



MASTERING MULTICHANNEL



Running a retail business in 2018 is more complicated than ever, especially for brands with physical stores. Consumers have high expectations, assuming retailers will have an active presence across all mainstream social media channels, as well as a fully functioning transactional website. As PwC says in its 2017 Total Retail Survey: “The power has shifted from those who make and sell products to the customers who purchase those products. But offering continued value and convenience for consumers makes for a higher and higher bar for retailers to clear.”¹

Unless you are one of the rare companies that already has an operational omnichannel setup, how do you make your channels work together to provide a multichannel experience that will win both the hearts and the pounds of today’s buyers?

Every company will face its own unique set of challenges on the way to becoming a multichannel business. These depend on factors such as the size of your company, geographical coverage, talent pool, budget, existing systems and the types of product you sell. But some of the issues you should be considering and the targets you’re aiming for will be common, as we explain in this whitepaper.

MAKE LIKE A BOY SCOUT – BE PREPARED

Planning is all when it comes to multichannel. You need to have a clear understanding of all the systems you have in place, what you’re trying to

achieve and what approach you are going to take. Are you looking to make incremental changes or completely overhaul everything?

“It’s important to understand the direction you’re going in. Are you trying to revolutionise your customers’ multichannel experience by throwing everything out with the bathwater? Or is it about evolution, marginal gains and tweaking individual components in the hope that this will get you a better end result?” challenges Chris Willis, Global Chief Transformation & Technology Officer at Crabtree & Evelyn.

Your decision should obviously take into account how much budget is available. But other factors are important too, such as the capacity and skills of your staff (both from a business and technical perspective), the time period you’re considering for any developments, and the need to continue

to provide incremental improvements to your customers while you work on any major changes.

Equally important is monitoring your progress towards multichannel and making adjustments or even starting again if either the technology or the market changes. "It's a brave decision to say 'I think we're going in the wrong direction'," says Willis. But it's a vital one.



"It's not just moving inventory to a consumer that makes multichannel work; it's also about moving inventory between entities."

And you need to be able to move fast when the world around you changes. So ensure that the systems you choose are as flexible as possible.

WHAT YOU NEED TO MAKE MULTICHANNEL WORK

There are many aspects to making multichannel work, and we won't claim that this whitepaper is exhaustive in that respect. But it's possible to miss some of the important ones in the rush to catch up with your competitors.

For example, customer data is important, but it's all too easy to focus on the consumer as the be all and end all. However, "it's not just moving inventory to a consumer that makes multichannel work; it's also about moving inventory between entities," points out Willis.

Then you need good, reliable master data, plus all the right systems in place to manage it and use it. You'll need visibility of your entire global inventory and the tools to do tasks such as analysis and forecasting.

TAKE A FRESH LOOK AT YOUR STORES

As more purchasing shifts online – especially with the increased confidence that consumers have in buying via their mobile phones – it's clearly time to evaluate what your stores are for and where they sit in your multichannel business.

PwC advocates investing in 'showrooms' and not the entire store network as one of its '10 retailer investments for an uncertain future'.ⁱ "Invest in showrooms, not the entire store network. While the store is not going away any time soon, its purpose is evolving. There is compelling evidence that people want the physical experience of trying things, but aren't happy with aspects of the in-store customer experience."

In PwC's global survey, stores were still the primary channel used to generate sales, but mobile purchasing is growing. The challenge, then, is to understand what part stores should play in your business and how they can best support consumers.



“It’s all about having your stores in the right location and following where the customer is going, as opposed to trying to drive footfall – which in itself is going to be tough over the next few years.”

After all, a store stocked with cards, pens and notebooks is very different to one displaying high-end furniture.

“Probably the biggest single thing it [the store] provides is ‘purchase reassurance’”, says David Kohn, Customer & eCommerce Director at Heal’s. “This is particularly important for a brand like ours, where it can be difficult to communicate via digital means alone the qualities that make our products worth the price we’re asking for them.”

