

The store associate as the linchpin to omni-channel success



Ignoring the facts could be hazardous to your company's health

Numerous omni-channel capabilities have become “table stakes” for retailers because of rising consumer expectations and/or competitive pressures. Viewed from any angle, omni-channel has become a necessity to stay in business for any retailer with more than one sales channel. As evidence, the following provides examples of the percentage of US shoppers who consider each capability important enough that they would choose to shop elsewhere if one retailer didn't support a particular capability but another retailer did:

- Ability to check store inventory availability (via any channel) before visiting the store (81%)
- Detailed order status via any channel (88%)
- In-store pickup of online/mobile purchases (82%)
- Proactive notification when an online/mobile purchase is ready for in-store pickup (87%)
- Guaranteed pickup time (80%)
- In-store return of online/mobile purchases (87%)
- Store associate can “quickly & efficiently” find an out-of-stock item at an in-stock location (81%)
- Low/No shipping charges (90%)
- Ability to start an order on line and complete it with an associate in the store (64%)¹

At the same time, the percentage of retailers that support one or more of these capabilities cannot be ignored. In a US survey of retailers, four out of five (79%) say that they provide the ability to view store inventory online. The same percentage of retailers offer in-store pickup of online purchases. Nearly three quarters (73%) say that they offer in-store return of online purchases. And, three out of four (73%) of them have tool-enabled “save the sale” processes for store associates to recover from out of stocks.²

The importance of effective omni-channel execution goes beyond merely meeting customer expectations and keeping up with the competition, though. It hits at the very heart of retail success (i.e., consistently delivering a positive brand experience and continually strengthening brand loyalty).

For example, consumer studies have shown that the most influential phase of the brand experience is the Post-purchase phase—an area that is heavily affected by omni-channel capabilities (e.g., tracking order/shipment/delivery status via any channel; the in-store pickup or return experience; accurate, on-time shipments from stores; etc.). When asked whether the Pre-purchase (a.k.a. shopping) or the Post-purchase experience had the greatest potential to damage the brand relationship with a retailer, 248% more consumers indicated the Post-purchase experience. When asked which of the two phases of the brand experience was most important in forming a consumer's lasting opinion of a retailer, 67% more consumers chose the Post-purchase phase over the Pre-purchase phase. And, when asked about the potential for a positive Post-purchase experience to recover from a poor Pre-purchase experience, 63% of consumers indicated that it was likely to very likely.³

248% more consumers say the Post-purchase experience most impacts the brand relationship.

But, beyond merely delivering a positive Post-purchase experience, consumers indicate that brand loyalty is heavily dependent on delivering a consistent and positive brand experience. Consumers want their in-store omni-channel experience to be “quick, easy, and convenient”. Seventy-nine percent consider this important for the in-store pickup experience, and 83% consider this important for their in-store returns experience.⁴

Nearly all consumers (96%) say that performance consistency is essential for maintaining trust. And, three out of four consumers (77%) say that trust came before loyalty in their strongest retail relationships. So, a consistent Post-purchase experience is most influential for deepening trust which, in turn, precedes loyalty. Said differently, failure to consistently deliver a positive Post-purchase experience undermines loyalty.⁵

For retailers embarking on the omni-channel journey, one troubling realization quickly surfaces. The success of the majority of omni-channel initiatives (particularly those that impact the Post-purchase experience) ultimately rests on the shoulders of the store—and, more specifically, the store associate—to execute efficiently, effectively, and consistently. The stark reality is that to be successful with much of omni-channel, you must be able to execute well at the store associate level. And, for many retailers, the classic profile of many of their store associates is a young, relatively inexperienced, often short-term employee for whom career building is not always top of mind. For Retail segments where omni-channel is relevant, the percentage of overall employees (i.e., not just those in stores) that are aged 16-24 averages 25%—with various apparel segments ranging from 40-51%.⁶ And, for many retailers, the majority of their younger employees work in their stores. So, the percentages are usually much higher, there.

A quarter of overall retail employees are 16-24 with various apparel segments ranging from 40-51%.

