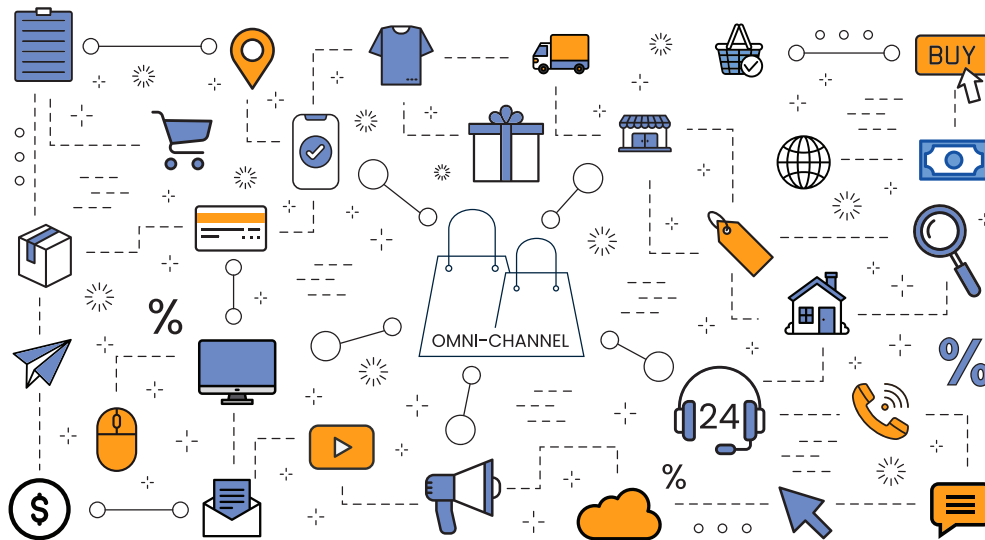


# ETP ▶

## UNDERSTANDING OMNICHANNEL RETAIL



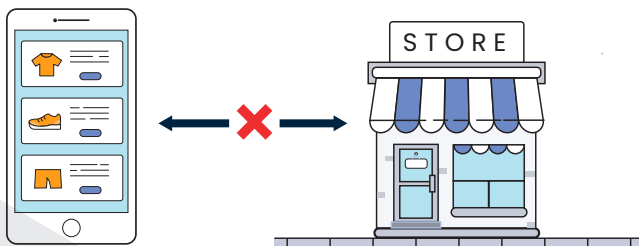


## WHAT IS OMNI-CHANNEL RETAIL?

Omni-channel Retail is when a customer can use more than one sales channel such as brick & mortar stores, e-Commerce / Internet, mobile (m-Commerce), social commerce and more to research, buy, collect and return or exchange products from a retailer, irrespective of the channel of purchase.

# CHALLENGES OF OMNI-CHANNEL RETAIL

Having a single channel presence – such as, retailers that have a physical store but no Online presence are restricted in their growth by their spatial and temporal boundaries.



Having a presence across multiple channels that are not integrated – such as, retailers that are unable to fulfill their e-Commerce orders from their brick-and-mortar stores.

Having online and offline systems that are partially integrated – such as, a POS solution that is poorly integrated with the order management system.



# OMNI-CHANNEL VS MULTI-CHANNEL

Omni-channel Retail is when a customer can use more than one sales channel such as brick & mortar stores, e-Commerce / Internet, mobile (m-Commerce), social commerce and more to research, buy, collect and return or exchange products from a retailer, irrespective of the channel of purchase.

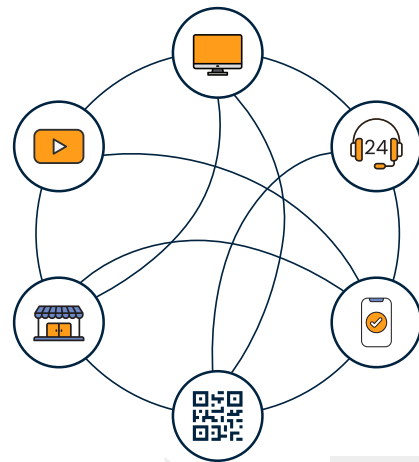
## MULTICHANNEL

Various, disconnected channels for customers to use independently



## OMNICHANNEL

An integrated, seamless experience across multiple devices and touch points



# ADVANTAGES OF OMNI-CHANNEL RETAIL

Omni-channel retailing not only helps organizations to centralize their business operations and implement infrastructure changes but also enables them to provide a consistent experience to attract and retain customers, thus driving greater sales.



