

Strategies for a Superior Omnichannel

Increasing customer loyalty in retail requires better data to reach a more unified experience.

In a few short years, retailers have seen shopping behavior change dramatically. Consumers have adopted more digital channels and from a retailer's perspective they have expanded their sales channels and touchpoints from brick-and-mortar and ecommerce to now include mobile, marketplaces, live commerce, social commerce, metaverse and even B2B retail outlets.

In this white paper we will examine:

1. Where omnichannel has failed to meet expectations
2. Strategies for omnichannel retail
3. Understanding the data required for omnichannel operations
4. Retail success stories
5. Preparing for unified commerce and emerging use cases

Proliferation of channels and touchpoints generates a lot of new data and multiple versions of product data published across channels and retailers. With all this data generated and multiple versions of product data distributed across channels, retailers are realizing that this is too much to coordinate with their current technology context. Several years ago, retailers only had to worry about the collection, cleaning and publishing of consistent product content to consumers. Now, adding the complexity of understanding what they are buying, how and where it is bought and delivered is needed to optimize the omnichannel customer experience. A deeper understanding of the customer journey and a more personalized experience are required which means that simple consistency across channels is no longer sufficient.

Retailers executing on the omnichannel strategy in the past are now increasingly evaluating their approach, listening to the customer and rethinking their back-end data model and tech to become customer centric to evolve to a unified commerce approach. (See section on unified commerce page 7).

Where has omnichannel failed to meet expectations?

An omnichannel customer experience encompasses all digital and physical touchpoints where the customer interacts with the brand. It is desirable that the brand experiences across channels are consistent but omnichannel strategies did not integrate all the back-end tech to make the consumer-facing technology work easier. Heavy lifting is required for retailers, and a lot of coordination is needed to make each sales touchpoint different. An app experience cannot possibly be equivalent to a showroom experience with sales associates, but integrating the positive aspects of both can make the overall experience better.

Below are four components of overall omnichannel CX and common gaps in experience.

1 Product experience

Products are usually the central focus for the shopping experience. Consumers' expectations are to have a low-friction shopping journey and have the convenience of finding, evaluating, buying and receiving products in the way and delivery timing they want. Retailers that offer a convenient, yet engaging experience have the best chance of winning going forward. But reports from Retail Diveⁱ indicate that many customers' omnichannel experiences are lacking:

- **86%** of consumers stated that they would unlikely or very unlikely make a repeat purchase because of bad product content.
- **40%** of consumers have returned an online purchase because of poor product content.
- **30%** of consumers have abandoned an online shopping cart due to bad product descriptions.

2 Customer experience (CX)

With the recent technological evolution, retailers are now able to provide the same personal and close service to masses of customers in many different channels as they used to do in just one, i.e., the physical store. Customers can show incredible long-term loyalty for retailers that continue to be relevant, engaging and understanding of customer needs. On the other hand, fickle customers that run into one bad experience are a flight risk. The hurdle for excellence in execution continues to be raised and consumers may compare the overall retail CX to industries outside of the retail industry. Below are some of the CX insights related to customer loyalty from Emplifi:ⁱⁱ

- **86%** of consumers would leave a brand after as few as two poor experiences.
- **49%** of consumers have left a brand in the past year due to poor customer experience.
- **52%** expect a brand to respond to a customer service inquiry within one hour.

3 Physical/Digital experience

In most global markets, physical retail still accounts for more than 80% of retail revenue. Customers are interacting in the store across all phases of shopping and post purchase, but it may also be a combination of physical, digital, apps, etc. The ease of finding everything online has increased the expectations in the mind of the consumer that information is readily available at physical locations. They want to know the basic details of the store site information such as address, hours of operations and the various omnichannel services such as online purchase pickup and returns information.

Consumers may also be interested if there is a pharmacy or other health related services, special ranges of products, special services and payment types that are accepted and much more. These expectations and demands have compelled retailers to quickly adopt and expand their digital experience offerings as integrated in their communication and sales channels and not as separated initiatives.