Fortunately, the operational overhead required of stores to support omni-channel can be minimized with the use of proper technology that minimizes manual steps and guides store associates to execute those steps more efficiently and accurately while ensuring a more convenient, seamless brand experience for consumers. But, the solution must do more than just provide the tools needed by store associates to complete their omni-channel tasks. It must also be mobile, able to run on multiple devices, and logical and intuitive for store associates to learn and use. With hundreds of stores, multiple associates per store, and at least some ongoing staff turnover, the “store math” of having to train potentially thousands of store associates on this tool requires that it be intuitive to learn and easy to use.

At the same time, because store managers already had enough to do long before omni-channel was introduced, they need a

tool that enables them to efficiently and effectively track the performance of their staff in supporting the company’s omni-channel initiatives. In this way, an effective solution enables store associates to execute their tasks quickly and consistently and store managers to monitor that execution to ensure a consistently-positive customer experience and optimal utilization of limited store resources.

An Applied Use Case

To fully appreciate the role that the right solution can play in automating and simplifying omni-channel processes in the store, let’s look at how it can guide a store associate through the tasks in support of a foundational omni-channel use case: buy on line, pick up in store. Throughout the scenario, notice how the proper technology can automate many of the tasks that would, otherwise, have to be manual. Consider the following:

- An online customer, Lily, places an order with her favorite retailer. She selects in-store pickup of the items she’s purchased, and shortly thereafter receives an order confirmation indicating that she will be notified as soon as her items are ready for pickup at the store.
- In the store, Sara, a store associate, receives a pick notification on her mobile store associate solution. She sees Lily’s items plus other items that other customers have ordered on line for pickup at Sara’s location. The store engagement solution shows her how long each pick notice has been outstanding so she can easily identify and escalate any orders that might be at risk of missing the promised pick window.
- Sara chooses to pick the orders in “batch” mode so that she only has to make a single pass through the store. [If she needed to pick just one of the outstanding orders to have it ready within the promised pick window, she could have selected a single-order pick and worked on just that order.] As each item is picked and scanned, the store solution indicates the bin in which it should be placed.
- Once done with the picking, Sara attaches receipts—that were automatically printed by the order management system—to each of the bins and places them in designated locations for easy access by any of the store associates when Lily arrives to pick up her items. With the picking completed, the mobile solution triggers an automatic notification to Lily that her

items are ready for pickup. The message clearly explains the in-store pickup process and instructs Lily to locate any associate to assist her once she arrives at the store.

- As Lily enters the store, she's greeted by another store associate, Angela. She tells Angela that she's there to pick up her online order. Angela opens her store engagement solution and quickly locates the order using Lily's phone number. The solution directs Angela to the storage area where Lily's items are located and she brings the items and the receipt to Lily to take home.
- Lily confirms the receipt of her items by signing for them on the mobile store solution. This action marks the items as having been picked up, and before Lily can get home, she receives a confirmation of the pickup and an invitation to earn loyalty points if she takes a brief survey to rate her in-store (i.e., Post-purchase) experience.

Consider the role that the mobile store engagement solution played in the brand experience just described. It efficiently stepped Sara through the pick-and-hold process. It helped Angela effectively execute the pickup process. And, it delivered a quick, easy, and convenient in-store experience for Lily (something that 79% of consumers consider important for the pickup experience and 83% consider important for returns).⁷

But, recognize that that same mobile store solution could have also accommodated several additional interactions with Lily. For instance, the store solution could have:

- Guided the store associate through an exchange or a return—prompting Angela to execute each step in order.
- Helped Angela locate an out-of-stock item at an in-stock location, save the sale on that item, and capture the sale on the app.
- Accessed Lily's online cart from a previous browsing session, helped her consider her options, and allowed Angela to complete that order on the app.
- Shown Angela products that she should recommend to Lily—based on her previous purchase or browsing history.
- Leveraged insights from Lily's social interactions and applied cognitive capabilities to make even more personalized recommendations that would further deepen the sense of brand intimacy Lily has with the retailer.
- Been used to scan in any grab-and-go items that Lily might

have found in the store that interested her. [After all, most consumers confirm that they're likely to purchase additional items while in the store picking up (71%) or returning (69%) an online purchase.]⁸

- Finally, the store solution could have allowed Angela to complete all of the above with a single swipe transaction that allowed Lily to avoid having to stand in line at checkout or Customer Service.

When asked how important delivery time is for deciding whether to complete an online purchase, 52% said same-day delivery was important and 45% said 1-2-hour delivery was important.