Improvement in consumers' perception & satisfaction



Access to inventory visibility and ATP across channels



Single identity for the customer across channels



Transparent pricing and promotions across channels



Single customer loyalty program across channels



Collecting customer information for targeted marketing strategy



Enhanced productivity, greater sales, higher margins, and a wider presence through new income streams

# DRIVERS OF OMNI-CHANNEL RETAIL

- 01** Increase store throughput (sales/square feet – GMROF)
- 02** Increase inventory turns at stores (GMROI)
- 03** Increase revenue per consumer through up-selling and cross-selling
- 04** Improve consumer experience, expand consumer base and increase market share
- 05** Increase revenue per employee (GMROL)



# LEVERAGING DIGITAL TRANSFORMATION IN RETAIL WITH ETP V5 OMNI-CHANNEL RETAIL SOLUTIONS

Omni-channel Retail opens up several possibilities to provide a distinguished experience to customers today. All channels seamlessly interact with each other to unleash a powerful, holistic approach for achieving greater levels of efficiency in operations, transparency in inventory, and above all, enabling customer personalization. Having the right product on the shelf and getting it into the customer's hands at the right time by the customer's chosen fulfillment method represents a huge trust-building opportunity. Retail CIOs must embrace this retail digital transformation, which is moving forward at previously unknown speeds, to proactively deliver across every touchpoint, improve customer trust and support business leaders.

The ETP Omni-channel Solution enables brands to deliver the following prominent digital transformation techniques for omni-channel fulfillment success in retail:



Buy Online, Ship From Store



Buy Online, Pickup In-Store



Buy Online, Return In Store



Direct To Customer (D2C)



Endless Aisle

# BUY ONLINE, SHIP FROM STORE

The Buy Online, Ship From Store (SFS) process allows for quicker delivery to customers, optimized labour in stores, and better utilization of inventory – to name a few.



## Customer Orders on Device

Customers order on desktop, mobile devices, or via a store associate on a store selling device.



## OMS Determines Store

Based on key criteria, store, and resource availability, the OMS (Order Management System) automatically routes to the best store to fulfill the order as efficiently as possible.



## Store Associate Picks

The store associate accepts the order and verifies whether to begin immediately or at a set time to pick the order for the customer.



## Carrier Picks Up Order

The carrier picks up the order from the store at a pre-arranged point in time. Priority orders (2-day or overnight) are picked up earlier in the day than standard orders. Once the carrier picks up, the OMS charges the customer.



## Customer is Notified

Detailed notification and tracking information is sent to the customer upon order shipment via email/text alerts. If some items are unavailable, the customer is notified and can be given the option to substitute.



## Customer Receives Order

The customer receives the items shipped from the store and the order is completed.



## THE CHALLENGES

### 1. Order Splits

- Orders are split from initial drop, due to wrong rules set up
- Orders split at the time of picking due to missing items in 1<sup>st</sup> store
- Customer receives multiple packages, increasing overall time

#### Points to watch out for:

- Inventory Protection
- Timing of Order Drop
- Sequence of Picking
- Eligibility Rules

### 2. Inconsistent Pick Time

- Sub-optimal fulfillment decisions due to lack of batching orders
- Poor scheduling of allocation jobs delays delivery timeframes
- Order shortages % impacted by inaccurate inventory

#### Points to watch out for:

- Timing of Picks in the Store
- Inventory Protection Levels
- Timing of OMS Allocation/Sourcing Job



## THE BENEFITS

### Retailers who implement Ship From Store experience:

- Increased e-commerce sales by exposing more (store) inventory to the website.
- Higher utilization of store employees during picking.
- Faster delivery to the consumer.
- Reduction in transportation cost.
- Reduced likelihood of marked-down items in stores.
- Better overall inventory utilization.

**80%**

Retail Clients Experienced  
Reduced Costs with SFS

**70%**


Target Online Orders  
Shipped Via Stores

**20%**

Increase in GameStop's  
Online Sales with SFS

# BUY ONLINE, PICKUP IN-STORE

The Buy Online, Pickup In-Store (BOPIS), also known as “Click and Collect,” allows consumers to order from a digital device with same-day or pickup later options. Consumers now expect to order from any device, anytime and pick up when they want.

-  **Customer Orders on Device**  
Customers order on desktop, mobile devices, or via a store associate on a store selling device.
-  **Store Associate Picks**  
Store associate acknowledges the order and at set times/immediately begins to pick the order for the customer.
-  **Carrier Picks Up Order**  
The carrier picks up the order from the store at a pre-arranged point in time. Priority orders (2-day or overnight) are picked up earlier in the day than standard orders. Once the carrier picks up, the OMS charges the customer.
-  **Customer is Notified**  
Detailed notification and tracking information is sent to the customer upon order shipment via email/text alerts. If some items are unavailable, the customer is notified and can be given the option to substitute.
-  **Customer Picks Up Order**  
The customer receives the items shipped from the store and the order is completed.
-  **Payment Tendered**  
After pickup occurs, the payment is tendered, the customer is notified of order completion, and finally receives a customer experience survey.

