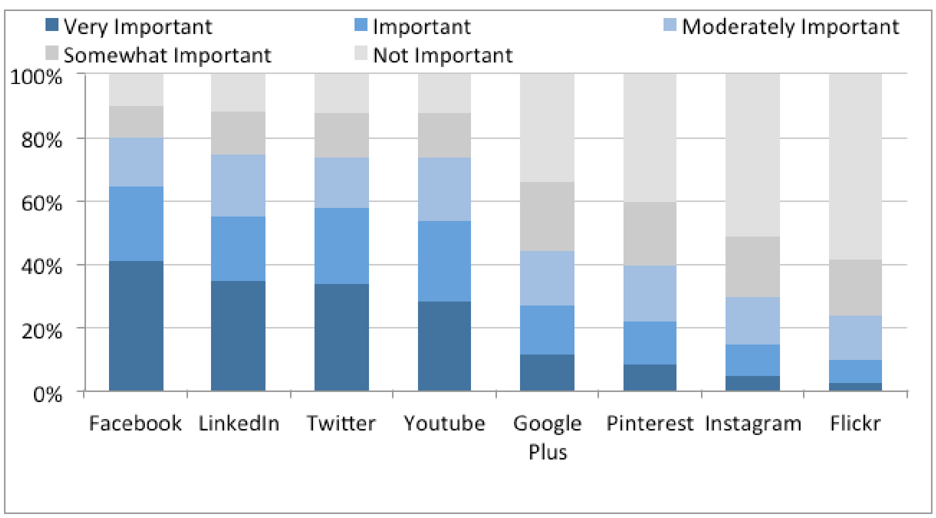
In regard to social media, Facebook, LinkedIn, and Twitter were deemed the most important (see Chart 16A and 16B).

Chart 16A. Social Media Ranking



Source: Platt Retail Institute

Chart 16B. Breakdown of Social Media Ranking



Source: Platt Retail Institute

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ii. Omni-Channel Marketing

For purposes of our research we the define omni-channel marketing (OCM) as: *Ensuring personalized, relevant, and meaningful communication across all marketing channels to yield a seamless and consistent shopping experience.* The objective of an OCM approach is for all channels to be integrated operationally, and to function together to reach and serve customers in a consistent, measured manner, regardless of the preferred purchase channel.

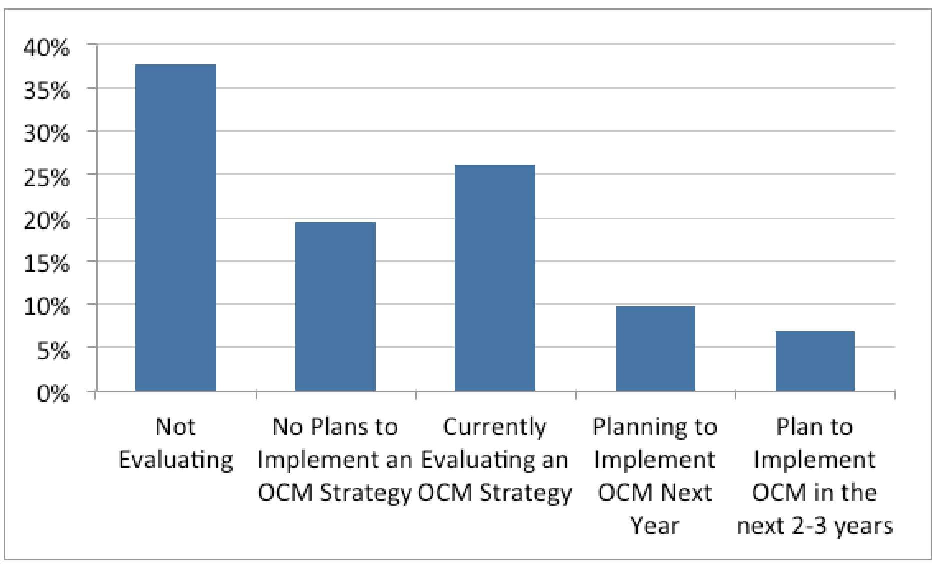
Our findings indicate that, overall, 38 percent of firms are not evaluating an OCM strategy, and 19 percent have no plans to implement an OCM strategy (for a total of 57 percent). On the other hand, 26 percent of respondents stated that they currently are evaluating an OCM strategy, and 17 percent plan to implement an OCM strategy within the next three years (for a total of 43 percent). Charts 17A and 17B detail whether companies are considering an OCM strategy.

Chart 17A. OCM Implementation Status

	Percent
Not Evaluating	38%
No Plans to Implement an OCM Strategy	19%
Currently Evaluating an OCM Strategy	26%
Planning to Implement OCM Next Year	10%
Plan to Implement OCM in the next 2-3 years	7%
Total	100%

Source: Platt Retail Institute

Chart 17B. OCM Implementation Status



Source: Platt Retail Institute

Larger firms are more focused on OCM than smaller ones. For example, 63 percent of respondents with revenue over $500 million currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares with 37 percent of companies with revenue under $25 million (see Chart 18A). Fifty-eight percent of respondents with

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more than $150 million in e-commerce revenue are currently evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares with 41 percent with e-commerce revenue under $10 million (see Chart 18B).

Chart 18A. OCM Implementation Status by Annual Revenue

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	22%	15%	41%	16%	6%
Between $250 and $500 million	30%	24%	35%	6%	5%
Between $100 and $250 million	42%	15%	28%	9%	6%
Between $25 and $100 million	35%	15%	26%	15%	9%
Less than $25 million	41%	22%	22%	7%	8%

Source: Platt Retail Institute

Chart 18B. OCM Implementation Status by Annual E-Commerce Revenue

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	18%	24%	29%	26%	3%
Between $100 and $150 million	19%	9%	57%	10%	5%
Between $50 and $100 million	45%	13%	23%	14%	5%
Between $10 and $50 million	32%	19%	34%	13%	2%
Less than $10 million	39%	20%	24%	8%	9%

Source: Platt Retail Institute

The following Chart 19 compares firm status in terms of OCM implementation to the importance of various marketing channels currently used (those ranked as very important). In general, this illustrates that:

1. Firms that are not evaluating or do not have plans to implement an OCM strategy regard digital channels as less important and direct sales as more important.

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2. Firms that are currently evaluating an OCM strategy have more moderate attitudes regarding digital media than those that are not evaluating or have no plans to implement an OCM strategy.

3. Not surprisingly, firms that plan to implement an OCM strategy next year place the highest importance on digital channels. This is logical in that it illustrates that they regard these digital channels as important components of their OCM strategy.

4. Firms that plan to implement an OCM strategy in the next 2-3 years do not rate digital channels as very important (other than the website), and tend to rely more on traditional channels.

Chart 19. OCM Implementation – Importance of Channels

	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
Email Marketing	32%	33%	45%	49%	25%
Social Media	30%	38%	38%	45%	27%
Mobile	11%	11%	17%	36%	8%
Digital Marketplace	12%	8%	18%	37%	19%
Inside Sales Telemarketing	17%	12%	17%	27%	17%
Physical Selling Location	23%	19%	30%	36%	15%
Company Website	67%	69%	71%	70%	79%
Direct Sales	45%	42%	43%	42%	48%
Direct Mail & Catalog	14%	13%	18%	18%	23%
Mass Media	17%	12%	28%	33%	13%
Call Center	18%	14%	16%	28%	25%

Note: Color applies to each row. The darker the blue is, the higher the percentage.

Source: Platt Retail Institute

The three most significant business challenges that are driving OCM adoption are: the concern that competitors may implement such a strategy first; the issue of falling behind in the technology that supports omni-channel commerce capabilities; and that the firm is not organized properly to serve the needs of omni-channel customers. Chart 20 identifies the significant business challenges that are leading firms to adopt OCM.

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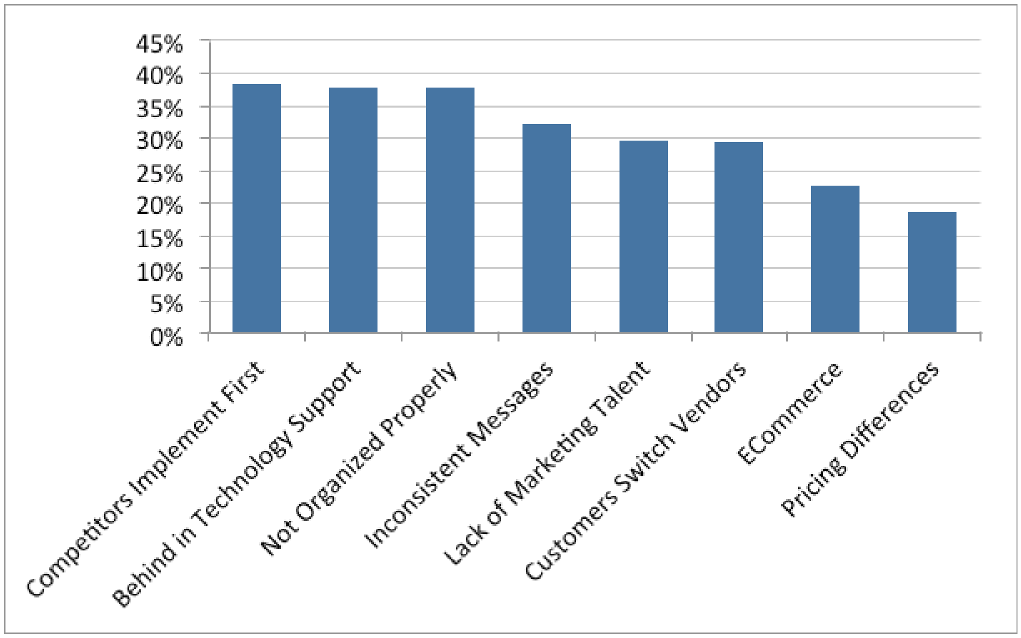
Chart 20. OCM Business Challenges[3]

