The 5 C’s of Omni Channel Retail

WHAT THEY ARE, AND WHAT THEY MEAN FOR YOU
Agenda

• About RSR
• A Brave New World
• The 5C’s of Omni Channel Retailer (thinking about the customer)
• Implications on the enterprise
About RSR

Founded in 2007 to quickly become the leading source of insights for trends in retail technology, and retail in general

Mission: To elevate the conversation about retail technology to a strategic level within the retail enterprise by:

• Providing **objective, pragmatic advice** to both *retailers* and *solution providers*

• Leveraging our **extensive retail industry experience (75+ years)**

• Providing a **deep bed of research** into retailers' technology investment plans and the business opportunities and challenges that drive those investments.
It’s a Brave New World

ALMOST EVERYTHING CHANGES
A Worldview Designed Around This:

Or this:
Meets a Worldview Enabled by This:

A dramatic shift in the power dynamic between the retailer and the consumer.

And this:
Consumer Behaviors Are Fundamentally Changing ... From This ...(very orderly)

<table>
<thead>
<tr>
<th>Investigate</th>
<th>Select</th>
<th>Pay For</th>
<th>Fulfill</th>
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</thead>
<tbody>
<tr>
<td><strong>Store</strong></td>
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<td>Investigate</td>
<td>Select</td>
<td>Pay For</td>
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<td><strong>Web</strong></td>
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<tr>
<td>Investigate</td>
<td>Select</td>
<td>Pay For</td>
<td>Fulfill</td>
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<tr>
<td><strong>Catalog</strong></td>
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<tr>
<td>Investigate</td>
<td>Select</td>
<td>Pay For</td>
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<td><strong>Direct Sales</strong></td>
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...To This (Many Paths To Purchase / Chaotic Patterns)
Where Are We Now?

• Cross-channel is no longer a “why” question but a “how” question
  • How do I maximize my inventory investment?
  • How do I plan for the future?
  • How should I organize my company? How should I re-define my processes?
  • How can I improve the customer experience?

• The number of channels is almost infinite: that’s the “omni” part

• The challenge ahead: navigating transformative internal change – not just to be customer-facing, but to create leverage
The Biggest Question of All

How do I get all this done and make money too?
The Vision

Technology plays a strategic role in enabling future retail enterprise and business models
• Information assets at least as important as physical assets
• The CIO as strategic partner, not requirements gatherer
• IT moves from command and control to the “hacker way”
• IT shifts from cost center to revenue enabler

This is the only way for retailers to win as consumers and the information age transform the retail business model.

This will only work if processes, compensation strategies and the labor force shifts to support it.
And if You Get it Right: The Payoff

Multi-channel Customers are:

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly more profitable than single channel customers</td>
<td>47%</td>
<td>39%</td>
<td>28%</td>
</tr>
<tr>
<td>Slightly more profitable than single channel customers</td>
<td>29%</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Equally profitable</td>
<td>3%</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Less profitable than single channel customers</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Don't know / Can't tell</td>
<td>18%</td>
<td>26%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: RSR Research, May 2013

And mobile shoppers spend even more than “traditional” web shoppers
So What are the 5 C’s?
“The Five C’s”

THE CUSTOMER At The Center: It’s Not What You Want To Sell, But What/When/Where/How Consumers Want To Buy
Context ("The Problem To Be Solved")

Community

Commerce

Content

Customer

Context
Context = Relevancy = Behavior

<table>
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<tr>
<th>Selection</th>
<th>Awareness</th>
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</thead>
<tbody>
<tr>
<td><strong>Far</strong></td>
<td><strong>Near</strong></td>
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**DECISION PROXIMITY**

- **Content** is focused on **PRODUCT CHOICES** or **COMPARISON**
- **Community** is focused on **VALIDATION**
- Web Commerce is Featured
- **Content** is focused on **PRODUCT CHOICES** or **COMPARISON**
- **Community** is focused on **VALIDATION**
- Mobile or Store Commerce is Featured

**PHYSICAL PROXIMITY**

- **Content** is focused on **EDUCATION**
- **Community** is focused on **CATEGORY**
- Web Commerce is Available
- **Content** is focused on **EDUCATION**
- **Community** is focused on **CATEGORY**
- Mobile or Store Commerce is Available
Content ("The Information Needed To Solve The Problem")
Content = All of the content that a retailer or brand can bring to bear to influence, enhance, or shape the purchase decision

- Product/category info
- Reviews
- Recommendations
- Blogs
- Videos
- Comments
- Comparisons/Analysis

Early in the buying process, content serves an educational role and may be more relevant at category, rather than product level.