- **60%** of retail store level employees said that if they had the right tools, they would change store experience.ⁱⁱⁱ
- **71%** of customers expect personalized interactions.^{iv}
- **76%** get frustrated when they don't find personalization.^v

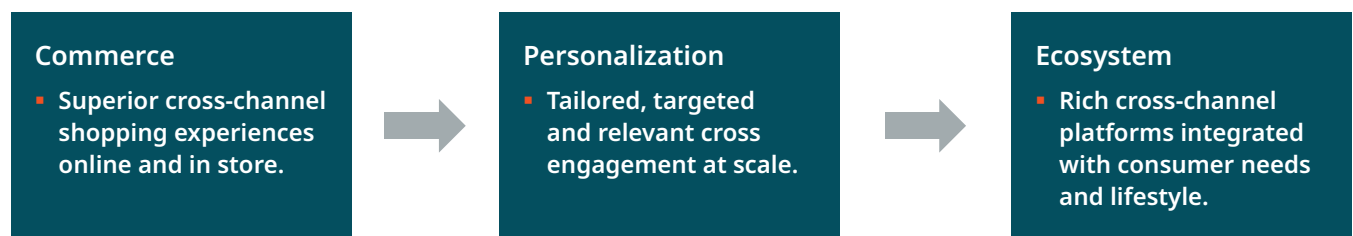
4 So much data coordination impacts employee experience

Omnichannel capabilities expanded rapidly in the past years to include BOPIS/click-and-collect, omnichannel returns, 3rd party delivery, social commerce and more for the ultimate benefit of the consumer and a polished experience. At the same time many retailers may have postponed the integration work from the underlying databases to make the backend as frictionless as possible. Therefore, many of the data teams in retailers are left filling in the gap, making data transformations, data loads and doing much of the manual work to ensure that these systems are synchronized.

- The need to enhance employee satisfaction is critical because it is the key to better business operations as it increases long-term employee productivity and retains profitable customers.^{vi}
- Poor employee experience impacts the bottom line. Business units with engaged workers have 23% higher profit, while employees who are not engaged cost the world \$7.8 trillion in lost productivity, equal to 11% of global GDP (Gallup).^{vii}
- When employees find their work meaningful, their performance improves by 33% and they are 49% less likely to leave.^{viii}

The next section reviews the key strategies for ecommerce and starts to look at what data and systems are needed to execute well internally as well as in the customer facing experiences.

Strategies and aspirations for value in omnichannel retail



Source: McKinsey^{ix}

Delivering convenience and strong omnichannel execution expected to be lucrative.

“ Global buy-online-pick-up-in-store (BOPIS) market is expected to reach US\$ 703.18 billion by 2027. Worldwide, an annual sales increase of over 19% from 2021 to 2027”.^x

Establishing an omnichannel approach to commerce is likely the most common first step for retailers because it is revenue driven and only focuses on product data. It is important to mention that the competitive set for commerce goes beyond retailers' immediate market and now can be across the world. This fact now requires that retailers need to elevate the product experience, make it convenient for the customers to shop and enable flexibility in channel choice and fulfillment and return options. The complexity of executing in a unified way is challenging not only because of the messaging and common experience expectations but also because of the need of having systems in place to understand and share inventory levels across geographies and various fulfillment options, such as distribution centers, dark stores or stores and BOPIS strategies.

Key questions to consider include:

1. Are you collecting and leveraging all your business content to drive your corporate goals?
2. Is your product information up to the test in terms of quality and richness to appeal to consumers?
3. Can you share consistent product information in real-time across various touchpoints in the way that consumers expect?

Personalization

Effective personalization can be a significant source of revenue.

“Companies that grow faster drive 40 percent more of their revenue from personalization than their slower-growing counterparts”.^{xi}

Personalization is a never-ending journey to align all the channels to the singular customer channel, keep up to date with data from the consumer and equip your in-person and digital customer service members with the right information to keep on winning over the customer. Personalization done right provides exceptional value for consumers because they get the right information at the right time in the right context. It almost seems like magic to the consumer, which can be a memorable moment fostering future loyalty.

Key questions about personalization:

1. Is your personalization experiences balanced across channels and have you enabled strong personalization in-store?
2. Do you have a holistic view of your customers including store preference and consent information to ensure that your personalization is relevant and aligned to customer preferences?

How to build hyper-personalized customer experience with Multidomain MDM

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Ecosystem

Retailers developing non-traditional business, (i.e., beyond trade) will be profitable.