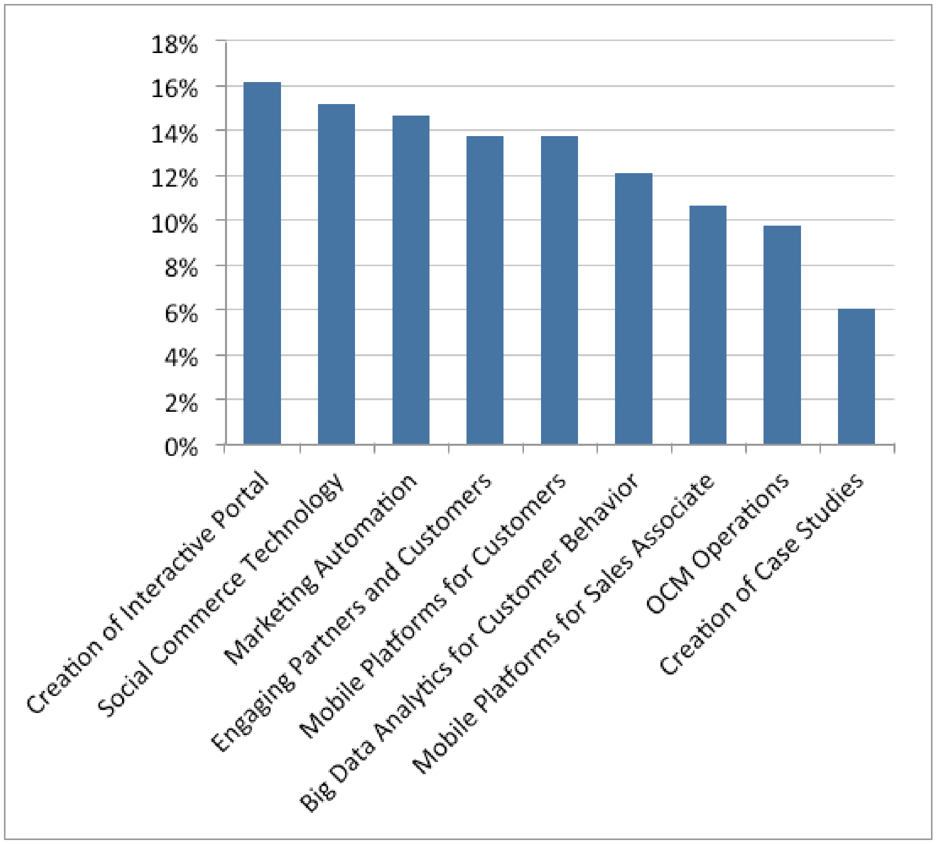


Source: Platt Retail Institute

For those firms that have allocated a budget to implement an OCM strategy next year, the creation of an interactive portal for engaging customers directly, social commerce technology to allow customers to express their intentions, and marketing automation for lead management across channels and touch points are the top priorities based on the amount that is planned to be spent (see Chart 21).

[3] The available responses are: 1. e-commerce-only businesses are impacting our traditional business channels; 2. competitors who are able to implement omni-channel marketing before us; 3. falling behind in technology supporting omni-channel commerce capabilities; 4. lack of marketing talent capable in both digital and physical marketing; 5. customers can easily switch vendors due to digital advances; 6. inconsistent messages across channels are confusing our customers; 7. pricing differences across channels have led to lost sales and customer complaints; and, 8. we are not organized properly to serve the omni-channel customer.

Chart 21. OCM Budget[4]



Source: Platt Retail Institute

In terms of decision-making, primary responsibility for the decision to implement an OCM solution rests with the CEO/President and marketing function. Surprisingly, the Information Technology function is not anticipated to have a major influence on this decision (see Chart 22).

[4] ~~The available responses are~~: 1. big data analytics to assess customer behavior across channels and determine the return on marketing channel investments; 2. creation of case studies; 3. creation of an interactive portal for engaging customers directly; 4. engaging partners and/or business customers in collaborative marketing; 5. marketing automation for lead management across channels and touch points; 6. mobile platforms for sales associate enablement; 7. mobile platforms/apps for customers; 8. OCM operations (e.g., fulfillment) for converting/executing sales; and, 9. social commerce technology to allow customers to express their intentions.

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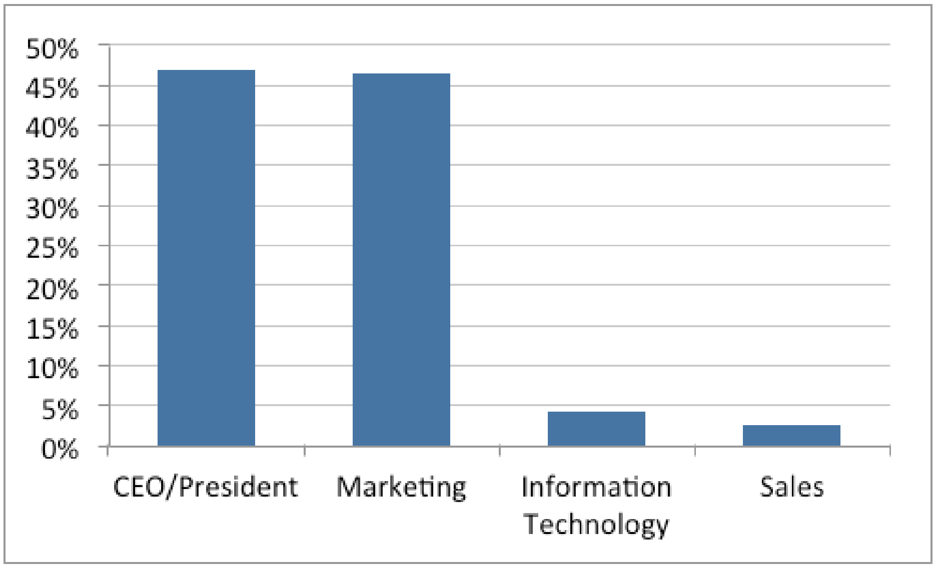
Chart 22. OCM Decision Making



Source: Platt Retail Institute

F. Primary Industry OCM Analysis and Outcomes

Our research encompassed 20 industries. In this section, we break out the research findings for four specific industries. These include health care, consumer product manufacturers, banking and financial services, and retail.[5]

When comparing these results, we find as follows:

- Retailers are the highest adopters of OCM at 67 percent (see Chart 23).
- Eighty-three percent of retailers with annual revenue over $500 million are adopters of OCM (see Chart 24).
- All health care firms and banking and financial services firms with annual e-commerce revenue over $150 million are adopters of OCM (see Chart 25).

Chart 23. Primary Industry OCM Adoption

	All Industries	Health Care	Consumer Product Manufacturers	Banking and Financial Services	Retail
Not Evaluating or No Plans to Implement	57%	49%	46%	49%	33%
Currently Evaluating or Implementing in the Next 1-3 Years	43%	51%	54%	51%	67%

Source: Platt Retail Institute

Chart 24. OCM Adoption-Company Annual Revenue $500 Million+

	All Industries	Health Care	Consumer Product Manufacturers	Banking and Financial Services	Retail
Not Evaluating or No Plans to Implement	37%	31%	42%	36%	17%
Currently Evaluating or Implementing in the next 1-3 years	63%	69%	58%	64%	83%

Source: Platt Retail Institute

[5] These four industries selected for additional analysis comprise the top industries represented in our research, excluding education and publishing and digital media. Summary information on five additional industries can be found in Appendix C.

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Chart 25. OCM Adoption-Company Annual E-Commerce Revenue $150 Million+

	All Industries	Health Care	Consumer Product Manufacturers	Banking and Financial Services	Retail
Not Evaluating or No Plans to Implement	42%	0%	50%	0%	20%
Currently Evaluating or Implementing in the next 1-3 years	58%	100%	50%	100%	80%

Source: Platt Retail Institute

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i. Health Care

The following Chart 26 illustrates the annual revenue of the health care firms participating in this research. Chart 27 illustrates these firms' annual e- commerce revenue.

Chart 26. Annual Revenue

	Percent
More than $500 million	15%
Between $250 and $500 million	7%
Between $100 and $250 million	14%
Between $25 and $100 million	21%
Less than $25 million	43%
Total	100%

Source: Platt Retail Institute

Chart 27. Annual E-Commerce Revenue

	Percent
More than $150 million	4%
Between $100 and $150 million	5%
Between $50 and $100 million	5%
Between $10 and $50 million	11%
Less than $10 million	75%
Total	100%

Source: Platt Retail Institute

Thirty-five percent of health care firms are not evaluating an OCM strategy, and 14 percent have no plans to implement an OCM strategy (for a total of 49 percent). Twenty-nine percent of respondents stated that they currently are evaluating an OCM strategy, and 22 percent plan to implement an OCM strategy within the next three years (for a total of 51 percent). These results compare favorably with the overall research results, indicating that health care firms are more interested in OCM than other industries generally in our research. Chart 28 details whether health care firms are implementing an OCM strategy.

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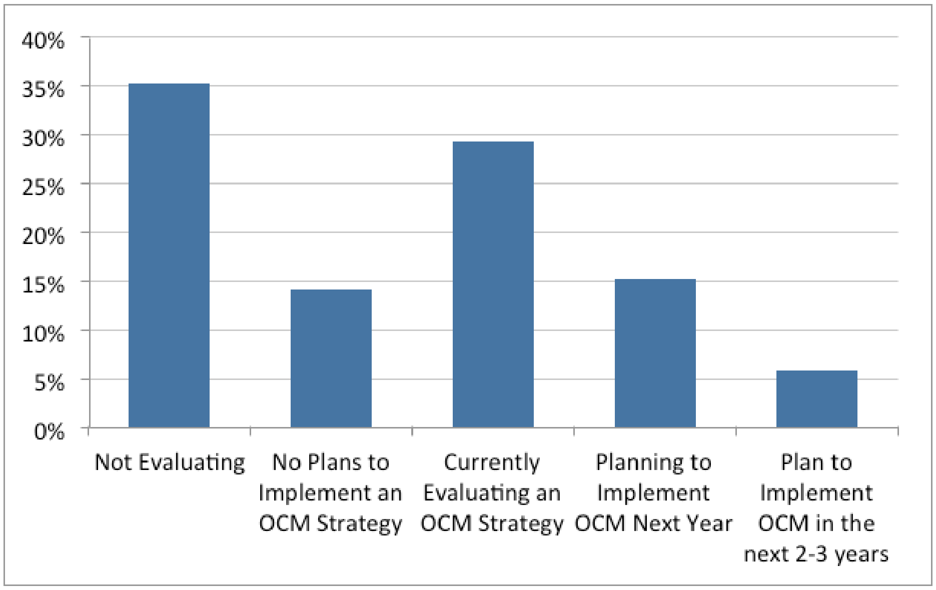
Chart 28. OCM Implementation Status



Source: Platt Retail Institute

Sixty-nine percent of health care firms with revenue over $500 million currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to only 39 percent of health care firms with revenue under $25 million (see Chart 29A). All of the health care firms with more than $150 in e-commerce revenue currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to only 49 percent of health care firms with e-commerce revenue under $10 million (see Chart 29B).