## THE CHALLENGES

### 1. Inventory Related

- Inventory is missing or misplaced in store
- Inventory is damaged or not in a sellable state
- Inventory is received, but not in a pickable state

#### Points to watch out for:

- Inventory Protection Levels
- Timing of Making Inventory Available
- Historic Damage / Shrink Rates
- Lifecycle of Products for Eligibility Rules

### 2. Inconsistent Pick Time

- No notifications of new/aging orders
- Sub-optimal picking process
- Mis-picks (colour/size differences)
- Slow picking process because of lack of knowledge

#### Points to watch out for:

- Frequent Associate Training
- Store Picking Process
- OMS Validation of Picking
- Corporate Governance via Reports



## THE BENEFITS

### Retailers who implement Buy Online, Pickup In Store experience:

- Higher foot traffic leading to increased add-on sales.
- Greater utilization of store associates.
- Increase in-store inventory turns.
- Increase in inventory accuracy.
- Increase in online conversion rates.

**57%**

Customers Pickup Order  
Within 24 Hrs

**2.3%**

Net Increase in  
Sales After BOPIS

**30%**

Up-Sell at Stores  
on Pickup

# BUY ONLINE, RETURN IN STORE

Guiding the consumer to Buy Online, Return In Store (BORIS) allows for a quicker return/exchange process, lower costs to the retailer (or consumers), and a shorter order lifecycle.



## Customer Receives the Items Ordered

The customer receives the items and the order is completed. Settlement occurs to the tender initially given.



## Customer Physically Returns Items to Store

Upon deciding they no longer want what was received, the customer takes the items physically back to the store and initiates either a refund or an exchange for the items.



## Customer Exchanges Items or Returns for a Refund

After deciding on whether to return or exchange, the goods are brought back into the retailer's supply chain to the stores, and order status is updated in part or in full to "returned".



## Refund Issued & Financials Updated (End of Day)

For most retailers, during a nightly batch job any refund amount due back to the customer is given and the financial posting note a 'negative' sale for inventory returned along with an increase to book inventory.

## THE CHALLENGES

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- Inventory is missing or misplaced in store
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#### Points to watch out for:

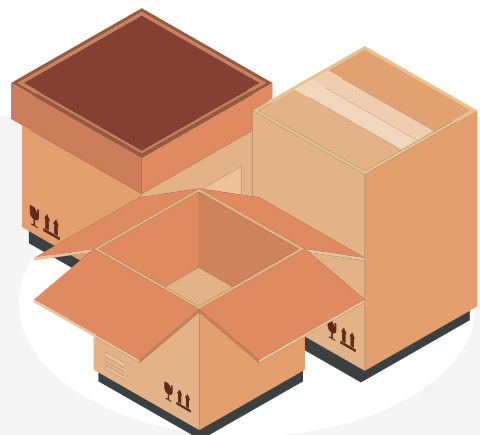
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## THE BENEFITS

### Retailers who implement Buy Online, Return In Store capability experience:

- Increased customer satisfaction.
- More repeat customers.
- Higher in-store sales (at the point of return, for an exchange).
- Reduction in inventory shipped back to DCs and other nodes.
- Avoidance of returns shipping cost, if the policy is for “Free-returns.”

**96%**

of shoppers are likely to return after a great return experience.

**20%**

of shoppers are unlikely to buy again after a poor return experience.



# DIRECT TO CUSTOMER (D2C)

Direct To Customer (D2C) is an extremely effective tool for retailers to extend their assortment to a broader SKU range while capitalizing on minimal carrying cost and inventory-related issues.

- 
- Customer Orders on Device**

Customers order on desktop, mobile devices, or via a store associate on a store selling device. Typically, the order management system (OMS) chooses to fulfill from a drop-ship node in the system. The order is sent either on a platform or through EDI to the supplier chosen.
  - Order is Fulfilled by D2C/Drop-Ship Supplier**

Either through in-house EDI or on a best-of-breed platform, the supplier receives the order, acknowledges it, and begins the fulfillment process.
  - Order is Shipped From Supplier to Customer**

The supplier ships the goods, all or in part, and notifies the retailer of the shipment details, which are received in the OMS. The OMS relays the tracking information sent by the retailer for all lines shipped and the customer tracks the package until it arrives.
  - Customer Receives the Ordered Goods**

After the expected SLA, the consumer receives the goods which were able to be shipped by the supplier. The shipping order lifecycle is completed at this point.

