

# Omnichannel Retailing: A Work in Progress

Getting ready now is critical.

**By John Karolefski**



**T**he grocery-buying process will change because of the emergence of omnichannel retailing. Consumers want options, and grocers need to be ready to provide them.

As a result, experts say retailers will have to deal with the selling price, venue, payment and customer experience in all transactional channels. Doing so effectively is easier said than done, however.

One person who understands that better than most is Jim Wisner, formerly a VP at Jewel Food Stores and Shaw's Supermarkets. He contends that omnichannel retailing is being able to operate — in any fashion — when and where the customer wants to interact with you. That can take a lot of forms: customer service via social media, online chat, email or phone; allowing them to browse or shop in-store or online; letting them receive products via home delivery, in-store pickup or good old-fashioned aisle browsing; or making coupons or discounts consistent across channels.

“As much as the ultimate goal needs to be a complete integration of ‘all things at all times,’” says Wisner, now president of Libertyville, Ill.-based Wisner Marketing, “it is important to make sure that each individual piece can operate functionally and effectively on its own. Pasting an online shopping portal onto a website that hasn’t been redesigned in several years or mobile-optimized won’t ring true to shoppers.”

That being the case, getting started correctly with omnichannel retailing becomes critically important. DyShaun Muhammad, VP of Westport, Conn.-based consultancy Catapult, offers the following three key steps and advice for retailers:

**Educate yourself.** The first step is to get to know the shoppers, especially those who are most valuable to you. Get beyond the basics of location and price. What really drives a shopper to actually purchase a particular category from you? What are the barriers to his or her doing more transactions with you? Where do tools like mobile apps, flexible fulfillment, digital couponing and

more traditional merchandising mechanisms fit in his or her path to purchase for your priority categories? How could you best deploy these tactics to better deliver your retail brand proposition to drive stronger affinity and share with the shopper? How could your vendors help via product mix, operational support or co-marketing?

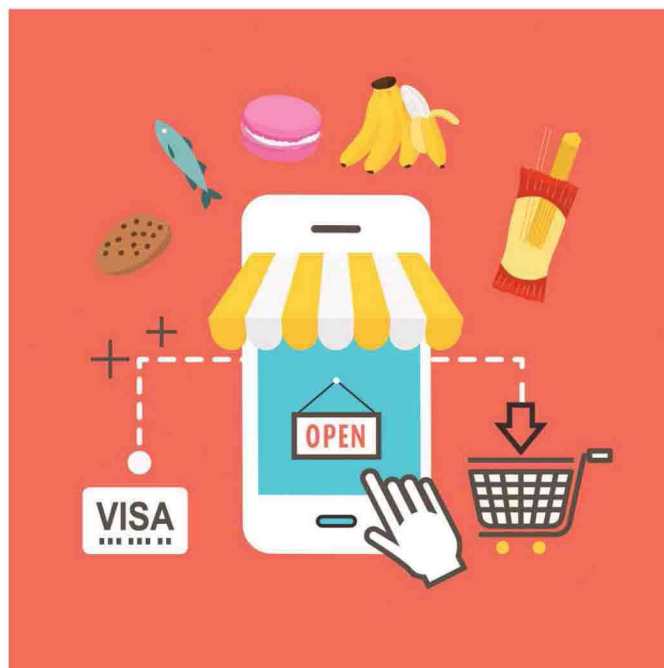
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**Evaluate your ecosystem.** Once you have a good understanding of shoppers' needs and key drivers, you must evaluate your own ecosystem. Do you have the technology, logistics, data and organizational resources to operate against a unified view of shoppers and their activity across channels? What are the gaps in your systems that impede delivering the quality of experiences that will drive the desired level of shopper loyalty and conversion? What frustrations are shoppers communicating to your customer service teams or via social channels?

**Experiment to find what works.** At this point, you can then engage in the hard work of determining which things to experiment against, where to invest and how to restructure your organization to deliver. It can't be done all at once, but each step needs to be able to deliver meaningful value for shoppers and make it easier for them to accomplish their shopping goals with you.



### Obstacles Ahead

As with any major new initiative, obstacles stand in the way of smooth implementation. Wisner, Muhammad and others point to organizational silos in different departments as one challenge to overcome.

"There are operational, organizational and experiential issues to resolve," affirms Channie Mize, general manager for the retail sector for Periscope, a McKinsey solution. "It's easier to do multichannel, but that creates silos and doesn't extend to customer service. Also, branding may not be consistent across the channels with a multichannel versus omnichannel approach.