Chart 29A. OCM Implementation Status by Annual Revenue

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	16%	15%	46%	15%	8%
Between $250 and $500 million	33%	0%	50%	0%	17%
Between $100 and $250 million	50%	8%	34%	8%	0%
Between $25 and $100 million	28%	11%	27%	28%	6%
Less than $25 million	42%	19%	19%	14%	6%

Source: Platt Retail Institute

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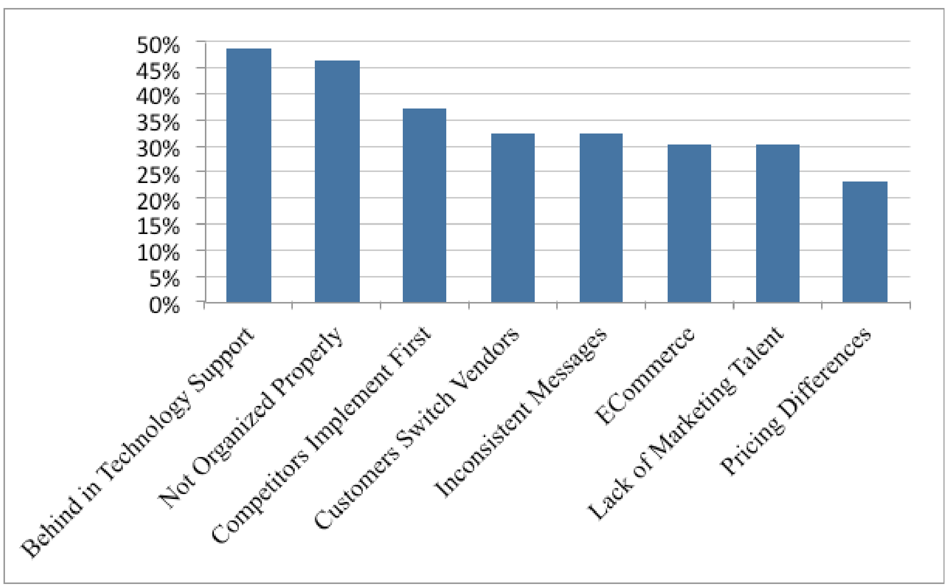
Chart 29B. OCM Implementation Status by Annual E-Commerce Revenue

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	0%	0%	67%	33%	0%
Between $100 and $150 million	50%	0%	50%	0%	0%
Between $50 and $100 million	25%	25%	25%	25%	0%
Between $10 and $50 million	45%	11%	11%	33%	0%
Less than $10 million	36%	15%	29%	12%	8%

Source: Platt Retail Institute

The three most significant business challenges that are driving OCM adoption (see Chart 30) by health care firms are: the concern of falling behind in the technology that supports omni-channel commerce capabilities (49 percent); the firm is not organized properly to serve the needs of omni-channel customers (47 percent); and competitors may implement such a strategy first (37 percent).

Chart 30. OCM Business Challenges



Source: Platt Retail Institute

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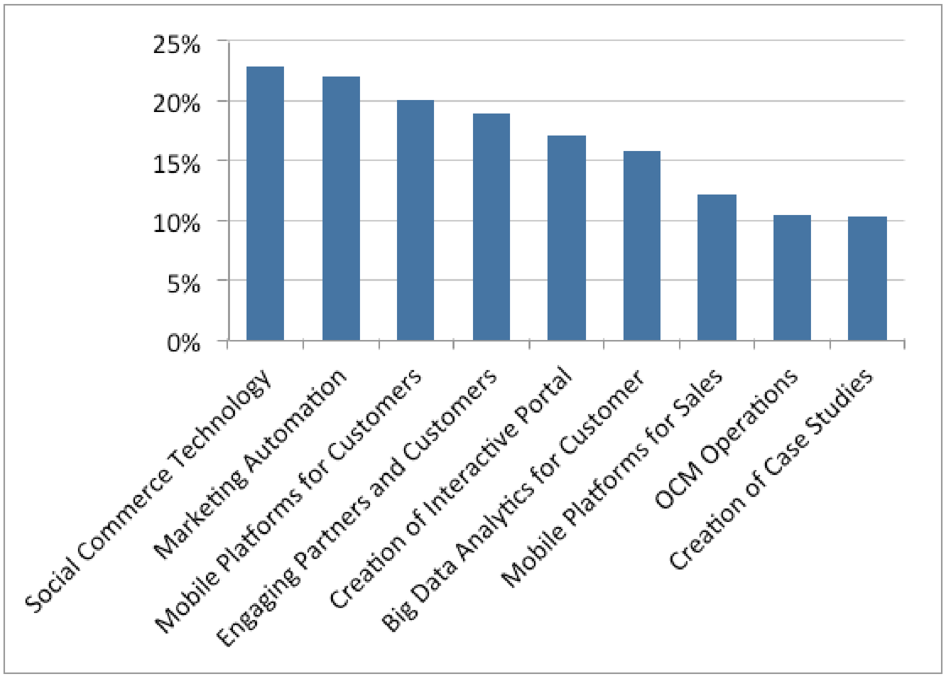
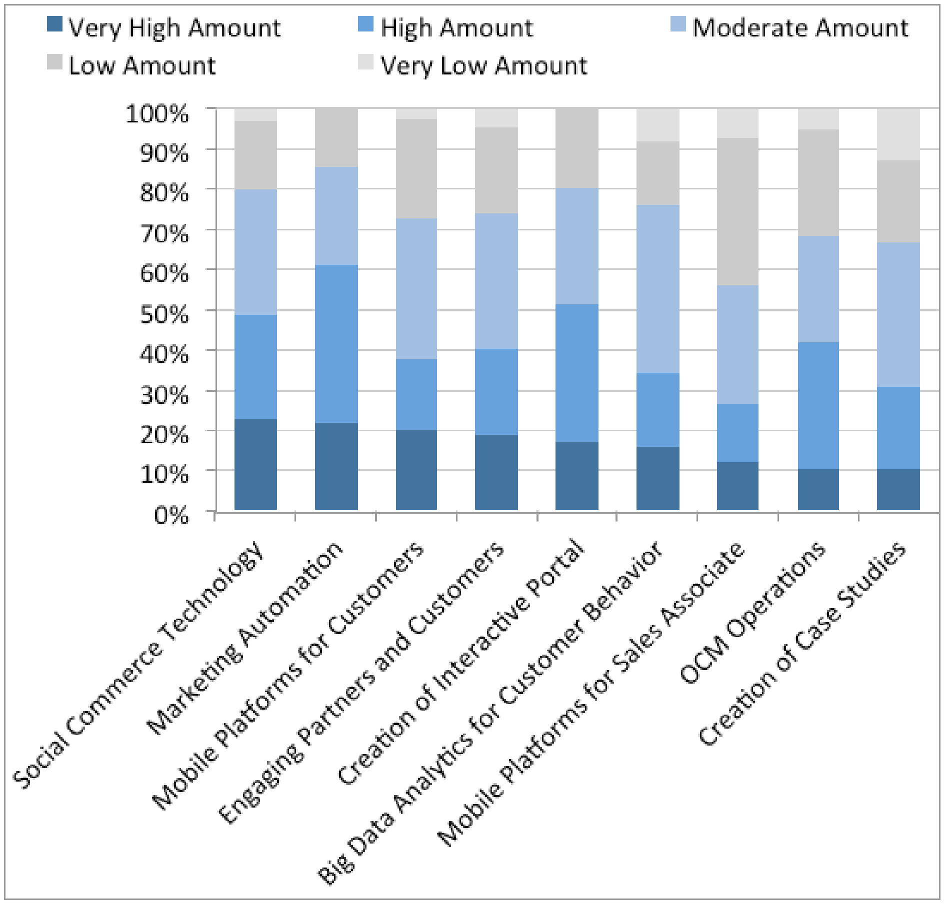
For those health care firms that have allocated a budget to implementing an OCM strategy next year, social commerce technology to allow customers to express their intentions, marketing automation for lead management across channels and touch points, and mobile platforms/apps for customers were the top priorities based on the amount that is planned to be spent (see Charts 31A and 31B).

Chart 31A. OCM Budget



Source: Platt Retail Institute

Chart 31B. Breakdown of OCM Budget



Source: Platt Retail Institute

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ii. Consumer Product Manufacturers

The following Chart 32 illustrates the annual revenue of consumer product manufacturers (CPMs) participating in this research. Chart 33 illustrates these firms' annual e-commerce revenue.

Chart 32. Annual Revenue

	Percent
More than $500 million	14%
Between $250 and $500 million	6%
Between $100 and $250 million	7%
Between $25 and $100 million	19%
Less than $25 million	54%
Total	100%

Source: Platt Retail Institute

Chart 33. Annual E-Commerce Revenue

	Percent
More than $150 million	5%
Between $100 and $150 million	7%
Between $50 and $100 million	6%
Between $10 and $50 million	10%
Less than $10 million	72%
Total	100%

Source: Platt Retail Institute

Twenty-nine percent of CPMs are not evaluating an OCM strategy, and 17 percent have no plans to implement an OCM (for a total of 46 percent). Thirty- four percent of respondents stated that they currently are evaluating an OCM strategy, and 20 percent plan to implement an OCM strategy within the next three years (for a total of 54 percent). These results compare favorably with the overall research results, indicating that CPMs are more interested in OCM overall than other industries generally in our research. Chart 34 details whether CPMs are implementing an OCM strategy.

