The Definitive Omni-Channel Guide for Mid-Market Retailers

The omni-channel retail movement has transformed into a fast-moving train, and mid-market retailers that want to be profitable have to get on board. A seamless retail experience is what customers expect going forward.

Gone are the days when customers only had a few options. Now they can shop anywhere, anytime on any number of devices. To compete in today's complex retail environment, mid-market retailers need to ensure they have a robust omni-channel strategy.

Making the move from only having a "bricks-and-mortar" storefront to selling online means making changes in three key areas to transform your store into an omni-channel, "bricks-and-clicks" structure.

1) Re-evaluate employee commission structure:

When your customers have the option to obtain products from any channel, how will you compensate your commission-based employees? If someone orders a product on your e-commerce website and picks it up in the store, can a sales associate still earn a commission? What should you do for an employee who spends an hour assisting an in-store customer only to have that shopper order online for the free shipping?

With omni-channel retailing, the employer must figure out new ways to compensate and track productivity of commissioned sales staff. This means embracing the fact that customers want the flexibility to buy products through any channel, which also means employees should not steer customers toward a particular medium in order to receive a commission.

To avoid the "showrooming" scenario mentioned earlier — where the sales rep provided in-store information but the shopper bought online — it's important to give the customer an incentive by making the price the same in-store and on the website.

Here's another suggestion: If a customer orders online but chooses in-store pick up, give the store manager or associate credit if they "upsell" the customer with other products when they arrive to complete their purchase.

2) Revamp your inventory control:

A key omni-channel feature is the flexibility for a customer to order online and pick up at the store. But for this process to work, a retailer must know what inventory is available in the store and must have a system for securing the item from the store inventory to ensure the item will be there for the customer to pick up.

One consideration is for your e-commerce website to display only a certain percentage of what you actually have in the store. For example, if you have 10 items of a specific product in stock, the website only has access to five.

Another option is to have a process where a customer can reserve a product through the store's website, but have a sales associate check and take the item off the shelf before confirming that the product is available.

Retailers can use a retail ERP system to help track stock, but there must be a human process in place for securing the item the customer purchased online.

3) Eliminate fulfillment processes that create silos or barriers:

Eliminate barriers that make your customers and employees prefer one channel over another. This requires having a system in place that shows what you have available to sell online and in the store, what products are available to ship to any address or for ship-to-store, and what products can be ordered online and picked up in the store.

To avoid a situation in which a customer "showrooms" a 60-inch TV — viewing it in the store but then buying it online — allow them to order from the store and have it shipped to their home. The most effective omni-channel retail operation includes fulfillment options where shipping costs are the same whether a product ships from a store or from a warehouse.

These are three key components retailers should examine to ensure their operations are ready for omni-channel retailing. Embracing this mindset can require considerable adjustment, including redefining processes and breaking down organizational barriers to create a seamless shopping experience.

Is it Time for a Refresh? Tips for Early Omni-Channel Adopters

An omni-channel retail strategy is necessary to maneuver the modern retail landscape, but like any navigation system, it also requires the occasional update. Early adopters of an omni-channel approach may find that it's time to evaluate and upgrade their approach to make sure it's meeting customer expectations.

Mid-market retailers should watch for these two warning signs that their omni-channel retail strategy needs an overhaul.

1) Inconsistent information displayed across shopping channels:

Omni-channel retailing describes the behavior of the modern customer — shopping without borders. Since consumers comfortably frequent their favorite retailers via computers, tablets, smartphones and trips to the store, they expect prices, product descriptions and promotions to remain consistent across shopping channels.

As a retailer, any discrepancies across channels should signal that you need to revamp your omni-channel retail strategy. Discrepancies could include inconsistent prices for the same product sold online and in-store, or the inability to apply a storewide sale to purchases made online.

Look for a technology solution that helps you to maintain greater consistency across your shopping channels. That could include a retail ERP system that automatically updates product prices across channels when changes are made.

2) Some omni-channel operations are managed manually or inefficiently:

Just like the modern customer who shops without borders, stores should operate the same way. So when overhauling your omni-channel retail strategy, you need to consider automating and improving your existing process instead of creating something completely new.

