Watson Commerce

Industry Leaders’ Guide to Success in Omni-Channel Order Management
Understanding how to optimize Omni-Channel Order Management is key to your business’ success. Today, consumers want seamless possibilities for selecting and receiving new products and services. Intelligent order management systems allows brands and retailers to make informed decisions on how to profitably satisfy customer expectations. It’s not just about understanding what you are offering in the present, but transparency and greater understanding of each aspect that impacts your inventory, fulfillment network, and capability to deliver across your channels.

In this ebook, you can review detailed advice from industry leaders and lessons on how to maximize Omni-Channel Order Management in four chapters:

Chapter 1 ............ Enhancing the Customer Journey with Cognitive Power

Chapter 2 ............ Understanding the Evolving Inventory Challenges for Your Business

Chapter 3 ............ Managing the Rising Costs and Complexity of Omni-Channel Fulfillment

Chapter 4 ............ IBM Watson is Changing the Way We Think of Omni-Channel Order Management Fulfillment
“With technology advancing and consumer expectations increasing as well, it’s imperative for businesses to create opportunities for their brands to be the best they can be. This includes everything from in-store to online to mobile and every touchpoint that may exist in between.

Customized commerce is the perspective of creating an omni-channel experience that is unique to your brand and your customers. The catch? It must translate to what consumers expect – which includes how they shop. This will vary based on your target audience, but you can assume they are using mobile, online and in-store experiences to both research, purchase, and sometimes return. Your journey to create a customized commerce experience for them can’t be done alone. An order management system is key to helping to lead your customers to a unified, custom experience in their unique buying journeys. And now, cognitive capabilities are making it possible to optimize – and even master – the costs and complexity of omni-channel fulfillment while delivering on customers’ “buy anywhere” experiences.”

Nicole Leinbach Reyhle
Founder and Editorial Director of Retail Minded Magazine

Cognitive capabilities are making it possible to optimize – and even master – the costs and complexity of omni-channel fulfillment.”

– Nicole Leinbach Reyhle
“Retailers must know where inventory is available, where over stock is sitting and where buyer demand is greatest. Order management may not be the glamorous side of retail commerce but omni-channel order management systems are the key to success in the on-demand economy. An omni-channel strategy with a solid order management system provides that seamless shopping experience the brick-and-mortar stores can deliver.

Warehouse management, point of sale and enterprise reporting systems all need to feed data into a single enterprise view of inventory across locations and channels for fulfillment. That is where a trusted order management system thrives, when it can take in all the data and provide actionable insight for the organization.”

John Lawson
CEO at ColderICE Media
“With an on-demand fulfillment strategy, brands can utilize predictive models to learn from a history of inventory and fulfillment readings and trends to essentially assign a statistical level of confidence to the availability of every product and product variation it offers. Brands can leverage enhanced insights for out of stock items as well as better handle cancellations, returns, reverse logistics, and more. Brands like Starbucks and Nordstrom can also measure the time between order placements and fulfillment so they can create a strategy to lessen customer wait times and perhaps optimize store layout and staffing decisions based on this data. They may also think of ways to optimize dwell times while waiting at pick up by creating moments of discovery for impulse purchases.”

Melissa Gonzalez  
CEO and Founder of the Lionesque Group

“Lack of transparency of inventory across the enterprise is the biggest challenge for retailers. This is the basis of customers having the ability to select the channel of choice based on convenience and needs, which are always in flux.”

~ Entrepreneur.com
How do you measure cost-to-serve?

“Omni-channel commerce is critical for meeting customer expectations, yet many companies don’t have a clear view of omni-channel fulfillment costs. And while seven out of ten CEOs said omni-channel commerce is their top priority, IBM’s Consumer Expectations study found the cost-to-serve omni-channel customers can be three times more than traditional fulfillment. Why? Because every channel adds more complexity when tracking inventory, managing fulfillment and processing returns. And with more competitors offering two-day or less delivery—72% of consumers consider this when making an online or mobile purchase—retailers are also pressured to compete on price and speedy shipping options. Retailers have pushed to deliver on customer expectations, but the cost and complexity of offering flexibility in order fulfillment is eating away at already thin margins.”

Omni-channel fulfillment doesn’t have to negatively impact your bottom line. What if you could easily identify and eliminate unnecessary costs in real-time? Order management best practices can help ensure that you’re able to meet customer expectations and still turn a profit. Here’s how you can gain proficiency:

• Eliminate manual processes in the omni-channel fulfillment process
• Maximize fulfillment capacity utilizing cognitive insights
• Utilize inventory at the most profitable price point
• Make dynamic adjustments to your fulfillment network without involving IT
Making the right decision isn’t always easy

“How do you know if you’re making the optimal sourcing decision for every customer order across your stores and distribution centers? Even when there are only a few variables and possible outcomes, making the right decision can be challenging. Add in multiple moving parts, integrated systems and a variety of time-based considerations, and you’re dealing with even more complexity. Traditional solutions don’t address last mile fulfillment sourcing decisions and can’t optimize cost-to-serve against multiple business objectives. For successful omni-channel results, you need capabilities that can intelligently balance customer expectations and service level agreements (SLAs) to enhance your order management systems.”

Chelsea White
Watson Commerce
Offering Manager, IBM

“Companies with omni-channel fulfillment solutions in place are 155% better at inventory sell-through than competitors without.”

– Aberdeen Group’s Omni-Channel and Cost-to-Serve Trends, Capabilities, and Readiness, 2016
CHAPTER 4: IBM WATSON IS CHANGING THE WAY WE THINK OF OMNI-CHANNEL ORDER MANAGEMENT FULFILLMENT

Cognitive insights simplify the complexity of fulfillment

Evolving customer expectations for flexible fulfillment is shifting demand from brick & mortar stores to online. However, fulfillment is being pushed to the brick & mortar stores due to competitive pressures for more expedited delivery dates, in-store pickup, and the retailer’s need to lower shipping costs. Retailers are making this move at the peril of their business. Their profit margins are shrinking as they make the shift to meeting the demands of omni-channel customers. The ability to determine the most profitable way to fulfill each customer order has become much more complex, with the explosion of data points to consider along with the reduction in time to make the decision.

Anyone can help you optimize a known rising cost, but only IBM can help you expose, evaluate, and balance all hidden factors impacting omni-channel fulfillment costs. IBM Watson Order Optimizer can help fulfillment professionals simplify the complexity of omni-channel fulfillment by sifting through the large amount of data and leveraging analytics and cognitive learning to minimize shipping costs through real-time sourcing optimization.

Predictive models make better sourcing decisions and align inventory

With a better understanding of demand patterns, Watson can help inventory and fulfillment professionals prioritize slow moving or obsolete store inventory to fulfill ecommerce demand, improving inventory sell through and reducing the need for markdowns.

“In today’s world, every retail challenge is an AI challenge that brings the customer to the nucleus of the conversation.”

– Melissa Gonzalez
CONCLUSION

The key to order management success is to recognize that the product alone is no longer what is being sold, but the entire purchase experience from the point of view of the customer. Each retail task is a challenge that brings the customer and their needs to the center of the conversation. With the help of IBM Order Management and Watson Order Optimizer, your company can address the key challenges of optimizing inventory and minimizing cost-to-serve while delivering omni-channel services that satisfy your customers.

With real-time insights, Watson Order Optimizer can help you make better fulfillment and inventory decisions that meet omni-channel demands at the most profitable price point.