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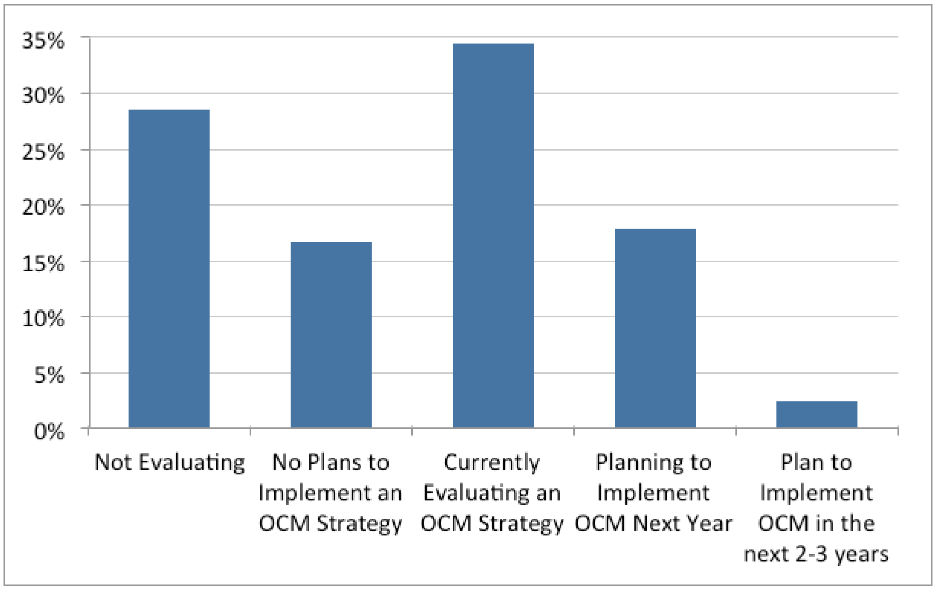
Chart 34. OCM Implementation Status



Source: Platt Retail Institute

Fifty-eight percent of CPMs with revenue over $500 million currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 51 percent of CPMs with revenue under $25 million (see Chart 35A). Fifty percent of CPMs with more than $150 million in e-commerce revenue are currently evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 52 percent of CPMs with e-commerce revenue under $10 million (see Chart 35B).

Chart 35A. OCM Implementation Status by Annual Revenue

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	8%	34%	33%	25%	0%
Between $250 and $500 million	40%	20%	40%	0%	0%
Between $100 and $250 million	33%	17%	50%	0%	0%
Between $25 and $100 million	25%	6%	38%	31%	0%
Less than $25 million	33%	16%	31%	16%	4%

Source: Platt Retail Institute

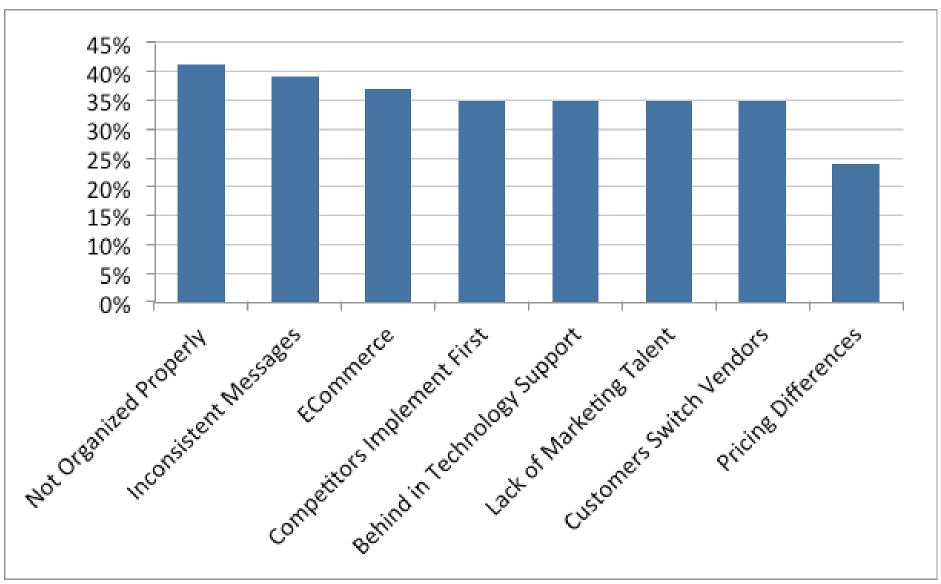
Chart 35B. OCM Implementation Status by Annual E-Commerce Revenue

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	25%	25%	0%	50%	0%
Between $100 and $150 million	33%	0%	67%	0%	0%
Between $50 and $100 million	0%	40%	60%	0%	0%
Between $10 and $50 million	38%	0%	25%	37%	0%
Less than $10 million	30%	18%	33%	16%	3%

Source: Platt Retail Institute

The three most significant business challenges that are driving OCM adoption by CPMs (see Chart 36) are: the firm is not organized properly to serve the needs of omni-channel customers (41 percent); inconsistent messages across channels are confusing our customers (39 percent); and e-commerce-only businesses are impacting our traditional business channels (37 percent).

Chart 36. OCM Business Challenges



Source: Platt Retail Institute

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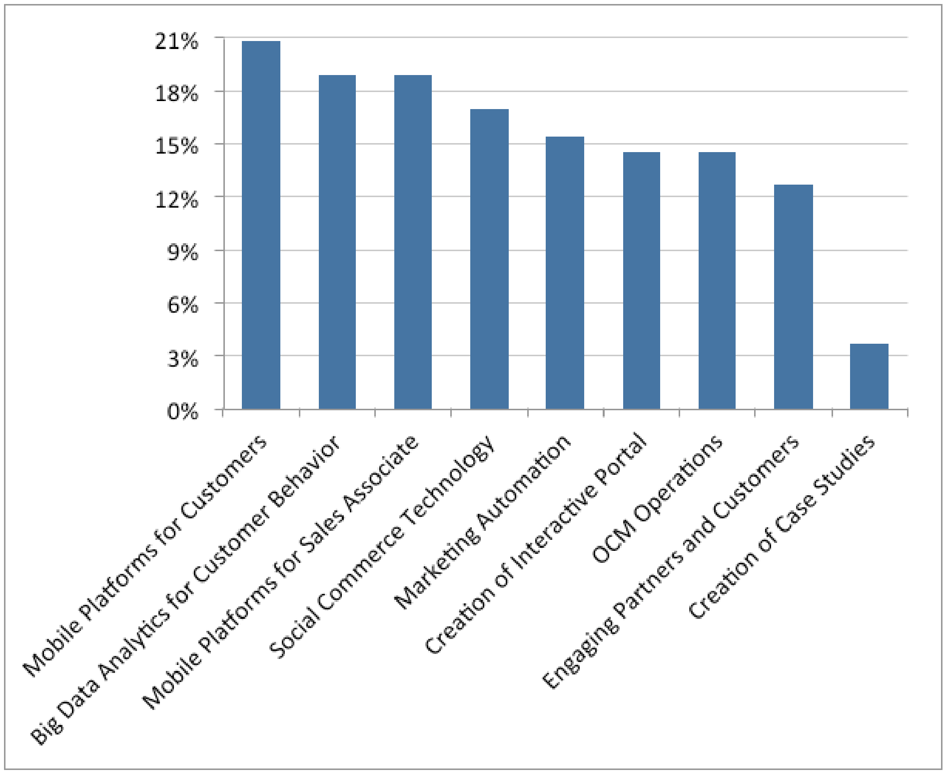
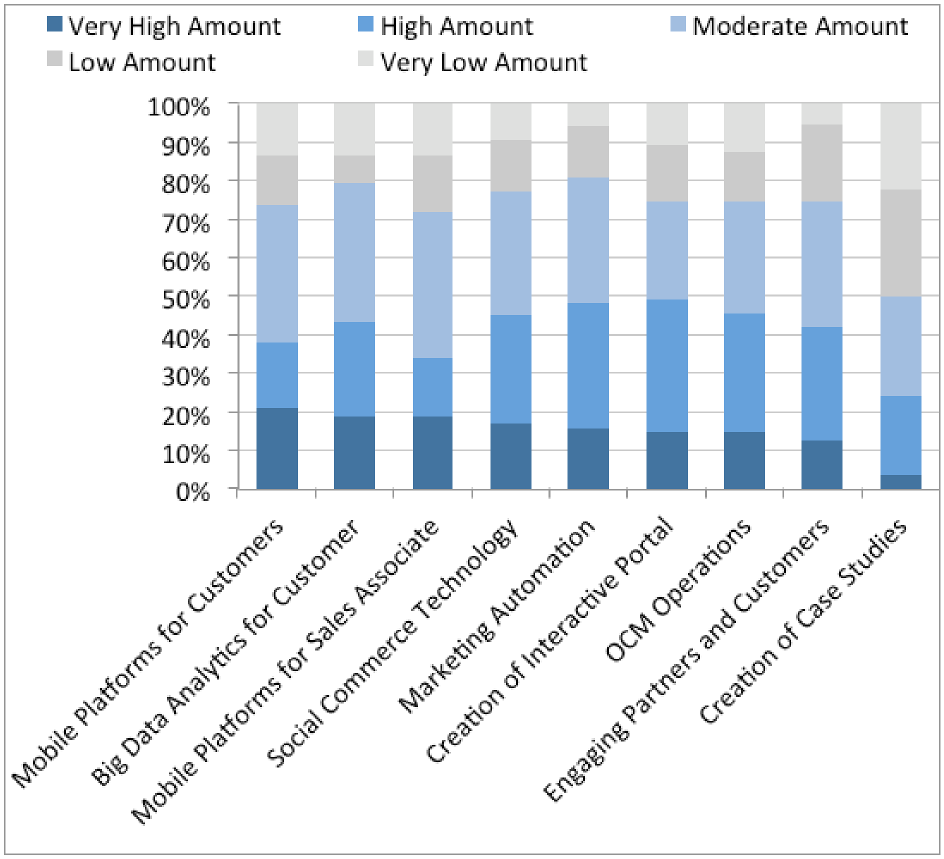
For those CPMs that have allocated a budget to implementing an OCM strategy next year, mobile platforms/apps for customers, big data analytics to assess customer behavior across channels and determine the return on marketing channel investments, and mobile platforms for sales associate enablement were the top priorities based on the amount that is planned to be spent (see Charts 37A and 37B).