Bain research shows that by 2030 35% of retail revenues and 50% of retail profits will come from beyond-trade activities.^{xii}

Retailers can continue growing their business in traditional commerce focusing on SKU optimization, promotion management, new category introduction or opening new geographies. Additionally, retailers can use the strategies in personalization to build loyalty or capture new customers to increase lifetime value of their customers. Unfortunately, for the next few years this form of retail will have some headwinds of inflation and lower demand.

Leading retailers are now playing a different game growing sales and profits by expanding into services and other non-retail categories that serve their customers. One of the more common approaches is to build the capability of selling data to suppliers. Retailers are taking the tools and insights around product and customer content and selling them to other organizations to help brands gain ability to target better as well as understand marketing performance – also known as retail media network. Additionally, retailers are aggregating and selling performance data to suppliers on analytical platforms.

The second area of potential is selling B2B and partnering with other retailers to sell within the store or as a separate digital shop. Examples of this would be Claire's Holdings selling girls' fashion accessories in grocery stores or a specialty pet store within a DIY store which may add reach for the pet store and incremental trips for the DIY store. The third type of category are relevant services such as health care, travel, insurance, financial services and many more that align to your customer community. When sharing data and information beyond the four walls, retailers increasingly need to use secure API technologies to appropriately share and manage the network of APIs that are leaving the boundaries of the organization.

Key questions about ecosystems:

1. How might you monetize your tools, processes and content without losing your competitive advantage?
2. Are all of your systems connected and sharing content in real-time so you can make quick and informed business decisions?

With each of these options, retailers need to build their strategy inclusive of commerce, personalization and ecosystems with an understanding of what is important to their customer. Resiliency through integration of technology and data is important to go beyond the first generation of omnichannel and toward unified commerce.

A logical next question will be focused on whether you have the data for omnichannel and data management skills and technology to be able to accelerate to a unified commerce approach.

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What is omnichannel data?

Some companies believe that omnichannel data is the enriched product data that is instantly available to the consumers in whatever physical or digital touchpoint that they are in during the purchase journey. Others focus on the consumer data – the ability to gain understanding of all aspects of the consumer or otherwise the full view of all interactions, preferences, consent on personal data and purchases of the consumer to provide personalization in messaging and offerings.

Omnichannel data is the combined set of data from various domains that the retailer uses to successfully interact with consumers and expose them to product and brand information to stimulate sales and build long-term loyalty. While some retailers may focus on product first, a combination of product, customer, supplier and location data (multidomain data) can provide the best blend of data to succeed.

Master data essential for executing your omnichannel strategy

PRODUCT	CUSTOMER	SUPPLIER	LOCATION
<ul style="list-style-type: none"> ▪ Classifications ▪ Item IDs ▪ Dimensions ▪ Descriptions ▪ Packaging ▪ Variants ▪ Images ▪ Instructions 	<ul style="list-style-type: none"> ▪ Customer name ▪ Personal details ▪ Preferences ▪ Lifestyle ▪ Demographics ▪ Household ▪ Activity/term ▪ Annual spend ▪ Preferred store 	<ul style="list-style-type: none"> ▪ Supplier name ▪ Distribution area ▪ Manufacturing type ▪ Categories ▪ Certificates ▪ Product origin ▪ Sites 	<ul style="list-style-type: none"> ▪ Address ▪ Fulfillment options ▪ Regions ▪ Sub-stores ▪ Opening hours ▪ Brands ▪ Tenancy ▪ Services

Blending master data domains can empower omnichannel success

PRODUCT	CUSTOMER	SUPPLIER	LOCATION			
<ul style="list-style-type: none"> ▪ Enabling customers to make confident and informed decisions ▪ Manage assortment by channel 	+	<ul style="list-style-type: none"> ▪ Deliver consistent, personalized experiences by consolidating across systems and channels 	+	<ul style="list-style-type: none"> ▪ Efficient supply chains begin with better data, transparency and collaboration 	+	<ul style="list-style-type: none"> ▪ Provide a place context for consumer personalization, cross-reference store context, store merchandising and services with performance

Preparing multidomain data for agility and future growth

When master data is holistically managed with data governance across domains, it provides a single source of truth and unique and uncommon insights at the intersections of the domains. These intersections can help govern the data to fuel omnichannel efforts and analytics.