Consider the omni-channel requirements to issue special orders. Traditionally, special orders were a back-office operation, but these days they could originate on the sales floor, such as when a customer wants to buy a pair of shoes that are not in stock at the store.

You should have a defined special order process that's efficient and tracks orders in real-time, but also features enough flexibility to adjust according to the various ways the order originated. For example, should the inventory for a special order primarily come from other store locations, the vendor or the warehouse? Where should the product be delivered: to the store where the order originated or to the customer's home? At what point in the process should the customer pay for the special order?

It's important to evaluate whether any part of your special order process is managed manually. Entering information manually into a retail ERP system is prone to error and wasted time, so it should be avoided whenever possible.

If you have a special order procedure in place, it's still helpful to examine if that process could also integrate with in-store pickup, home delivery and other processes. You should always strive to process orders according to the customer's preference.

The key to a successful omni-channel retail strategy is defining the purpose of each shopping channel rather than jumping on the omni-channel bandwagon and then taking a "wait-and-see" approach.

Consider mobile, a growing omni-channel medium that includes mobile apps or mobile-optimized websites. Mobile apps should offer more than just product and store information. They need to feature a compelling reason for people to download and keep using them.

In addition to defining the purpose of a shopping channel, you should have processes and the technology that supports that channel. It's a big mistake to implement any processes without giving careful consideration to the time commitment and software that's required to make the channel a viable part of your omni-channel retail strategy.

To navigate the modern retail landscape, you'll need to continuously evaluate whether the efficiency of your omni-channel processes doesn't come at the cost of customer satisfaction.

So whether you're just getting started with your omni-channel initiative or you're ready to give it a facelift, take the time to make sure you have the right strategies and technology in place. Creating a seamless omni-channel experience will help create a competitive advantage and set you apart from other mid-market retailers.
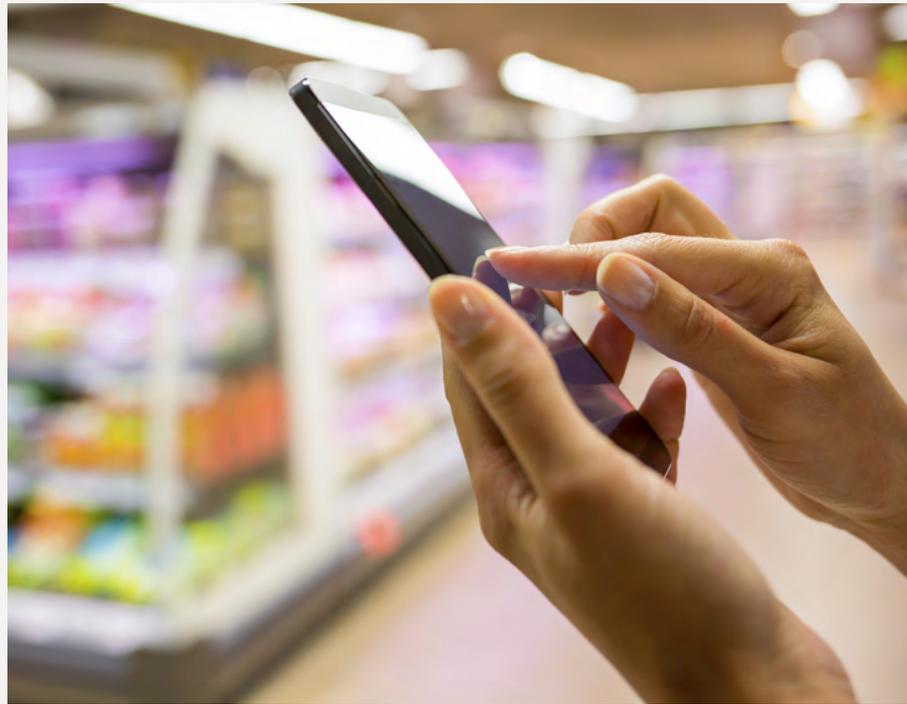
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