Chart 37A. OCM Budget



Source: Platt Retail Institute

Chart 37B. Breakdown of OCM Budget



Source: Platt Retail Institute

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iii. Banking and Financial Services

The following Chart 38 illustrates the annual revenue of the banks and financial services firms (B&FS) participating in this research. Chart 39 illustrates these firms' annual e-commerce revenue.

Chart 38. Annual Revenue

	Percent
More than $500 million	25%
Between $250 and $500 million	9%
Between $100 and $250 million	9%
Between $25 and $100 million	15%
Less than $25 million	42%
Total	100%

Source: Platt Retail Institute

Chart 39. Annual E-Commerce Revenue

	Percent
More than $150 million	5%
Between $100 and $150 million	5%
Between $50 and $100 million	8%
Between $10 and $50 million	9%
Less than $10 million	73%
Total	100%

Source: Platt Retail Institute

Thirty-one percent of B&FS firms are not evaluating an OCM strategy, and 18 percent have no plans to implement an OCM (for a total of 49 percent). Thirty- three percent of respondents stated that they currently are evaluating an OCM strategy, and 18 percent plan to implement an OCM strategy within the next three years (for a total of 51 percent). These results compare favorably with the overall research results, indicating that B&FS firms are more interested in OCM overall than other industries generally in our research. Chart 40 details whether companies are implementing an OCM strategy.

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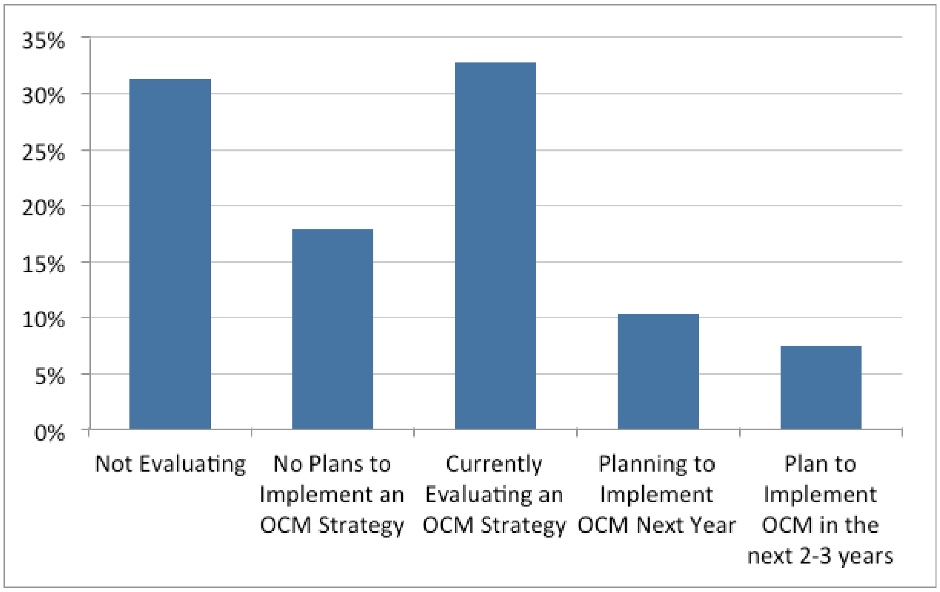
Chart 40. OCM Implementation Status



Source: Platt Retail Institute

Sixty-four percent of B&FS firms with revenue over $500 million currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 33 percent of B&FS firms with revenue under $25 million (see Chart 41A). All of the B&FS firms with more than $150 million in e-commerce revenue currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 52 percent of B&FS firms with e-commerce revenue under $10 million (see Chart 41B).

Chart 41A. OCM Implementation Status by Annual Revenue

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	18%	18%	47%	17%	0%
Between $250 and $500 million	0%	17%	66%	0%	17%
Between $100 and $250 million	33%	0%	33%	34%	0%
Between $25 and $100 million	50%	0%	30%	10%	10%
Less than $25 million	39%	28%	18%	4%	11%

Source: Platt Retail Institute

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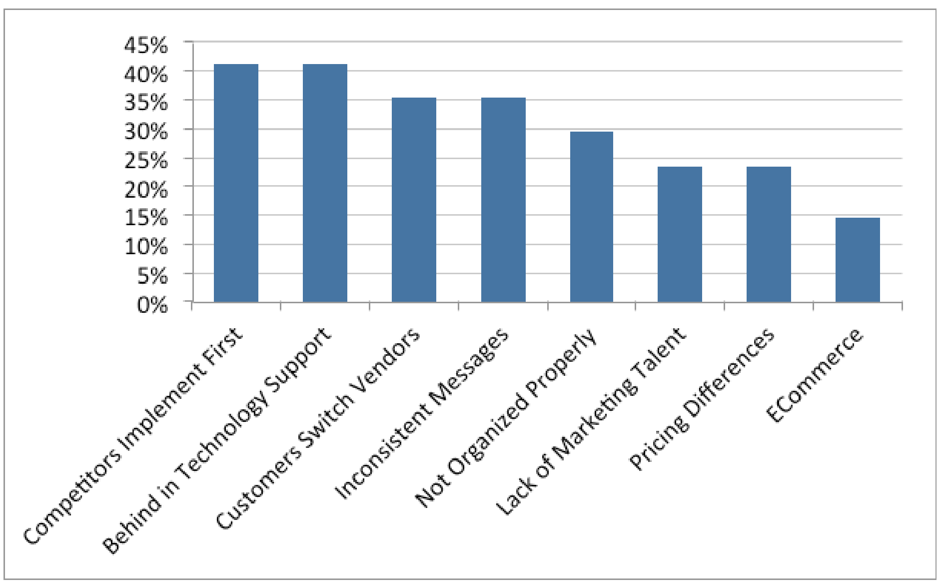
Chart 41B. OCM Implementation Status by Annual E-Commerce Revenue

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	0%	0%	33%	67%	0%
Between $100 and $150 million	0%	0%	33%	67%	0%
Between $50 and $100 million	60%	40%	0%	0%	0%
Between $10 and $50 million	50%	17%	33%	0%	0%
Less than $10 million	30%	18%	36%	6%	10%

Source: Platt Retail Institute

The three most significant business challenges that are driving OCM adoption by B&FS firms (see Chart 42) are: competitors may implement such a strategy first (41 percent); the concern of falling behind in the technology that supports omni-channel commerce capabilities (41 percent); customers can easily switch vendors due to digital advances (35 percent); and inconsistent messages across channels are confusing our customers (35 percent).

Chart 42. OCM Business Challenges



Source: Platt Retail Institute

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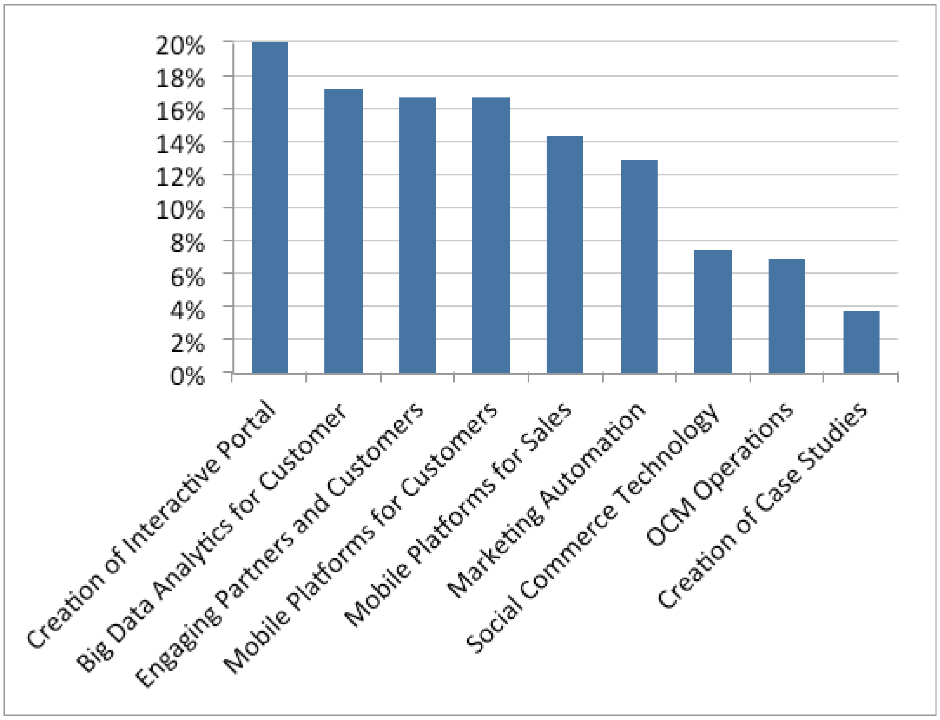
For those B&FS firms that have allocated a budget to implementing an OCM strategy next year, the creation of an interactive portal for engaging customers directly, big data analytics to assess customer behavior across channels and determine the return on marketing channel investments, and engaging partners and/or business customers in collaborative marketing were the top priorities based on the amount that is planned to be spent (see Charts 43A and 43B).