Later in the buying process, content serves a selection role, helping consumers narrow their choices within a category.
Community ("What Others Who Have Solved The Problem Have To Say")
Community = All of the people that a customer might involve in a purchase decision, whether known or strangers

- Retailer or brand employees
- Friends & family
- “People like me”
- Trusted reviewers
- Crowd-sourced opinions
- Etc.

Early in the buying process, community may be more focused on category aspects.

Later in the buying process, serves a validation role in helping or confirming a consumer’s selection.
COMMUNITY

Love taking on DIY projects? Share your photos, get inspired by others, and trade advice for completing all the how-to projects Lowe's Creative Ideas has to offer.

View All Projects

Projects

Garage Workbench
by karen_ryan

See the results of community member karen_ryan's inspired (and pretty!) garage workbench.

Posted 9/28/2009

Wood Shim Chic
by veryirie

See how community member veryirie made "frugalistic" wall art using wood shims and other household items.

Posted 5/15/2010

Arched Garden Bridge
by dave in maryland

Learn how community member dave in maryland built an attractive new bridge walkway to his front door.

Posted 8/29/2009

Galleries

Backyard Patio Project
by orbiting

Child's Kitchen Set
by j cote

Kitchen Update
by autumnjoy ~

View All Galleries
Social Media’s Role: A Managed Environment for People to Share Ideas and Comments
**Commerce** ("Exchanging Money For The Solution")

- **Community**
- **Customer**
- **Context**
- **Content**

[Diagram with arrows pointing to "Commerce"]
Enabling Buy Anywhere/Get Anywhere: Four Strategies

1. You’re on your own
2. Ship to store
3. Store picks the inventory
4. Ship from store
On Your Own

It’s here, if you get here first
No reservation, no set-aside
Drives traffic to store, but doesn’t guarantee conversion
Risks customer disappointment & inconvenience
We found 9 results for "Skylanders" in Video Games. Click here to see results in All Departments.

Related Searches: skylanders spyro's, skylanders character

Skylanders Spyro's Adventure Starter Pack (Wii)
ESRB Rating: Everyone 10+
$69.99

Skylanders Spyro's Adventure Starter Pack (Nintendo 3DS)
ESRB Rating: Everyone 10+
$69.96
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*Free shipping to store*

See store availability

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*Free shipping to store*

See store availability
Nickel Floor-to-Ceiling Shoe Tree

See all your footwear options at once with our Satin Nickel Floor-to-Ceiling Shoe Tree. Each of the six adjustable tiers revolve for easy access to the pair you want. There is also a basket that can store socks and accessories. It's an exceptional solution for storing shoes in small spaces, as it takes up very little floor space.

- Holds up to 36 pairs of shoes
- Extends 108" to fit ceilings up to a 9'
- Stable, weighted base
- Light assembly required

Be the first to write a review

Click on image for alternate views.

Store Pick

**Available for Pickup at Park Meadows**

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor-To-Ceiling Shoe Tree</td>
<td>1</td>
<td>$75.00 ea</td>
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Store Pick Best Practices

Designated employees to pick

Mobile access to orders

Active confirmation to customers
  • Container Store: SMS alert when the order is ready for pick-up

Exception management – clear procedures for when something goes wrong
  • Incomplete orders vs. the whole order
Ship-from-Store

Examples: Nordstrom, Bed Bath & Beyond

Requires space and shipping supplies, procedures, & training

Same exception management, store staffing issues

Inventory accuracy, shipping costs, managing in-store demand

• What does this mean for free shipping?

If optimized, can it save margin without disrupting store demand?
The Watch Outs

• Omni-channel really messes up orderly metrics
• Compensation issues, both for individuals, stores, warehouses, etc. (Who owns the sale??)
• Significant WFM issues. Which is the right store to fulfill from?

• Is the day coming when we stop / can’t report “comp store sales” anymore?
What Does it Mean for Me?

• Recognize that this is Strategic and Transformative

• If you’re still waiting to understand shopper behavior, you’re missing the boat

• Visibility is foundational – but you need a holistic approach

• Re-align incentives to be channel agnostic

• Think architecture
Thank You!

Register to read our research and newsletter!

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