

LIFTING THE CONSTRAINTS ON OMNICOMMERCE

TO ENHANCE PERFORMANCE AND STAY IN THE GLOBAL RACE

EXPERT OPINION



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Changes in consumer behavior are forcing enterprises to rapidly embark on a new stage in their digital transformation. Faced with a consumer for whom the physical and digital spheres are one and the same, it is no longer a question of being "multichannel", or even "cross-channel". It is about laying the foundations of an omnichannel strategy in order to sell more, more effectively, now and adapt in a cost-effective manner to future changes in technologies and patterns of behavior.

Imagine if you had to have a separate electrical installation for each new appliance that you bought. This is more or less the situation in which numerous retail companies that created separate information systems for each sales and customer-contact channel now find themselves trapped. The result – with channel upon channel and system upon system – is ever increasing functioning and maintenance costs. In an environment where the competition is widespread, and in which retailers' margins are under severe pressure, costs induced by the existence of multiple information systems are already a serious handicap. But by persisting with this silo rationale, retailers are depriving themselves of three crucial advantages:

- agility, which is essential for taking swift advantage of new channels which are sure to appear;
- the possibility of improving productivity by mutualizing content production (product descriptions, prices, promotions, etc.) for all sales channels;
- the ability to unify client insight and exploit it on all channels to maximize conversion rates.

THE CENTRAL ISSUE: CUSTOMER INSIGHT

Retailers/brands that unify their information system by putting in place an omnichannel platform common to both physical and digital channels reduce their technical and operational costs. Moreover, they benefit from a unified vision of content, stocks, and orders, regardless

of channel or country concerned. Above all, they give themselves the means to capture and apply extended customer insight, as well as a single view of each customer. This enriched and consolidated customer insight is the cornerstone of winning e-Commerce strategies. So it is that everybody now knows that Amazon's success rests, aside from its excellent logistics and customer service, in its ability to recognize each consumer and propose to him items and offerings which are of interest, based, on the one hand, on his previous purchases and the data held on him and, on the other hand, on purchases made by consumers with the same profile.

This automated personalization, which is fundamentally based on a single view of the customer, profiling techniques, and Big Data-type algorithmic processing, translates into higher conversion and retention rates. The problems facing retailers/brands with a network of physical points of sale are a priori more complex than those of a pure player like Amazon. Indeed, regardless of whether he buys from a catalog, through the call center, on the e-Commerce site, from his smartphone or in the store, today's customer expects to be recognized, find the same information everywhere, and have a consistent experience from end to end, even if he shifts from one channel to another during his purchasing process. This is simply out of reach if information is scattered in as many compartmentalized systems as there are channels.

(RE)MAKE THE STORE A HIGH POINT OF THE CUSTOMER EXPERIENCE

However, in numerous countries, the physical store remains the weak link in the set-up for centralizing and utilizing customer insight. There lies the real issue behind digitalizing points of sale. This process consists not so much of installing lots of screens, but of putting in place means to identify the customer as soon as he enters the store, access his purchasing history, and utilize the customer insight gleaned from all channels to steer him towards those products that he is most likely to buy. From beacons¹ to the loyalty card, either physical or dematerialized, there is no shortage of technical solutions!

But whilst recent technologies are opening up new possibilities, they cannot do everything: what it still needed is for the welcome and advice given to the customer to become (once again) the primary objective of the in-store staff – this being something that certain retailers/brands have grasped for years now, but that lots are being slow to rediscover... Throughout the world, conversion rates are higher in those stores where customers receive genuine attention! Another test of this is the treatment reserved for customers using Click & Collect², a service which has become very popular in recent years. Bringing together as it does the web and points of sale, customers appreciate using this service because it is practical. But if the space devoted to Click & Collect customers is no more than a mere purchase collection point, the retailer is not taking advantage of the fact that the customer has come into the store as much as it could do – in terms both of the experience for the customer and the chance for the retailer of making further sales to the customer and gaining his loyalty.

TRANSFORMING DOES NOT NECESSARILY INVOLVE GOING THROUGH A BIG BANG

Whilst company directors are beginning to see the attractiveness and advantages of omnichannel platforms, they are delaying taking action, thinking, wrongly, that it will involve calling into question everything that currently exists. It is nothing of the sort. Indeed, there is nothing to stop an enterprise starting off "small" and gradually attaching additional channels to the platform in order to extend its benefits. For example, for enterprises that created their omnichannel site ten years ago, the entry point is clear to see: rather than bearing the crippling cost of making specific developments to modernize it, or opting for a turn-key monochannel solution, they have everything to gain from rebuilding their site on a platform which

¹Beacons are devices that communicate with a shopper's smartphone in the hopes of improving the in-store shopping experience. When placed in a store, beacons use Bluetooth technology to detect nearby smartphones and send them media such as ads, coupons or supplementary product information.

²Click & Collect : A shopping facility whereby a customer can buy or order goods from a store's website and collect them from a local branch.

is natively omnichannel. Not only will such a site be up to date and easy to develop, but it will also be able to utilize advanced product search and recommendation functions. As a second step, the enterprise will be able to attach, depending on its priorities, the mobile channel or its network's points of sale, without having to redevelop functionalities or recreate content.

BE READY FOR THE NEXT WAVES OF CHANGE

What has been called the e-Commerce revolution is a revolution in commerce itself. Driven by the digitalization of daily life, it concerns primarily B2C commerce, but also affects B2B commerce which, in certain sectors, is tending more and more to become B2B2C commerce, with major issues arising around the subjects of insight into the end customer and the personalization of online purchasing interfaces. One of the characteristics of this revolution is that it does not make a clean slate of the past: the new sales channels have not replaced the old ones and future ones will not sweep aside those that came before them. Nonetheless, brands and retailers are required to integrate the new channels into their strategy swiftly and to make such integration transparent for customers.

It is at the level of company management that the wake-up call must happen. Every CEO must today ask himself the following question: "is my company ready to address the issues currently surrounding consumption?" The large distribution chains which are scoring points globally are those which grasped that omnichannel was not just a concept, but a reality. Those that do not adapt themselves are sure to lose the battle against the Amazons, Alibabas or others of this world who treat their customers in a much more attentive and effective manner. They are also starting out with a handicap in the race for places in the market, which is seeing a growing share of trade concentrated on the other side of the Atlantic and above all in Asia. Then there is the offensive launched by the main social network platforms which, for six months now, have been starting to offer e-Commerce functionalities. They are better placed than anyone to gather information on customer behavior and monetize it.

The key battle is that for information. If the enterprise does not grasp this today, and does not adapt its information system accordingly, its survival is at stake.

ABOUT THE AUTHORS

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