Chart 43A. OCM Budget



Source: Platt Retail Institute

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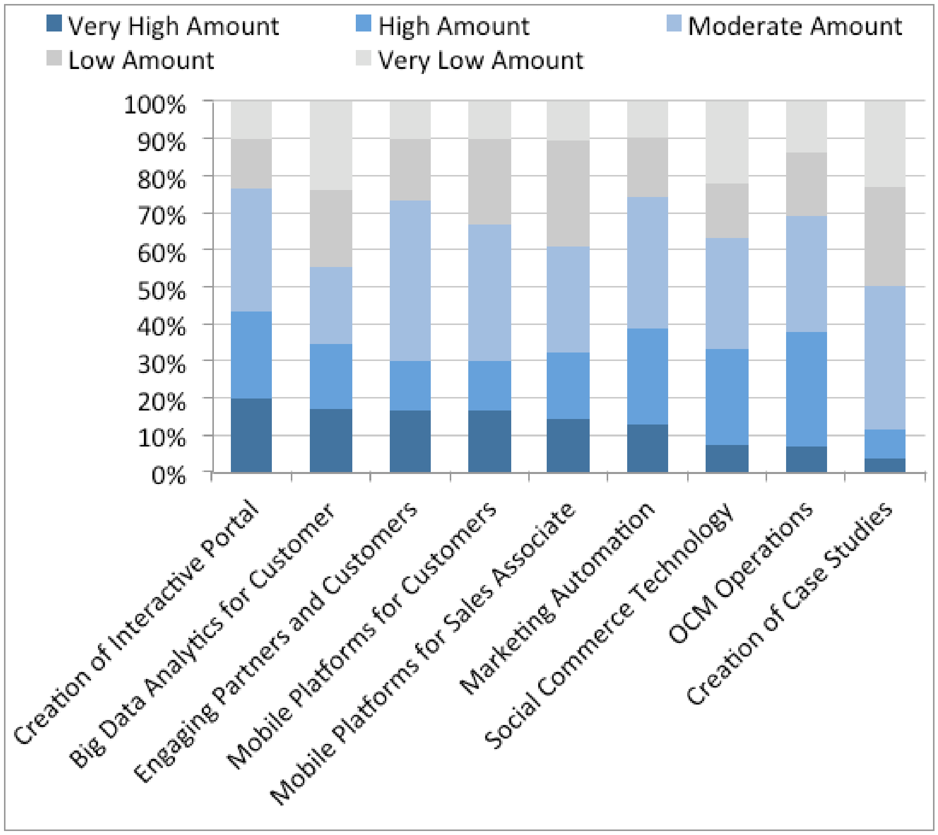
Chart 43B. Breakdown of OCM Budget



Source: Platt Retail Institute

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iv. Retail

The following Chart 44 illustrates the annual revenue of the retailers participating in this research. Chart 45 illustrates these firms' annual e- commerce revenue.

Chart 44. Annual Revenue

	Percent
More than $500 million	21%
Between $250 and $500 million	5%
Between $100 and $250 million	5%
Between $25 and $100 million	21%
Less than $25 million	48%
Total	100%

Source: Platt Retail Institute

Chart 45. Annual E-Commerce Revenue

	Percent
More than $150 million	9%
Between $100 and $150 million	12%
Between $50 and $100 million	4%
Between $10 and $50 million	12%
Less than $10 million	63%
Total	100%

Source: Platt Retail Institute

Sixteen percent of retailers are not evaluating an OCM strategy, and 17 percent have no plans to implement an OCM (for a total of 33 percent). Forty- six percent of respondents stated that they currently are evaluating an OCM strategy, and 21 percent plan to implement an OCM strategy within the next three years (for a total of 67 percent). These results compare favorably with the overall research results, indicating that retailers are more interested in OCM overall than other industries generally in our research. Chart 46 details whether companies are implementing an OCM strategy.

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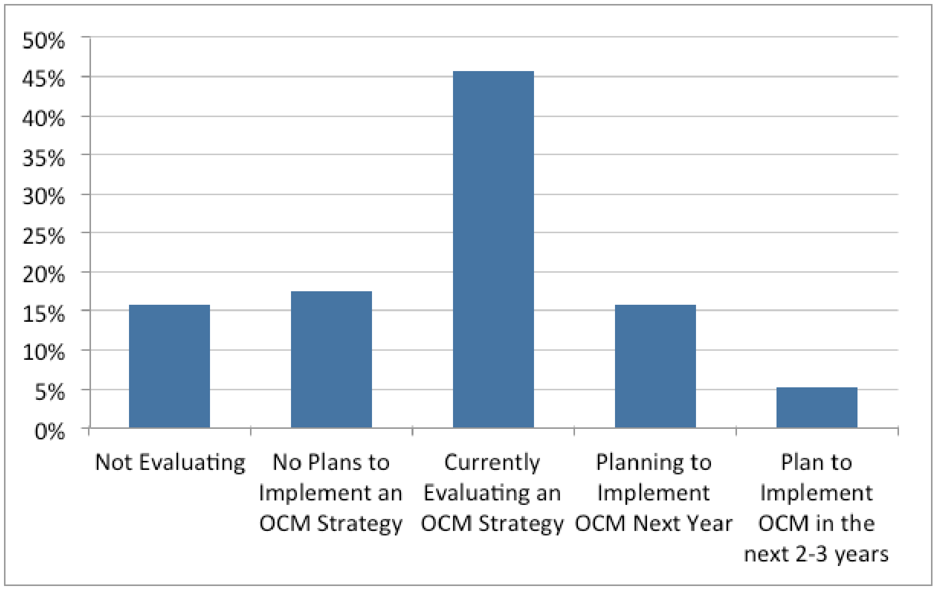
Chart 46. OCM Implementation Status



Source: Platt Retail Institute

Eighty-three percent of retailers with revenue over $500 million currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 58 percent of retailers with revenue under $25 million (see Chart 47A). Eighty percent of retailers with more than $150 million in e-commerce revenue currently are evaluating an OCM strategy or plan to implement an OCM strategy within the next three years. This compares to 59 percent of retailers with e-commerce revenue under $10 million (see Chart 47B).

Chart 47A. OCM Implementation Status by Annual Revenue

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	0%	17%	67%	8%	8%
Between $250 and $500 million	0%	34%	33%	33%	0%
Between $100 and $250 million	0%	34%	33%	33%	0%
Between $25 and $100 million	17%	0%	42%	33%	8%
Less than $25 million	26%	22%	41%	7%	4%

Source: Platt Retail Institute

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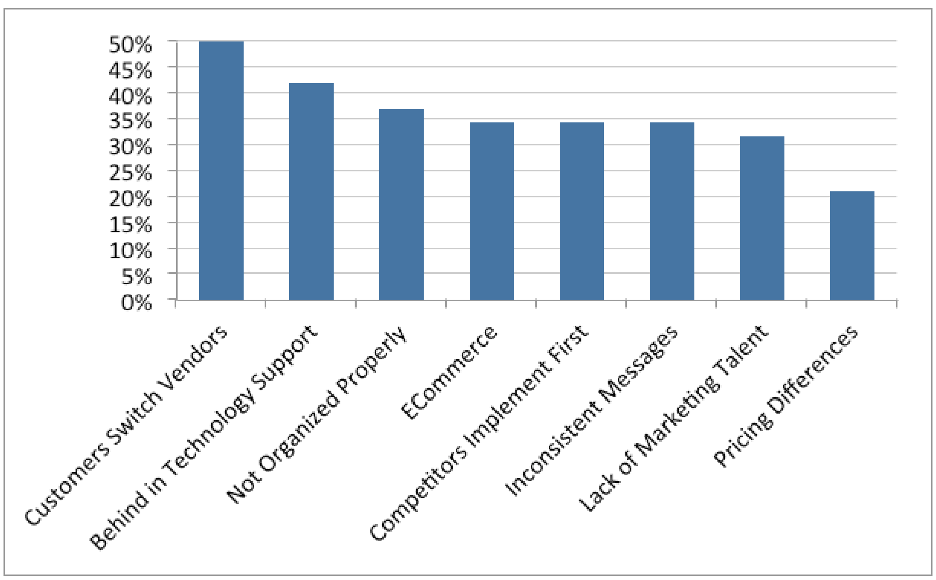
Chart 47B. OCM Implementation Status by Annual E-Commerce Revenue

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	0%	20%	40%	20%	20%
Between $100 and $150 million	0%	0%	86%	14%	0%
Between $50 and $100 million	0%	50%	0%	50%	0%
Between $10 and $50 million	29%	0%	43%	28%	0%
Less than $10 million	19%	22%	42%	11%	6%

Source: Platt Retail Institute

The three most significant business challenges that are driving OCM adoption by retailers (see Chart 48) are: customers can easily switch vendors due to digital advances (50 percent); the concern of falling behind in the technology that supports omni-channel commerce capabilities (42 percent); and not organized properly to serve the omni-channel customer (37 percent).

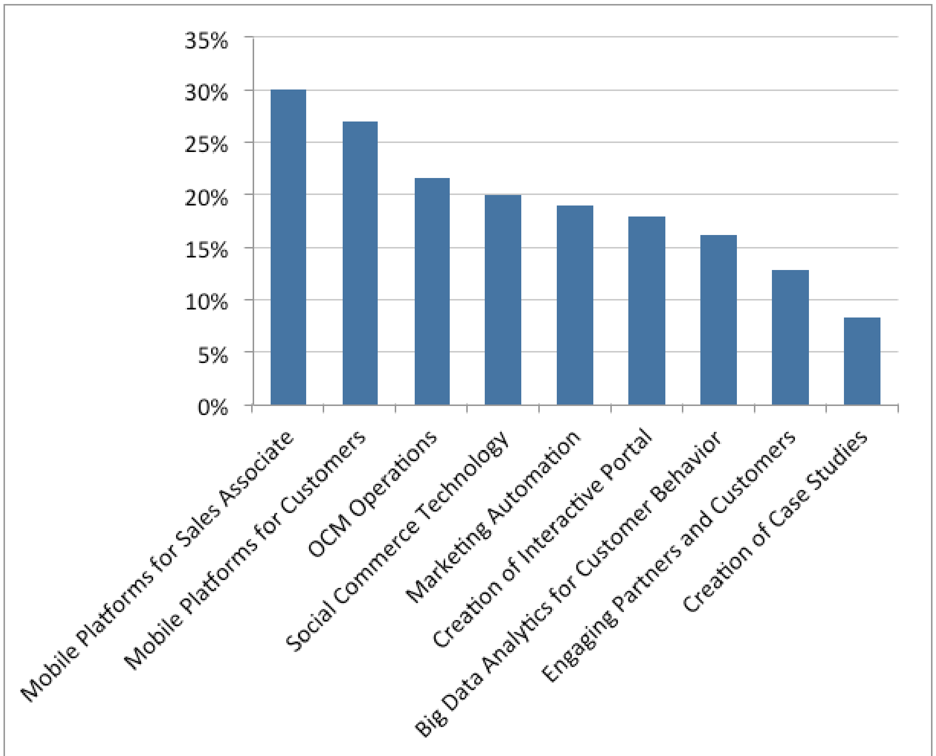
Chart 48. OCM Business Challenges



Source: Platt Retail Institute

For those retailers that have allocated a budget to implementing an OCM strategy next year, mobile platforms for sales associate enablement, mobile platforms/apps for customers, and OCM operations (e.g., fulfillment) for converting/executing sales were the top priorities based on the amount that is planned to be spent (see Charts 49A and 49B).