## THE CHALLENGES

### 1. Supplier Relationship & Onboarding

- Differing capabilities across suppliers regarding technical capability and operational processes
- Supplier's adherence to compliance policies
- Timely upload of inventory to drop-ship/OMS platform
- Suppliers shipping on time, in full and damage-free

#### Points to watch out for:

- Creating a standard compliance manual regardless of supplier
- Not managing by exception/by supplier against compliance
- Chargebacks or penalties for non-compliance (inventory)
- Real-time tracking of orders/fulfillment for high volume suppliers

### 2. Returns Management

- Cross-channel returns leave drop-ship SKUs in stores where there's no planogram for them leading to a potential discount scenario
- Increased likelihood of returns if the quality of products shipped from the supplier is poor, which retailer doesn't hear about until after fulfillment vs. before shipping if 'owned' inventory.
- Integration issues between ERP, POS, and OMS systems due to SKU identified by both supplier-side and internal SKU numbers (if not tracked via UPC) which means no tracking of returned inventory if brought back to store.

#### Points to watch out for:

- End to end integration between systems
- Positioning of inventory brought back to store
- Return policy for over-sized or low-value items shipped from a supplier but returned to store
- Returns tracking in D2C/drop-ship in BI to understand trends in returns, proactively

## THE BENEFITS

### Retailers who implement Direct Fulfillment by Supplier/Drop-Shipping see:

- Little to no inventory carrying cost for drop-ship SKUs
- In some cases, increased speed to customer
- Increased online conversion for web-orders
- Increased in-store orders (via endless aisle)

# 33%

of all online stores are  
D2C/drop-ship only sites

# 18.3%

more profit for manufacturers  
that are D2C/drop-ship suppliers

# 34%

of Amazon sales in 2021 were supplied  
direct to customers/drop-shipped

# ENDLESS AISLE

Enabling your customers to have access and buy any items in your network of inventory is key to lifetime value and continued profitability.



## Retailer Loads all Network Inventory in a Central Repository

Typically in an Order Management System, the inventory across all owned facilities and the extended supplier network (via Drop-Ship Inventory) is loaded and available for request to understand if inventory is available.



## Customer Request Inventory Availability from Within Store

If no inventory is available in stores, the store associate uses a device to check if any inventory is available in other notes, typically summed up at a network level for the sake of discussing with the consumer.



## Customer Orders Available Inventory through Device In-Store

Typically, through the same device used to check inventory the customer completes an order to be shipped directly to them, or in some cases made available for pickup back at the original requesting store.



## Retailer Ships the Goods to Desired Location for Customer

Depending on the customer's desired fulfillment option, the order is fulfilled by another node that the OMS chooses is most optimal and the customer receives the goods ordered. The tender is settled at the point of shipment and the initial order lifecycle is completed.

## THE CHALLENGES

### 1. Inventory Related

- Inventory is missing or misplaced in store
- Inventory is damaged or not in sellable state
- Inventory is received, but not in pickable state

#### Points to watch out for:

- Inventory Protection Levels
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- Lifecycle of Products for Eligibility Rules



## THE BENEFITS

### Retailers who implement Endless Aisle Capabilities experience:

- Increased Store Sales
- Higher Lifetime Value of the Consumer
- Increased Margin in Order Fulfillment (when sourced via SFS)
- Increased Inventory Utilization

# 17%

of Customers order from competitor  
when retailers are out of stock

# 8%

of inventory is typically out of stock  
when customer shops in store

## LOCALIZATION

1. Local Language Invoice Printing across the Asia Pacific
2. Customized/Regional Tax Structures – India
3. Local Language UI & Reports – Thailand, Hong Kong, and China
4. Tax Invoice Printing – Thailand and Vietnam
5. VAT Refund Invoice Printing – Thailand
6. Franchisee Management – India, Indonesia, and Thailand
7. ABB Invoice Printing – Thailand
8. Fapiao Invoice Numbering – China
9. Tax Handling (GST, VAT, Sales Tax) – Singapore, Malaysia, Indonesia, India, and Australia
10. BIR / Mall Accreditation - Thailand





Omni-channel Retail Software

ETP is an Omni-channel Retail Software company serving market leaders in 24 countries across the Asia Pacific, India, and the Middle East regions. ETP's retail and e-commerce solutions include Omni-channel orchestration, POS, Mobility, CRM, Marketing Campaigns, Promotion Management, Smart Order Management, Supply Chain Management, Product Information and Inventory Management, Marketplace Management, and Analytics. ETP has successfully executed over 500 enterprise software projects across 35,000+ stores for 500+ brands. ETP's unique value proposition is its ability to consistently deliver enterprise-grade Omni-channel solutions to its customers and build long-term strategic partnerships spanning decades.

[www.etpgroup.com](http://www.etpgroup.com)