Clothing brands have a very clear reason to retain stores. “For a brand like us, stores have a purpose because our clothing is tailored, so fit is essential” explains Nick Owen, Head of IT at menswear brand Orlebar Brown. “In the advent of free delivery and returns, they are not only there to help attract new customers, but also to help them find their fit. Ecommerce returns can be costly for us, but fewer items get returned once consumers know what size to buy after trying on in store – and that also builds brand loyalty.”

FOLLOW YOUR CUSTOMERS

But where should your stores be? While online is ubiquitous, retail outlets can thrive or collapse purely because of their physical location.

“The key is knowing who your customer is and how and where they shop. Footfall on the high street is challenging and that isn’t likely to change for the foreseeable future. The key to success is having a

brand and business model that can work in a number of different environments – high streets, train stations, shopping centres, more local markets and of course online. In addition, there are more opportunities to reach new customers by partnering with other like-minded brands – both in stores and online,” says Joe Irons, Chief Customer Officer at Paperchase.

Of course, online is also complicated, with strategies for social media and third party vendor websites to consider as well as what to do with your own website. And there’s the thorny question of whether to sell via Amazon.

“It’s all about putting products where the customer is going to buy it, so it’s about having them in the right channels,” adds Irons.

And when you do offer products across multiple channels, it’s not just about maximising your reach. You also need to manage your brand and how it’s presented, striving for consistency and first-rate fulfilment. Amazon has raised the game in terms of the delivery experience, and in 2018 the fulfilment element definitely has an impact on your brand.

However, “Just because there are all those fulfilment options out there doesn’t mean you have to use them all,” warns Kohn. “Giving customers too many

options isn't always helpful. Just make sure you can make it convenient for most of them most of the time and add value if you can."

It's also important to identify the right place and time to seek information from your customers that you can then use for CRM and marketing purposes. Notwithstanding the implications of GDPR in the UK, you need to balance the benefit for your customers with that for your brand. The advice from Crabtree & Evelyn's Chris Willis is that "If your value proposition is good enough, people will want to have a relationship with your brand and will want to give you information." That may be an extended warranty or special offers or some kind of loyalty scheme – whatever fits best with your brand.

YOUR BEST ADVOCATES ARE YOUR STAFF

A satisfied customer will be one of your best brand advocates. But others play a part too. For example, there have been many column inches written about the benefits of social influencers as advocates for brands. Far fewer, however, have focussed on staff. Yet your staff are there, working as part of your brand, day after day after day.

In the new multichannel era, retailers are extending the opportunities to buy in store by arming staff with access to broader inventory details. This is not without its issues, however. "Endless aisle' is pretty much a given now but to get store teams engaged

you have to give them credit for the sale and make the order process as 'everyday' as possible," notes Kohn.

But the benefits of addressing this challenge can be substantial.

"The easier we make it for employees to do their jobs, the more they will become advocates for the brand and what we stand for as an organisation," points out Willis. "Do the tools and systems we give to our staff to do their jobs make them feel good about doing it? Is it a seamless thing in the background that lets them focus on doing their day job, rather than something they are constantly complaining about?"

"For the small amount of money it costs to fix some of the human capital management issues, the benefits you reap in terms of staff being brand advocates when they deal with consumers pays itself back to a magnitude that makes it a no-brainer."

RESPONDING TO A CHALLENGING MARKET

"Retail is still struggling around the world," points out PwC. "The best-performing retailers are responding in numerous ways... These retailers are leading the way in offering consumers a seamless experience, whether they are purchasing in a store, with a computer, on their mobile phone or with a tablet."ⁱ

Making each channel work well – and work for your brand – is vital in a market where consumers now expect a multichannel experience. Engagement & brand loyalty are worthy aims, and having the flexibility and ability to make brave decisions are both necessary to survive & thrive. This is perhaps best summed up by Orlebar Brown's Nick Owen: "We need to drive people to the brand as a whole and focus on conversion – we don't mind how they shop and we'll serve them as best as we can to achieve this."



ⁱ PwC; Total Retail 2017 – 10 retailer investments for an uncertain future; www.pwc.com/2017totalretail