Chart 49A. OCM Budget



Source: Platt Retail Institute

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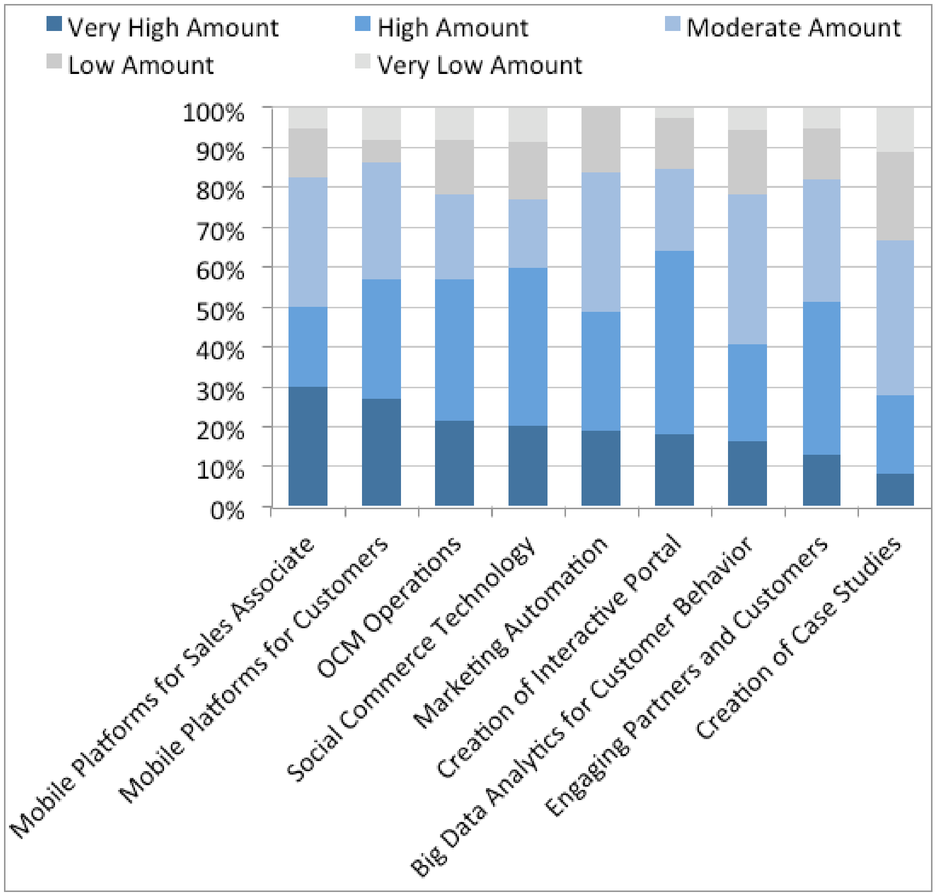
Chart 49B. Breakdown of OCM Budget



Source: Platt Retail Institute

Appendix A – Subjective Response Review

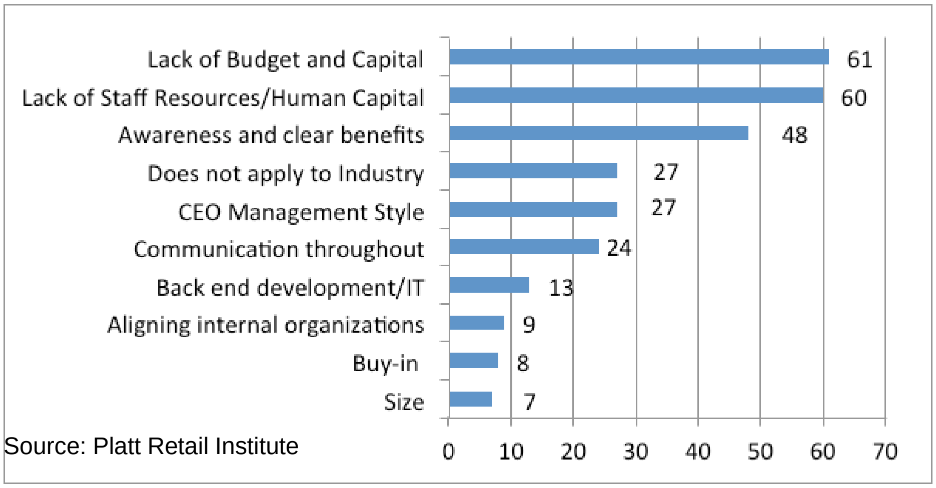
As part of our research, we asked a series of four subjective questions. These included the following:

1. What are the biggest challenges that your firm is currently facing in terms of establishing an OCM program?
2. What goals are you trying to achieve by adopting an OCM strategy?
3. How will your firm evaluate the return-on-investment from an investment in an OCM strategy?
4. If your firm is not currently investigating the merits associated with OCM, what are the primary reasons for this?

We grouped these responses for presentation purposes, and present the responses here.

Chart A1 represents the biggest challenges that firms are currently facing when establishing an OCM program. The top three business challenges noted were: a lack of budget and capital (61 respondents); a lack of staff resources/ human capital (60 respondents); and a lack of an awareness of OCM programs and their benefits (48 respondents).

Chart A1. Biggest Challenges to Establishing OCM



Source: Platt Retail Institute

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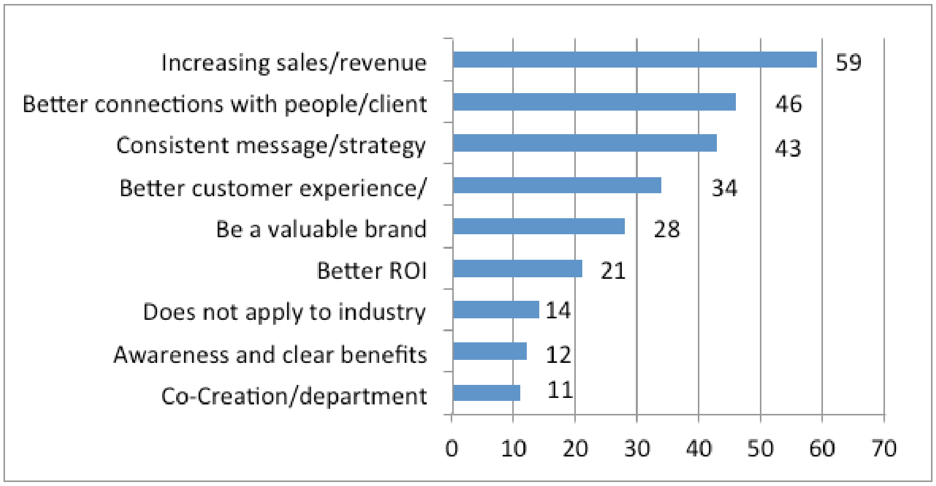
Chart A2 reports the responses to a question asking what goals participants are trying to achieve by adopting an OCM strategy. The top five goals noted are: increasing sales revenue (59 respondents); having better connections with clients (46 respondents); establishing a consistent message or strategy (43 respondents); providing a better customer experience/satisfaction (34 respondents); and providing a valuable brand (28 respondents).

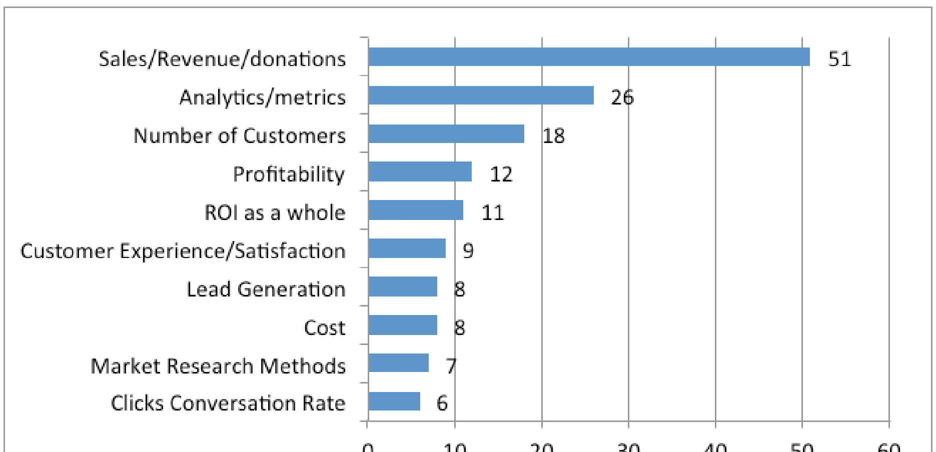
Chart A2. Goals Achieved by OMC



Source: Platt Retail Institute

Chart A3 reflects responses to a question about how a firm would evaluate the return on investment (ROI) from investments in an OCM strategy. The top five methods noted are: through sales revenue (51 respondents); analytics/ metrics (26 respondents); number of customers (18 respondents); profitability (12 respondents); and overall ROI of all OCM channels together, instead of comparing ROI for an individual channel (11 respondents).

Chart A3. Evaluation of ROI



Source: Platt Retail Institute

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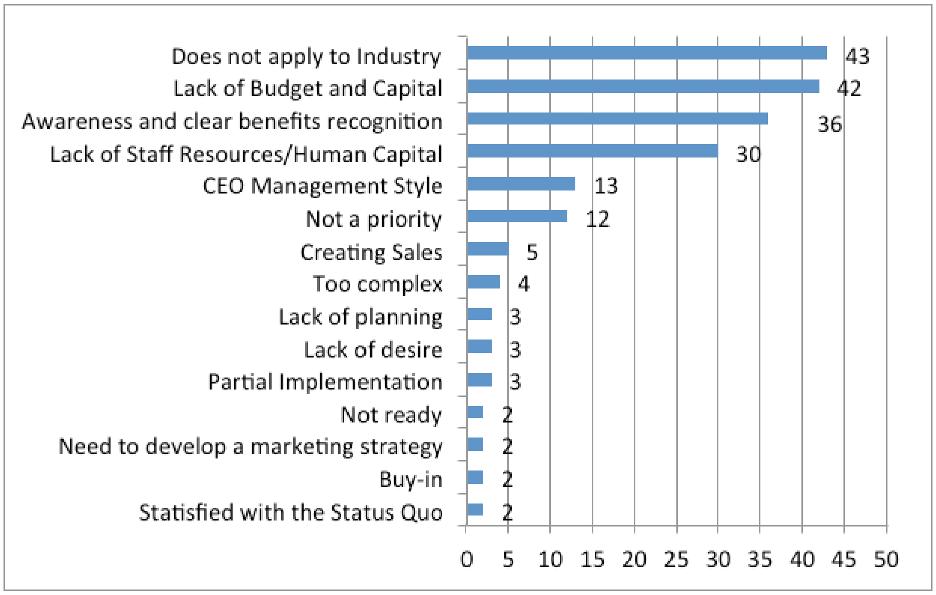
Chart A4 illustrates the primary reasons why companies are not evaluating an OCM strategy presently. The top five reasons for this are: it does not apply to their industries (43 respondents); there is a lack of budget and capital (42 respondents); there is a need for awareness of OCM programs and their clear benefits recognition (36 respondents); there is lack of staff resources/human capital (30 respondents); and due to their CEO and top management styles (13 respondents).