## What is Omnichannel Retailing?

"Omnichannel" is a popular buzzword in the grocery industry. But what exactly is omnichannel retailing? Executives have different definitions.

"Omnichannel retailing is an operational strategy to deliver a seamless, integrated and personalized customer-centric retail experience to the shopper across all transactional channels," says DyShaun Muhammad, VP of Westport, Conn.-based consultancy Catapult. "The term 'omnichannel' suggests being able to do it all and pre-emptively meet the shopper's expectations without disruption across any and all channels. Given that's not currently possible, 'omnichannel' is an aspirational strategy, but one retailers must pursue."

Meanwhile, Stephanie Waters, CEC grocery industry principal for SAP Hybris, a division of Walldorf, Germany-based multinational software corporation SAP, explains that omnichannel engagement is more than just a great marketing strategy or deciding to add online grocery. It's about leveraging data and insights and recognizing the

need to deliver a real-time, contextual and relevant experience at the various stages of the shopper's journey.

"Foundationally, omnichannel is a device-based, connected and harmonized ecosystem," explains Jeff Seabloom, managing director of Alsbridge, an Addison, Texas-based global consulting and advisory services firm. "For the consumer, it means a predictable and comfortable, almost untethered experience across all sales channels, whether brick, web or machine, and across customer interaction points."

For his part, Chester Ritchie, SVP of Atlanta-based Worldpay, a provider of payment-processing technology, says that omnichannel is about increasing and strengthening connections with consumers by offering them a way to live and shop better.

"Successful omnichannel strategies require a focus shift by grocers from the products they sell to the shopper's experience buying and using these products," he says. "They have the power to shop however is most practical, whether in-store, online or via mobile, and this ability has set the bar higher than ever before."

—John Karolefski



“In more traditional multichannel environments,” she continues, “the chief merchant officer controls the merchandising in the physical stores, while the CIO, or ‘head of online,’ controls the offering in the online stores. They each have different agendas tied to different or misaligned incentive structures. This can cause the same retailer to cannibalize itself across channels, which inherently provides for less than optimal results for the customer.”

With all of these challenges, it’s not surprising that none of the major grocery retailers that Catapult works with on their omnichannel journeys have figured it all out. Muhammad notes that certain items like buy online/in-store pickup, mobile apps, and digital circulars/offers are becoming “table stakes” for grocery retail.

And consumers are receptive. In 2014, Walldorf, Germany-based multinational software corpora-



tion SAP used social sentiment to study the grocery consumer. The survey found that sentiment toward grocery apps and digital technology was 62 percent positive, and that most shoppers used their mobile devices to make grocery lists or schedule deliveries.

“With the industry getting increasingly more digital and consumers coming to expect an omnichannel experience, we’re seeing more and more grocers following suit,” says Randy Evins, senior principal IVE

for food, drug and convenience at SAP Hybris.

But getting a single view of every customer has been a difficult process for grocers, according to Daniel Raskin, VP of strategy for ForgeRock, a San Francisco-based identity and access management software corporation. That's because customers interact with grocery stores across many different devices, which leads to a fractured customer identity.

"This makes it difficult for grocers to know the customer," he explains, "leading to an impersonal, generic customer experience that fails to excite, motivate and retain. Customers now expect services to recognize and adapt to their purchase history, tastes and preferences.

"The fix for this is for grocers to connect the identities of its customers, their digitally connected things and cloud services," he adds. "Unified customer identity is critical for creating a seamless omnichannel customer experience. The information linked to customer identities enables grocers to accurately and authentically interact with customers in-store and online. To stay competitive, grocers must actively engage customers with personalized offers, relevant recommendations, timely alerts and other individualized customer experiences, both online and in-store."

### Getting it Right

Catapult's Muhammad doesn't know of any retailer that has reached such a state of "omnichannel nirvana" — especially not in grocery — but he adds that many are doing the right things to evolve.

"Walmart and Whole Foods are both doing a good job at providing tools and integrated content that align with their unique value proposition to core shoppers," he notes. "I love that Target is testing on multiple fronts, including ongoing updates to their mobile apps, break-through omnichannel marketing campaigns, and personalization via their mobile sites. But they have not yet made the experiences between touchpoints sufficiently seamless."

While it's important for grocery retailers to offer omnichannel options to shoppers, Wisner cautions that it's even more critical for them to do it well. That's because consumers — especially those who tend toward digital media — are highly sensitive to inconsistencies and ineffectiveness.

Even so, he observes, "Consumer adoption at large is not growing quickly enough to be significant for a number of years to come." **PG**

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