Retail omnichannel examples



Sun and Ski Sports – Specialty retailer enhances data to reach new omnichannel heights

Challenge

Outdoor sport enthusiasts are discerning, investing a lot in their sport and value a good shopping experience. Sun & Ski was encumbered by many systems to be combined in store and needed something easy to work with and have more information at the hands of the consumer.

Solution

Sun & Ski invested in process automation and maintaining a high quality of product data. The retail chain now integrates data to improve data streams from product catalog to ecommerce to stores. Coordinating data across teams and stores and applications establishes a single source of trusted data to enable internal collaboration, as well as enhanced customer experiences.

Impact

Customer loyalty has increased with the improved ability to execute on personalized customer experience, such as clientelling and customer care wherever the customer is in the process.



Rituals Cosmetics – Multidomain MDM supports data-driven omnichannel growth and operations

Challenge

Continued expansion with brick-and-mortar stores and entering new markets with 150 shops per year while having to ensure brand-consistent experiences across markets and channels. The chain needs to operate stores with efficiency, including design planning, forecasting and product replenishment.

The importance of unified data for a successful omnichannel experience

“Data is key to providing an engaging omnichannel experience. Still, data continues to be a universal struggle when you’re digitising processes as part of an omnichannel transformation.”^{xiii}

Solution

Rituals leverages multidomain master data management in order to link together locations, products, digital assets, product development data, bill-of-material, marketing data, assortments, furniture, suppliers and customer accounts. 150 integrations to the platform keep 60 different business applications updated with accurate and rich data.

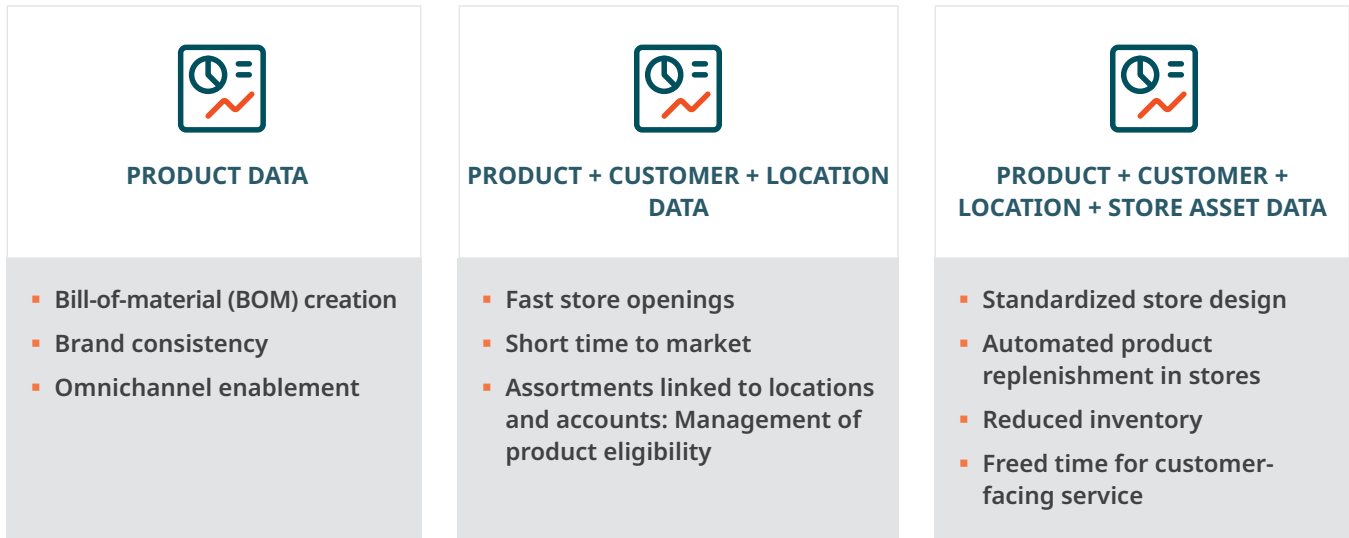
Impact

The unification of master data has secured the ability to expand quickly, provide actionable insights at store level, improve collaboration across the organization and standardize processes to ensure a successful omnichannel experience. Stores, websites and marketing programs share the same trusted source of master data.

As retailers add more high-quality, authoritative master data to support omnichannel activities, the value for the customer increases and the agility of the organization improves.



Multidomain value (Rituals case)



What's next?