Chart A4. Reasons for Not Investigating OCM

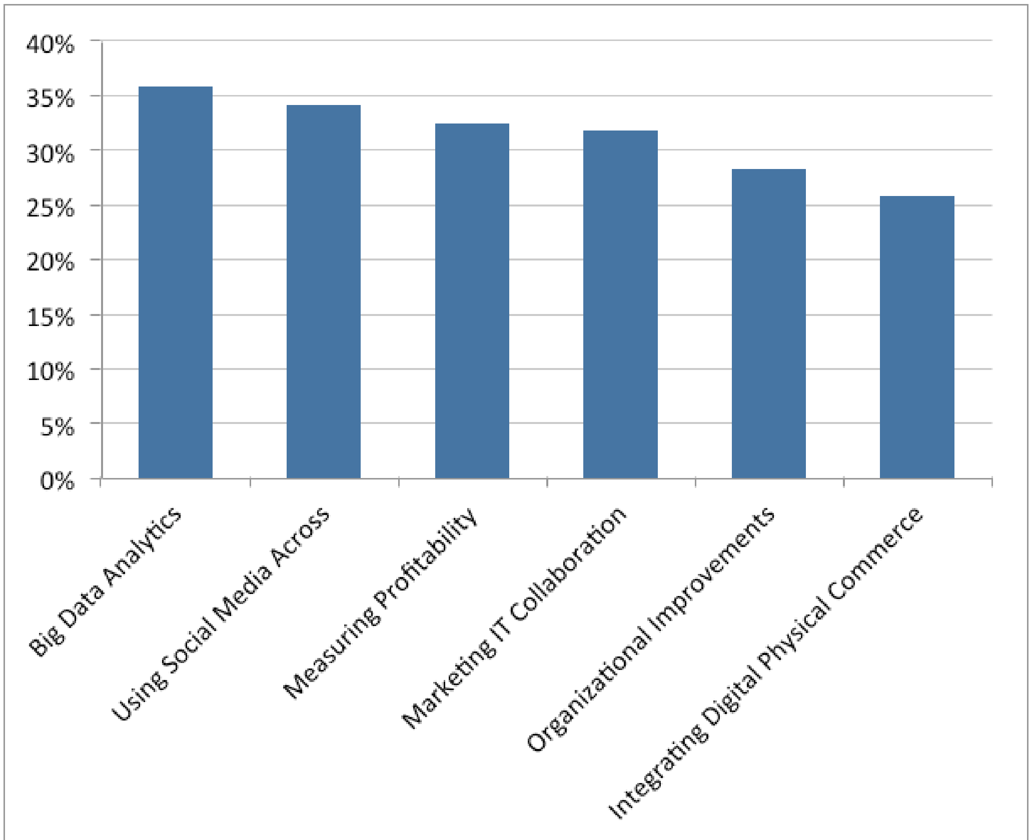


Source: Platt Retail Institute

Appendix B – Omni-Channel Education

The AMA was also interested in learning about educational topics of interest regarding OCM, as well as the preferred method of learning. As Chart B1 illustrates, the topics of most interest were big data analytics to assess customer behavior across channels (36 percent) and using social media across channels in support of an OCM strategy (34 percent). Chart B2 shows the preferred learning methods, which include webinars (31 percent), conferences (21 percent), and research reports (18 percent).

Chart B1. Education Topics



Source: Platt Retail Institute

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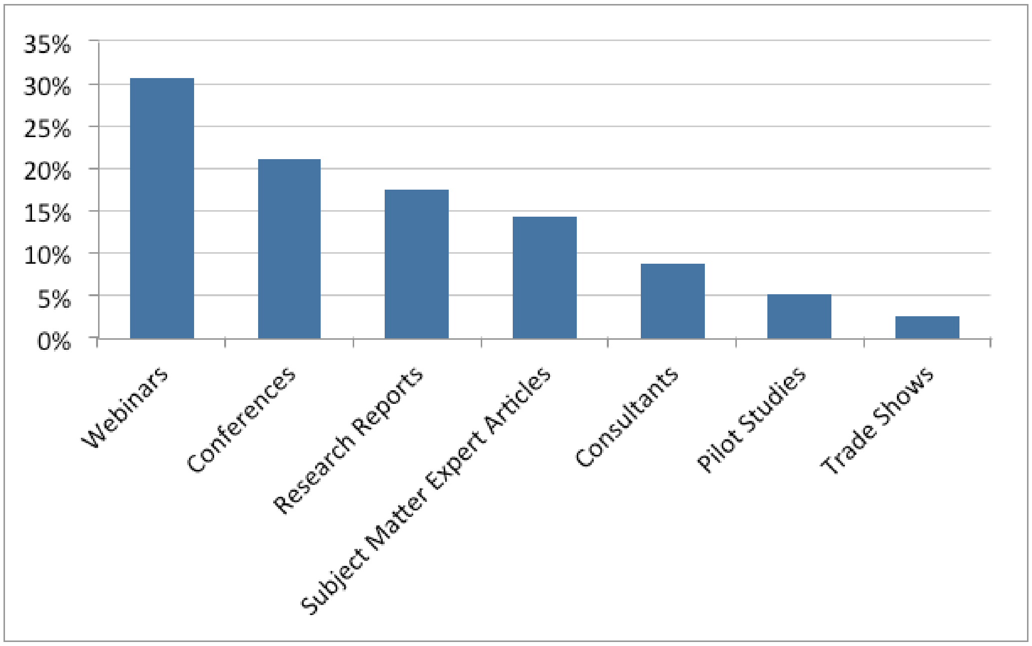
Chart B2. Preferred Learning Methods



Source: Platt Retail Institute

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Appendix C – Other Industries' OCM Implementation Status

The following charts detail OCM implementation progress based on annual revenue and annual e-commerce revenue for six of the top 10 industries in our research.[6]

Publishing and Digital Media

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	14%	14%	43%	29%	0%
Between $250 and $500 million	25%	25%	50%	0%	0%
Between $100 and $250 million	50%	50%	0%	0%	0%
Between $25 and $100 million	40%	0%	30%	20%	10%
Less than $25 million	25%	17%	37%	13%	8%

Source: Platt Retail Institute

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	20%	20%	40%	20%	0%
Between $100 and $150 million	0%	0%	0%	0%	0%
Between $50 and $100 million	33%	34%	0%	33%	0%
Between $10 and $50 million	34%	0%	33%	33%	0%
Less than $10 million	27%	15%	38%	12%	8%

Source: Platt Retail Institute

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[6] Other and Education omitted.

Software and Cloud Services

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	15%	31%	31%	23%	0%
Between $250 and $500 million	0%	67%	33%	0%	0%
Between $100 and $250 million	50%	0%	25%	25%	0%
Between $25 and $100 million	0%	50%	33%	17%	0%
Less than $25 million	37%	19%	26%	7%	11%

Source: Platt Retail Institute

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	33%	17%	17%	33%	0%
Between $100 and $150 million	0%	0%	0%	100%	0%
Between $50 and $100 million	33%	67%	0%	0%	0%
Between $10 and $50 million	17%	33%	16%	17%	17%
Less than $10 million	27%	24%	35%	8%	6%

Source: Platt Retail Institute

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Telecommunications

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	11%	22%	11%	45%	11%
Between $250 and $500 million	17%	33%	50%	0%	0%
Between $100 and $250 million	50%	0%	0%	0%	50%
Between $25 and $100 million	0%	0%	50%	50%	0%
Less than $25 million	41%	24%	17%	6%	12%

Source: Platt Retail Institute

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	0%	0%	25%	75%	0%
Between $100 and $150 million	100%	0%	0%	0%	0%
Between $50 and $100 million	0%	50%	25%	25%	0%
Between $10 and $50 million	25%	25%	25%	25%	0%
Less than $10 million	32%	20%	24%	8%	16%

Source: Platt Retail Institute

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Industrial Products

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	18%	27%	37%	0%	18%
Between $250 and $500 million	0%	0%	0%	0%	0%
Between $100 and $250 million	33%	0%	0%	0%	67%
Between $25 and $100 million	25%	0%	25%	50%	0%
Less than $25 million	37%	19%	25%	6%	13%

Source: Platt Retail Institute

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	50%	50%	0%	0%	0%
Between $100 and $150 million	0%	0%	100%	0%	0%
Between $50 and $100 million	0%	50%	0%	0%	50%
Between $10 and $50 million	0%	0%	100%	0%	0%
Less than $10 million	33%	15%	22%	11%	19%

Source: Platt Retail Institute

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Wholesale Distribution

Company Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $500 million	0%	0%	67%	33%	0%
Between $250 and $500 million	100%	0%	0%	0%	0%
Between $100 and $250 million	0%	0%	0%	0%	0%
Between $25 and $100 million	29%	14%	14%	29%	14%
Less than $25 million	31%	16%	26%	11%	16%

Source: Platt Retail Institute

E-Commerce Annual Revenue	Not Evaluating	No Plans to Implement an OCM Strategy	Currently Evaluating an OCM Strategy	Planning to Implement OCM Next Year	Plan to Implement OCM in the Next 2-3 Years
More than $150 million	0%	0%	0%	100%	0%
Between $100 and $150 million	34%	0%	33%	33%	0%
Between $50 and $100 million	0%	0%	0%	100%	0%
Between $10 and $50 million	0%	67%	33%	0%	0%
Less than $10 million	32%	8%	32%	12%	16%

Source: Platt Retail Institute

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