Beyond the Basics

Going beyond such foundational omni-channel initiatives as in-store pickup or returns, save the sale, clienteling, line-busting, etc., automation can simplify more involved omni-channel use cases—such as ship from store—as well. For instance, immediately after order capture, an intelligent sourcing engine can use business rules to optimize the selection of the fulfillment location. This decision can be based on a variety of parameters or combinations thereof. For example, optimize based on delivery time and costs; optimize based on inventory levels (e.g., a location that's overstocked with end-of-season merchandise); optimize based on minimizing split shipments; optimize based on the capacity of a given fulfillment location to service no more than “x” active orders at a time; etc. Or, layer these parameters to create highly-tailored criteria for accommodating unique business requirements (e.g., applying different criteria for different locations or item categories).

Of course, once the fulfillment location has been notified, technology facilitates the pick process as described above. But, its role is not over if the store will be shipping the order. In the

case of ship from store, the right solution can use business rules to automatically select the optimum carrier to use for delivery. [This allows for a hybrid carrier strategy that doesn't just default to the usual national carrier when a short-haul carrier or local courier might be less expensive and/or faster for a delivery that's just across town. This can be particularly important when battling the "Amazon Effect"...where consumers increasingly see expedited delivery as important to very important when deciding whether or not to place an online/mobile order: same-day delivery (52%); 1-2-hour delivery (45%).⁹

But, beyond simplifying and automating the carrier selection process—a task that would be inappropriate for nearly all store associates—the same solution can contact the delivery company to book a pickup appointment and automatically print the appropriate packing document(s) and shipping label(s) for that order and that carrier. Once the order has been packed for shipment by the store associate, technology can then track carrier pickup time, notify the customer that her order has shipped, and take input from the carrier to keep the consumer informed about the status of the shipment. [It should be noted that 88% of consumers consider it important to be proactively notified when their order has been delivered.]¹⁰

Amidst all this, the technology can provide the store manager with visibility into all orders that have been routed to their store, the status of each of those orders, and alerts that highlight any orders that may need escalated handling in order to meet promised SLAs to customers (80% of whom consider a guaranteed pickup time to be important enough that they'd choose to shop one retailer over another based on that capability).¹⁰ In addition, the mobile solution allows the manager to see how individual personnel are performing and where improvements are needed. Finally, an effective tool can give the store manager the ability to modify the store's order fulfillment capacity on a given day in order to adjust to those instances where the store is shorthanded.

In Summary

Omni-channel retailing is no longer an option; it's a requirement for retailers' survival going forward. Consumers now consider omni-channel capabilities important enough that

80% of consumers consider guaranteed pickup time important enough to choose to shop elsewhere if not offered.

they'll choose to shop elsewhere if you fail to provide the desired omni-channel services that someone else offers. To further add to the threat, those who can't support omni-channel capabilities have become the glaring exception... something that consumers notice and care about, now, more than ever before.

But, living up to consumers' omni-channel expectations imposes additional requirements on store associates beyond their traditional tasks. And, the execution of those additional tasks must be done consistently (i.e., to deliver a positive in-store Post-purchase experience to customers and, thereby, protect trust and loyalty) and efficiently (i.e., to effectively utilize limited store resources and protect profitability).

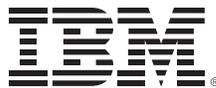
Fortunately, the operational overhead required of stores by omni-channel can be minimized with the use of proper technology. Appropriately designed, these automated capabilities can reduce manual intervention and guide store associates through the execution of these additional tasks more efficiently and accurately. It can ensure a more convenient and consistent Post-purchase brand experience for consumers. And, it can give store managers the tools they need to monitor whether employee performance and customers' experiences are consistent with planned objectives. In short, omni-channel can be a win/win for both the consumer and the retailer if executed properly and enabled by the right tools.

For more information

To learn more about IBM omni-channel capabilities, please contact your IBM representative or IBM Business Partner, or visit: www.ibm.com/us-en/marketplace/collections/store.

About the author:

John Stelzer is Senior Omni-channel Strategist at IBM. His more than 30 years of working with leading retailers globally to apply technology and innovative strategies to their businesses have given him valuable insights into how to stay ahead of the ever-evolving consumer and deliver a differentiating brand experience.



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Route 100
Somers, NY 10589
U.S.A.

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