Commerce trends enabled by data unification

Unified commerce

The omnichannel approach evolves to unified commerce as the next step. The unification of data and joint management of different data domains enable retailers to feed consistent and coherent data into all channels and touchpoints, including backend operations.

“ Unified commerce is the practice of connecting your backend systems with your customer-facing channels via a single platform. It’s the setup companies require in order to support omnichannel journeys and create a unified view of shopper interactions, products, and management systems.”^{xiv}

While omnichannel strives to provide a seamless customer experience, the omnichannel strategy does not necessarily rest on a centralized data management platform. Omnichannel connects systems into an integrated experience, but the organization is still operating disconnected systems, or siloes in the background. This has three consequences:

1. A constant risk of excluding important information.
2. The organization's own people do not experience the same connectedness and do not have access to all data.
3. Slowing down the pace of business due to the large amount of coordination and friction required in orchestrating all the information.

Omnichannel is a marketing and data delivery strategy. Unified commerce is a business strategy that leverages consistent data from a single platform to ensure that the entire organization

is acting on the same consistent data, including, for example, sales representatives and business partners.

With a unified-commerce strategy, every business function can tap into the same trusted source of information. This can positively impact the supply chain by facilitating more precise inventory management and forecasting.

Equally important is the impact on customer data. While omnichannel provides consistent product information across channels, unified commerce provides the data capabilities to enable the customer to be in the center to actually deliver one channel, the customer channel. Connecting customer, product and marketing information allows retailers to address personalized campaigns and promotions across channels.

Omnichannel	Unified commerce
... is a single source pushing data out to business systems (siloes) where the data sits and goes through individual transformation and cleaning.	... allows the data to flow back and forth to share insights for better decision making (instead of the same decision being made in different departments).
... focuses on providing customers with a consistent experience across all channels, including in-store, online, mobile and social media.	... takes a holistic and harmonious approach by integrating all channels and touchpoints into one seamless experience, including backend operations.
... allows customers to switch between channels and touchpoints.	Unified data creates a seamless type of personalization. From the customer perspective, information stages are available across the journey.
In an omnichannel approach, each channel application is managed separately, and the customer experience is optimized for each individual channel.	In a unified commerce approach, all channels are consolidated so product information, payment, customer interactions are integrated providing businesses with a single, measurable view of customer.

Digitalization of physical retail

For the past several years, retailers have had to pivot and accelerate their expansion of digital touchpoints to meet the needs of the consumers. More touchpoints means more information into the hands of the digitally savvy consumer. However, now that they are returning to the improved physical store experience, more retailers are introducing digital elements to the store which are merging to be "phygital". This means many things including having the store mapped digitally for easy findability and navigation, direct in-context communication to consumers in aisle for hyper-personalized communications. Retailers also must provide more digital tools such as handhelds for their store associates to make the physical retail more seamless. These tools should be one stop shops for retail associates, having

ability to access customer data, their preferences, inventory of products and even more detailed information about products that are not on the shelf.

Composable commerce

With the demands of the market to be agile, retailers can no longer suffer through lengthy ecommerce platform changes every several years. Companies are moving to a more agile approach which is a composable commerce architecture allowing various technical services for the consumer to be added and removed much quicker. Regardless of how the final architecture ends up, each retailer requires the access of governed, high quality master data, such as product data, to serve up to its consumers through ecommerce and similar data from the same source to feed customer service,

order management, logistics, marketing systems and finance applications. The key is to be able to share high-quality data via a variety of APIs to enable this agility.

