



Commerce Anywhere: Customer Demand Dictates New Retail Model

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The classic multi-channel retail business model has recently been eclipsed by a “commerce anywhere” approach.

Where retail channels were once highly segmented, consumer expectations now dictate an experience which leverages a wide array of interactions. Many retailers have yet to adapt their operations to accommodate commerce anywhere, and those that are on their way have taken vastly different paths. In order to enable new customer journeys and reshape business processes, retailers are driving four common initiatives.

Enabling the Consumer

The first initiative is enabling the consumer to purchase products how they want, when they want and to do so in a connected, nearly seamless fashion. Consumers will buy on their schedule, on their terms. Some desire instant gratification — they want to see a pair of sunglasses online and try them on moments later in a store — while others do not want to leave their homes to make a purchase at all. Time-conscious consumers want to make sure that their local store has a particular item in stock before they make the trip, and they're looking to find this information instantly on the web.

As consumers leverage all available resources to get what they want, they are well aware when they bridge gaps retailers have yet to close. It's an effort most won't tolerate for long, especially as competing brands deliver easier, more reliable services. Ultimately, retail systems must accommodate and connect a consumer journey that frequently traverse the silos of traditional retail business processes. Retailers are rapidly evolving customer-facing systems so that online, store, and mobile not only acknowledge each other but also share data and functionality.

Whether customers buy in-store and have items shipped to their homes, browse online and pick up their purchase locally, or return something that they bought online in a brick and mortar store, their journey is supported.

Targeted Assortments

The second initiative involves delivering targeted assortments. How do retailers deliver more choice while also tailoring offers to the individual? The customer is looking to find the right array of products at the right time. Early on, this was much of the 'art' of retailing. Over the course of the past few decades, retailers distributed the same products across vast chains of stores as efficiently as possible.

Today, targeting assortments is increasingly a data-driven endeavor and the technology backing predictions, forecasts, sales analysis and customer insights is more accurate and readily available than ever. Increases in online shopping deliver vast quantities of data about customer purchases, viewing habits, and behavior to retailers. Data is also pouring in with spikes in loyalty program membership and the use of customer recognition tools. With 'science', retailers can now connect and leverage the information they collect across all platforms to offer targeted promotions and suggestions to individual consumers.

Delivering the right product information at the right moment, whether online or in-store, can be instrumental in completing a sale. Retailers have the data they need to tailor their product assortments and promotions to specific customers, they just require the tools. Here again, integrations between systems and the speed with which retailers have access



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to inventory information is key. Knowing which products are in stock, which are not, and which the customer wants is critical. Drawing insight from multiple data sources determines the validity of recommendations, and retail analytics applications must draw from sources such as consumer decision trees, advanced store clustering, demand transfer and space optimization, as well as traditional demand forecasting. Planning teams using this type of approach can preview the impact of alternative actions, illustrating each one's impact on item, category and overall performance.

Inventory Transparency

The third overriding initiative which delivers commerce anywhere involves making inventory transparent and accessible to customers and employees in real-time, taking into account recent returns and orders so that the customer knows where and how they can buy the item they want. A single inventory master enables retailers to make items visible and accessible 24/7 across channels for consumers and employees. Once retailers have this accurate view of inventory, they can connect and improve efficiencies across day-to-day supply chain operations such as store picking, store inventory processes, warehouse management and merchandising. From there, operational forecasts can consider not only price and promotional changes, but also understand the transfer of demand that happens when assortments change. The resulting single view of demand across the enterprise creates a domino effect that helps teams optimize and align purchases, allocations, seasonal plans.

Right Time Integration

The fourth major retail initiative is to integrate the systems supporting retail operations, and this is really an enabler for the first three. An integrated back end removes silos and allows for speedy interactions between channels. It ensures that interdependent operations, such as customer segmentation, store clustering, pricing, planning, allocation and space planning share information that influences business intelligence and recommendations. But the path to integration will be different for every retailer and may present some of the most challenging strategic decisions by the executive team. What retail executives must insist upon is the flexibility to deploy new systems as a comprehensive suite or as modular best-of-breed point solutions that can integrate with existing solutions.

Managing the changing retail environment requires better tools, and retailers are adopting new dashboards that allow IT to monitor and manage retail integrations from a single point. To sustain the promise of commerce anywhere requires that retailers more quickly identify transaction volumes, average response times, and errors to help ensure critical systems are consistently operating at maximum efficiency.

By keeping a careful eye on consumer trends in individual stores, retailers will be able to make more informed decisions about which products to carry and for how long. By harmonizing interactions across systems and platforms, retailers will be able to fulfill the promise of commerce anywhere. It is an exciting and demanding time to run marketing, IT, operations, or any aspect of the retail enterprise. In a simultaneous effort, retailers are focused on four key areas: enabling the consumer journey, no matter their path to purchasing items, targeting assortments to unique, well-defined customer preferences, making inventory transparent and accessible to customers and associates alike, and integrating in a modular, effective fashion. This is where business partners strive to make a difference and where we are investing our time and resources.



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