

Watson
Commerce

Four Steps to Successful Omnichannel Order Management Fulfillment. An Industry Leaders' Guide

Watson

IBM





Understanding how to optimise Omnichannel 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 maximise Omnichannel Order Management in four steps:

- Step 1 Enhancing the Customer Journey with Cognitive Power
- Step 2 Understanding the Evolving Inventory Challenges for Your Business
- Step 3 Managing the Rising Costs and Complexity of Omnichannel Fulfillment
- Step 4 Cognitive is Changing the Way We Think of Omnichannel Order Management Fulfillment

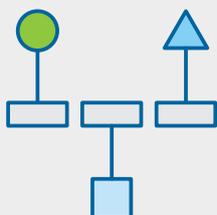
STEP 1: ENHANCING THE CUSTOMER JOURNEY WITH COGNITIVE POWER

“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.

Customised commerce is the perspective of creating an omnichannel 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 customised 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 optimise – and even master – the costs and complexity of omnichannel 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 optimise – and even master – the costs and complexity of omnichannel fulfillment .”

– Nicole Leinbach Reyhle

STEP 2: UNDERSTANDING THE EVOLVING INVENTORY CHALLENGES FOR YOUR BUSINESS

“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 omnichannel order management systems are the key to success in the on-demand economy. An omnichannel 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 organisation.”



John Lawson
CEO at ColderICE Media





“With an on-demand fulfillment strategy, brands can utilise 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 optimise store layout and staffing decisions based on this data. They may also think of ways to optimise 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*

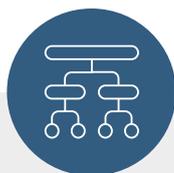
STEP 3: MANAGING THE RISING COSTS AND COMPLEXITY OF OMNICHANNEL FULFILLMENT

How do you measure cost-to-serve?

“Omnichannel commerce is critical for meeting customer expectations, yet many companies don’t have a clear view of omnichannel fulfillment costs. And while seven out of ten CEOs said omnichannel commerce is their top priority, [IBM’s Consumer Expectations study](#) found the cost-to-serve omnichannel 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 percent 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.”

Omnichannel 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 omnichannel fulfillment process
- Maximise fulfillment capacity utilising cognitive insights
- Utilise inventory at the most profitable price point
- Make dynamic adjustments to your fulfillment network without involving IT.





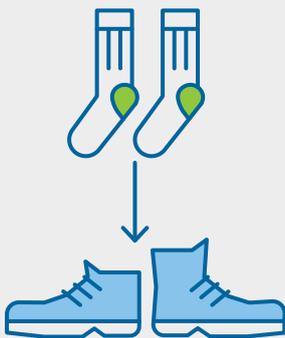
Making the right decision isn't always easy

“How do you know if you're making the optimal sourcing decision for every customer order across your stores and distribution centres? 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 optimise cost-to-serve against multiple business objectives. For successful omnichannel 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 omnichannel fulfillment solutions in place are 155 percent better at inventory sell-through than competitors without.”

– Aberdeen Group's Omnichannel and
Cost-to-Serve Trends, Capabilities and Readiness, 2016

STEP 4: **COGNITIVE IS CHANGING THE WAY WE THINK OF OMNICHANNEL 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 omnichannel 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 optimise a known rising cost, but only IBM can help you expose, evaluate and balance all hidden factors impacting omnichannel fulfillment costs. IBM Watson Order Optimiser can help fulfillment professionals simplify the complexity of omnichannel fulfillment by sifting through the large amount of data and leveraging analytics and cognitive learning to minimise shipping costs through real-time sourcing optimisation.

Predictive models make better sourcing decisions and align inventory

With a better understanding of demand patterns, Watson can help inventory and fulfillment professionals prioritise 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 recognise 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 centre of the conversation. With the help of IBM Order Management and Watson Order Optimiser, your company can address the key challenges of optimising inventory and minimising cost-to-serve while delivering omnichannel services that satisfy your customers.

Deliver the perfect order, reduce markdowns, improve customer loyalty and increase share of wallet with intelligent order fulfillment solutions from IBM.

WATCH THE VIDEO

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