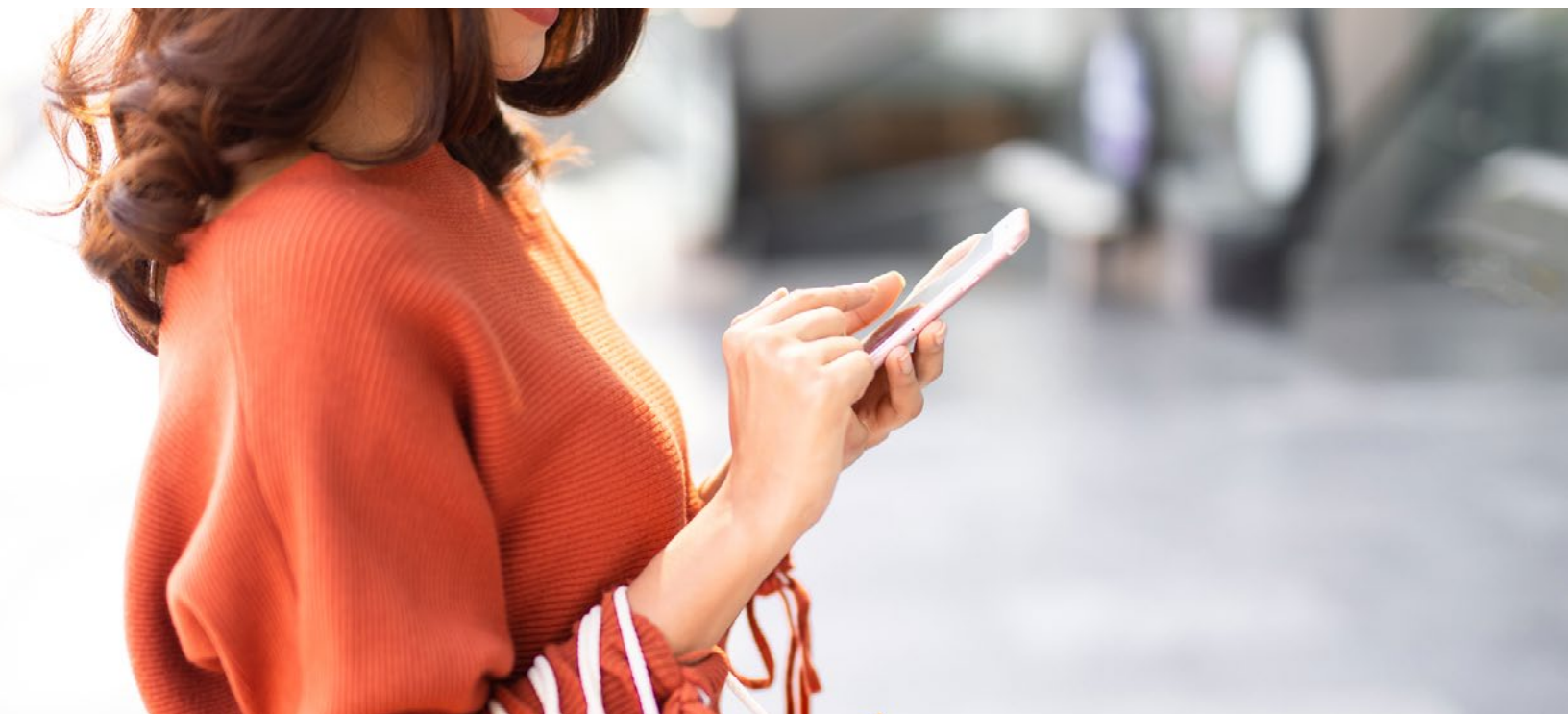
Digital ecosystem expansion

To be successful in the expansion of ecosystems, retailers need to have high-quality data and governance and, secondly, need to be able to provide data sharing to partners as well as data access to consumers. Retailers may not have the talent to excel in effective data sharing but the differentiation value as well as potential sales opportunity will motivate many to improve in this area in the coming years. An example of this is QR codes on shelf and across the store. Enabled by advanced data sharing, QR codes allow brands and retailers to share more information than possible on a single product label, package or shelf label. Giving this option for customers or partners to pull data extends the boundaries the digital ecosystem for retailers, ultimately enhancing the customer experience and driving value for all parties.

To learn more about the benefits of a multidomain master data management in the retail industry and about how to share data across your retail ecosystem, visit stibosystems.com/retail.

Sources:

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- xiv Cordial: Unified vs. Omnichannel: The definitive guide



About Stibo Systems

Stibo Systems is the leading enabler of data transparency through master data management and data syndication. Built on an open platform with scalable, cloud-native SaaS technology, our solutions empower many of the largest and most innovative global companies with better data quality and visibility. This creates a trusted data foundation for enhancing operational efficiency, making informed decisions, delivering superior customer experiences and supporting sustainability initiatives. Headquartered in Aarhus, Denmark, Stibo Systems is a privately held subsidiary of Stibo Software Group, which guarantees the long-term perspective of the business through foundational ownership. More at stibosystems.com.